



Prospectus of
**Marketing Home Group
for Trading Company**

A Saudi closed joint stock company registered under commercial registration no. 1010205534 dated 3 Muharram 1426H (corresponding to 12 February 2005G).

Offering of four million eight hundred thousand (4,800,000) shares representing thirty per cent. (30%) of the share capital of Marketing Home Group for Trading Company through an initial public offering at an offer price of eighty-five Saudi Arabian Riyals (SAR 85) per share.

Offering Period: Two (2) days starting from 25 Safar 1447H (corresponding to 19 August 2025G) to 26 Safar 1447H (corresponding to 20 August 2025G).

Marketing Home Group for Trading Company (hereinafter referred to as the **"Company"** or the **"Issuer"**) is a Saudi closed joint stock company registered under commercial registration no. 1010205534 dated 3 Muharram 1426H (corresponding to 12 February 2005G), Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located at the Al Aziziyah District, P.O. Box 8305, 14511 Riyadh, Kingdom of Saudi Arabia. As of the date of this prospectus (the **"Prospectus"**), the share capital of the Company is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000) divided into sixteen million (16,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share (the **"Shares"**).

The Company commenced its operations on 3 Muharram 1426H (corresponding to 11 February 2005G) as a sole proprietorship owned by Musaad Abdulrahman Abdulaziz AlQfari under the name of "Marketing Home Group for Trading Company" with a capital of twenty-five thousand Saudi Arabian Riyal (SAR 25,000). The Company then converted into a limited liability company on 14 Thul-Qi'dah 1442H (corresponding to 23 June 2021G) with a capital of forty million Saudi Arabian Riyals (SAR 40,000,000), divided into four million (4,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. Musaad Abdulrahman Abdulaziz AlQfari contributed thirty-three million two hundred seventy-eight thousand seven hundred seventy Saudi Arabian Riyals (SAR 33,278,770), representing 83.2 per cent. of the share capital and three million three hundred twenty-seven thousand eight hundred seventy-seven (3,278,777) Shares. Mohammed Hisham Abdulrahman AlZamil contributed three million two hundred fifty thousand eighty Saudi Arabian Riyals (SAR 3,250,080), representing 8.13 per cent. and three hundred twenty-five thousand eight (325,008) Shares. Omar Saad Abdulaziz AlMogren contributed one million one hundred forty-seven thousand three hundred thirty Saudi Arabian Riyals (SAR 1,147,330), representing 2.87 per cent. and one hundred fourteen thousand seven hundred thirty-three (114,733) Shares. Meshal Abdulrahman Abdulaziz AlQfari contributed seven hundred eighty-one thousand two hundred sixty Saudi Arabian Riyals (SAR 781,260), representing 1.95 per cent. and seventy-eight thousand one hundred twenty-six (78,126) Shares. Haila Abdulkarim Jarbo' AlQfari contributed four hundred sixty-nine thousand three hundred twenty Saudi Arabian Riyals (SAR 469,320), representing 1.17 per cent. and forty-six thousand nine hundred thirty-two (46,932) Shares. Sulaiman Abdulkarim Jarbo' AlQfari contributed four hundred fifty-three thousand seven hundred fifty Saudi Arabian Riyals (SAR 453,750), representing 1.13 per cent. and forty-five thousand three hundred seventy-five (45,375) Shares. Saleh Rasheed Mohammed AlRasheed contributed two hundred seventy-two thousand one hundred Saudi Arabian Riyals (SAR 272,100), representing 0.68 per cent. and twenty-seven thousand two hundred ten (27,210) Shares. Suad Suliman Mohammed AlSawadi contributed one hundred eighty-three thousand three hundred sixty (183,360) Saudi Arabian Riyals, representing 0.46 per cent. and eighteen thousand three hundred thirty-six (18,336) Shares. Abdullah Khalil Abdullah AlSaba contributed fifty-three thousand five hundred sixty Saudi Arabian Riyals (SAR 53,560), representing 0.13 per cent. and five thousand three hundred fifty-six (5,356) Shares. Ashwaq Abdulrahman Abdulaziz AlQfari contributed fifty-two thousand nine hundred eighty Saudi Arabian Riyals (SAR 52,980), representing 0.13 per cent. and five thousand two hundred ninety-eight (5,298) Shares. Nora Nasser Rashid AlTamami contributed thirty-eight thousand nine hundred Saudi Arabian Riyals (SAR 38,900), representing 0.10 per cent. and three thousand eight hundred ninety (3,890) Shares. Muneera Abdulkarim Jarbo' AlQfari contributed eighteen thousand five hundred ninety (18,590) Saudi Arabian Riyals, representing 0.05 per cent. and one thousand eight hundred fifty-nine (1,859) Shares. Based on the amended articles of association dated 2 Jumada Al-Akhirah 1444H (corresponding to 26 December 2022G), the Company's capital was increased from forty million Saudi Arabian Riyals (SAR 40,000,000) to one

hundred sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through a capitalisation of fifteen million eighty-two thousand four hundred sixty-seven Saudi Arabian Riyals (SAR 15,082,467) from the additional capital account and one hundred and four million nine hundred seventeen thousand five hundred thirty-three Saudi Arabian Riyals (SAR 104,917,533) from the current accounts of each of: Musaad Abdulrahman Abdulaziz AlQfari for an amount of eighty-seven million three hundred seventy-one thousand four hundred sixty-seven Saudi Arabian Riyals (SAR 87,371,467), Mohammed Hisham Abdulrahman AlZamil for an amount of nine million one hundred thirty-seven thousand nine hundred nine Saudi Arabian Riyals (SAR 9,137,909), Omar Saad Abdulaziz AlMogren for an amount of three million four hundred ninety thousand three hundred sixteen Saudi Arabian Riyals (SAR 3,490,316), Meshal Abdulrahman Abdulaziz AlQfari for an amount of two million six hundred ninety-one thousand seven hundred seven (2,691,707) Saudi Arabian Riyals, Haila Abdulkarim Jarbo' AlQfari for an amount of five hundred seventy-seven thousand six hundred thirty-seven Saudi Arabian Riyals (SAR 577,637), Sulaiman Abdulkarim Jarbo' AlQfari for an amount of one million three hundred twenty-nine thousand one hundred eighteen Saudi Arabian Riyals (SAR 1,329,118), Saleh Rasheed Mohammed AlRasheed for an amount of one hundred thousand five hundred fifty-two Saudi Arabian Riyals (SAR 100,552), Abdullah Khalil Abdullah AlSaba for an amount of one hundred forty thousand four hundred eighty-five Saudi Arabian Riyals (SAR 140,485), Nora Nasser Rashid AlTamami for an amount of sixty-one thousand three hundred two Saudi Arabian Riyals (SAR 61,302), and Muneera Abdulkarim Jarbo' AlQfari for an amount of seventeen thousand forty Saudi Arabian Riyals (SAR 17,040). Based on the amended articles of association dated 15 Sha'ban 1444H (corresponding to 7 March 2023G), Ashwaq Abdulrahman Abdulaziz AlQfari transferred one hundred sixty-eight (168) Shares to Naif Mohammed Youssef AlDghayther, Suad Suliman Mohammed AlSawadi transferred five hundred eighty (580) Shares to Naif Mohammed Youssef AlDghayther, Abdullah Khalil Abdulla AlSaba transferred four hundred ninety-two (492) Shares to Naif Mohammed Youssef AlDghayther, Omar Saad Abdulaziz AlMogren transferred eleven thousand six hundred forty-three (11,643) Shares to Naif Mohammed Youssef AlDghayther, Mohammed Hisham Abdulrahman AlZamil transferred thirty-one thousand two hundred sixty-three (31,263) Shares to Naif Mohammed Youssef AlDghayther, and Musaad Abdulrahman Abdulaziz AlQfari transferred six million eight hundred twelve thousand eight hundred sixty-three (6,812,863) Shares to Ali Mubarak Mohammed AlDosari five million six hundred fifty-three thousand two (5,653,002) Shares, Haya Mubarak Mohammed AlDosari one hundred eighty-nine thousand seven hundred seventy-two (189,772) Shares, Abdullah Mubarak Mohammed AlDosari four hundred seventy-four thousand four hundred thirty (474,430) Shares, Noweir Mubarak Mohammed AlDosari one hundred eighty-nine thousand seven hundred seventy-two (189,772) Shares, Saleh Othman Mohammed AlGhamdi one hundred sixty-two thousand six hundred ninety-five (162,695) Shares, Hussain Ali Saleh AlMassad forty-two thousand eight hundred forty (42,840) Shares, Mousa Hamad Mousa AlQadhib forty-five thousand seven hundred sixty-six (45,766) Shares, and Naif Mohammed Youssef AlDghayther fifty-four thousand five hundred eighty-six (54,586) Shares. Meshal Abdulrahman Abdulaziz AlQfari transferred eight thousand six hundred fifty-two (8,652) Shares to Naif Mohammed Youssef AlDghayther, Muneera Abdulkarim Jarbo' AlQfari transferred ninety-seven (97) Shares to Naif Mohammed Youssef AlDghayther, Nora

Nasser Rashid AlTamami transferred two hundred sixty-four (264) Shares to Naif Mohammed Youssef AlDghayther, and Haila Abdulkarim Jarbo' AlQfari transferred two thousand eight hundred and ten (2,810) Shares to Naif Mohammed Youssef AlDghayther. Based on the shareholders' resolution dated 15 Sha'ban 1444H (corresponding to 7 March 2023G), the Company converted from a limited liability company to a closed joint-stock company. Based on the amended articles of association dated 20 Sha'ban 1444H (corresponding to 12 March 2023G), Musaad Abdulrahman Abdulaziz AlQfari transferred one hundred nine thousand six hundred sixty-two (109,662) Shares to Ashwaq Abdulrahman Abdulaziz AlQfari seven thousand three hundred sixty-seven (7,367) Shares, Suad Suliman Mohammed AlSawadi fifteen thousand two hundred forty-nine (15,249) Shares, Saleh Rasheed Mohammed AlRasheed thirty-four thousand one hundred ninety-five (34,195) Shares, Muneera Abdulkarim Jarbo' AlQfari two thousand fifty-four (2,054) Shares, Nora Nasser Rashid AlTamami three thousand five hundred three (3,503) Shares, and Haila Abdulkarim Jarbo' AlQfari forty-seven thousand two hundred ninety-four (47,294) Shares. Ali Mubarak Mohammed AlDosari transferred two hundred thirty-four thousand nine hundred two (234,902) Shares to Ashwaq Abdulrahman Abdulaziz AlQfari fifteen thousand seven hundred seventy-nine (15,779) Shares, Suad Suliman Mohammed AlSawadi thirty-two thousand six hundred sixty-four (32,664) Shares, Saleh Rasheed Mohammed AlRasheed seventy-three thousand two hundred forty-eight (73,248) Shares, Muneera Abdulkarim Jarbo' AlQfari four thousand four hundred (4,400) Shares, Nora Nasser Rashid AlTamami seven thousand five hundred five (7,505) Shares, and Haila Abdulkarim Jarbo' AlQfari one hundred one thousand three hundred six (1,013,066) Shares. On 2 Muharram 1445H (corresponding to 20 July 2023G), Naif Mohammed Youssef AlDghayther transferred one hundred sixteen thousand one hundred thirty-three (116,133) Shares to Meshal Abdulrahman Abdulaziz AlQfari. For further details, see Section 4.10 (*Evolution of Capital*).

As of the date of this Prospectus, the share capital of the Company is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000) divided into sixteen million (16,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per share.

The initial public offering of the Company's Shares (the **"Offering"**) will consist of four million eight hundred thousand (4,800,000) ordinary shares (collectively, the **"Offer Shares"** and each an **"Offer Share"**). The Offering price will be eighty-five Saudi Arabian Riyals (SAR 85) per Offer Share (the **"Offer Price"**), with each Offer Share carrying a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Offer Share. The Offer Shares represent thirty per cent. (30%) of the share capital of the Company following subscription.

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

Tranche (A) Participating Parties: Comprising the parties entitled to participate in the book-building process specified under the Book-Building Instructions (as defined in Section 1 (*Definitions and Abbreviations*)) issued by the Capital Market Authority (the **"CMA"**). This includes investment fund, Qualified Foreign Investors, GCC Corporate Investors, and certain other foreign investors under SWAP Agreements (collectively referred to as the **"Participating Parties"** and each a **"Participating Party"**) (for further details, see Section 1 (*Definitions and Abbreviations*)). The number of Offer Shares to be provisionally allocated to the Participating Parties is four million eight hundred thousand (4,800,000) Offer Shares, representing one hundred per cent. (100%) of the Offer Shares. The final allocation will be made after the end of the Individual Subscribers' subscription (as defined in Tranche (B) below), using the discretionary allocation mechanism by the Financial Advisor (as defined in Section 1 (*Definitions and Abbreviations*)) and Section 16 (*Subscription Terms and Conditions*)) in coordination with the Company. As a result, some of the Participating Entities may not be allocated any

Offer Shares. The Financial Advisor shall have the right, if there is sufficient demand by Individual Subscribers and in coordination with the Company, to reduce the number of Offer Shares allocated to Participating Entities to a minimum of three million eight hundred forty thousand (3,840,000) Offer Shares, representing eighty per cent. (80%) of the Offer Shares.

Tranche (B) Individual Subscribers: Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons (collectively, the **"Individual Subscribers"** and each an **"Individual Subscriber"**), and together with the Participating Entities, the **"Subscribers"**). A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of nine hundred sixty thousand (960,000) Offer Shares representing twenty per cent. (20%) of the total Offer Shares shall be allocated to Individual Subscribers. If the Individual Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor may in coordination with the Company reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed by them.

Prior to the Offering, the current shareholders of the Company (hereinafter referred to as the **"Selling Shareholders"**), whose names are listed on page (xxxi) of this Prospectus, own all the Shares of the Company. The Selling Shareholders will sell the Offer Shares in accordance with Table 4 (*Direct Ownership Structure of the Company Pre- and Post-Offering*). Upon completion of the Offering, the Selling Shareholders will collectively own seventy per cent. (70%) of the Shares and will consequently retain a controlling interest in the Company. The Offering proceeds (the **"Offering Proceeds"**) will, after deducting the Offering expenses (the **"Net Offering Proceeds"**), be paid to the Selling Shareholders on a pro rata basis according to the number of owned by each Selling Shareholder. The Company will not receive any part of the Offering Proceeds (for more information on the use of Offering Proceeds, see Section 8 (*Use of Proceeds*) of this Prospectus). The Offering is fully underwritten by Underwriter (for further details, see Section 12 (*Underwriting*)).

Substantial shareholders who own five per cent. (5%) or more of the Company's shares will be subject to a lock-up period during which they will be prohibited from selling their Shares for a period of six (6) months from the date of commencement of trading of the Company's Shares on the Exchange (**"Tadawul"** or the **"Exchange"**) (the **"Lock-up Period"**). Substantial shareholders in the Company are Musaad Abdulrahman Abdulaziz AlQfari (who will

own 27.99 per cent. of the Company's Shares after the Offering), Ali Mubarak Mohammed AlDosari (who will own 23.70 per cent. of the Company's Shares after the Offering) and Mohammed Hisham Abdulrahman AlZamil (who will own 5.82 per cent. of the Company's Shares after the Offering) (hereinafter referred to as the **"Substantial Shareholders"**). Following the end of the Lock-up Period, the Substantial Shareholders may dispose their Shares. Table 2 (*Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering*) provides details of their ownership percentages before and after the Offering. The Offering for Individual Subscribers will commence on Tuesday 25 Safar 1447H (corresponding to 19 August 2025G) and will remain open for a period of two (2) days up to and including the closing day on Wednesday 26 Safar 1447H (corresponding to 20 August 2025G) (the **"Offering Period"**). Subscription to the Offer Shares by the Individual Subscribers can be made through the websites and platforms of the Receiving Agents (the **"Receiving Agents"**) listed on page (xi), or any of the Receiving Agent's branches that offer any or all such services to their clients (for further details, see Section 16 (Subscription Terms and Conditions)). Participating Parties can bid for the Offer Shares through the Bookrunner within the book-building period before the Shares are offered to the Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The maximum number of Offer Shares that he/she can subscribe to is two hundred fifty thousand (250,000) Offer Shares. The minimum number of allocated Offer Shares will be ten (10) Offer Shares per Individual Subscriber and the remaining balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Subscriber. If the number of Individual Subscribers exceeds ninety-six thousand (96,000), the Company will not guarantee the minimum allocation. The Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the relevant Receiving Agent. The announcement of the final allocation shall be made no later than 1 Rabi' al-Awwal 1447H (corresponding to 24 August 2025G) and the refund of excess subscription monies, if any, will be made no later than 4 Rabi' al-Awwal 1447H (corresponding to 27 August 2025G) (for further details, see *"Key Dates and Subscription Procedures"* on page (xxv) and Section 16 (Subscription Terms and Conditions)).

The Company has one class of ordinary shares. Each Share entitles its holder to one vote, and each shareholder (a **"Shareholder"**) has the right to attend and vote at general assembly meetings of the Company (the **"General Assembly"**) and each Shareholder is entitled to delegate another individual as their proxy through voting. No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle their holders to receive dividends declared and distributed by the Company starting from the date of this Prospectus and

for subsequent financial years (for further details, see Section 7 (*Dividend Distribution Policy*)).

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

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

Financial Advisor, Lead Manager,
Bookrunner and Underwriter

الإيماء المالية
alinma capital



Receiving Agents

الإيماء المالية
alinma capital

BSF Capital

الراجحي المالية
alrajhi capital

الإسلام المالية
AlIslah Capital

الرياض المالية
Riyad Capital

كابيتال
SNB Capital

anb capital

Sahm

مشاركة
Musharaka

جيه بي كابيتال
GiB Capital

الأول للاستثمار
SAB Invest

الاستثمار كابيتال
Alstithmar Capital

يقين
Yaqeen

الجزيرة كابيتال
Aljazeera Capital

الخبير المالية
Alkhaber Capital

EFG HERMES

دراج
deraj

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

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

This Prospectus is dated 17 Ramadan 1446H (corresponding to 17 March 2025G).



مجموعة منزل التسويق
Marketing Home Group

Innovative
top end building
solutions and
products



HYPNOTEK



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IMPORTANT NOTICE

This Prospectus contains detailed and accurate information related to the Company as well as the Offer Shares. When submitting an application for the Offer Shares, institutional and individual investors will be treated as applying solely on the basis of the information contained in this Prospectus, which is available at the websites of the Company (www.mhg-int.com), the CMA (www.cma.org.sa), the Exchange (www.saudiexchange.sa) or the Financial Advisor (www.alinmacapital.com). The Financial Advisor will announce on the Tadawul website the publication of the Prospectus and make it available to investors during the specified period in accordance with the Rules on the Offer of Securities and Continuing Obligations (a period of no less than fourteen (14) days before the offering begins), as well as any other developments.

With respect to the Offering, Alinma Capital Company have been appointed by the Company as the financial advisor, lead manager, bookrunner and underwriter. For further details, see Section 12 (*Underwriting*).

This Prospectus includes information that has been presented in accordance with the Rules on the Offer of Securities and Continuing Obligations (as defined in Section 1 (*Definitions and Abbreviations*)) issued by the CMA. The Directors (as defined below), whose names appear on page (vi), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus, and they confirm that according to their knowledge and belief, after undertaking all reasonable enquiries, there are no other facts the omission of which would make any statement contained herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While none of the Company, the Selling Shareholders, the Financial Advisor or any of the Company's other advisors, whose names appear on pages from (ix) to (x) of this Prospectus (together with the Financial Advisor, the "**Advisors**"), has any reason to believe that any of the market and industry information is materially inaccurate, none of the Company, the Selling Shareholders or any of the Advisors has independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information. Neither the Advisors nor any of their affiliates bear any responsibility for any inaccuracies, errors or incompleteness of any data or information contained in this Prospectus.

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

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

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

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

Tranche (B): Individual Subscribers comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom

or GCC natural persons. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. For further details, see Section 16 (*Subscription Terms and Conditions*).

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for certain GCC investors, Qualified Foreign Investors, and/or certain other foreign investors through SWAP Agreements. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful or prohibited. All of the recipients of this Prospectus must inform themselves of any legal restrictions relevant to the Offering and the sale of Offer Shares and observe all such restrictions. Both eligible Individual Subscribers and Participating Parties must read this Prospectus in full and seek advice from their legal advisors, Financial Advisor, and any professional advisors regarding statutory, tax, regulatory, and economic considerations related to their investment in the Offer Shares, and they will personally bear the fees associated with that advice derived from their legal advisors, accountants, and other advisors regarding all matters related to investing in the Offer Shares. There is no guarantee that any profits will be realised from an investment in the Offer Shares.

MARKET AND INDUSTRY DATA

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

In particular, unless otherwise specifically stated, the information in Section 3 (*Market Overview*) is derived from public sources and the market report dated 13 Rabi' al-Awwal 1446H (corresponding to 16 September 2024G) (the "**Market Report**") by Euromonitor International Limited (the "**Market Consultant**") exclusively for the Company. The Market Consultant is an independent third-party provider of strategic consulting services. For further details about the Market Consultant, visit its website (www.euromonitor.com).

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

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

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

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

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

FINANCIAL AND STATISTICAL INFORMATION

The Company's audited consolidated restated special purpose financial statements for the financial year ended 31 December 2021G, the audited consolidated restated special purpose financial statements for the financial year ended 31 December 2022G and the audited consolidated financial statements for the financial year ended 31 December 2023G have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom, and other standards and publications approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA), and the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom. These financial statements have been included in Section 19 (*Financial Statements and Auditors' Report*).

The financial statements for the financial years ended 31 December 2021G and 2022G were reviewed and audited by United Accountants for Professional Consulting, and the financial statements for the financial year ended 31 December 2023G and the nine-month period ended 30 September 2024G were reviewed and audited by Baker Tilly M K M & Co. Chartered Accountants (together with United Accountants for Professional Consulting, the "**Auditors**"), as stated in their audit report included herein.

The Company prepares its financial statements in Saudi Arabian Riyals (for further details on the financial information of the Company, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*)).

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

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

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Since future operating conditions may differ from the assumptions used, no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

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

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before the completion of the Offering, it becomes aware of:

- (i) a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations; or
- (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus.

Except for the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Company or may not occur at all. Consequently, prospective investors should consider and review all forward-looking statements in light of these explanations and should not place undue reliance on them.

CORPORATE DIRECTORY

Company's Board of Directors

The Company is managed by a Board of Directors comprised of five (5) members in accordance with the Company's Bylaws, as set out in the following table:

Table 1: Company's Board of Directors

Name	Position	Nationality	Status	Independence ⁽²⁾	Direct Ownership (%) ⁽³⁾		Number of Shares (%)		Date of Appointment ⁽¹⁾
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Ali Mubarak Mohammed AIDosari	Chairman	Saudi	Non-Executive	Non-Independent	33.86%	23.70%	5,418,100	3,792,677	15 Ramadan 1444H (corresponding to 6 April 2023G)
Meshal Abdulrahman Abdulaziz AIQfari	Vice Chairman	Saudi	Executive	Independent	3.03%	2.12%	484,236	338,965	15 Ramadan 1444H (corresponding to 6 April 2023G)
Musaad Abdulrahman Abdulaziz AIQfari	Managing Director and CEO	Saudi	Executive	Independent	39.98%	27.99%	6,397,313	4,478,119	15 Ramadan 1444H (corresponding to 6 April 2023G)
Abdulaziz Saad Abdulaziz AISalem	Director	Saudi	Non-Executive	Non-Independent	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Solaiman Nasser Mohammed AITurki	Director	Saudi	Non-Executive	Non-Independent	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G)
Total					76.87%	53.81%	12,229,649	8,609,761	-

Source: The Company.

- (1) The dates listed in this table are the dates of appointment to the current positions in the Board of Directors. Their biographies in Section 5.2.4 (*Biographies of the Directors and the Board Secretary*) describe the dates of their appointment to the Board of Directors and any other positions.
- (2) An independent Director is one who fulfils the following conditions: he/she is a non-executive member of the Board of Directors with complete independence in their position and decisions and none of the issues affecting independence stipulated below apply to them:
- (i) he/she hold five per cent. or more of the shares of the Company or any other company within its Group, or are a relative of someone who owns such percentage;
 - (ii) he/she is a relative of any Company Director, or of any other company director within the Company's Group;
 - (iii) he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's Group;
 - (iv) he/she is nominated to be a director for any company within the Company's Group;
 - (v) he/she is an employee, or were a former employee during the previous two years, of the Company or a company within its Group, or held a controlling interest in the Company or any party dealing with the Company or any company within its Group, such as external auditors or key suppliers, during the preceding two years;
 - (vi) he/she have a direct or indirect interest in the business and contracts conducted for the Company;
 - (vii) he/she receive financial consideration from the Company in addition to remuneration for their membership of the Board or any of its committees in excess of SAR 200,000 or 50.0 per cent. of their remuneration for the previous year of their membership of the Board or any of its committees, whichever is less;
 - (viii) he/she engages in businesses that competes with the Company, or conduct business in any of the Company's lines of activities; or
 - (ix) he/she serve for more than nine years, whether consecutive or not, as a Director of the Company.
- (3) There is no indirect ownership.

The Board Secretary is Manal Saleh Ali AlQazlan, who was appointed pursuant to a resolution of the Board of Directors dated 23 Sha'ban 1444H (corresponding to 15 March 2023G). Manal Saleh Ali AlQazlan does not own any Shares in the Company. For a summary of her biography, see Section 5.2.4.6 (*Manal Saleh Ali AlQazlan, Board Secretary*).

COMPANY'S REGISTERED ADDRESS, REPRESENTATIVES AND BOARD SECRETARY

Company

Marketing Home Group for Trading Company

Al Aziziyah, Al Kharj Road
Building No. 3533, Riyadh, Postal Code 14511
Kingdom of Saudi Arabia
Tel: +966 (11) 495 7573
Fax: +966 (11) 495 7553
Website: www.mhg-int.com
E-mail: info.mhg@mhg-int.com



مجموعة منزل التسويق
Marketing Home Group

Company's Representatives

Ali Mubarak Mohammed AIDosari

Chairman of the Board
Al Aziziyah, Al Kharj Road
Building No. 3533, Riyadh, Postal Code 14511
Kingdom of Saudi Arabia
Tel: +966 (11) 495 7573 Ext: 222
Fax: +966 (11) 495 7553
Website: www.mhg-int.com
E-mail: ali.aldosari@mhg-int.com

Musaad Abdulrahman Abdulaziz AIQfari

Managing Director and CEO
Al Aziziyah, Al Kharj Road
Building No. 3533, Riyadh, Postal Code 14511
Kingdom of Saudi Arabia
Tel: +966 (11) 495 7573 Ext: 111
Fax: +966 (11) 495 7553
Website: www.mhg-int.com
E-mail: malgfari@marketingh.com

Board Secretary

Manal Saleh Ali AIQazlan

Director of Administrative Affairs and Board Secretary of the Board of Directors
Al Aziziyah, Al Kharj Road
Building No. 3533, Riyadh, Postal Code 14511
Kingdom of Saudi Arabia
Tel: +966 11 495 7573 Ext: 303
Fax: +966 11 495 7553
Website: www.mhg-int.com
E-mail: manal.algazlan@mhg-int.com

Stock Exchange

Saudi Exchange (Tadawul)

Tawuniya Towers, Northern Tower

King Fahad Road, Al Olaya 6897

Unit No. 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Tel: + 966 (11) 92000 1919

Fax: + 966 (11) 218 9133

Website: www.saudiexchange.sa

E-mail: csc@saudiexchange.sa



Share Registrar

Securities Depository Centre Company (Edaa)

Tawuniya Towers

King Fahad Road, Al Olaya 6897

Unit No. 11

Riyadh 12211- 3388

Kingdom of Saudi Arabia

Tel: + 966 92002 6000

Website: www.edaa.com.sa

E-mail: cc@edaa.com.sa



من مجموعة تداول السعودية
From Saudi Tadawul Group

ADVISORS

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Alinma Capital Company

Al Anoud Tower 2, King Fahd Road

P.O. Box 55560

Riyadh 11544

Saudi Arabia

Tel: +966 (11) 218 5999

Fax: +966 (11) 218 5970

Website: www.alinmacapital.com

Email: info@alinmacapital.com



Legal Advisor to the Issuer

STAT Law Firm

Buildings 7 and 8, Tuwaiq Gate

7894 King Fahad Road, Ar Rahmanyah District

Postal Code 12343

Riyadh 11321

Kingdom of Saudi Arabia

Tel: +966 (11) 272 0003

Fax: +966 (11) 237 0005

Website: www.statlawksa.com

E-mail: capitalmarkets@statlawksa.com



Financial Due Diligence Advisor

PricewaterhouseCoopers Public Accountants

Kingdom Centre Tower, 21st Floor, King Fahad Road

P.O. Box 8282, Riyadh 11482

Kingdom of Saudi Arabia

Tel: +966 11 2110400

Fax: +966 11 2110250

Website: www.pwc.com

Email: info@pwc.com



Market Consultant**Euromonitor International Limited**

60-61 Brighton Street

London EC1M 5UX

United Kingdom

Tel: +44 207 251 8024

Fax: +44 207 608 3149

Website: www.euromonitor.com

Email: info@Euromonitor.com

**Company's Auditor for the Financial Years Ended 31 December 2021G and 2022G****United Accountants for Professional Consulting**

Al Urubah Road, Al-Olaya, Building 3193

P.O. Box 8335, Riyadh 12333

Kingdom of Saudi Arabia

Tel: +966 13 416 9361

Fax: +966 13 416 9349

Website: www.rsm.global

Email: info@rsmsaudi.com

**Company's Auditor for the Financial Year Ended 31 December 2023G and the Nine-Month Period Ended 30 September 2024G****Baker Tilly M K M & Co. Chartered Accountants**

Khobar, King Faisal Street, Al-Diwan Building, Office 310

P.O. Box 34422, 1142

Kingdom of Saudi Arabia

Tel: +966 13 830 0906

Fax: +966 13 834 7582

Website: www.bakertillyjfc.com

Email: info@bakertilly.com



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

Receiving Agents

Alinma Capital Company

Al Anoud Tower 2, King Fahd Road

P.O. Box 55560

Riyadh 11544

Saudi Arabia

Telephone: +966 (11) 218 5999

Fax: +966 (11) 218 5970

Website: www.alinmacapital.com

Email: info@alinmacapital.com

**AlRajhi Capital**

Head Office, King Fahd Road, Al Murouj District

P.O. Box 5561

Riyadh 12263

Kingdom of Saudi Arabia

Phone: +966 92 000 5856

Fax: +966 (11) 460 0625

Website: www.alrajhi-capital.com

Email: arcipo@alrajhibank.com.sa

**SNB Capital**

King Saud Road, Al Murabba District, Building 7347

P.O. Box 2216

Riyadh 11495

Kingdom of Saudi Arabia

Phone: +966 (92) 000 0232

Fax: +966 (11) 4060052

Website: www.alahlicapital.com

Email: snbc.cm@alahlicapital.com

**Saudi Fransi Capital (BSF Capital)**

King Fahd Road – 8092, Fourth Floor, Legend Tower

P.O. Box 23454

Riyadh 12313-3735

Kingdom of Saudi Arabia

Tel: +966 (11) 282 6666

Fax: +966 (11) 282 6823

Website: www.bsfcapital.sa

E-mail: IPO_BSFC@bsfcapital.sa



Riyad Capital

2414 - Al Shahada District, Unit No. 69

P.O. Box 13241

Riyadh 7279

Kingdom of Saudi Arabia

Phone: +966 (11) 486 5649

Fax: +966 (11) 486 5908

Website: www.riyadcapital.com

Email: ask@riyadcapital.com

**AlBilad Investment Company**

King Fahd Road - Al Olaya

P.O. Box 140

Riyadh 11411

Kingdom of Saudi Arabia

Phone: +966 (92) 000 3636

Fax: +966 (11) 290 6299

Website: www.albilad-capital.com

Email: investmentbanking@albilad-capital.com

**AlJazira Capital Company**

King Fahd Street, Al Rahmaniya

P.O. Box 20438

Riyadh 11455

Kingdom of Saudi Arabia

Phone: 8001169999

Fax: +966 (11) 225 6182

Website: www.aljaziracapital.com.sa

Email: IPO-RB@aljaziracapital.com.sa

**Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital)**

King Fahd Road

P.O. Box 6888

Riyadh 11452

Kingdom of Saudi Arabia

Phone: +966 (11) 254 7666

Fax: +966 (11) 489 6253

Website: www.icap.com.sa

Email: WebEcare@icap.com.sa



Derayah Financial Company

Al Takhasusi Street - Prestige Centre - Third Floor

P.O. Box 28654

Riyadh 12331

Kingdom of Saudi Arabia

Phone: +966 (11) 299 8000

Fax: +966 (11) 419 5498

Website: www.derayah.com

Email: support@derayah.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) 406 2500

Fax: +966 (11) 406 4548

Website: www.anbcapital.com.sa

Email: investment.banking@anbcapital.com.sa

**Yaqeen Financial Company (Yaqeen Capital)**

Al Wurud District – Al Olaya Street

P.O. Box 884

Riyadh 11421

Kingdom of Saudi Arabia

Phone: 800 122 2992

Fax: +966 (11) 205 4819

Website: www.yaqeen.sa

Email: addingvalue@yaqeen.sa

**Al Khabeer Capital**

Madinah Road, Al Nuzhah District

P.O. Box 128289

Jeddah 21362

Kingdom of Saudi Arabia

Phone: 800 124 7555

Fax: +966 (12) 685 6663

Website: www.alkhabeer.com

Email: info@alkhabeer.com



AlAwwal Invest Company (SAB Invest)

King Fahd Branch Road, Al Yasmeen District, Building 7383.

P.O. Box 13325

Riyadh

Kingdom of Saudi Arabia

Phone: 8001242442

Fax: +966 (12) 216 9102

Website: www.sabinvest.com

Email: customercare@sabinvest.com

**Sahm Capital Financial Company**

KAFD, Fifth Floor, Building 305

Riyadh 13519

Kingdom of Saudi Arabia

Phone: +966 (92) 0007889

Website: www.sahmcapital.com

Email: cs@sahmcapital.com

**GIB Capital Company**

Low Rise Building (B1), Granada Business & Residential Park Eastern Ring Road

P.O Box 89589

Riyadh 11692

Kingdom of Saudi Arabia

Tel: 8001240121

Fax: +966 (11) 83484

Website: www.gibcapital.com

Email: GIBC.IB@gibcapital.com

**EFG Hermes KSA Company**

Sky Towers, North Tower

8899 King Fahd Road, Al Olaya District

P.O. Box 300189

Riyadh 12214

Kingdom of Saudi Arabia

Tel: +966 (11) 293 8048

Fax: +966 (11) 293 8032

Website: www.efghermesksa.com

Email: contact-ksa@efg-hermes.com



Musharaka Capital

Prince Turki Street, Corniche District

P.O. Box 712 Al Khobar 31952

Kingdom of Saudi Arabia

Tel: +966 92000 6811

Fax: +966 (13) 881 8412

Website: www.musharaka.sa

Email: receiving-entity@musharaka.sa

**Awaed Alosool Capital**

AlUrubah Road 2163, AlMathar Ash Shamali, Home
Offices

Riyadh 12334

Kingdom of Saudi Arabia

Tel: 8001111870

Fax: +966 (11) 4455598

Website: www.awaed.capital

Email: ipo_awaed@awaed.co



OFFERING SUMMARY

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

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

Company Name, Description and Establishment Information

Marketing Home Group for Trading Company is a Saudi closed joint stock company registered under Commercial registration no. 1010205534 dated 3 Muharram 1426H (corresponding to 12 February 2005G), Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located at the Al Aziziyah District, P.O. Box 8305, 14511 Riyadh, Kingdom of Saudi Arabia.

The Company commenced its operations on 3 Muharram 1426H (corresponding to 11 February 2005G) as a sole proprietorship owned by Musaad Abdulrahman Abdulaziz AlQfari under the name of "Marketing Home Group for Trading Company" with a capital of twenty-five thousand Saudi Arabian Riyal (SAR 25,000). It then converted into a limited liability company on 14 Thul-Qi'dah 1442H (corresponding to 23 June 2021G) with a capital of forty million Saudi Arabian Riyals (SAR 40,000,000), divided into four million (4,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. Musaad Abdulrahman Abdulaziz AlQfari contributed thirty-three million two hundred seventy-eight thousand seven hundred seventy Saudi Arabian Riyals (SAR 33,278,770), representing 83.2 per cent. of the share capital and three million three hundred twenty-seven thousand eight hundred seventy-seven (3,327,877) Shares. Mohammed Hisham Abdulrahman AlZamil contributed three million two hundred fifty thousand eighty Saudi Arabian Riyals (SAR 3,250,080), representing 8.13 per cent. and three hundred twenty-five thousand eight (325,008) Shares. Omar Saad Abdulaziz AlMogren contributed one million one hundred forty-seven thousand three hundred thirty Saudi Arabian Riyals (SAR 1,147,330), representing 2.87 per cent. and one hundred fourteen thousand seven hundred thirty-three (114,733) Shares. Meshal Abdulrahman Abdulaziz AlQfari contributed seven hundred eighty-one thousand two hundred sixty Saudi Arabian Riyals (SAR 781,260), representing 1.95 per cent. and seventy-eight thousand one hundred twenty-six (78,126) Shares. Haila Abdulkarim Jarbo' AlQfari contributed four hundred sixty-nine thousand three hundred twenty Saudi Arabian Riyals (SAR 469,320), representing 1.17 per cent. and forty-six thousand nine hundred thirty-two (46,932) Shares. Sulaiman Abdulkarim Jarbo' AlQfari contributed four hundred fifty-three thousand seven hundred fifty Saudi Arabian Riyals (SAR 453,750), representing 1.13 per cent. and forty-five thousand three hundred seventy-five (45,375) Shares. Saleh Rasheed Mohammed AlRasheed contributed two hundred seventy-two thousand one hundred Saudi Arabian Riyals (SAR 272,100), representing 0.68 per cent. and twenty-seven thousand two hundred ten (27,210) Shares. Suad Suliman Mohammed AlSawadi contributed one hundred eighty-three thousand three hundred sixty (183,360) Saudi Arabian Riyals, representing 0.46 per cent. and eighteen thousand three hundred thirty-six (18,336) Shares. Abdullah Khalil Abdullah AlSaba contributed fifty-three thousand five hundred sixty Saudi Arabian Riyals (SAR 53,560), representing 0.13 per cent. and five thousand three hundred fifty-six (5,356) Shares. Ashwaq Abdulrahman Abdulaziz AlQfari contributed fifty-two thousand nine hundred eighty Saudi Arabian Riyals (SAR 52,980), representing 0.13 per cent. and five thousand two hundred ninety-eight (5,298) Shares. Nora Nasser Rashid AlTamami contributed thirty-eight thousand nine hundred Saudi Arabian Riyals (SAR 38,900), representing 0.10 per cent. and three thousand eight hundred ninety (3,890) Shares. Muneera Abdulkarim Jarbo' AlQfari contributed eighteen thousand five hundred ninety (18,590) Saudi Arabian Riyals, representing 0.05 per cent. and one thousand eight hundred fifty-nine (1,859) Shares. Based on the amended articles of association dated 2 Jumada Al-Akhirah 1444H (corresponding to 26 December 2022G), the Company's capital was increased from forty million Saudi Arabian Riyals (SAR 40,000,000) to one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through a capitalisation of fifteen million eighty-two thousand four hundred sixty-seven Saudi Arabian Riyals (SAR 15,082,467) from the additional capital account and one hundred and four million nine hundred seventeen

thousand five hundred thirty-three Saudi Arabian Riyals (SAR 104,917,533) from the current accounts of each of: Musaad Abdulrahman Abdulaziz AlQfari for an amount of eighty-seven million three hundred seventy-one thousand four hundred sixty-seven Saudi Arabian Riyals (SAR 87,371,467), Mohammed Hisham Abdulrahman AlZamil for an amount of nine million one hundred thirty-seven thousand nine hundred nine Saudi Arabian Riyals (SAR 9,137,909), Omar Saad Abdulaziz AlMogren for an amount of three million four hundred ninety thousand three hundred sixteen Saudi Arabian Riyals (SAR 3,490,316), Meshal Abdulrahman Abdulaziz AlGafari for an amount of two million six hundred ninety-one thousand seven hundred seven (2,691,707) Saudi Arabian Riyals, Haila Abdulkarim Jarbo' AlQfari for an amount of five hundred seventy-seven thousand six hundred thirty-seven Saudi Arabian Riyals (SAR 577,637), Sulaiman Abdulkarim Jarbo' AlQfari for an amount of one million three hundred twenty-nine thousand one hundred eighteen Saudi Arabian Riyals (SAR 1,329,118), Saleh Rasheed Mohammed AlRasheed for an amount of one hundred thousand five hundred fifty-two Saudi Arabian Riyals (SAR 100,552), Abdullah Khalil Abdullah AlSaba for an amount of one hundred forty thousand four hundred eighty-five Saudi Arabian Riyals (SAR 140,485), Nora Nasser Rashid AlTamami for an amount of sixty-one thousand three hundred two Saudi Arabian Riyals (SAR 61,302), and Muneera Abdulkarim Jarbo' AlQfari for an amount of seventeen thousand forty Saudi Arabian Riyals (SAR 17,040). Based on the amended articles of association dated 15 Sha'ban 1444H (corresponding to 7 March 2023G), Ashwaq Abdulrahman Abdulaziz AlQfari transferred one hundred sixty-eight (168) Shares to Naif Mohammed Youssef AlDghayther, Suad Suliman Mohammed AlSawadi transferred five hundred eighty (580) Shares to Naif Mohammed Youssef AlDghayther, Sulaiman Abdulkarim Jarbo' AlQfari transferred four thousand four hundred eighty-seven (4,487) Shares to Naif Mohammed Youssef AlDghayther, Saleh Rasheed Mohammed AlRasheed transferred one thousand ninety-one (1,091) Shares to Naif Mohammed Youssef AlDghayther, Abdullah Khalil Abdullah AlSaba transferred four hundred ninety-two (492) Shares to Naif Mohammed Youssef AlDghayther, Omar Saad Abdulaziz AlMogren transferred eleven thousand six hundred forty-three (11,643) Shares to Naif Mohammed Youssef AlDghayther, Mohammed Hisham Abdulrahman AlZamil transferred thirty-one thousand two hundred sixty-three (31,263) Shares to Naif Mohammed Youssef AlDghayther, and Musaad Abdulrahman Abdulaziz AlQfari transferred six million eight hundred twelve thousand eight hundred sixty-three (6,812,863) Shares to Ali Mubarak Mohammed AlDosari five million six hundred fifty-three thousand two (5,653,002) Shares, Haya Mubarak Mohammed AlDosari one hundred eighty-nine thousand seven hundred seventy-two (189,772) Shares, Abdullah Mubarak Mohammed AlDosari four hundred seventy-four thousand four hundred thirty (474,430) Shares, Noweir Mubarak Mohammed AlDosari one hundred eighty-nine thousand seven hundred seventy-two (189,772) Shares, Saleh Othman Mohammed AlGhamdi one hundred sixty-two thousand six hundred ninety-five (162,695) Shares, Hussain Ali Saleh AlMassad forty-two thousand eight hundred forty (42,840) Shares, Mousa Hamad Mousa AlQadhib forty-five thousand seven hundred sixty-six (45,766) Shares, and Naif Mohammed Youssef AlDghayther fifty-four thousand five hundred eighty-six (54,586) Shares. Meshal Abdulrahman Abdulaziz AlGafari transferred eight thousand six hundred fifty-two (8,652) Shares to Naif Mohammed Youssef AlDghayther, Muneera Abdulkarim Jarbo' AlQfari transferred ninety-seven (97) Shares to Naif Mohammed Youssef AlDghayther, Nora Nasser Rashid AlTamami transferred two hundred sixty-four (264) Shares to Naif Mohammed Youssef AlDghayther, and Haila Abdulkarim Jarbo' AlQfari transferred two thousand eight hundred and ten (2,810) Shares to Naif Mohammed Youssef AlDghayther. Based on the shareholders' resolution dated 15 Sha'ban 1444H (corresponding to 7 March 2023G), the Company converted from a limited liability company to a closed joint-stock company. Based on the amended articles of association dated 20 Sha'ban 1444H (corresponding to 12 March 2023G), Musaad Abdulrahman Abdulaziz AlQfari transferred one hundred nine thousand six hundred sixty-two (109,662) Shares to Ashwaq Abdulrahman Abdulaziz AlQfari seven thousand three hundred sixty-seven (7,367) Shares, Suad Suliman Mohammed AlSawadi fifteen thousand two hundred forty-nine (15,249) Shares, Saleh Rasheed Mohammed AlRasheed thirty-four thousand one hundred ninety-five (34,195) Shares,

Company's
Activities

Muneera Abdulkarim Jarbo' AlQfari two thousand fifty-four (2,054) Shares, Nora Nasser Rashid AlTamami three thousand five hundred three (3,503) Shares, and Haila Abdulkarim Jarbo' AlQfari forty-seven thousand two hundred ninety-four (47,294) Shares. Ali Mubarak Mohammed AlDosari transferred two hundred thirty-four thousand nine hundred two (234,902) Shares to Ashwaq Abdulrahman Abdulaziz AlQfari fifteen thousand seven hundred seventy-nine (15,779) Shares, Suad Suliman Mohammed AlSawadi thirty-two thousand six hundred sixty-four (32,664) Shares, Saleh Rasheed Mohammed AlRasheed seventy-three thousand two hundred forty-eight (73,248) Shares, Muneera Abdulkarim Jarbo' AlQfari four thousand four hundred (4,400) Shares, Nora Nasser Rashid AlTamami seven thousand five hundred five (7,505) Shares, and Haila Abdulkarim Jarbo' AlQfari one hundred one thousand three hundred six (101,306) Shares. On 2 Muharram 1445H (corresponding to 20 July 2023G), Naif Mohammed Youssef AlDghayther transferred one hundred sixteen thousand one hundred thirty-three (116,133) Shares to Meshal Abdulrahman Abdulaziz AlQfari. For further details, see Section 4.10 (*Evolution of Capital*).

According to the Bylaws, the Company's activities consist of the following:

- manufacturing of concrete, cement, and plaster products;
- manufacturing of structural metal products;
- construction of buildings;
- wholesale trade of solid, liquid, and gaseous fuels and related products;
- retail sale of metal tools, paint, and glass in specialised stores;
- retail sale of household electrical appliances, furniture, lighting equipment, and other household items in specialised stores;
- road transport of goods; and
- storage.

According to its main commercial registration certificate, the Company's activities consist of the following:

- erection of prefabricated constructions on the site;
- remodeling or renovating existing residential and non-residential structures;
- marble cutting and sawing;
- manufacture of marble products such as kitchens, washbasins, antiques, basins, statues, sculpture, painting, etc.;
- manufacture of air-conditioning ducts and their appendices;
- operation of storage facilities for all types of goods except food;
- public storages with a variety of goods;
- wholesale of brick, block, tile, stone, marble, ceramic, and porcelain;
- wholesale of sanitary installation equipment and hot water heaters;
- retail sale of sanitary equipment and fittings (washbasins, toilets, bathtubs, etc.) and sauna equipment;
- retail sale of electrical equipment and installations;
- retail sale of marble, natural and artificial stone, ceramic, and porcelain; and
- retail sale of articles for lighting.

As of the date of this Prospectus, the Company's principal business segments consist of the following:

- **Tiles and Ancillary Products:** Launched under the "Ceramic Home" brand in 2006G, this segment includes a vast range of ceramics and porcelain products that have become a cornerstone of the Group's portfolio. Notable for their durability and aesthetic diversity, these products have consistently driven substantial revenue, reflecting their significant contribution to the Group's financial health;

- **Lighting Products:** Since its inception in 2013G under the “Lighting Stores” brand, this segment has become integral to the Group’s offerings. It encompasses a wide range of indoor and outdoor lighting solutions, along with smart devices that cater to both functional and aesthetic needs across residential, commercial, and industrial settings;
- **Sanitary Ware Products:** Initiated in 2020G under the “Hatch Sanitary” brand, this segment has rapidly grown to become a vital part of the Group’s portfolio. It offers a comprehensive selection of products including toilets, basins and other bathroom accessories, which are marketed through an extensive distribution network to ensure accessibility and convenience; and
- **Cooling and Air Conditioning Systems:** Introduced in 2022G under the “Ice Bear” brand, although contributing modestly in terms of revenue, this segment enhances the Group’s product diversity with high-quality cooling solutions. Its strategic importance lies in supporting sector growth, enhancing customer experience and aligning with regulatory and environmental standards.

For further details, see Section 4.6 (*Overview of the Group’s Operations*)

The following table sets out the names of the Substantial Shareholders and their ownership in the Company pre- and post-Offering:

Table 2: Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering

Shareholder ⁽²⁾	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	Number of Shares	Ownership (%) ⁽¹⁾	Overall Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾	Overall Nominal Value (SAR)
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%	63,973,130	4,478,119	27.99%	44,781,190
Ali Mubarak Mohammed AlDosari	5,418,100	33.86%	54,181,000	3,792,677	23.70%	37,926,770
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%	13,300,840	931,058	5.82%	9,310,580
Total	13,145,497	82.15%	131,454,970	9,201,854	57.51%	92,018,540

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

(2) There is no indirect ownership.

Company’s Share Capital (as of the date of this Prospectus)

The Company’s share capital prior to the Offering is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000).

Total Number of Issued Shares (as of the date of this Prospectus)

The number of the Company’s Shares prior to the Offering is sixteen million (16,000,000) fully paid Shares.

Nominal Value per Share

Ten Saudi Arabian Riyals (SAR 10) per Share.

Offering	The initial public offering of the Company's Shares will consist of four million eight hundred thousand (4,800,000) ordinary shares, representing thirty per cent. (30%) of the Company's capital at an Offer Price of eighty-five Saudi Arabian Riyal (SAR 85) per Offer Share.
Total Number of Offer Shares	Four million eight hundred thousand (4,800,000) ordinary shares.
Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent thirty per cent. (30%) of the Company's share capital.
Offer Price	Eighty-five Saudi Arabian Riyals (SAR 85) per Offer Share.
Total Value of Offer Shares	Four hundred eight million Saudi Arabian Riyals (SAR 408,000,000).
Use of Proceeds	The Net Offering Proceeds amounting to approximately Three hundred eighty-seven million Saudi Arabian Riyals (SAR 387,000,000) (after deducting the Offering expenses estimated at twenty-one million Saudi Arabian Riyals (SAR 21,000,000)) will be paid to the Selling Shareholders). The Company will not receive any part of the Offering Proceeds (for further details, see Section 8 (<i>Use of Proceeds</i>)).
Total Number of Shares Underwritten	Four million eight hundred thousand (4,800,000) ordinary shares.
Total Offering Amount Underwritten	Four hundred eight million Saudi Arabian Riyals (SAR 408,000,000).
Categories of Targeted Investors	Subscription to the Offer Shares is restricted to two groups of Investors, namely: Tranche (A) Participating Parties: This tranche includes parties entitled to participate in the book-building process in accordance with the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other foreign investors pursuant to SWAP Agreements (for further details, see Section 1 (<i>Definitions and Abbreviations</i>) and Section 16 (<i>Subscription Terms and Conditions</i>)); and Tranche (B) Individual Subscribers: This tranche includes Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

The Total Number of Shares Offered for Each Category of Targeted Investors

The Number of Shares Offered for the Participating Parties	Four million eight hundred thousand (4,800,000) ordinary shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand from Individual Subscribers and the Participating Entities subscribe to all of the Offer Shares allocated to them, the Financial Advisor in coordination with the Company, has the right to reduce the number of Offer Shares allocated to the Participating Entities to three million eight hundred forty thousand (3,840,000) Offer Shares, representing eighty per cent. (80%) of the Offer Shares. Initially, one million four hundred forty thousand (1,440,000) ordinary shares, representing thirty per cent. (30%) of the total Offer Shares will be allocated to public funds, provided there is sufficient demand from public funds. If there is sufficient demand from Individual Subscribers for the Offer Shares, the Financial Advisor has the right to reduce the number of Shares allocated to public funds to a minimum of one million two hundred ninety-six thousand (1,296,000) ordinary shares, representing twenty-seven per cent. (27%) of the total Offer Shares, after the completion of the individual subscription process.
Number of Offer Shares Available to Individual Subscribers	A maximum of nine hundred sixty thousand (960,000) Offer Shares, representing twenty per cent. (20%) of the Offer Shares.

Subscription Method for Each of the Targeted Investors' Categories:

Subscription Method for Participating Parties	The Participating Parties as identified in Section 1 (<i>Definitions and Abbreviations</i>) may apply for participation in the book-building process by completing a Bidding Participation Application that will be provided by the Bookrunner for the Participating Parties during the book-building process period. After the provisional allocation, the Participating Entities shall complete the Subscription Application Forms that will be made available to them by the Bookrunner in accordance with the instructions mentioned in Section 16 (<i>Subscription Terms and Conditions</i>).
Subscription Method for Individual Subscribers	Individual Subscribers who intend to subscribe to the Offer Shares shall submit a Subscription Application Form electronically through the Receiving Agents' websites and platforms that provide this service or through any other means provided by the Receiving Agents through which Individual Subscribers will be able to subscribe to the Company's Shares during the Offering Period, provided that: - the Individual Subscriber has an investment account and an active investment portfolio with a Receiving Agent; and - there has been no changes in the personal information or data of the Individual Subscriber have occurred since his/her subscription in a recent initial public offering. For further details, please refer to Section 16 (<i>Subscription Terms and Conditions</i>).

Minimum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:

Minimum Number of Offer Shares to be Applied for by Participating Entities	Fifty thousand (50,000) Offer Shares.
Minimum Number of Offer Shares to be Applied for by Individual Subscribers	Ten (10) Shares.

Minimum Subscription Amount for Each of the Targeted Investors' Categories:	
Minimum Subscription Amount for Participating Entities	Four million two hundred fifty thousand Saudi Arabian Riyals (SAR 4,250,000).
Minimum Subscription Amount for Individual Subscribers	Eight hundred fifty Saudi Arabian Riyals (SAR 850).
Maximum Number of Offer Shares to be Applied for by Each of the Targeted Investors' Categories:	
Maximum Number of Offer Shares to be Applied for by Participating Entities	Seven hundred ninety-nine thousand nine hundred ninety (799,990) Offer Shares, and in respect of public funds, no more than the maximum number of Offer Shares to be calculated for each participating public fund pursuant to the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Subscribers	Two hundred fifty thousand (250,000) Offer Shares.
Maximum Subscription Amount for Each of the Targeted Investors' Categories:	
Maximum Subscription Amount for Participating Entities	Sixty-seven million nine hundred ninety-nine thousand one hundred fifty Saudi Arabian Riyals (SAR 67,999,150).
Maximum Subscription Amount for Individual Subscribers	Twenty-one million two hundred fifty thousand Saudi Arabian Riyals (SAR 21,250,000).

Allocation and Refund of Excess Subscription Monies Method for Each of the Targeted Investors' Categories:

Allocation of Offer Shares to Participating Entities	The initial allocation of the Offer Shares will be made as the Financial Advisor deem appropriate, in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisor. The number of Offer Shares to be provisionally allocated to Participating Entities is four million eight hundred thousand (4,800,000) Shares, representing one hundred per cent. (100%) of the Offer Shares. If there is sufficient demand by Individual Subscribers for the Offer Shares, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Entities to three million eight hundred forty thousand (3,840,000) ordinary shares as a minimum, representing eighty per cent. (80%) of the Offer Shares. As a preliminary matter, one million four hundred forty thousand (1,440,000) ordinary shares, representing thirty per cent. (30%) of the total Offer Shares, will be allocated to the public funds category, subject to sufficient demand from this category. If there is sufficient demand from individual subscribers for the Offer Shares, the financial advisor has the right to reduce the number of Shares allocated to public funds to a minimum of one million two hundred ninety-six thousand (1,296,000) ordinary shares, representing twenty-seven per cent. (27%) of the total Offer Shares after the completion of the individual subscription process.
Allocation of Offer Shares to Individual Subscribers	The allocation of the Offer Shares to Individual Subscribers is expected to be completed no later than 1 Rabi' al-Awwal 1447H (corresponding to 24 August 2025G). The minimum allocation per Individual Subscriber is ten (10) Offer Shares, and the maximum allocation per Individual Subscriber is two hundred fifty thousand (250,000) ordinary shares, with the remaining Offer Shares, if any, being allocated on a pro-rata basis of the number of Offer Shares applied for by that Individual Subscriber to the total Offer Shares. If the number of Individual Subscribers exceeds ninety-six thousand (96,000) Individual Subscribers, the Company will not guarantee the minimum allocation of ten (10) Offer Shares for each Individual Subscriber. In this case, the Offer Shares will be allocated at the discretion of the Financial Advisor in coordination with the Company (for further details, see Section 16 (<i>Subscription Terms and Conditions</i>)).
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to the Subscribers without withholding any charge or commission by the Lead Manager or the Receiving Agents, as applicable. The announcement of the final allocation will be made no later than on 1 Rabi' al-Awwal 1447H (corresponding to 24 August 2025G) and refund of excess subscription monies, if any, will be made no later than on 4 Rabi' al-Awwal 1447H (corresponding to 27 August 2025G). For further details, see " <i>Key Dates and Subscription Procedures</i> " on page (xxv) and Section 16 (<i>Subscription Terms and Conditions</i>).
Offering Period for Individual Subscribers	The Offering will commence on Tuesday 25 Safar 1447H (corresponding to 19 August 2025G) and will remain open for a period of two (2) days up to and including the Offering closing date which is Wednesday 26 Safar 1447H (corresponding to 20 August 2025G). For further details, see " <i>Key Dates and Subscription Procedures</i> " on page (xxv).
Entitlement to Dividends	The Offer Shares will entitle their holders to receive any dividends declared by the Company starting from the date of this Prospectus and for the subsequent financial years (for further details, see Section 7 (<i>Dividend Distribution Policy</i>)).
Voting Rights	The Company has one class of Shares only. None of the Shares carries any preferential voting rights. Each Share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly. A Shareholder has the right to delegate another person, but not a Director of the Company, to attend the General Assembly meetings (for further details, see Section 11.14 (<i>Summary of Bylaws</i>) and Section 11.15 (<i>Share Description</i>)).

Restrictions on the Shares (Lock-up Period)	The Substantial Shareholders are subject to a Lock-up Period of six (6) months from the date on which trading of the Offer Shares on the Exchange commences. They may not dispose of any of their Shares during such period. Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their Shares (for further details regarding Substantial Shareholders, see Table 2 (<i>Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering</i>)).
Listing Shares of	Prior to the Offering, the Shares have not been listed in the Kingdom or elsewhere. An application has been made by the Company to the CMA for the registration and offer of the Shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company has also submitted an application to the Exchange for the listing of its Shares on the Exchange in accordance with the Listing Rules. All of the relevant approvals required to conduct the Offering have been granted, and all of the supporting documents requested by the CMA and Tadawul have been submitted. It is expected that the trading of the Shares on the Exchange will commence after the final allocation of the Offer Shares (for further details, see " <i>Key Dates and Subscription Procedures</i> " on page (xxv)).
Risk Factors	There are certain risks related to the investment in the Offer Shares. These risks can be categorised into: (i) risks related to the activities and operations of the Company; (ii) risks related to the market, industry and regulatory environment; and (iii) risks related to the Offer Shares. These risks are described in Section 2 (<i>Risk Factors</i>) and should be considered carefully prior to making an investment decision with respect to the Offer Shares.
Offering Expenses	The expenses and costs associated with the Offering are estimated at approximately twenty-one million Saudi Arabian Riyals (SAR 21,000,000) and include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Receiving Agents, the Market Consultant and the Exchange, as well as regulatory fees, marketing, printing and distribution expenses and other costs and expenses related to the Offering. They will be borne by the Selling Shareholders in proportion to the number of Offer Shares to be sold by each of them.
Underwriter	Alinma Capital Company Al Anoud Tower 2, King Fahd Road P.O. Box 55560, Riyadh 11544 Kingdom of Saudi Arabia Tel: +966 11 218 5999 Fax: +966 11 218 5970 Website: www.alinmacapital.com E-mail: info@alinmacapital.com

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

KEY DATES AND SUBSCRIPTION PROCEDURES

Table 3: Expected Offering Timetable

Event	Date
Bidding and Book-Building Period for Participating Parties	Starting from Sunday 9 Safar 1447H (corresponding to 3 August 2025G) until the end of Thursday 13 Safar 1447H (corresponding to 7 August 2025G).
Deadline for Submission of Subscription Application Forms Based on the Number of the Offer Shares Allocated for Participating Entities	Thursday 20 Safar 1447H (corresponding to 14 August 2025G).
Subscription Period for Individual Subscribers	Starting from Tuesday 25 Safar 1447H (corresponding to 19 August 2025G) until the end of Wednesday 26 Safar 1447H (corresponding to 20 August 2025G).
Deadline for Payment of the Subscription Amount by Participating Entities Based on their Provisionally Allocated Offer Shares	Monday 24 Safar 1447H (corresponding to 18 August 2025G).
Deadline for Submission of Subscription Application Forms and Payment of the Subscription Amount by Individual Subscribers	Wednesday 26 Safar 1447H (corresponding to 20 August 2025G).
Announcement of the Final Allocation of the Offer Shares	Sunday 1 Rabi' al-Awwal 1447H (corresponding to 24 August 2025G).
Refund of Excess Subscription Monies (if any)	Wednesday 4 Rabi' al-Awwal 1447H (corresponding to 27 August 2025G).
Expected Commencement Date for Trading the Shares on the Exchange	Trading of the Company's Shares on the Exchange is expected to commence after the completion of all of the relevant legal requirements and procedures. The trading commencement date of the Shares will be announced in local newspapers and Tadawul's website (www.saudiexchange.sa).

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

How to Apply for the Offer Shares

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

- **Tranche (A): Participating Parties:** comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions, including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other foreign investors pursuant to SWAP Agreements (for further details, see Section 1 (*Definitions and Abbreviations*) and Section 16 (*Subscription Terms and Conditions*)).
- **Tranche (B): Individual Subscribers:** comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

A. Participating Parties

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

B. Individual Subscribers

Individual Subscribers who intend to subscribe for the Offer Shares shall submit a Subscription 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 Subscriber will be able to subscribe to the Offer Shares during the Offering Period provided that:

- the Individual Subscriber has an investment account and an active investment portfolio with a Receiving Agent; and
- there have been no changes in the personal information or data of the Individual Subscriber since his subscription in a recent initial public offering.

Subscription Application Forms must be filled out by each applicant according to the instructions mentioned in Section 16 (*Subscription Terms and Conditions*). An applicant must complete all of the relevant sections in the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions is not met. After being submitted, the Subscription Application Form cannot be amended or withdrawn. If the Subscription Application Form is submitted twice, the second submission shall be considered null and void, and only the first submission shall be considered. Upon submission, the Subscription Application Form shall be considered to be a legally binding agreement by the relevant Subscriber, the Selling Shareholders and the Company (for further details, see Section 16 (*Subscription Terms and Conditions*)).

Excess subscription monies, if any, will be refunded to the Individual Subscriber's investment account held with the Receiving Agent from which the subscription amount has been debited in the first place, without withholding any charge or commission. Excess subscription monies will not be refunded in cash or to third party accounts. For further details regarding subscription by Individual Subscribers and the Participating Entities, see Section 16 (*Subscription Terms and Conditions*).

SUMMARY OF KEY INFORMATION

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

OVERVIEW OF THE COMPANY

History of the Company

Marketing Home Group for Trading Company is a Saudi closed joint stock company registered under Commercial registration no. 1010205534 dated 3 Muharram 1426H (corresponding to 12 February 2005G), Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located at the Al Aziziyah District, P.O. Box 8305, 14511 Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, the share capital of the Company is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000) divided into sixteen million (16,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

The Company commenced its operations on 3 Muharram 1426H (corresponding to 11 February 2005G) as a sole proprietorship owned by Musaad Abdulrahman Abdulaziz AlQfari under the name of "Marketing Home Group for Trading Company" with a capital of twenty-five thousand Saudi Arabian Riyal (SAR 25,000). It then converted into a limited liability company on 14 Thul-Qi'dah 1442H (corresponding to 23 June 2021G) with a capital of forty million Saudi Arabian Riyals (SAR 40,000,000), divided into four million (4,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. Musaad Abdulrahman Abdulaziz AlQfari contributed thirty-three million two hundred seventy-eight thousand seven hundred seventy Saudi Arabian Riyals (SAR 33,278,770), representing 83.2 per cent. of the share capital and three million three hundred twenty-seven thousand eight hundred seventy-seven (3,327,877) Shares. Mohammed Hisham Abdulrahman AlZamil contributed three million two hundred fifty thousand eighty Saudi Arabian Riyals (SAR 3,250,080), representing 8.13 per cent. and three hundred twenty-five thousand eight (325,008) Shares. Omar Saad Abdulaziz AlMogren contributed one million one hundred forty-seven thousand three hundred thirty Saudi Arabian Riyals (SAR 1,147,330), representing 2.87 per cent. and one hundred fourteen thousand seven hundred thirty-three (114,733) Shares. Meshal Abdulrahman Abdulaziz AlQfari contributed seven hundred eighty-one thousand two hundred sixty Saudi Arabian Riyals (SAR 781,260), representing 1.95 per cent. and seventy-eight thousand one hundred twenty-six (78,126) Shares. Haila Abdulkarim Jarbo' AlQfari contributed four hundred sixty-nine thousand three hundred twenty Saudi Arabian Riyals (SAR 469,320), representing 1.17 per cent. and forty-six thousand nine hundred thirty-two (46,932) Shares. Sulaiman Abdulkarim Jarbo' AlQfari contributed four hundred fifty-three thousand seven hundred fifty Saudi Arabian Riyals (SAR 453,750), representing 1.13 per cent. and forty-five thousand three hundred seventy-five (45,375) Shares. Saleh Rasheed Mohammed AlRasheed contributed two hundred seventy-two thousand one hundred Saudi Arabian Riyals (SAR 272,100), representing 0.68 per cent. and twenty-seven thousand two hundred ten (27,210) Shares. Suad Suliman Mohammed AlSawadi contributed one hundred eighty-three thousand three hundred sixty (183,360) Saudi Arabian Riyals, representing 0.46 per cent. and eighteen thousand three hundred thirty-six (18,336) Shares. Abdullah Khalil Abdullah AlSaba contributed fifty-three thousand five hundred sixty Saudi Arabian Riyals (SAR 53,560), representing 0.13 per cent. and five thousand three hundred fifty-six (5,356) Shares. Ashwaq Abdulrahman Abdulaziz AlQfari contributed fifty-two thousand nine hundred eighty Saudi Arabian Riyals (SAR 52,980), representing 0.13 per cent. and five thousand two hundred ninety-eight (5,298) Shares. Nora Nasser Rashid AlTamami contributed thirty-eight thousand nine hundred Saudi Arabian Riyals (SAR 38,900), representing 0.10 per cent. and three thousand eight hundred ninety (3,890) Shares. Muneera Abdulkarim Jarbo' AlQfari contributed eighteen thousand five hundred ninety (18,590) Saudi Arabian Riyals, representing 0.05 per cent. and one thousand eight hundred fifty-nine (1,859) Shares. Based on the amended articles of association dated 2 Jumada Al-Akhirah 1444H (corresponding to 26 December 2022G), the Company's capital was increased from forty million Saudi Arabian Riyals (SAR 40,000,000) to one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) Shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through a capitalisation of fifteen million eighty-two thousand four hundred sixty-seven Saudi Arabian Riyals (SAR 15,082,467) from the additional capital account and one hundred and four million nine hundred seventeen thousand five hundred thirty-three Saudi Arabian Riyals (SAR 104,917,533) from the current accounts of each of: Musaad Abdulrahman Abdulaziz AlQfari for an amount of eighty-seven million three hundred seventy-one thousand four hundred sixty-seven Saudi Arabian Riyals (SAR 87,371,467), Mohammed Hisham Abdulrahman AlZamil for an amount of nine million one hundred thirty-seven thousand nine hundred nine Saudi Arabian Riyals (SAR 9,137,909), Omar Saad Abdulaziz AlMogren for an amount of three million four hundred ninety thousand three hundred sixteen Saudi Arabian Riyals (SAR 3,490,316), Meshal Abdulrahman Abdulaziz AlGafari for an amount of two million six hundred ninety-one thousand seven hundred seven (2,691,707) Saudi Arabian Riyals, Haila Abdulkarim Jarbo' AlQfari for an amount of five hundred seventy-seven thousand six hundred thirty-seven Saudi Arabian Riyals (SAR 577,637), Sulaiman Abdulkarim Jarbo' AlQfari for an amount of one million three hundred twenty-nine thousand one hundred eighteen Saudi Arabian Riyals (SAR 1,329,118), Saleh Rasheed Mohammed AlRasheed for an amount of one hundred thousand five hundred fifty-two Saudi Arabian Riyals (SAR 100,552), Abdullah Khalil Abdullah AlSaba for an amount of one hundred forty thousand four hundred eighty-five Saudi Arabian Riyals (SAR 140,485), Nora Nasser Rashid AlTamami for an amount of sixty-one thousand three hundred two Saudi Arabian Riyals (SAR

61,302), and Muneera Abdulkarim Jarbo' AlQfari for an amount of seventeen thousand forty Saudi Arabian Riyals (SAR 17,040). Based on the amended articles of association dated 15 Sha'ban 1444H (corresponding to 7 March 2023G), Ashwaq Abdulrahman Abdulaziz AlQfari transferred one hundred sixty-eight (168) Shares to Naif Mohammed Youssef AlDghayther, Suad Suliman Mohammed AlSawadi transferred five hundred eighty (580) Shares to Naif Mohammed Youssef AlDghayther, Sulaiman Abdulkarim Jarbo' AlQfari transferred four thousand four hundred eighty-seven (4,487) Shares to Naif Mohammed Youssef AlDghayther, Saleh Rasheed Mohammed AlRasheed transferred one thousand ninety-one (1,091) Shares to Naif Mohammed Youssef AlDghayther, Abdullah Khalil Abdullah AlSaba transferred four hundred ninety-two (492) Shares to Naif Mohammed Youssef AlDghayther, Omar Saad Abdulaziz AlMogren transferred eleven thousand six hundred forty-three (11,643) Shares to Naif Mohammed Youssef AlDghayther, Mohammed Hisham Abdulrahman AlZamil transferred thirty-one thousand two hundred sixty-three (31,263) Shares to Naif Mohammed Youssef AlDghayther, and Musaad Abdulrahman Abdulaziz AlQfari transferred six million eight hundred twelve thousand eight hundred sixty-three (6,812,863) Shares to Ali Mubarak Mohammed AlDosari five million six hundred fifty-three thousand two (5,653,002) Shares, Haya Mubarak Mohammed AlDosari one hundred eighty-nine thousand seven hundred seventy-two (189,772) Shares, Abdullah Mubarak Mohammed AlDosari four hundred seventy-four thousand four hundred thirty (474,430) Shares, Noweir Mubarak Mohammed AlDosari one hundred eighty-nine thousand seven hundred seventy-two (189,772) Shares, Saleh Othman Mohammed AlGhamdi one hundred sixty-two thousand six hundred ninety-five (162,695) Shares, Hussain Ali Saleh AlMassad forty-two thousand eight hundred forty (42,840) Shares, Mousa Hamad Mousa AlQadhib forty-five thousand seven hundred sixty-six (45,766) Shares, and Naif Mohammed Youssef AlDghayther fifty-four thousand five hundred eighty-six (54,586) Shares. Meshal Abdulrahman Abdulaziz AlGafari transferred eight thousand six hundred fifty-two (8,652) Shares to Naif Mohammed Youssef AlDghayther, Muneera Abdulkarim Jarbo' AlQfari transferred ninety-seven (97) Shares to Naif Mohammed Youssef AlDghayther, Nora Nasser Rashid AlTamami transferred two hundred sixty-four (264) Shares to Naif Mohammed Youssef AlDghayther, and Haila Abdulkarim Jarbo' AlQfari transferred two thousand eight hundred and ten (2,810) Shares to Naif Mohammed Youssef AlDghayther. Based on the shareholders' resolution dated 15 Sha'ban 1444H (corresponding to 7 March 2023G), the Company converted from a limited liability company to a closed joint-stock company. Based on the amended articles of association dated 20 Sha'ban 1444H (corresponding to 12 March 2023G), Musaad Abdulrahman Abdulaziz AlQfari transferred one hundred nine thousand six hundred sixty-two (109,662) Shares to Ashwaq Abdulrahman Abdulaziz AlQfari seven thousand three hundred sixty-seven (7,367) Shares, Suad Suliman Mohammed AlSawadi fifteen thousand two hundred forty-nine (15,249) Shares, Saleh Rasheed Mohammed AlRasheed thirty-four thousand one hundred ninety-five (34,195) Shares, Muneera Abdulkarim Jarbo' AlQfari two thousand fifty-four (2,054) Shares, Nora Nasser Rashid AlTamami three thousand five hundred three (3,503) Shares, and Haila Abdulkarim Jarbo' AlQfari forty-seven thousand two hundred ninety-four (47,294) Shares. Ali Mubarak Mohammed AlDosari transferred two hundred thirty-four thousand nine hundred two (234,902) Shares to Ashwaq Abdulrahman Abdulaziz AlQfari fifteen thousand seven hundred seventy-nine (15,779) Shares, Suad Suliman Mohammed AlSawadi thirty-two thousand six hundred sixty-four (32,664) Shares, Saleh Rasheed Mohammed AlRasheed seventy-three thousand two hundred forty-eight (73,248) Shares, Muneera Abdulkarim Jarbo' AlQfari four thousand four hundred (4,400) Shares, Nora Nasser Rashid AlTamami seven thousand five hundred five (7,505) Shares, and Haila Abdulkarim Jarbo' AlQfari one hundred one thousand three hundred six (101,306) Shares. On 2 Muharram 1445H (corresponding to 20 July 2023G), Naif Mohammed Youssef AlDghayther transferred one hundred sixteen thousand one hundred thirty-three (116,133) Shares to Meshal Abdulrahman Abdulaziz AlQfari. For further details, see Section 4.10 (*Evolution of Capital*).

The Company Activities

According to the Bylaws, the Company's activities consist of the following:

- manufacturing of concrete, cement, and plaster products;
- manufacturing of structural metal products;
- construction of buildings;
- wholesale trade of solid, liquid, and gaseous fuels and related products;
- retail sale of metal tools, paint, and glass in specialised stores;
- retail sale of household electrical appliances, furniture, lighting equipment, and other household items in specialised stores;
- road transport of goods; and
- storage.

According to its main commercial registration certificate, the Company's activities consist of the following:

- erection of prefabricated constructions on the site;
- remodeling or renovating existing residential and non-residential structures;
- marble cutting and sawing;
- manufacture of marble products such as kitchens, washbasins, antiques, basins, statues, sculpture, painting, etc.;
- manufacture of air-conditioning ducts and their appendices;
- operation of storage facilities for all types of goods except food;
- public storages with a variety of goods;
- wholesale of brick, block, tile, stone, marble, ceramic, and porcelain;
- wholesale of sanitary installation equipment and hot water heaters;
- retail sale of sanitary equipment and fittings (washbasins, toilets, bathtubs, etc.) and sauna equipment;
- retail sale of electrical equipment and installations;
- retail sale of marble, natural and artificial stone, ceramic, and porcelain; and
- retail sale of articles for lighting.

As of the date of this Prospectus, the Company's principal business segments consist of the following:

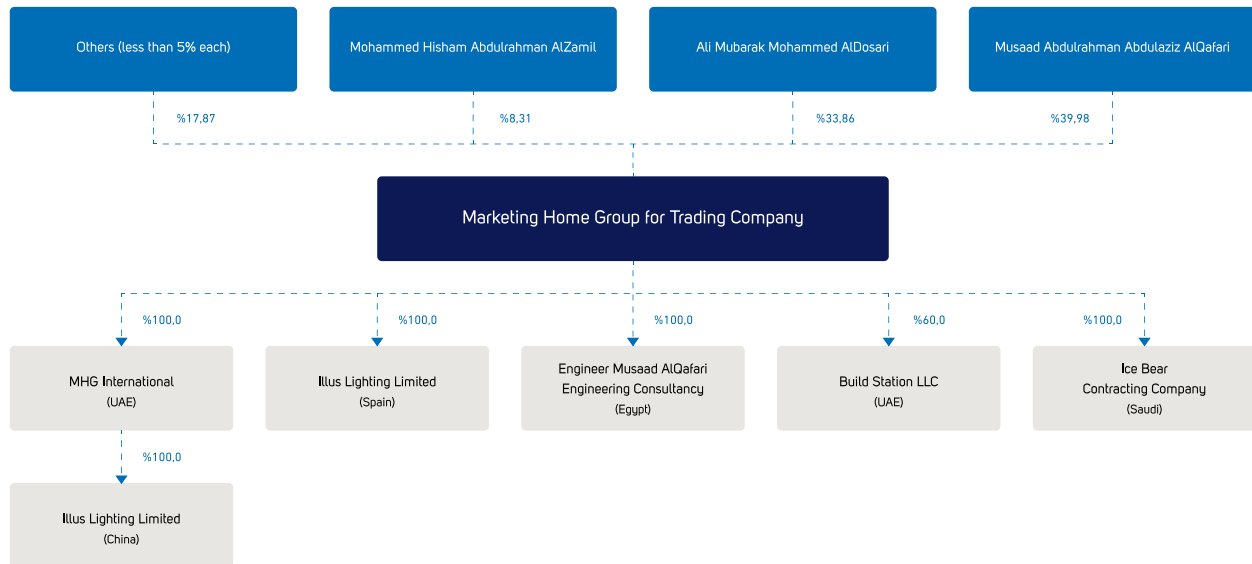
- **Tiles and Ancillary Products:** Launched under the "Ceramic Home" brand in 2006G, this segment includes a vast range of ceramics and porcelain products that have become a cornerstone of the Group's portfolio. Notable for their durability and aesthetic diversity, these products have consistently driven substantial revenue, reflecting their significant contribution to the Group's financial health;
- **Lighting Products:** Since its inception in 2013G under the "Lighting Stores" brand, this segment has become integral to the Group's offerings. It encompasses a wide range of indoor and outdoor lighting solutions, along with smart devices that cater to both functional and aesthetic needs across residential, commercial, and industrial settings;
- **Sanitary Ware Products:** Initiated in 2020G under the "Hatch Sanitary" brand, this segment has rapidly grown to become a vital part of the Group's portfolio. It offers a comprehensive selection of products including toilets, basins and other bathroom accessories, which are marketed through an extensive distribution network to ensure accessibility and convenience; and
- **Cooling and Air Conditioning Systems:** Introduced in 2022G under the "Ice Bear" brand, although contributing modestly in terms of revenue, this segment enhances the Group's product diversity with high-quality cooling solutions. Its strategic importance lies in supporting sector growth, enhancing customer experience and aligning with regulatory and environmental standards.

As of 30 September 2024G, the Company had a total of 681 employees across the Kingdom (for further details, see Section 5.9 (*Employees*)).

Ownership Structure

The following exhibit sets out the structure of the Group as of the date of this Prospectus:

Exhibit 1: The Structure of the Group as of the Date of this Prospectus



Source: The Company.

As of the date of this Prospectus, the share capital of the Company is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) ordinary shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share. The following table sets out the direct ownership structure of the Company pre- and post-Offering:

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

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%	63,973,130	4,478,119	27.99%	44,781,190
Ali Mubarak Mohammed AlDosari	5,418,100	33.86%	54,181,000	3,792,677	23.70%	37,926,770
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%	13,300,840	931,058	5.82%	9,310,580
Omar Saad Abdulaziz AlMogren	495,383	3.10%	4,953,830	346,768	2.17%	3,467,680
Meshaal Abdulrahman Abdulaziz AlGafari	484,236	3.03%	4,842,360	338,965	2.12%	3,389,650
Abdullah Mubarak Mohammed AlDosari	474,430	2.97%	4,744,300	332,101	2.08%	3,321,010
Haila Abdulkarim Jarbo' AlQfari	268,182	1.68%	2,681,820	187,727	1.17%	1,877,270
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%	1,909,090	133,636	0.84%	1,336,360
Haya Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Noweir Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Saleh Othman Mohammed AlGhamdi	162,695	1.02%	1,626,950	113,886	0.71%	1,138,860
Saleh Rasheed Mohammed AlRasheed	153,877	0.96%	1,538,770	107,713	0.67%	1,077,130
Suad Suliman Mohammed AlSawadi	72,583	0.45%	725,830	50,808	0.32%	508,080
Mousa Hamad Mousa AlQadhib	45,766	0.29%	457,660	32,036	0.20%	320,360
Hussain Ali Saleh AlMassad	42,840	0.27%	428,400	29,988	0.19%	299,880
Ashwaq Abdulrahman Abdulaziz AlQfari	30,274	0.19%	302,740	21,191	0.13%	211,910
Nora Nasser Rashid AlTamami	22,231	0.14%	222,310	15,561	0.10%	155,610
Abdullah Khalil Abdullah AlSaba	20,392	0.13%	209,320	14,652	0.09%	146,520
Muneera Abdulkarim Jarbo' AlQfari	10,621	0.07%	106,210	7,434	0.05%	74,340
Public	-	-	-	4,800,000	30.00%	48,000,000
Total	16,000,000	100.00%	160,000,000	16,000,000	100.00%	160,000,000

Source: The Company.

(1) The ownership percentages are rounded to the nearest decimal.

Vision, Mission and Strategy

Vision

Become the destination for the general public as well as design community seeking trendy building solutions and products.

Mission

To position the Group as a community partner through its valuable contributions to improving living standards, the Group aims to expand its portfolio of building material products by enhancing product development initiatives, thereby achieving a high level of comprehensiveness in its solutions.

Strategy

The Group's strategy focuses on securing long-term growth, enhancing customer experiences and maintaining a competitive edge in the retail and distribution of building materials, lighting products and smart solutions across the Kingdom, the GCC and also in Europe, North Africa and East Asia by partnering with local distributors. The strategy leverages the Group's core strengths and aims at brand consolidation, product portfolio expansion, consumer education, market diversification, operational efficiency, sustainability and digital transformation. Additionally, it integrates opportunities aligned with Vision 2030 and emerging market trends, including green building, smart technology and local product customisation.

Competitive Advantages

The Company's strategic positioning within the building materials market is fortified by a unique blend of competitive advantages that differentiate it from competitors and also secure its status as one of the leaders in the industry. These strengths are rooted in the Group's commitment to innovation, customer-centric approaches and robust market presence across the Kingdom and internationally. Leveraging core competencies such as an expansive product range, modern technology integration and strong brand equity, the Group effectively capitalises on market opportunities and navigates challenges. The strategic execution of initiatives aligned with Vision 2030 further reinforces the Group's market leadership, ensuring sustained growth and long-term value creation for stakeholders.

Dominant Market Presence in Building Materials Retail, Reinforced by Robust Brand Equity

The Group maintains a commanding presence in the retail sector for building materials within the Kingdom, underpinned by a diversified and integrated product portfolio that serves the comprehensive needs of the residential and construction sectors.

Strong Growth Performance Over the Past Financial Years

Over the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, the Group has demonstrated progressive growth rates. Reflecting the Group's effective market strategies and operational efficiency.

Expansive Offering of Owned Building Materials Products Supported by Dynamic Product Development Initiatives

The Group offers a broad array of proprietary building materials, distinguished by their quality and innovation, which are critical in cementing its market leadership. This product range includes an expansive portfolio of ceramics, sanitary ware, lighting solutions and cooling systems, which are all integral to modern construction and building projects across the Kingdom and other jurisdictions where the Group operates.

Value-Added Services

The Group is distinguished in the building materials sector for its product quality and for its commitment to pre-sales services, after-sales services and comprehensive extended warranty programmes. These services are crucial in enhancing customer satisfaction and supporting long-term loyalty, setting the Group apart from its competitors. These include, for example:

- Pre-Sales Services;
- Comprehensive After-Sales Services;
- Extended Warranty Programmes; and
- Other Value-Added Services.

Strategic Local and Regional Presence with Comprehensive Online Integration

The Group's strategic network of physical and online sales channels substantially extends its reach across the Kingdom and the broader GCC Region.

Strategic Supply Chain Management and Supplier Relationships Enhance Competitive Edge and Profit Margins

The Group's ownership of its Illus (and its sub-brands) Hatch and Fixer brands and direct procurement model in relation to such brands have consistently driven a significant portion of its revenue. This model of operation grants the Group considerable control over its cost structures by bypassing traditional distribution channels that involve wholesalers or commercial agents, where additional costs and price hikes are common.

Anticipated High Demand for the Group's Products Amidst Expanding Markets

According to the Market Report, the demand for the Group's primary products—tiles, lighting and sanitary ware—is expected to maintain a robust growth trajectory over the next five years. This anticipated demand is driven by substantial investments in residential projects, developments in the hospitality sector and significant Government infrastructure initiatives across the Kingdom.

Innovative Technology Integration

The Group's commitment to maintaining leadership in the building materials sector is underscored by its substantial investments in modern technology and automation across its operations. This strategic focus significantly enhances efficiency and reduces costs, particularly in logistics processes.

An Executive Management Team with Diverse Expertise Under the Stewardship of an Experienced Board

The Group's Executive Management team consists of individuals with extensive expertise in the building materials sector, complemented by a profound understanding of the local market dynamics. This skilled team is led by specialised sector managers, each expert in different areas of the business, ensuring that each product line meets and also exceeds market demands.

The organisational structure of the Group is designed to encourage innovation while maintaining operational efficiency, supported by dedicated services such as logistics, administration, IT, human resources and maintenance. These services are essential for the effective implementation of the Group's strategic and marketing plans.

MARKET OVERVIEW

The information in Section 3 (*Market Overview*) is derived from the market report prepared by Euromonitor International Ltd (the “**Market Consultant**”) exclusively for the Company on 13 Rabi’ al-Awwal 1446H (corresponding to 16 September 2024G). The Market Consultant is headquartered in London, UK. For further details about the Market Consultant, visit its website (www.euromonitor.com).

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

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

Summary of the Market Report

Growth in the total population, the encouragement of female employment, improved economic prospects, and an increasing number of residential housing and mega projects are set to positively influence demand for building material products over 2024G to 2028G.

The total population in Saudi Arabia stood at 32.6 million in 2023G and is expected to exceed 38 million by 2028G. With a total GDP of over SAR 4.0 trillion, Saudi Arabia remained the largest economy in the Middle East and Africa (MEA) region in 2023G. Real GDP growth moderated to negative 0.8 per cent. in 2023G. Strong domestic demand and private investment were significant contributors, despite persistent challenges related to input prices and high interest rates. The non-oil spending during 2023G was further supported by comprehensive pro-business reforms, increased consumer spending, and a notable rise in tourism inflows. Strengthening economic growth and favourable demographic dynamics, combined with an increasing female workforce participation rate, rising urbanisation and moderate gains in disposable income per capita (CAGR of 2.7 per cent. over 2024G to 2028G), are anticipated to positively influence the construction sector and new supply of housing. The positive outlook for these sectors is expected to be further supported by the government’s goal to raise rates of home ownership and privatisation efforts in line with the National Transformation Programme and Vision 2030. All these factors are anticipated to create a window of opportunity for accelerated demand growth for building materials, including ceramics, lighting and sanitaryware.

The ceramics tile market offers robust value growth prospects, driven by rising consumer expenditure, the stable mortgage offtake, solid volume demand stemming from expanding construction activities throughout and the continuous uptick in ceramics prices.

The ceramic tiles business-to-consumer (B2C) retail sales market in Saudi Arabia reached an estimated SAR 2.5 billion in 2023G and is expected to amount to SAR 3.4 billion by 2028G (CAGR of 6.4 per cent.). The forecast growth will be bolstered by the country’s expanding population, urbanisation, job creation, and an increase in disposable income. Government initiatives, such as the Sakani Programme aimed at boosting homeownership and consistent mortgage activity, are expected to further contribute to this upward trend, improving housing access and availability. Robust volume demand stemming from expanding construction activities, luxury residential complexes as well as positive developments in the retail, hospitality and entertainment sectors are also expected to play a part. Burgeoning demand for ceramics in Saudi Arabia is expected to result in gains in local ceramics manufacturing capacity utilisation, with well-established manufacturers expanding production capabilities and reducing the quality gap between locally-produced and imported ceramics.

The Kingdom’s lighting market is anticipated to perform well over 2024G to 2028G, on the back of the increased adoption of LEDs, the launch of smart city projects and the rise in popularity of smart lighting solutions.

The Kingdom’s retail (B2C) lighting market totalled SAR 3.8 billion, after recording an annual growth rate of 7.6 per cent. over 2022G to 2023G, reflecting consumers’ increased demand for comfortable home lighting (benefiting LED-based lights and smart lighting solutions), due to more time spent at home and a rebound of housing turnover. The residential segment was the largest targeted group in terms of lighting application, followed by the industrial and commercial sectors. Retail sales of LED-based lights and wireless lights grew at a faster pace than light fixtures within the residential lighting market. Supported by strong fundamentals, driven by the economic recovery post-pandemic, population growth, urbanisation, and a dynamic real estate sector catering to first-time homebuyers, leading to higher homeownership rates and an expanding hospitality sector, the retail B2C lighting market value is set to rise to SAR 5.4 billion, at a CAGR of 7.1 per cent. between 2024G and 2028G.

The ongoing positive trend towards the construction industry's replacement demand and the optimistic outlook for both the residential, commercial sectors are set to boost demand for sanitaryware, with the premium price segment set to benefit the most. Following year-on-year growth of 7.6 per cent., retail value sales (B2C) of sanitaryware in Saudi Arabia stood at an estimated SAR 891 million in 2023G. Over the 2024G to 2028G period, the market's growth is set to accelerate, expanding at a CAGR of 10.1 per cent. to reach SAR 1,200 million in the latter year. Similar to the ceramics tile market, the growth is driven by increased demand in residential housing, rise in home renovations boosted by increased household. This expansion was further supported by the increased building activity in the hospitality and commercial sectors. Emerging trends expected to shape the B2C retail sanitaryware market include product premiumisation backed by a gradual shift away from traditional and classic designs towards more contemporary styles.

Competitive Landscape

Competitive dynamics in the Saudi Arabian ceramics, lighting and sanitaryware markets reflect high levels of fragmentation, with companies seeking a strategy based on differentiation to have an edge over their competitors and imported products.

The ceramics, lighting and sanitaryware retail (B2C) markets competitive landscape in Saudi Arabia is rather fragmented in 2023G. The Company is a leading player in the B2C retail lighting market, with a value share of 3.9 per cent., Long-standing presence in the Saudi market, high brand equity, a well-established countrywide retail network, along with a solid omnichannel strategy and 3D showroom tour, are key competitive advantages. The offering of innovative, high-quality branded lighting products like Hypnotek, a brand of high-quality smart home technology products and accessories, targeted at end-users also helps to explain the company's strong position. Nonetheless, the Company faces competition in both the ceramics and sanitaryware markets from companies like Saudi Ceramics Co (SCERCO), Nesma Orbit and SARA Group.

The Company's strategic, technological and market position across ceramics, lighting and sanitaryware, provide positive growth prospects over the period 2024G to 2028G. The Company is a trading company that specialises in the import and sale of high-quality imported building materials as well as complementary services targeted at the residential and commercial markets. The company has a network of 17 Lighting Stores specialised in lighting and smart solutions, 11 Ceramic Home and nine Build Station showrooms specialised in ceramics, sanitaryware and complementary products and three Hatch and sanitaryware showrooms as of 2023G in Saudi Arabia. The Company targets both the residential and commercial construction markets, with 97 per cent. of its revenue being derived from the B2C residential market. This constitutes a major difference in strategy compared to some of its competitors, which typically generate a significant share of their sales from the project segment. The favourable market prospects, along with the company's diversified product portfolio and innovative drive as well as plans of expansion for its retail footprint across several regions in the Kingdom and internationally, provide a solid foundation for the Company to further consolidate its position in the market over 2024G to 2028G.

SUMMARY OF FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

The Company's summary of financial information set out below for the financial years ended 31 December 2021G and 2022G, has been derived from the special purpose consolidated financial statements for the financial year ended 31 December 2022G, in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom, and other standards and publications approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA), and has been audited by United Accountants for Professional Consulting.

The financial information for the financial year ended 31 December 2023G has been extracted from the audited consolidated financial statements for the financial year ended 31 December 2023G, prepared in accordance with IFRS as endorsed in the Kingdom and other standards and pronouncements issued by adopted in the Kingdom, and other standards and publications approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA), and audited by Baker Tilly M K M & Co. Chartered Accountants.

The financial information for the nine-month period ended 30 September 2024G has been extracted from the interim condensed consolidated financial statements (unaudited) prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom and reviewed by Baker Tilly M K M & Co. Chartered Accountants. Additionally, the financial statements for the nine-month period ended 30 September 2024G included prior period adjustments made to the financial year ended 31 December 2023G. As such, the relevant captions in the financial statements for the financial year ended 31 December 2023G were adjusted to reflect these prior period adjustments accordingly.

The Company's selected financial information and key performance indicators set out below should be read together with the information provided in Section 2 (*Risk Factors*) and Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) as well as the special purpose restated financial statements prepared for the financial year ended 31 December 2021G, the special purpose consolidated financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G, and the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G included in Section 19 (*Financial Statements and Auditors' Report*), as well as the financial information set out in any other part of this Prospectus.

Table 5: Summary of the Company's Statement of Financial Position as of 31 December 2021G, 2022G and 2023G and as of the Nine-Month Period Ended 30 September 2024G

Currency: SAR'000	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 September 2024G (Reviewed)
Total non-current assets	129,153	173,133	224,676	207,858
Total current assets	236,226	260,102	256,683	273,348
Total assets	365,378	433,235	481,359	481,206
Total non-current liabilities	77,871	93,082	117,385	102,842
Total current liabilities	175,642	66,980	69,657	81,450
Total liabilities	253,513	160,062	187,042	184,292
Total shareholders' equity	111,866	273,173	294,316	296,914
Total Liabilities and Shareholders' Equity	365,378	433,235	481,359	481,206

Source: The special purpose consolidated financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G, and the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G.

Table 6: Summary of the Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 2022G and 2023G and for the Nine-Month Periods Ended 30 September 2023G and 2024G

Currency: SAR in 000s	Financial Year Ended 31 December			Nine Month Period Ended 30 September	
	2021G Audited	2022G Audited	2023G Audited	2023G Reviewed	2024G Reviewed
Total Revenue	250,894	323,743	365,432	266,082	282,326
Cost of Revenue	(101,915)	(122,841)	(155,934)	(112,913)	(124,038)
Gross Profit	148,979	200,901	209,498	153,169	158,288
Selling and Marketing Expenses	(42,264)	(63,886)	(63,520)	(43,128)	(51,958)
General and Administrative Expenses	(37,705)	(60,088)	(69,051)	(46,355)	(60,640)
Impairment Provision for Advances for Investments Purchases ⁽¹⁾	-	-	(5,391)	-	-
Expected Credit Loss Provision	-	-	(45)	(34)	283
Profit From Operations ⁽¹⁾	69,011	76,928	71,491	63,652	45,974
Other (Losses) Income, Net	(145)	929	(406)	138	2,117
Finance Costs	(2,587)	(2,543)	(3,951)	(1,432)	(2,304)
Net Profit for the Year/Period Before Zakat ⁽¹⁾	66,278	75,313	67,134	62,358	45,787
Zakat and Income Tax	(3,492)	(2,385)	(6,220)	(4,650)	(5,683)
Net Profit for the Year/Period ⁽¹⁾	62,786	72,929	60,914	57,708	40,104
Other Comprehensive (Loss) Income	971	(3,399)	833	(61)	(28)
Total Comprehensive Income for the Year/Period ⁽¹⁾	63,757	69,530	61,747	57,647	40,076

Source: The special purpose consolidated financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G, and the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G.

⁽¹⁾ This caption has been adjusted for the financial year ended 31 December 2023G based on the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G to reflect the prior period adjustments made to the financial year ended 31 December 2023G. For further details on these adjustments see Section (6.9) (*Prior Period Adjustments*).

Table 7: Summary of the Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

Currency: SAR in 000s	Financial Year Ended 31 December			Nine Month Period Ended 30 September
	2021G Audited	2022G Audited	2023G Audited	2024G Reviewed
Net Cash Generated from Operating Activities	19,860	67,501	58,394	39,977
Net Cash Used in Investing Activities	(17,165)	(39,742)	(42,397)	(4,439)
Net Cash Used in Financing Activities	(7,874)	(12,501)	(32,821)	(43,043)
Net Change in Cash and Cash Equivalents	(5,180)	15,257	(16,825)	(7,506)
Cash at the Date of Acquisition of Subsidiaries	-	-	376	140
Foreign Currency Translation, Net	-	-	(81)	(28)
Cash And Cash Equivalents at Beginning of the Year/Period	43,754	38,573	53,830	37,301
Cash And Cash Equivalents at End of the Year/Period	38,573	53,830	37,301	29,908

Source: The special purpose consolidated financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G, and the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G.

Table 8: Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

	Financial Year Ended 31 December			Nine Month Period Ended 30 September
	2021G Audited	2022G Audited	2023G Audited	2024G Reviewed
Sales Growth Rate (%)	N/A	29.0%	12.9%	6.1%
Gross Profit Margin (%)	59.4%	62.1%	57.3%	56.1%
Net Profit Margin (%)	25.0%	22.5%	16.7%	14.2%
Average Inventory Days (Days)	453	464	409	405
Average Accounts Payable Days (Days)	74	48	36	29
Return on Assets (%)	19.2%	18.5%	13.3%	11.1%
Return on Equity (%)	74.8%	37.9%	21.5%	18.1%
Total Liabilities to Total Equity (%)	226.6%	58.6%	62.8%	62.1%
Total Liabilities to Total Assets (%)	69.4%	36.9%	38.6%	38.3%
Total Assets to Total Equity (%)	326.6%	158.6%	162.8%	162.1%
Current Ratio (Times)	1.3	3.9	3.7	3.4

Source: Management information.

SUMMARY OF RISK FACTORS

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

Risks Related to the Group's Business Operations

- Risks Related to the Supply Chain and Dependence on External Suppliers and Service Providers
- Risks Related to the Group's Failure to Insure the Shipment of Its Imported Products from Outside the Kingdom
- Risks Related to the Group's Sales Outside the Kingdom
- Risks Related to the Group's Ability to Continue with Its Product Pricing Strategy
- Risks Related to the Slowdown of the Real Estate Market Directly Associated with the Company's Products
- Risks Related to the Group's Non-Recognition of Obligations for the Returned Goods Related to Sales Discount or Product Warranty in Accordance with IAS (15) "Revenue from Contracts with Customers"
- Risks Related to High Inventory Levels
- Risks Related to Not Linking Operations Traffic in the Group's Legacy System Database as Part of the Group's New ERP Implementation
- Risks Related to Changes in Consumer Behaviour and Spending Levels
- Risks Related to the Transport of Goods
- Risks Related to Business Continuity
- Risks Related to the Reputation and Quality of Products
- Risks Related to Product Liability and Defects
- Risks Related to the Group's Inability to Implement Its Growth Strategy
- Risks Related to Dumping Prices
- Risks Related to Retaining Existing Customers and Attracting New Customers
- Risks Related to Marketing and Sales
- Risks Related to Leased Properties
- Risks Related to the Selection of Suitable Sites for New Showrooms
- Risks Related to the Group's Online Store
- Risks Related to the Collection of Outstanding Debts from Customers
- Risks Related to Trade Payables
- Risks Related to IT Systems and Cyberattacks
- Risks Related to Payments with Credit Cards, Mada Cards, and Electronic Payment Methods
- Risks Related to the Group's Products Warranties
- Risks Related to Contracts with Third Parties
- Risks Related to the Participation of Certain Directors and Senior Executives in Businesses Competing with the Group's Business
- Risks Related to Transactions with Related Parties
- Risks Related to the Protection of the Group's Trademarks and Intellectual Rights
- Risks Related to Potential Tax and Zakat Dues
- Risks Related to Inadequate Insurance Coverage
- Risks Related to Licences and Approvals
- Risks Related to Litigation
- Risks Related to Reliance on Senior Executives and Key Personnel
- Risks Related to the Concentration of Revenues in a Specific Geographic Region
- Risks Related to Revenue Concentration in Tile Products and Accessories and Lighting Products
- Risks Related to the Inability to Attract and Retain Qualified Employees
- Risks Related to Employee Misconduct and Errors
- Risks Related to the Recent Application of the Corporate Governance Rules
- Risks Related to the Recent Formation of the Board Committees
- Risks Related to Limited Experience in Managing a Listed Joint Stock Company on the Exchange

- Risks Related to Cash Management, Theft, and Security
- Risks Related to Failure to Adequately Maintain the Confidentiality and Integrity of Customer's and Employee Data
- Risks Related to Sponsoring Non-Saudi Employees
- Risks Related to the New Civil Transactions Law and Its Application

Risks Related to the Market, Industry and Regulatory Environment

- Risks Related to Competition and Market Share of the Company
- Risks Related to Changes in the Regulatory Environment
- Risks Related to the Competition Law and Its Implementing Regulations
- Risks Related to Data Protection and Cybersecurity Laws
- Risks Related to the Impact of Political and Economic Risks on the Company's Business
- Risks Related to Political Instability and Security Concerns in the Middle East
- Risks Related to Complying with Saudisation Requirements
- Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees
- Risks Related to the Prices of Energy, Electricity, Water and Related Services
- Risks Related to Consumer Spending Due to Weak Economic Conditions
- Risks Related to Value Added Tax
- Risks Related Infectious Diseases
- Risks Related to Foreign Currencies, Exchange Rates and Interest Rates
- Risks Related to Floods, Earthquakes, and Other Natural Disasters or Acts of Sabotage
- Risks Related to Change in the Mechanism of Calculating Zakat and Income Tax

Risks Related to Offer Shares

- Risks Related to Effective Control by Substantial Shareholders Post-Offering
- Risks Related to the Absence of a Prior Market for the Company's Shares
- Risks Related to Fluctuations in the Price of the Shares on the Exchange
- Risks Related to the Company's Ability to Distribute Dividends
- Risks Related to the Sale of a Large Number of Shares on the Exchange Post-Offering
- Risks Related to the Issuance of New Shares Post-Offering
- Risks Related to Research Published About the Company



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DEFINITIONS AND ABBREVIATIONS



1. DEFINITIONS AND ABBREVIATIONS

Admission	Admission of the Shares to full listing on the Exchange in accordance with the Listing Rules and, where the context requires, an application to the Exchange for listing of securities.
Advisors	The Advisors of the Company in relation to the Offering, whose names appear on pages from (ix) to (x) of this Prospectus.
Affiliate	A person who controls another person, or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Audit Committee	The Audit Committee of the Company.
Auditors	(1) United Accountants for Professional Consulting, the auditor of the company for the two financial years ended 31 December 2021G and 2022G. (2) Baker Tilly M K M & Co. Chartered Accountants, the auditor of the company for the financial year ended 31 December 2023G and the nine-month period ended 30 September 2024G.
Bankruptcy Law	The Bankruptcy Law issued under Royal Decree No. M/50 dated 28 Jumada al-Ula 1439H (corresponding to 14 February 2018G), as amended.
Bidding Participation Application	The application submitted by the Participating Entities to the Bookrunner for participation in the book-building process, to be submitted no later than the last day of the book-building process period. This term includes, when applicable, the appended applications when and if the price range is changed.
Board Secretary	The Secretary of the Board of Directors.
Board of Directors or Board	The Board of Directors of the Company.
Book-Building Instructions	The Instructions for Book-Building Process and Allocation Method in Initial Public Offerings, issued pursuant to CMA Board Resolution No. 2-94-2016 dated 15 Shawwal 1437H (corresponding to 20 July 2016G), as amended by CMA Board Resolution No. 1-103-2022 dated 2 Rabi al-Awwal 1444H (corresponding to 28 September 2022G), and as further amended from time to time.
Bookrunner	Alinma Capital Company.
Business Day	Any day (other than Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the Kingdom.
Bylaws	The Bylaws of the Company, which are summarised in Section 11.14 (<i>Summary of Bylaws</i>).
Chairman	The Chairman of the Board of Directors.
Chief Executive Officer or CEO	The Chief Executive Officer of the Company.
Chief Financial Officer or CFO	The Chief Financial Officer of the Company.
CMA	The Capital Market Authority of the Kingdom.
CML	The Capital Market Law issued pursuant to Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended.

Committees	The Audit Committee, Nomination and Remuneration Committee and the Executive Committee of the Company.
Companies Law	The Companies Law issued pursuant to Royal Decree No. M/132 dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended.
Company Issuer or	Marketing Home Group for Trading Company.
Control	The ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: (i) holding thirty per cent. or more of the voting rights in the Company; or (ii) the right to appoint thirty per cent. or more of the administrative staff. The word " controller " shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations, issued pursuant to CMA Board Resolution No. 8-16-2017 dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G), as amended pursuant to CMA Board Resolution No. 8-5-2023 dated 25 Jumada al-Akhirah 1444H (corresponding to 18 January 2023G) and as further amended from time to time.
Directors (and each a Director)	The members of the Company's Board of Directors appointed by the General Assembly and whose names appear in Section 5 (<i>Organisational Structure and Corporate Governance</i>).
Exchange or Tadawul	The Saudi Exchange (Tadawul).
Executive Management	The Senior Executives of the Company, collectively.
Extraordinary General Assembly	An Extraordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
EXW Agreement	Means delivery at the seller's location, whereby the supplier is only responsible for making the goods available at the supplier's premises (warehouse or factory) or another named place for the Group's, after which the Group assumes all risks and responsibilities for transporting the goods to the Group's warehouses within the Kingdom.
Financial Advisor	Alinma Capital Company.
Financial Due Diligence Advisor	PricewaterhouseCoopers Public Accountants.
Financial Statements	The Company's audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G, 2023G and the consolidated interim financial statements for the nine-month period ended 30 September 2024G and the accompanying notes thereto that have been prepared in accordance with IFRS and audited by the Auditors in accordance with the relevant audit report. These financial statements are set out in Section 19 (<i>Financial Statements and Auditors' Report</i>).
Financial Year	The Company's financial year starting from 1 January to 31 December of each calendar year.
FOB Agreement	Means the sale on board the ship (Free on Board), whereby the seller undertakes to place the goods for sale on board the ship at the port of shipment in the seller's country, as specified in the contract of sale. The risk of loss or damage to the goods is transferred to the Group from the moment the goods loaded on board the ship.
Foreign Strategic Investors	A foreign legal person aiming to acquire a direct interest in the share of a listed company for a period of no less than two years for the purpose of contributing to enhancing the financial or operational performance of such listed company.

G	The Gregorian calendar.
GAC	The General Authority for Competition in the Kingdom.
GASTAT	The General Authority for Statistics, a Government agency in the Kingdom responsible for the implementation of statistical works, including conducting national surveys.
GCC	The Cooperation Council for the Arab States of the Gulf, consisting of the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.
GCC Corporate Investors	Any company with the majority of its share capital being owned by GCC natural persons or governments and having the nationality of a GCC State according to the definition mentioned in the Resolution of the Supreme Council of GCC issued in the 15 th session and approved by the Council of Ministers' Resolution No. 16 dated 20 Muharram 1418H (corresponding to 26 May 1997G), as well as GCC funds with the majority of its capital being owned by GCC citizens or governments.
GCC Countries	The Gulf Cooperation Council countries.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, which represents the monetary value of all goods and services produced within a nation's geographical borders over a specified period of time).
GDP per Capita	GDP per capita is a measure of average income per person in a country (it divides the GDP by the population).
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company's Shareholders.
GOSI	The General Organisation for Social Insurance in the Kingdom.
Government	The Government of the Kingdom (and " Governmental " shall be interpreted accordingly).
Group	The Company and its Subsidiaries.
H	The Hijri calendar.
IFRS	The International Financial Reporting Standards that are endorsed in the Kingdom and other standards and pronouncement issued by SOCPA.
Implementing Regulation of the Companies Law	The Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by CMA Board Resolution No. 8-127-2016 dated 16 Muharram 1438H (corresponding to 17 October 2016G) pursuant to the Companies Law issued by Royal Decree No. M/132 dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G), as amended by CMA Board Resolution No. 2-114-2024 dated 4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G), and as further amended from time to time.
Individual Subscribers	Individuals holding Saudi Arabian nationality, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons.
Investment Funds Regulations	The Investment Funds Regulations issued pursuant to CMA Board Resolution No. 1-219-2006 dated 3 Thul-Hijjah 1427H (corresponding to 24 December 2006G), pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by CMA Board Resolution No. 2-22-2021 dated 12 Rajab 1442H (corresponding to 24 February 2021G) and as further amended from time to time.
Investors	The Participating Parties and Individual Subscribers.

Kingdom	The Kingdom of Saudi Arabia.
Labour Law	The Labour Law issued pursuant to Royal Decree No. M/51 dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended.
Lead Manager	Alinma Capital Company.
Legal Advisor	STAT Law Firm.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G), as amended by CMA Board Resolution No. 4-114-2024 dated 4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G) and as further amended from time to time.
Lock-up Period	The six-month period from the date on which trading of the Shares commences on the Exchange during which the Substantial Shareholders may not dispose of any of their Shares.
Main Market	The market in which the registered and offered shares are traded under Part IV of the Rules on the Offer of Securities and Continuing Obligations.
Managing Director	The Managing Director of the Company.
Market Consultant	Euromonitor International Limited.
MHRSD	The Saudi Arabian Ministry of Human Resources and Social Development.
MISA	The Saudi Arabian Ministry of Investment.
MoC	The Saudi Arabian Ministry of Commerce.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering.
Nominal Value	Ten Saudi Arabian Riyals (SAR 10) per Share.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company.
Offering	The initial public offering of four million eight hundred thousand (4,800,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per Share, fully paid, representing thirty per cent. (30%) of the Company's share capital, at an Offering Price of eighty-five (85) Saudi Riyals per Share.
Offer Price	Eighty-five Saudi Arabian Riyals (SAR 85) per Share.
Offering Period	A period of two (2) days starting from Tuesday 25 Safar 1447H (corresponding to 19 August 2025G) and including the subscription closing date on Wednesday 26 Safar 1447H (corresponding to 20 August 2025G).
Offering Proceeds	The total value of the Shares subscribed for in the Offering.
Ordinary General Assembly	An Ordinary General Assembly of the Company's Shareholders convened in accordance with the Bylaws.
Participating Entities	Entities involved in the book-building process from amongst the Participating Parties.

Participating Parties	In accordance with the Book-Building Instructions, parties entitled to participate in the Book-Building Process, as follows: (1) public and private funds that invest in securities listed on the Exchange, if permissible under the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Funds Regulations and the Book-Building Instructions; (2) Receiving Agents authorised by the CMA to trade in securities as principals, in compliance with the provisions of the Prudential Rules upon the submission of a Subscription Application Form; (3) clients of a Receiving Agent authorised by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (4) legal persons allowed to open an investment account in the Kingdom, and an account with the Securities Depository Centre, including foreign legal persons who are allowed to invest on the Exchange, in accordance with the Controls on Investment by Listed Companies in Exchange-Listed Securities set forth in CMA Circular No. 6/05158 dated 11 Sha'ban 1435H (corresponding to 9 June 2014G), issued pursuant to CMA Board Resolution No. 9-28-2014 dated 20 Rajab 1435H (corresponding to 19 May 2014G); (5) Governmental entities, any supranational authority recognised by the CMA, the Exchange, or any other stock exchange recognised by the CMA or the Securities Depository Centre; (6) Government-owned companies, whether investing directly or through a portfolio manager; and (7) GCC companies, and GCC funds if permissible under the terms and conditions of such funds.
Person	A natural or a legal person under the laws of the Kingdom.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to CMA Board Resolution No. 1-40-2012 dated 17 Safar 1434H (corresponding to 30 December 2012G), based on the Capital Market Law issued pursuant to Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by CMA Board Resolution No. 1-129-2022 dated 4 Jumada al-Akhirah 1446H (corresponding to 28 December 2022G).
Public	Persons other than the following: (1) affiliates of the Issuer; (2) Substantial Shareholders of the Issuer; (3) Directors and Senior Executives of the Issuer; (4) directors and senior executives of the Issuer's affiliates; (5) directors and senior executives of the Issuer's Substantial Shareholders; (6) any relatives of the persons referred to in paragraphs 1, 2, 3, 4 or 5 above; (7) any company controlled by any person referred to in paragraphs 1, 2, 3, 4, 5 or 6 above; or (8) Persons acting in concert, with a collective shareholding of five per cent. or more of the class of shares to be listed.
Qualified Foreign Investors or QFI	A foreign investor qualified in accordance with the provisions of Part 3 of the Rules for Foreign Investment in Securities to invest in shares listed on the Main Market.
Receiving Agents	The entities listed on pages (xi) to (xv), each of which are authorised by the CMA to practice securities business pursuant to the Capital Market Institutions Regulations issued by CMA Board Resolution No. 1-83-2005 dated 21 Jumada al-Ula 1426H (corresponding to 28 June 2005G) as amended by CMA Board Resolution No. 4-87-2024 dated 16 Muharram 1446H (corresponding to 22 July 2024G), as further amended from time to time.

Related Party	As defined in the Glossary of Defined Terms Used in the Regulations and Rules of the CMA issued by CMA Board Resolution No. 4-11-2004 dated 20 Sha'ban 1425H (corresponding to 4 October 2004G), as amended by CMA Board Resolution No. 1-53-2025 dated 21 Thul-Qi'dah 1446H (corresponding to 19 May 2025G) to include: (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 Issuer's Substantial Shareholders; (6) any relatives of the persons described in paragraphs (1), (2), (3) or (5) above; or (7) any company controlled by any person described in paragraphs (1), (2), (3), (5) or (6) above.
Relatives	Husbands, wives and minor children. For the purposes of the Corporate Governance Regulations, this includes: (1) fathers, mothers, grandfathers and grandmothers (and their ancestors); (2) children and grandchildren and their descendants; (3) siblings, maternal and paternal half-siblings; and (4) husbands and wives.
Risk Factors	A group of potential risks that should be understood and considered prior to making an investment decision in relation to the Offer Shares.
Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued pursuant to CMA Board Resolution No. 2-26-2023 dated 5 Ramadan 1444H (corresponding to 27 March 2023G), as amended.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law promulgated by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended by the CMA Board Resolution No. 1-53-2025 dated 21 Thul-Qi'dah 1446H (corresponding to 19 May 2025G).
SAIBOR	The Saudi Arabian Interbank Offered Rate.
Sale Shares	Four million eight hundred thousand (4,800,000) existing Shares of the Company to be sold by the Selling Shareholders in connection with the Offering.
SAR	The Saudi Arabian Riyal, which is the lawful currency of the Kingdom.
Saudi Central Bank (SAMA)	The Saudi Central Bank.
Saudisation	Nationalisation requirements applicable in the Kingdom in relation to the labour market.
Senior Executives	The members of the Company's senior management whose names appear in Section 5.4.2 (<i>Members of the Executive Management</i>).
Shareholder	Any holder of Shares in the Company.
Shares	Ordinary shares of the Company with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share in the Company's capital issued from time to time.
SOCPA	The Saudi Organisation for Chartered and Professional Accountants.
Subscribers	The Participating Entities and Individual Subscribers participating in the Offering.

Subscription Application Form	The subscription application form to be used by Participating Entities and Individual Subscribers (as the case may be) to subscribe for the Offer Shares.
Subsidiaries	The Company's subsidiaries, namely: (1) Ice Bear Contracting Company; (2) Build Station LLC; (3) Engineer Musaad AlQafari Engineering Consultancy; (4) Illus Lighting Limited (Spain); (5) MHG International FZCO; and (6) Illus Lighting Limited (China).
Substantial Shareholder	Each Shareholder who individually owns five (5) per cent. or more of the Issuer's Shares, namely Musaad Abdulrahman Abdulaziz AlQafari, Ali Mubarak Mohammed AlDosari and Mohammed Hisham Abdulrahman AlZamil.
SWAP Agreements	Non-GCC nationals who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom are permitted to acquire an economic interest in the shares by entering into SWAP Agreements with a Receiving Agent. Under such SWAP Agreements, the Receiving Agent will be registered as the legal owner of such shares.
Underwriter	Alinma Capital Company.
Underwriting Agreement	The Underwriting Agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
Value Added Tax (VAT)	The Council of Ministers of the Kingdom resolved on 2 Jumada Al-Awwal 1438H (corresponding to 30 January 2017G) to approve the Unified GCC Value Added Tax Agreement, which came into effect on 1 January 2018G, as a new tax to be added to the system of taxes and other duties to be applied by specific sectors in the Kingdom and in the other GCC Countries. The amount of this tax was initially five per cent., and a number of products (such as basic food, health care and education services) are exempted from such tax. As of 1 July 2020G, VAT was further increased to 15 per cent. by the Ministry of Finance of the Kingdom.
Vision 2030	The National Strategic Economic Programme, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop public services, which was announced by the Saudi Government in 2016G.
Zakat	Zakat imposed on Muslims as the third pillar of Islam under applicable Saudi laws.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom.

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RISK FACTORS



2. RISK FACTORS

Persons wishing to invest in the Offer Shares should carefully consider the risk factors below and other information contained in this Prospectus prior to making any investment decision in relation to the Offer Shares, bearing in mind that the risks and uncertainties set out below are those that the Group currently believes may affect it or any investment in the Offer Shares. The risks and uncertainties mentioned below do not necessarily represent all risks that may affect the Group or are associated with investing in the Offer Shares. There may be other risks and uncertainties that are not currently known to the Group, or which the Group believes are currently not material. The occurrence or realisation of any such risks and uncertainties may adversely and materially affect the Group's business, results of operations, financial position and prospects, and may lead to a decrease in the price of the Shares, weaken the Company's ability to distribute dividends to Shareholders, and may lead to investors losing all or part of their investments in the Shares.

The Directors declare that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus, other than as stated in this section, that may influence investors' decisions regarding investment in the Offer Shares. All prospective investors wishing to invest in the Offer Shares should assess the risks and benefits of such investment and the Offer Shares in general, and the economic, regulatory and market environment in which the Group operates in particular.

Investing in the Offer Shares is only suitable for investors who are able to assess the risks and benefits of such investment and who have sufficient resources to bear any loss that may result therefrom. Prospective investors who have doubts about which actions to take should seek advice from a financial advisor licensed by the CMA regarding investing in the Offer Shares.

The risks described below are not arranged in an order that reflects their importance and expected impact on the Group. The Group may also have other risks that are unknown or that the Group currently considers to be immaterial which have the same effects or consequences described in this Prospectus. Accordingly, the risks set out in this section or in any other section of this Prospectus may not include all of the risks that may affect the Group, its operations, activities, assets, or the markets in which it operates, and/or do not purport to be an explanation of all the risks involved in investing in the Offer Shares.

2.1 Risks Related to the Group's Business

2.1.1 Risks Related to the Supply Chain and Dependence on External Suppliers and Service Providers

The Group relies heavily on authorised suppliers and manufacturers who supply the Group's showrooms with its products. All lighting and sanitary ware products are imported directly from manufacturers in the People's Republic of China, while ceramics and porcelain are imported from the Kingdom of Spain and the Portuguese Republic. The Group's purchases from the People's Republic of China accounted for 50.0 per cent., 51.0 per cent., 54.5 per cent. and 58.8 per cent. of total purchases in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The Group's purchases from Europe (specifically the Kingdom of Spain and the Portuguese Republic) accounted for 48.0 per cent., 44.0 per cent., 44.0 per cent. and 36.2 per cent. of the total purchases for the same periods. The Group's purchases from the top five suppliers amounted to 69.1 per cent., 41.0 per cent., 34.6 per cent. and 23.3 per cent. of the Group's total purchases as of the years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. For further details about the Group's top five suppliers, please refer to Section 4.6.4.3 (*Supplier Contributions to the Group's Success*). The Group has entered into a number of agreements with local and foreign suppliers (for further information on supply agreements, please refer to Section 11.6 (*Material Agreements*)).

Since the Group does not manufacture its products and imports all of its products from outside the Kingdom, the Company is exposed to supply chain risks including, but not limited to, high fuel costs, logistics costs, insurance, agent fees and customs. The Group may also be unable to maintain long-term relationships with its main suppliers and manufacturers or maintain relations with them on favourable terms, including major foreign and domestic suppliers. In the event that the Group is unable to maintain its relations with major suppliers or renew them on favourable terms, or in the event that major suppliers terminate the supply agreements with the Group or alter the terms to the Group's disadvantage, the Group will not be able to provide the products supplied by these suppliers in its showrooms, which would affect the Group's revenue or its reputation with customers. This could in turn have a material adverse effect on the Group's business, results of operations, financial position and prospects.

In addition, some of the Group's suppliers or authorised manufacturers may fail to supply the Group's showrooms with sufficient quantities of products within the specified time frame and in accordance with the agreed product quality standards due to a shortage or malfunction in the suppliers' factories or other factors that may lead to an interruption or delay in the provision of products for the Group's showrooms. Even if there are sufficient suppliers and alternative manufacturers of the products and other necessary supplies required for the Group's showrooms, there may be shortages or other disruptions in the supply chain at the industry level. The Group may not be able to procure alternative products of appropriate quality or in sufficient quantity on commercially acceptable terms and in a timely manner, which may force the Group to incur additional costs. This could in turn have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Group may not be able to guarantee the effectiveness and quality of suppliers and service providers when entering into contracts with them. The Group may be indirectly liable if such suppliers and service providers are unable to successfully perform their obligations under the contracts concluded with them and provide products or services within the specified time frame and in accordance with agreed quality standards. If the Group is unable to offset the losses as a result of the default of suppliers or service providers, the Group will have to endure these losses, which would have a material adverse effect on its business, results of operations, financial position and prospects.

2.1.2 Risks Related to the Group's Failure to Insure the Shipment of its Imported Products from Outside the Kingdom

The Group is exposed to international shipping risks as it imports all its products from outside the Kingdom. These risks are relate to the transfer of liability for the shipped products from the supplier to the Group in accordance with international shipping terms described below. Specifically, under these terms the Group may bear the risk of loss, theft or damage to the products it imports in addition to exposure to handling and storage risks. It is noteworthy that the Group enters into the agreements based on the following types of the International Commercial Terms (Incoterms) with its suppliers:

1. **EXW Agreement:** which means delivery at the seller's location, whereby the supplier is only responsible for making the goods available at the supplier's premises (warehouse or factory) or another named place for the Group's, after which the Group assumes all risks and responsibilities for transporting the goods to the Group's warehouses within the Kingdom.
2. **FOB Agreement:** which requires the sale on board the ship (Free on Board), whereby the seller undertakes to place the goods for sale on board the ship at the port of shipment in the seller's country, as specified in the contract of sale. The risk of loss or damage to the goods is transferred to the Group from the moment the goods loaded on board the ship.

Furthermore, the Group does not insure its products in transit and therefore assumes the risk from the point of transfer of the risk or liability for the product to the Group in accordance with the terms of international shipping agreements with any specific supplier until the products reach the Group's storage facilities within the Kingdom. Although entering into agreements with external suppliers in accordance with international EXW or FOB shipping terms may reduce the Group's costs for transporting the goods, it could expose the Group to various risks across the delivery chain.

In the event that the Group does not insure the shipment of its imported products and its products are lost, damaged or stolen during the transportation and delivery period, the Group would lose the value of these products, which could have a material adverse effect on the Group's business, financial position, results of operations and prospects

2.1.3 Risks Related to the Group's Sales Outside the Kingdom

The Group's sales from commercial operations carried out outside the Kingdom were SAR nil., SAR 20 million, SAR 37.6 million and SAR 31.4 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing nil per cent., 6.2 per cent., 10.3 per cent. and 11.1 per cent., respectively, of the Group's total sales for the same periods. The UAE was the largest contributor (after the Kingdom) to the Group's revenue in the nine-month period ended 30 September 2024G. Therefore, the Group is subject to the risks of doing business outside the Kingdom, including the following:

- potential tax consequences, including those resulting from changes in or incorrect implementation of tax policies;
- compliance with the different and changing laws, regulations and judicial systems in the countries in which the Group conducts its business and compliance with a wide range of foreign laws, treaties and regulations, as well as unexpected changes in regulatory requirements;

- rapid changes in governmental, economic and political environment, instability, political and civil unrest, acts of terrorism, epidemics and the like;
- customer preferences that may differ from those of the customers within the Kingdom, including as a result of purchasing power differences;
- lack of clarity on the validity and enforceability of certain contractual rights and provisions; and
- restrictions on transferring profits from foreign operations back to the Group.

The Group's inability to efficiently manage the market and operational risks associated with the Group's operations outside the Kingdom may limit the future growth of the Group's business, increase operational costs, or expose the Group to losses, which would have a material adverse effect on its business, financial position, results of operations and prospects.

2.1.4 Risks Related to the Group's Ability to Continue with its Product Pricing Strategy

The Group operates in the retail market of building materials for the residential and commercial sector and focuses on providing high quality products and after-sales services. This enables the Group to price its products at relatively higher levels compared to some of its competitors, particularly in the ceramics category, due to the strong recognition of the Group's trademarks in the market.

The Group's ability to follow its current strategy depends on several internal and external risks. Inflationary economic conditions may lead to the customers' opting for lower-priced products in order to reduce costs, potentially sacrificing quality or brand. This potential shift in customer preferences could negatively impact demand for the Group's higher-priced products. Moreover, increasing competition could intensify price pressure on the Group, especially if competitors target the high-income consumers segment of the Group's customer base.

These conditions could affect the Group's ability to maintain its market position and continue with its current pricing strategy, potentially leading to a decline in revenue and profitability. Should these challenges materialise, this could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.5 Risks Related to the Slowdown of the Real Estate Market Directly Associated with the Group's Products

The level of demand for the Group's products (including tiles and their accessories, lighting products, sanitary ware and cooling and air-conditioning systems) is closely linked to the activity of the real estate market, whether commercial or residential. Any slowdown in the real estate market due to adverse changes in the economic conditions at the regional or global level, or due to local market conditions, increases in interest rates on real estate loans, changes in the financial position of real estate developers or buyers of property units, excessive supply in either commercial or residential properties, reduced demand, heightened competition, changes in the popularity of types of properties and locations, or other events and factors, could, if materialised, have an adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.6 Risks Related to the Group's Non-Recognition of Liabilities for Returned Goods in Connection with Sales Discounts or Product Warranties in Accordance with IAS 15 "Revenue from Contracts with Customers"

The Group implements a sales discount policy (refunded products) which varies according to the nature of its products. The Group also provides warranties on a wide range of its products, mainly in sanitary ware and lighting products. The Group has not recognised liabilities for returned goods according to IAS 15 "Revenue from Contracts with Customers", especially considering the Group's continued updates and introduction of a new product range. This would affect the Group's net sales in the event of a future increase in sales discounts. Accordingly, the Group should do the following (where applicable):

1. calculate the expected value of the sales discount and replacement of products within the warranty period;
2. register a liability for the returned goods against the registration of an asset representing the part that the Group expects to be returned; and
3. record the remaining amount in the income statement under sales and cost of sales.

It is noteworthy that the Group recorded a sales discount in the tiles and sanitary ware segment amounting to SAR 1.1 million and SAR 1.7 million, representing 0.64 per cent. and 1.02 per cent. of the segment's sales in the financial year ended 31 December 2023G and the nine-month period ended 30 September 2024G, respectively. Meanwhile, the Group recorded a sales discount for the lighting products segment amounting to SAR 1.3 million and SAR 2.4 million, representing 0.84 per cent. and 1.8 per cent. of the segment's sales in the financial year ended 31 December 2023G and the nine-month period ended 30 September 2024G, respectively.

In the event that the Group continues to not recognise the liabilities of returned goods in accordance with IAS 15 "Revenue from Contracts with Customers" and does not record a provision therefor, and in the event of a future increase in the value of the sales discount, this could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.7 Risks Related to High Inventory Levels

In managing its inventory, the Group relies on its experience in studying market data and determining future expectations of demand for its products to manage its inventory. Material changes in demand for products could occur contrary to expectations. For instance, demand may be negatively affected by the launch of new products in the market by the Group's competitors, changes in product cycles, pricing, changes in customer spending patterns and purchasing power and the entry of new competitors into the market, among other factors. As a result, customer requests for the Group's products may decrease. Therefore, if the Group is unable to accurately forecast customer demand or effectively manage product quantities, it may import more products than necessary, leading to elevated inventory levels. The Group recorded relatively high inventory levels of SAR 138.2 million, SAR 174.3 million, SAR 175.3 million and SAR 196.8 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Meanwhile, the average age of inventory was 453 days, 464 days, 409 days and 405 days in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Accordingly, the inventory turnover ratio was 0.83x, 0.79x, 0.89x and 0.89x in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. In terms of the inventory provision, the Group has allocated SAR 5.0 million, SAR 10.6 million, SAR 17.5 million and SAR 23.5 million as a provision for slow-moving inventory for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively.

The following table sets out an analysis of the aging of the Group's inventory as of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 2.1: Aging Analysis of the Group's Inventory

SAR in 000s	As of 31 December		As of 30 September	
	2021G	2022G	2023G	2024G
Goods in transit	11,271	9,208	6,071	-
From 0 to 120 days	36,728	46,289	45,445	49,193
From 121 to 180 days	22,950	27,936	27,813	28,397
From 181 to 240 days	25,141	30,855	29,046	29,852
From 241 to 365 days	12,497	14,011	16,754	15,354
More than 365 days	34,654	56,713	67,727	97,502
Total inventory before provision	143,242	185,012	192,856	220,297
Less: Inventory provision	(5,005)	(10,687)	(17,568)	(23,467)
Net inventory	138,237	174,325	175,287	196,829

Source: Management information.

The continued high levels of the Group's inventory and its inability to reduce inventory levels in line with the needs of the market would adversely affect the Group as a result of the high costs associated with maintaining inventory, in addition to losses resulting from damage to and obsolescence of certain products as a result of changing market trends and customer preferences. This would also affect the Group's strategic flexibility and increase opportunity costs as a result of the high concentration of working capital in inventory. All of the foregoing would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.8 Risks Related to the Group Not Having Transferred the Operational Data from the Group's Old Database to the Group's New ERP System

At the beginning of the financial year ended 31 December 2022G, the Group launched its enterprise resource planning (ERP) system, Microsoft Dynamics 365. As part of the implementation of the new system, the Group has not transferred certain historical data from its old database to the new system. Accordingly, the Group has not transferred certain financial data prior to the financial year ended 31 December 2022G, with all customer data and account movements for that period being maintained and remaining in the old system. Because the Group's old system and the new ERP system are not linked and not all data has been transferred to the new ERP system, the Group will face difficulties in extracting any financial or other data in relation to the Group's customers predating 2022G, as the Group will have to extract this data manually from the old system. Extracting such data through this method will be more time-consuming and result in additional costs for the Group, which would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.9 Risks Related to Changes in Consumer Behaviour and Spending Levels

The Group's revenue depends on the level of sales of ceramics, lighting and sanitary ware products from its showrooms to customers. As a result, the Group's business is exposed to risks associated with rapid and sometimes unexpected changes in consumer behaviour, changes in their tastes and fluctuations in demand for the Group's products. Furthermore, the Group's business is also exposed to risks related to general economic conditions beyond the Group's control, which include disposable income levels, tax levels (including VAT, which was increased from five per cent. to 15 per cent. as of 10 Thul-Qi'dah 1441H (corresponding to 1 July 2020G)), consumer spending (including discretionary spending on ceramics, lighting and sanitary ware products), demographics, cost of living (such as water and electricity consumption), consumer borrowing capacity, interest rates, unemployment rates and public confidence in the economy. If the Group misestimates market variables or does not respond to them correctly, this could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

Developments in the regions where the Group's showrooms are located, including changes in demographics or changes that could affect consumer access to the showroom, may affect the level of consumer spending. The majority of consumers use cars to reach the Group's showrooms. The closure or diversion of routes as a result of maintenance or construction work carried out on the transportation routes to such showrooms or within the surrounding areas is an obstacle beyond the Group's control, and such works may negatively affect the number of consumers who shop at the Group's showrooms. In addition, any changes in the demographics of consumers living near or within the vicinity of the Group's showrooms, including changes in average per capita income and consumer preference for specific brands, may negatively affect the level of consumer spending at the Group's showrooms.

The Group's business and results of operations may also be adversely affected as a result of changes in consumer behaviour, methods of purchase, or in the event of new trends related to retail activity. The Group's online sales are witnessing fluctuations in consumer behaviour, with online sales representing 5.3 per cent., 4.2 per cent., 3.4 per cent. and 3.2 per cent. of the Group's sales for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. As such, online retail spending by consumers, shopping via smartphone apps and other retail channels may increase over time, including through the Group's online store. The shift in spending towards online commerce and other retail channels may lead to a decline in consumer footfall and spending at the Group's showrooms compared to online shopping, particularly with the expansion of options and alternatives in online shopping due to the lack of geographical restrictions that limit the level of competition in the market. This in turn would affect revenue from sales. Although online ceramics, lighting and sanitary ware dealers still make up a small part of the retail sector in the Kingdom, their number is on the rise, thus intensifying competition in the online ceramics, lighting and sanitary ware sector.

2.1.10 Risks Related to the Transportation of Goods

The Group is subject to a number of risks associated with delivery services for orders, as the Group relies in managing its operations on its fleet of vehicles and delivery drivers to carry out shipping and distribution operations from its facilities to domestic destinations in the Riyadh region. For other regions within the Kingdom and overseas, the Group contracts with shipping companies to carry out land, sea or air freight operations as required to deliver products to customers. The Group's contracts with shipping companies are usually for a period of one year and are automatically renewable. These contracts are subject to several factors that may be affected according to the current market conditions, such as transportation prices, for example, transportation prices, which in turn are also subject to the prevailing fuel prices. In addition, the performance of the shipping companies contracted by the Group and the implementation of their respective obligations by these companies (including obtaining adequate insurance coverage) is beyond the Group's control. Accordingly, any failure by the shipping companies to perform their obligations towards the Group in accordance with the agreed service levels would have a material adverse effect on the Group's business, results of operations, financial position and prospects. The Group's sales conducted through delivery channels (whether through the Group's own fleet or through shipping companies) accounted for approximately 36 per cent., 36 per cent., 39 per cent. and 39 per cent. of the Group's total sales for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. These shipping companies, drivers, vehicles, or even the Group's own drivers, may be involved in accidents that may cause injury or damage to property. This would expose the Group to liabilities and financial costs not covered by any insurance policies maintained by the Group. The occurrence of any of the above events would adversely affect the Group's reputation and brand. In addition, the delivery of the Group's products is affected by the state of public road networks, which may not be sufficiently developed. If the Group does not meet its delivery standards, maintain its fleet of vehicles, or employ qualified delivery drivers in sufficient numbers, this may adversely affect the Group's ability to deliver its products to customers and/or its ability to improve these services in the future, which would have an adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.11 Risks Related to Business Continuity

The success of the Group depends largely on the continued operation of its showrooms without disruption. The Group's showrooms are exposed to a number of operational risks, including adverse weather conditions, physical damage to buildings, power outages, malfunctions, systems failures, underperformance, possible business interruption, riots and natural disasters or fires, in addition to other types of risks associated with the operation of showrooms. In addition, products may not be delivered to the Group's warehouses and showrooms due to a number of reasons including poor handling or traffic jams caused by congestion, which may lead to delays or non-receipt of goods, resulting in disruptions in the supply of such products and supply chain disruptions. The Group's revenue may also decrease as a result of any losses or cancellations of significant orders due to lack or unavailability of certain products sought by customers. The aforementioned events may lead to lower sales levels or increased costs for the Group. If the Group's showrooms are exposed to any operational risks or the Group's supply chain is adversely affected, this would impact the Group's revenue and profitability, which in turn would have an adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.12 Risks Related to the Reputation and Quality of Products

The Group relies in its business on its reputation in the market. The Group's reputation may be materially damaged as a result of a number of events such as the low quality of its services and products, disputes with customers, deficiencies in internal control, exposure of the Group's showrooms to negative publicity regarding the quality or safety of the products sold by the Group, or exposure to penalties as a result of non-compliance with the relevant regulations. Similarly, the Group's reputation may be damaged by the actions or statements of current or former customers, employees, competitors, suppliers, adversaries or the media. Negative information and statements about the Group may affect the Group even if these statements are based on rumours. Board of Directors consists of five Directors who are appointed by the General Assembly by means of cumulative vote. Damage to the Group's reputation may be difficult, costly and time-consuming to address, which could affect the choices of potential or existing customers and lead to their reluctance to choose the Group's showrooms, which would lead to the loss of customers and adversely affect the Group's business. Damage to the Group's reputation may also reduce the value and effectiveness of the Group's brand name and showrooms, as well as reduce the confidence of investors and customers in it, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.13 Risks Related to Product Liability and Defects

The Group's products may contain deficiencies or manufacturing defects that remain undetected by the Group, which may negatively affect the performance and quality of these products and thus the demand for such products, the Group's reputation and customer confidence in the Group and its products. Although the Group and its customers test the products on offer, deficiencies may occur in the Group's products from time to time, and some of these deficiencies may not be apparent when purchasing such products. Claims may also be brought against the Group in relation to the quality, warranty and conformity of the products to specifications and laws. Such claims could be time consuming, leading to the Group incurring significant expenses. Defects in the products offered by the Group or claims that may be brought against the Group in connection therewith may also affect the Group's reputation and the demand for the purchase of its products. Any defects in the Group's products may require product recalls and significant resources to be expended to remedy these defects, which may damage the Group's reputation or lead to a decrease in demand for its products, which in turn would affect the Group's revenue and/or market share. The occurrence of any of these events could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.14 Risks Related to the Group's Inability to Implement its Growth Strategy

The Group's ability to increase its revenue and improve its profitability depends on the Group ability to successfully implement its strategy (for further information on the Group's strategy, please see Section 4.4.3 (*Strategy*)). The implementation of the Group's strategy is subject to multiple factors, some of which are beyond the Group's control, including factors relating to competition with the Group's current or future competitors, the suitability of economic conditions for the Group's expansion plans, obtaining the required licences and regulatory approvals, the Group's ability to negotiate and obtain acceptable terms from suppliers, the effectiveness of the Group's marketing campaigns, any construction development plans in the vicinity of the Group's planned sites that may affect external traffic towards new showrooms and the speed of implementation of such works, as well as the Group's ability to monitor operations, reduce costs and control product quality levels. In addition, the Group's employees, systems, infrastructure and funding resources may not be sufficient to support future growth and expansion. Moreover, the Group may not be able to obtain sufficient funding to support any growth or expansion plans it intends to implement. If the Group is unable to implement its strategy or manage its growth strategy for any reason or any of the factors described in this section were to occur, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.15 Risks Related to Price Dumping

Risks related to competition and price dumping are among the most significant risks that the Group may face. The price dumping occurs when similar products are offered at low prices (often at a price lower than production cost), by competitors seeking to dominate the market or affect the Group's position in the market. The Group's competitors may employ price dumping and/or other pricing strategies to dominate the market or hinder the growth of other competitors, which would have a negative effect on the Group's sales and profitability. As a result, the Group is required to continuously monitor the market and proactively manage such challenges and risks. Therefore, the Group must continuously innovate, enhance the quality of its products and implement effective strategies to maintain its competitive advantage in order to be able to stay aligned with the pace of such market competition. The Group's ability to anticipate and respond effectively to such competitive challenges is critical to its continued success in the market. If the Group fails to adapt to these competitive pressures, this could have a material adverse effect on its business, financial position, results of operations and prospects.

2.1.16 Risks Related to Retaining Existing Customers and Attracting New Customers

The growth of the Group's business and revenue depend on its ability to continue to retain its existing customers and attract new customers on in a cost-effective manner. If the Group is unable to increase the number of its showrooms at a adequate pace or at all, it may not be able to attract more customers. The Group may not be able to retain existing customers if they are not satisfied with the products, pricing, variety or quality of the products or services offered, or the period during which such products and services are offered. In particular, the success of the Group's business depends on its ability to continue to offer a comprehensive and integrated range of products, while simultaneously, being agile in anticipating and responding to changes in customer needs and preferences. Customer needs and market trends in the Kingdom are undergoing rapid changes, with customer preferences

for new products being subject to a number of factors including prevailing lifestyles, pricing levels, usage and technology etc. The success of the Group's operations depends on its continued ability to provide products that meet the needs of customers. If the Group is unable to respond to market changes and customer needs, this would have an adverse effect on the Group's business, results of operations, financial position and prospects.

In addition, the Group may not be able to retain existing customers or attract new customers if it is unable to maintain its connection to its customer base or if the identity or reputation of the brands owned by the Group is damaged for any reason. Failure to retain existing customers or attract new customers may have an adverse effect on the Group's business, results of operations, financial position and prospects. The Group may also incur significant costs to attract customers from competitors, particularly when entering new markets, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.17 Risks Related to Marketing and Sales

A high level of brand awareness is essential for the Group's continued growth and financial success, with the Group's revenue being significantly influenced by its ability to market and advertise its brands. Marketing costs amounted to approximately SAR 1.6 million, SAR 3.8 million, SAR 4.0 million and SAR 5.1 million for the financial years ended 31 December 2021G, 2022G, 2023G and the nine-month period ended 30 September 2024G, respectively. Although the Group incurs significant costs for its marketing efforts, these initiatives may not succeed in increasing sales or raising brand awareness. Many of the Group's current or future competitors may be larger in size and may have more financial, marketing and other resources than the Group, and they may devote greater resources to marketing and selling their products, gaining international brand recognition, or adopting pricing strategies that are more robust than the Group is able to. If the Group's marketing and advertising initiatives and programmes are less effective than those of its competitors, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

In addition, the Group relies on marketing campaigns and special offers as part of its marketing efforts to increase sales. Marketing and advertising campaigns are subject to the directives issued by the Ministry of Commerce and licences related to these campaigns. In the event that the Group conducts marketing or advertising campaigns in violation of the directives of the Ministry of Commerce or in the event of any errors on the Group's part that may lead to such violations, the Group may be subject to penalties ranging from a fine to public censure, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.18 Risks Related to Leased Properties

As of the date of this Prospectus, the Company has 34 showrooms within the Kingdom and five showrooms outside the Kingdom, all of which are located on sites leased from third parties under leases (for further information on the lease agreements concluded by the Company, please see Section 11.9.2 (*Lease Agreements for Leased Properties Inside the Kingdom*)). Since the Group's leases are for fixed terms and are renewed at the request of the parties to the lease, any increase in the value of the rent imposed by the lessors on the Group upon renewal will result in the Group incurring additional unforeseen costs, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

As of the date of this Prospectus, the Company has two expired leases that are currently being renewed. The Company may not be able to renew all leases, or the lease agreements may be renewed under different terms and conditions that may not be aligned with the Group's plans and strategic objectives. If the Group decides to vacate any of its leased locations due to termination or non-renewal of leases, the Group will incur additional costs in connection with relocation, which may include an increase in the rent payments and costs related to the necessary renovations of the new site. When relocating, the Group may also temporarily lose the revenue that the relevant store would have earned had it not relocated. Accordingly, any costs related to relocation and any temporary loss of revenue would have an adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.19 Risks Related to the Selection of Suitable Sites for New Showrooms

The performance of the Group depends heavily on the locations of its showrooms. When choosing a location for a new showroom, the Group's management takes into account various factors, including, for example:

- population density and customer movement;
- the proximity of competitors and their performance in the surrounding area;
- the advantages of the sites and their suitability to the specifications of the Group's showrooms;
- the ability to negotiate and reach commercially acceptable terms with lessors;

- the number of Group showrooms located within the same area; and
- the Group's current distribution and supply chain capabilities.

The Group secures the locations for its new showrooms through leases, as determined on a case-by-case basis. In the future, the Group will need to secure new locations for its showrooms to support its planned growth and strategy. In certain instances, the locations available for new showrooms do not align with the Group's objectives. If the Group faces difficulties in finding suitable locations for its new showrooms in line with its expansion strategy, its growth opportunities will be adversely affected, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.20 Risks Related to the Group's Online Store

The Group's sales through its online store accounted for SAR 13.2 million, SAR 13.5 million, SAR 12.3 million and SAR 8.9 million of the Group's total sales for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 5.3 per cent., 4.2 per cent., 3.4 per cent. and 3.1 per cent. of the Group's total sales for the same periods. The online commerce sector is witnessing rapid growth in the Kingdom, and therefore the Group is exposed to a number of risks in relation to its online store, including the potential imposition of new regulatory restrictions regarding online business activities through the E-Commerce Law and its Implementing Regulations, particularly in terms of the protection of personal data of the customers, privacy and advertising. The Group may not be able to comply with such restrictions in a timely manner, which could expose it to regulatory penalties and fines. If any of the aforementioned risks were to occur, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

In addition, the operation of the online store involves a number of risks for the Group as it is required to resolve any issues arising in relation to its online store immediately to ensure that sales are not affected during the period of disruption, provide continuous and effective services to its customers, and attract more customers. The Group may not be able to respond in a timely manner to customer requests for a number of reasons, including, for example, due to high pressure on the Group's technology systems, the occurrence of an internet outage or the exposure of the Group's online store to cyber attacks, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.21 Risks Related to the Collection of Outstanding Debts from the Group's Customers

The Group may face difficulties in its ability to collect outstanding amounts effectively, particularly as it expands into wholesale sales channels and projects. The balance of the Group's trade receivables amounted to SAR 14.7 million, SAR 7.8 million, SAR 11.6 million and SAR 12.8 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, while the Group's provision for expected credit losses amounted to SAR 0.9 million, SAR 1.0 million, SAR 1.0 million and SAR 752 thousand for the same periods, representing 6.3 per cent., 12.7 per cent., 8.9 per cent. and 5.9 per cent., respectively, of the total accounts receivable for the same periods. Accordingly, there is no guarantee that these amounts will be sufficient to cover potential credit losses, arising from uncollected receivables, which may negatively impact the Group's liquidity, financial position, and results of operations. If the Group's debtors face difficulties in their operations and financial positions, this will result in an increase in uncollected invoices and consequently their default in paying their outstanding debts to the Group or meeting any compensation obligations.

There is no guarantee that the Group will be able to collect such receivables as any default in the payment of such debts, bankruptcy or insolvency of the Group's customers, or the inability of the Group to collect these debts for any reason, would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.22 Risks Related to Trade Payables

The balance of the Group's trade payables amounted to SAR 11.8 million, SAR 20.2 million, SAR 10.4 million and SAR 16.7 million, representing 5.8 per cent., 12.6 per cent., 5.5 per cent. and 9.1 per cent. of total liabilities as of 31 December 2021G, 2022G and 2023G and as of 30 September 2024G, respectively. These trade payables primarily consist of suppliers of ceramic products sourced mainly from Europe, while products imported from China (particularly lighting products and sanitary ware sub-category products) are typically paid for in advance. The repayment period granted to the Group by its suppliers ranges from 60 days to 150 days. In the event of a decrease in trade payable days, this would affect the Group's liquidity position and negatively impacting working capital

levels. Additionally, if the Group is unable to pay its full credit or make repayment within the period agreed with suppliers, this would adversely affect the Group's ability to secure credit purchase agreements on appropriate terms in the future, which could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.23 Risks Related to the Group's IT Systems and Cyberattacks

The Group relies increasingly on IT systems in its operations. The Group's ability to manage its business effectively depends on the efficiency of its electronic systems. The Group's IT systems may be exposed to internal and external risks such as malware, software bugs, attempts to hack the Group's systems, including its online store, the unavailability of required updates or patches, attacks, destruction of electronic equipment, sabotage, theft, computer viruses, loss or corruption of data or software, data leakages, human errors or other similar events, which represent a direct threat to the Group's services and data. The Group's systems may also be disrupted by unexpected force majeure events, power outages or internet failures. Furthermore, the Group's business may be adversely affected if the confidentiality, integrity or availability of the Group's and its clients' information is compromised as a result of data loss by the Group or by a third party engaged by the Group. Moreover, the costs and operational consequences of implementing further updates to the Group's IT systems and networks, as well as data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, may be significant. Any internet outage or malfunction of the Group's IT systems or technology infrastructure, including interruptions affecting the Group's computer systems and online store, or the occurrence of any of the aforementioned risks, would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.24 Risks Related to Payments Using Credit Cards, Mada Cards and Electronic Payment Methods

The Group does not accept credit card payments (Visa, MasterCard and the like) within its showrooms, but does accept payments made using Mada cards and other electronic payment methods. In contrast, the Group accepts all payment methods (including credit cards) for purchases made through its online store. The Group's failure to accept credit cards as a means of payment will adversely affect its revenue, as many customers prefer to pay by credit card in order to obtain the associated benefits. For payments by credit card, Mada card and other electronic payment methods, the Group pays certain fees to the relevant financial institutions, and such fees may increase over time. If the fees set for electronic payments increase, the Group's costs may rise. Furthermore, if the Group encounters problems with its point of sales devices or software, or faces difficulties in its ability to process payment transactions through any credit card payment system, Mada cards or other electronic payment methods, this would adversely affect the Group's ability to collect its revenue from sales operations. The occurrence of any of these factors would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.25 Risks Related to the Group's Products Warranties

Under its contracts with customers, the Group provides warranties for the products it offers. In the event of claims under warranties, the Group may be obliged to repair or replace the products benefitting from warranty at its own expense. This may also result in the Group incurring further damages if it is unable to adequately meet its warranty obligations. Additionally, the Group may be obliged under contractual arrangements with its customers to provide a warranty against any defects or malfunctions in the products it offers and purchases from third parties. While the Group usually requires suppliers to provide warranties consistent with the warranties it provides to its customers, if any of these suppliers fail to fulfil their warranty obligations towards the Group, the Group may bear the costs of repairing or replacing defective products for which it has not received compensation. Accordingly, the costs incurred as a result of claims under warranty would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.26 Risks Related to Contracts with Third Parties

The Group has entered into numerous contracts and agreements with suppliers, customers and other parties. The terms of some of these contracts and agreements will expire in the coming years; with certain agreements having durations ranging from one to five years (for further information on the contracts entered into by the Group, please refer to Section 11.6 (*Material Agreements*) of this Prospectus). There is no guarantee that the Group will be able to renew these contracts on similar terms or at all. The Group's inability to renew any of these contracts or their renewal on terms not suitable for the Group would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.27 Risks Related to the Participation of Certain Directors and Senior Executives in Businesses Competing with the Group's Business

As of the date of this Prospectus, the Group's Directors and Senior Executives are not involved in any activities competing with the Group's activities. However, some of them may compete with the Group in the future, either through their membership on the boards of directors of competing companies or through ownership in businesses that fall within the scope of the Group's business, whereby such businesses are similar to the Group's business or directly or indirectly compete with its business. In the event of a conflict of interest between the Group's business on the one hand and the business of the Directors or Senior Executives on the other hand, this could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Certain Directors and Senior Executives may also have access to the Group's internal information and may use that information for their own interests or in a way which conflicts with the Group's interests and objectives. If Directors and Senior Executives who have interests conflicting with the Group's interests negatively impact the Group's decisions or use the information available to them about the Group to the detriment of the Group, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

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

2.1.28 Risks Related to Related Parties Transactions

In the ordinary course of its business, the Group enters into transactions with a number of Related Parties, including companies and institutions in which some Directors are members of the board of directors or shareholders (for further information on dealings with Related Parties, please refer to Section 11.10 (*Related Party Contracts and Transactions*)). Transactions with Related Parties are recognised and recorded in the financial statements in accordance with the IFRS and the standards and issuances issued by SOCPA, as appropriate (for further information on the financial statements, please refer to Section 19 (*Financial Statements and Auditors' Report*)).

Transactions with Related Parties amounted to a total of SAR 119.6 million, SAR 140.1 million, SAR 20.0 million and SAR 20.6 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Related Party transactions consisted of a capital increase, additional capital, dividends, withdrawals, purchases, sales and investment expenses in the Subsidiary, payments on behalf of the Group, payments on behalf of sister companies and payments on behalf of a Shareholder.

The total balance payable by the Group to Related Parties as of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G amounted to SAR 136.0 million, SAR 9.6 million, SAR 16.6 million and SAR 3.5 million, respectively, representing 53.7 per cent., 6.0 per cent., 8.9 per cent. and 1.9 per cent. of the Group's total liabilities for the same periods, respectively.

The total balance payable by Related Parties to the Group as of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G amounted to SAR 13.6 million, SAR 3.7 million, SAR 2.2 million and SAR 1.2 million, respectively, representing 3.7 per cent., 0.9 per cent., 0.5 per cent. and 0.3 per cent. of the Group's total assets for the same periods, respectively. For further information on transactions with Related Parties, please refer to Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

The Company has entered into transactions with Engineer Musaad AlQafari Engineering Consultancy (a Subsidiary) in connection the provision of some engineering consulting and designs. In addition, the Group has entered into several transactions with certain Shareholders and Directors consisting of purchases of Company products and expenses borne on their behalf. The balance of such purchases amounted to SAR nil, SAR nil, SAR 746.5 thousand

and SAR 388.0 thousand, representing nil per cent., nil per cent., 0.2 per cent. and 0.1 per cent. of the total revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Payments made on behalf of Directors and Shareholders (including transactions with Engineer Musaad AlQafari Engineering Consultancy) amounted to SAR 1.6 million, SAR 1.2 million, SAR 1.3 million and SAR 1.9 million, representing 4.2 per cent., 2.0 per cent., 1.9 per cent. and 3.2 per cent. of the total general and administrative expenses during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively.

The approval of the General Assembly has been obtained for transactions in which one of the Directors has a direct or indirect interest, at its meeting held on 13 Rabi' al-Thani 1446H (corresponding to 16 October 2024G). The Company has also prepared a guide to regulate discounted sales to all of its employees, including Substantial Shareholders, Directors and Senior Executives in order to regulate such transactions.

If contracts and transactions with Related Parties are not documented under written agreements, or if they are not concluded on purely commercial grounds, or if they are not approved by the General Assembly (in the event of a direct or indirect interest involving any of the Directors), this would have an adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.29 Risks Related to the Protection of the Group's Trademarks and Intellectual Rights

The Group relies heavily on its trademarks and intellectual property rights in its business. The Group has registered 21 trademarks in the Kingdom and nine trademarks in the UAE (for further information on the Group's intellectual property rights, please refer to Section 11.12.1 (*Trademarks*)). The Group's success and competitiveness depend on its ability to protect its trademarks and other intellectual property rights. Even if the Group registers its trademarks and other intellectual property rights, there is no guarantee that they will not be used, reproduced or infringed by third parties. Although the Group has registered its trademarks, it may have to file lawsuits to protect its trademarks against misuse or misappropriation by third parties. In the event that the Group is unable to protect its trademarks for any reason, or if third parties misuse, damage or violate its trademarks, this will pose a risk to the value of the trademarks, which may lead to low levels of demand for its services or negatively affect its ability to attract new customers, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.30 Risks Related to Potential Tax and Zakat Dues

The Group has submitted its Zakat returns, paid the Zakat dues and obtained certificates from ZATCA for all years since its incorporation until the financial year ended 31 December 2023G. Accordingly, ZATCA has issued final assessments for all years since the Group's incorporation until the financial year ended 31 December 2019G. The Group has paid the differences resulting from these assessments and has received the final Zakat certificates in return. With regard to the financial years for which the Group has not received final Zakat assessments, namely the years from 2020G to 2023G, the Group has allocated an amount of SAR 2.9 million, SAR 3.6 million, SAR 3.8 million and SAR 4.8 million as a total Zakat provision for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively (for further details, please see Section 10 (*Declarations*) of this Prospectus).

On 27 Shawwal 1446H (corresponding to 30 October 2024G), the Selling Shareholder undertook to bear any future additional claims imposed by ZATCA on the Group in respect of previous years until the date of listing. In the event that ZATCA issues a Zakat assessment on the Group and requires it to pay additional Zakat amounts for the years for which the Group has not received the final Zakat assessments, or in the event that the Selling Shareholders do not comply with their undertaking to pay these additional amounts, this could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.31 Risks Related to Inadequate Insurance Coverage

The Group maintains various types of insurance policies to cover its operations, including health insurance, motor insurance, warehouse insurance against fire and associated risks. Insurance coverage may not be sufficient in all cases or cover all risks to which the Group may be exposed. For example, the Group does not currently have insurance coverage for the land transportation of its goods. The Group may suffer uninsured losses or its costs may exceed the insurance coverage. Moreover, the Group's insurance policies include exclusions or limits of coverage under which certain types of loss, damage and liability are excluded from insurance coverage, such as losses resulting from errors approved by the Group or one of its employees. In such cases, the Group will incur losses that will adversely affect its business and results of operations. In addition, failure to renew insurance policies

within the current scope of coverage on commercially acceptable terms or at all, or in the event of the lack or unavailability of sufficient insurance for the various areas of the Group's business, would have a material adverse effect on the Group's business, financial position, results of operations and prospects (for further information on insurance policies, please refer to Section 11.8 (*Insurance Policies*)).

2.1.32 Risks Related to Licences and Approvals

The Group is subject to a number of laws and regulations that require it to obtain the necessary licences and permits from the competent legal and regulatory authorities in the Kingdom in order to practice its commercial activities. The Group currently has a number of licences, certificates, permits and approvals related to its business activities, including, but not limited to, commercial registration certificates obtained from the Ministry of Commerce, municipal licences and civil defence permits. The Group may be subject to penalties and fines if it conducts its business without obtaining the necessary licences or renewing them upon their expiry. In the event the Group wishes to renew or amend the scope of any such licences, certificates or permits, the competent authority may not renew or amend them or may impose conditions that would adversely affect the performance of the Group. As of the date of this Prospectus, the Group has four operational licences which have expired and which it is in the process of renewing. Additionally, the Group has 17 branches located in old buildings that do not have functional civil defence systems. As such, the Group has not been able to obtain civil defence certificates for these branches to date and is currently working with the lessors to update the civil defence systems. If the Group is unable to update such systems, these branches may have to be relocated (for further information on the Group's material licences, please refer to Section 11.5 (*Government Consents, Licences and Certificates*)). If the Group is unable to obtain or renew the licences it needs to conduct its business, this may result in the suspension of its operations or the imposition of regulatory penalties, including the closure of any of the showrooms that violate the licensing requirements or the imposition of fines on such showrooms. This could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.33 Risks Related to Litigation

The Group may face litigation or legal proceedings (within the ordinary course of its business) involving various parties including customers, employees, regulators or landlords of properties that the Group leases to conduct its business. As of the date of this Prospectus, the Company has one non-material case of SAR 80,000 relating to financial compensation, in addition to an ongoing dispute with ZATCA regarding customs differences amounting to SAR 1,165,367.09. ZATCA has issued a decision to collect such amount and in response, the Company has issued a financial guarantee for the disputed amount in favour of ZATCA. The Company submitted its objection to the decision on 26 Rabi' al-Awwal 1446H (corresponding to 29 September 2024G) and hearing was held before the Customs Disputes and Settlement Committee on 4 Sha'ban 1446H (corresponding to 3 February 2025G). As of the date of this Prospectus, the Customs Disputes and Settlement Committee remains in the process of reviewing the matter and will thereafter set a date to issue its decision.

In general, the Group cannot predict the outcome of the proceedings and lawsuits that it may face. Any unfavourable outcome would have an adverse effect on the Group's business, results of operations, financial position and prospects. In addition, the Group expects to incur costs in such proceedings brought by or against it, or as a result of such claims or judgments, including the penalties imposed and the damages payable thereon. Therefore, any decision that is not in the Group's favour in any current or future lawsuits would have an adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.34 Risks Related to Reliance on Senior Executives and Key Personnel

The Group's success depends upon the continued service and performance of its Senior Management and other key personnel due to their extensive experience in the sector and contribution to the development of the Group's operations. In particular, the Group relies on certain key individuals who have extensive experience in the sector and who have made substantial contributions to the development of its operations. The Group may not be able to retain its key personnel that have the skills and necessary technical knowledge. The loss of any of the members of the Group's Senior Management or key employees could prevent or delay the implementation and achievement of its strategic objectives or divert the attention of Management to seek qualified replacements, which would adversely affect the Group's ability to manage its business efficiently and effectively. In addition, members of the Senior Management or key employees may resign at any time. If the Group is unable to hire and retain key executives and employees with high levels of skills in the appropriate areas, this would have an adverse effect on its business, financial position, results of operations and prospects.

2.1.35 Risks Related to the Concentration of Revenue in a Specific Geographic Region

Sales revenue in the Riyadh region amounted to SAR 111.3 million, SAR 128.8 million, SAR 129.0 million and SAR 96.0 million, representing 44.4 per cent., 40.2 per cent., 39.2 per cent. and 34.0 per cent. of the Group's total revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. There is no guarantee that the Group will be able to maintain the growth of its revenue generated from such sales in this region. If the revenue from the Riyadh region was to decline substantially, this would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.36 Risks Related to the Concentration of Revenue in Tile Products and Accessories and Lighting Products

A significant portion of the Group's revenue is generated from the sale of tile products and accessories and lighting products. Revenue from these product categories amounted to SAR 124.2 million, SAR 126.5 million, SAR 129.8 million and SAR 124.0 million from tile products and accessories, and SAR 117.0 million, SAR 149.7 million, SAR 170.5 million and SAR 120.9 million from lighting products in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. These two categories collectively accounted for 96.2 per cent., 85.4 per cent., 82.1 per cent. and 86.7 per cent. of the Group's total revenue for the same periods, respectively. For further details, please refer to Table 4.11 (*Group Revenues by Major Product Categories*).

There is no guarantee that the Group will be able to maintain its historical revenue growth levels from tile products and accessories and lighting products. Given the concentration of revenue generated from these products and their significance to and impact on the Group's financial performance, any future decline in the sales of such products could adversely affect the Group's business, results of operations, financial position and prospects.

2.1.37 Risks Related to the Inability to Attract and Retain Qualified Employees

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

2.1.38 Risks Related to Employee Misconduct and Errors

Employee misconduct or errors could result in the Group being in violation of the law, which may lead to sanctions being imposed on the Group by the competent authorities. Furthermore, employee misconduct or errors could also result in health and safety violations that could lead to contractual breaches and payment of compensation for damages. Such monetary consequences vary based on the misconduct and errors and could also damage the Group's reputation. Employee misconduct and errors may also occur in the form of misuse of the Group's information or systems, the disclosure of confidential information, the dissemination of misleading information or non-compliance with applicable laws or internal controls and procedures. If employees commit any such misconduct or errors, this would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

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

The Board of Directors adopted the internal Corporate Governance Manual on 10 Rabi' al-Thani 1446H (corresponding to 13 October 2024G) (for further information on corporate governance, please see Section 5.6 (*Corporate Governance*) of this Prospectus). The Corporate Governance Manual includes rules derived from the Corporate Governance Regulations issued by the CMA. The Group's success in properly implementing the corporate governance rules and procedures depends on the extent to which these rules are understood and correctly implemented by the Board of Directors, its Committees and the Senior Executives, particularly with regard to Board independence requirements, conflicts of interest and disclosure procedures and requirements. Failure to comply with the mandatory provisions of the Corporate Governance Regulations issued by the CMA may result in the imposition of regulatory penalties on the Group, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.40 Risks Related to the Recent Formation of the Board Committees

The Company formed the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee by a Board of Directors' resolution dated 10 Rabi' al-Thani 1446H (corresponding to 13 October 2024G) (for further information on the Company's Board Committees, please refer to Section 5.3 (*Board of Directors Committees*) of this Prospectus). If the members of these Committees fail to perform their duties and adopt a framework that ensures the protection of the interests of the Company and its Shareholders, this will affect the Company's compliance with corporate governance and ongoing disclosure requirements, as well as the ability of the Board of Directors to monitor the Company's activities through these Committees, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.41 Risks Related to Limited Experience in Managing a Listed Joint Stock Company on the Exchange

Since its incorporation, the Company has operated as a sole proprietorship and then as a limited liability company until its conversion into a closed joint stock company on 15 Ramadan 1444H (corresponding to 6 April 2023G). Accordingly, some of the Company's Senior Executives have limited or no experience in managing a joint stock company listed on the Exchange in the Kingdom's and complying with the laws and regulations of such companies. In particular, the internal or external training received by Senior Executives in the field of management of Saudi listed joint stock companies, in the area of obligations imposed on listed companies such as regulatory supervision and reporting, requires great attention from Senior Executives, which could distract them from the day-to-day management of the Company. If the Company fails to comply with the regulations and disclosure requirements imposed on listed companies in a timely manner, the Company will be subject to regulatory penalties and fines. The imposition of fines on the Company would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.42 Risks Related to Cash Management, Theft and Security

The Group manages its operations within its showrooms, which includes managing the daily handling of cash, since many customers of the Group's showrooms pay for their transactions in cash. The Group then collects such cash from all of its showrooms and deposits it on a daily basis in its bank account, this function is performed by the Group's employees. The cash received by the Group in its showrooms may be subject to theft, whether by its employees working in its showrooms or by third parties. As of the date of this Prospectus, the Group does not have a cash insurance policy to compensate the Group for any losses incurred as a result of any theft or mishandling of cash amounts. Any incident of theft or other cash loss would have an adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.43 Risks Related to Failure to Adequately Maintain the Confidentiality and Integrity of Customer and Employee Data

The Group collects, transfers and processes customer and employee data in the ordinary course of its business through information systems. Such information maintained by the Group and other parties with whom it contracts for services, includes customer and employee data, ID card numbers, dates of birth and other private data. Some of this data is confidential and may be targeted by certain external parties, such as individual criminals, organised criminal groups, hackers and current or former disgruntled employees, among others. The failure of the Group to maintain the confidentiality and integrity of customer and employee data would lead to a change in the behaviour of current or potential customers in a way that affects the Group's ability to retain its current customers and attract new customers, which in turn would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

Compliance with evolving privacy and security laws may also lead to an increase in costs due to necessary changes in laws and as a result of the imposition of new restrictions or controls on the Group's business models and the development of new administrative processes. In addition, these laws, conditions and regulations may impose further restrictions on the Group's collection of personal data in one or more of the Group's databases, as well as disclosure and use thereof. Failure to comply with the privacy laws or general requirements of the sector or any security breach that includes the misappropriation, loss or disclosure of personal, sensitive or confidential data without authorisation may result in the Group incurring fines or penalties or being subject to lawsuits. The occurrence of any of the foregoing would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.44 Risks Related to Sponsoring Non-Saudi Employees

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

2.1.45 Risks Related to the Civil Transactions Law and its Application

The new Civil Transactions Law was issued by Royal Decree No. M/191, dated 29 Thul-Qi'dah 1444H (corresponding to 19 June 2023G). The Civil Transactions Law represents a pivotal development in the Kingdom's legal landscape, signifying one of the most substantial reforms in its recent history. This legislation provides a comprehensive codification of rules that are applicable to the operations and business activities of the Group, including new provisions related to compensation for damages, compensation for contractual breaches (which includes loss of profits and compensation for moral damages), damages ensuing from harmful acts, and limitation periods for claims, among other provisions. Furthermore, the Civil Transactions Law will be applied retroactively, except in cases where there is a statutory provision or judicial principle that conflicts with its provisions and is invoked by one of the concerned parties, and where its provisions relate to the limitation periods effective prior to the law's entry into force. As of the date of this Prospectus, the Group has not conducted an evaluation of the impact that the Civil Transactions Law might have on its operations and the extent to which it will apply retroactively to its operations. In the event the impact proves to be material, or if the Group incurs additional costs to undertake the necessary measures in order to ensure compliance, this would materially and adversely affect its business, financial position, results of operations and prospects.

2.2 Risks Related to the Market, Industry and Regulatory Environment

2.2.1 Risks Related to Competition and the Market Share of the Group

The Group operates in a highly competitive environment with the retail sector being one of the most competitive sectors in the Kingdom, particularly in terms of product quality, pricing and after-sales services. The Group expects such competition will increase in the future. The Group may not be able to continue to compete effectively with other competitors in the market, including department stores, specialty retailers, discount stores and other current or future competitors. For further details on the Group's market share relative to its competitors, please refer to Section 3.2.3 (*Tiles Sector Competitive Landscape*), Section 3.3.3 (*Lighting Sector Competitive Landscape*) and Section 3.4.3 (*Sanitaryware Competitive Landscape*). The Group's current and future performance depends on its ability to capture, maintain and increase its market share while maintaining profitability. This in turn depends on the Group's ability to maintain its advantage in product offerings, as well as the high quality and competitive pricing of products and services, the reputation and quality of brands and products offered, the quality of customer service and after-sales services, and the ability to understand and respond to customer requests in a timely manner, among other factors. Some of the Group's competitors may have greater financial and administrative resources than the Group. Various competitive factors could have an adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.2 Risks Related to Changes in the Regulatory Environment

The Group is governed by a number of Government entities in the Kingdom, including, but not limited to, the MoC, the Saudi Standards, Metrology and Quality Organisation and ZATCA. The legal and regulatory environment in the Kingdom is changing and evolving rapidly in line with the Kingdom's economic reform plans. Therefore, it is likely that the relevant regulators will adopt changes in laws, regulations and policies in the future, which the Group cannot anticipate, including changes in regulations and policies related to imports, exports, taxes, customs duties, antitrust, boycott, price fixing, corporate governance, the rental system, health and safety standards and working hours, among other changes that may affect the Group's business and operations. Failure to comply with the requirements of the applicable regulations may result in fines or penalties being imposed on the Group by the relevant regulators. In the event that the Kingdom establishes new regulations or changes the existing regulations governing the Group's business and operations, the Group may be forced to incur significant expenses or modify its business practices, operations or products to comply with current or future laws and regulations. The occurrence of any of these factors will result in unexpected or additional expenses, which may be high and would thus have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Group and its business are subject to certain laws and regulations. Accordingly, the application, interpretation and implementation of some of these laws and regulations may involve a degree of ambiguity. For example, on 29 Jumada al-Akhirah 1441H (corresponding to 23 February 2020G), the Minister of Municipalities and Housing launched the unified lease contract for the commercial real estate sector, which became a mandatory contract in implementation of Council of Ministers' Resolution No. 405, dated 22 Ramadan 1437H (corresponding to 28 June 2016G), requiring all residential and commercial lease agreements to be registered on the electronic network for lease services in order to be a legally enforceable instrument for both parties to the contract. It is noteworthy that a circular was issued by His Excellency the Minister of Justice addressed to all courts stating that lease agreements that are not registered on the electronic network for lease services are not considered valid contracts that produce their administrative and judicial effects, in accordance with the Council of Ministers' Resolution No. 292, dated 16 Jumada al-Ula 1438H (corresponding to 13 February 2017G). Consequently, the Group may not be able to file lawsuits to claim rights resulting from unregistered leases for contracts concluded after 4 Jumada al-Ula 1440H (corresponding to 10 January 2019G). It should also be noted that the Ministry of Municipal and Rural Affairs and Housing has linked the services of electronically registered lease agreements to the "Baladi" service, under which the municipal commercial licences are issued and renewed. As such, upon the implementation of these initiatives, the Group will not be able to issue or renew municipal licences for the Group's stores as long as its lease agreements are not registered electronically. This may disrupt the Group's business or expose it to violations and fines for non-compliance with the relevant regulations. Moreover, the existence of unified lease agreements may not give the Group complete freedom to set all of the terms thereof, as both parties to the lease contract—through the real estate broker—may amend or add certain clauses within a narrow scope so that the contract does not lose its status as a legally enforceable instrument. Therefore, if the Group does not comply with some or all of the requirements of the laws and regulations to which it is subject, or if it is unable to respond effectively to changes in the regulatory environment, this will result in fines or penalties being imposed upon it or may affect the effectiveness of its contracts, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.3 Risks Related to the Competition Law and its Implementing Regulations

If the Company occupies a dominant position in the Saudi market or is classified as such by the GAC, its operational activities will be subject to the terms and conditions stipulated in the Competition Law issued by royal decree no. M/75, dated 29 Jumada al-Akhirah 1440H (corresponding to 6 March 2019G) and its Implementing Regulations issued by the GAC board pursuant to resolution no. 337, dated 25 Muharram 1441H (corresponding to 24 September 2019G). The Competition Law aims to protect legitimate competition in the Saudi markets, as well as to establish and promote rules for the Saudi market and transparent and free pricing. In the event that the Company violates the provisions of the Competition Law and a judgment is issued against the Company in relation to such violation, the Company may be subject to large fines subject to the discretion of the GAC. In addition, the GAC has the right to request a temporary or permanent suspension (whether partial or total) of the Company's activities in the event of repeated violations by the Company. In addition, advocacy and litigation procedures in such cases are typically lengthy and costly. The occurrence of any of these risks would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Furthermore, in accordance with Article 7 of the Competition Law, entities involved in an economic concentration must notify the GAC for approval of such concentration at least 90 days before the completion of the relevant transaction. The Competition Law defines "economic concentration" broadly to include, inter alia, any transfer of shares in whole or in part, and stipulates that the Implementing Regulations of the Competition Law shall specify the application procedures to be followed. The Implementing Regulations of the Competition Law set a new limit for transactions that require the approval of the GAC. Accordingly, if the total revenue of the entities participating in the economic concentration exceed SAR 200,000,000, the relevant parties must submit an application to the GAC at least ninety (90) days before the completion of the transaction. The GAC has issued certain guidelines on which entities should be taken into account when determining whether the aforementioned limit has been exceeded or not. In practice, all parties involved in the relevant transaction (along with any other controlled entity within their groups) are to be taken into account.

In addition, the GAC must be notified of all future mergers and acquisitions that the Company will conduct that are considered an economic concentration, as the GAC has the right under the Competition Law to reject any such transaction if it deems it harmful to competition in the Kingdom. The GAC has a period of 90 days to submit its response. In the event that notification is required, and the parties proceed to complete the proposed transaction without seeking the approval of the GAC, the GAC may impose (a) a fine of up to ten per cent. of the annual sales in question, (b) a fine not exceeding SAR 10,000,000 when it is impossible to estimate the annual sales, or (c) a fine of up to three times the amounts earned by the violators as a result of the transaction. In addition, the GAC may require the violator(s) (as the case may be) to take all of the necessary steps to correct the violation, including cancellation of the entire transaction, and a daily penalty fee of up to SAR 10,000 may be imposed until the violation is fully corrected.

Based on the above, there is a risk that the necessary notification for deals involving an economic concentration will not be submitted to the GAC, or that the GAC will issue a conditional approval for the transaction it has been notified of which the Company cannot fulfil or comply with, or that the GAC will reject certain transactions or delay the completion of until it issues its decision. The GAC may also impose the above-mentioned penalties and fines on the Company if it does not comply with the provisions of the Competition Law or its Implementing Regulations. If any of the above risks were to occur, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.4 Risks Related to Data Protection and Cybersecurity Laws

The Group collects and processes personal and other data from its current and potential customers through its showrooms or through its online store. The Group uses this information to provide services and products to its customers, manage billing and customer support, expand and improve its business, and to communicate and recommend products and services through its marketing and advertising channels. As a result, the Group is required to comply with local laws and regulations, including data protection and cybersecurity requirements in the Kingdom, which includes the Personal Data Protection Law issued by Royal Decree No. M/19, dated 9 Safar 1443H (corresponding to 16 September 2021G). At the global level, new and evolving regulations on data protection, cybersecurity and other standards governing the collection, processing, storage, transfer, export, disclosure and use of personal data impose additional burdens on the Group due to increased compliance standards that could restrict the use of the Group's online store and its digital operations. Future laws, regulations, standards and other obligations, as well as changes in the interpretation of existing laws, regulations, standards and obligations, could result in additional compliance costs and restrict the Group's business operations. If the Group is unable to comply with the applicable data privacy laws and regulations and the cybersecurity controls and standards, the Group's ability to successfully operate its business and achieve its business objectives may be compromised.

The Group's inability to comply with the applicable laws and regulations or to protect such data may result in enforcement action against the Group, including the imposition of fines or penalties, claims for damages by customers and other affected individuals, as well as damage to the Group's reputation. This in turn would have an adverse effect on the Group's business, results of operations, financial position and prospects. Compliance costs and other burdens imposed by laws, regulations and standards may restrict the use and adoption of the Group's online store or result in fines, penalties or the incurrence of significant liabilities as a result of non-compliance. Accordingly, the occurrence of any of the aforementioned factors could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.5 Risks Related to the Impact of Political and Economic Risks on the Group's Business

The Group carries out its commercial business in the Kingdom and in a number of other countries. As such, the Group's financial performance depends on the economic and political conditions prevailing in the countries in which it operates, in addition to global economic conditions that in turn affect the economies of those countries. Any major changes or unexpected events in the political or economic environments in the countries in which the Group conducts its business, or globally, may have a material adverse effect on the Group's business, financial position, results of operations and prospects. Furthermore, economic uncertainty and market fluctuations resulting from the aforementioned economic and political conditions may negatively affect the Group, whether in the short, medium or long term. In addition, global inflation may lead to an increase in the prices of certain basic commodities, such as oil, gas and iron, which would result in increased costs for the Group and adversely affect its sales and profit margin. Accordingly, the Group may have to increase the prices of its products. There is no guarantee that the Group's customers will continue to purchase its products at the new prices, which could adversely affect the Group's sales and profitability. Therefore, any unforeseen changes in political, economic or other conditions – whether in the Middle East or globally – would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

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

The Group's core operations and customer base are located in the Kingdom. The Middle East region, including the Kingdom, is exposed to a number of geopolitical and security risks. Any geopolitical events or developments in the geopolitical situation in the Kingdom could cause unrest in the Middle East and surrounding regions (which may or may not include the Kingdom). As such, investments in the Middle East are highly uncertain. Any unforeseen changes in the political, social or economic situation or other conditions in countries located in the Middle East, or any future terrorist attacks or acts of sabotage targeting the Kingdom and adversely and materially affecting the markets in which the Group conducts its business, its ability to retain and attract customers in these areas, and the investments that the Group has made or may make in the future, would have an adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.7 Risks Related to Compliance with Saudisation Requirements

Compliance with Saudisation requirements is a regulatory requirement in the Kingdom requiring all companies operating in the Kingdom, including the Group, to employ and maintain a certain percentage of Saudi personnel among their staff. This percentage varies based on the activity of each entity as stipulated in the "Nitaqat" programme. The Company is currently compliant with the Saudisation requirements as of the date of this Prospectus and is categorised within the "Medium Green" range according to the "Nitaqat" programme (for further information on the Company's Saudisation percentage, please refer to Section 5.9 (*Employees*) of this Prospectus). Moreover, the Company's Subsidiary, Ice Bear Contracting Company, is categorised within the "Low Green" range. However, the Company may not be able to continue to comply with the requirements of the Saudisation and Nitaqat programmes. In such case, the Company would face sanctions from Government agencies, such as the suspension of work visa applications, the suspension of sponsorship transfer requests for non-Saudi employees, and exclusion from Government competitions and loans. The Company may not be able to recruit Saudi employees on favourable terms, if at all, or it may be unable to retain its current Saudi employees, which in turn may affect its ability to meet the required Saudisation rate. There could be a significant increase in salary costs if the Company hires additional Saudi employees. The occurrence of any of the aforementioned would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

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

The Kingdom has implemented a number of reforms aimed at increasing the participation of Saudi employees in the labour market, including the imposition of fees on non-Saudi employees working at Saudi institutions as well as residence permit fees for family members of non-Saudi employees. Non-Saudi employee fees came into effect as of 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G), while residence permit fees became effective on 7 Shawwal 1438H (corresponding to 1 July 2017G). These fees gradually increased to reach SAR 9,600 annually for each employee in 2020G. As of 30 September 2024G, non-Saudi employees constituted 55.1 per cent. of the Company's total employees. The implementation and increase of these fees have led to an increase in the Government fees paid by the Company for its non-Saudi employees, which amounted to SAR 3.5 million in the nine-month period ended 30 September 2024G. In addition, the increase in fees payable by non-Saudi employees for their family members has led to a rise in the cost of living, which could affect the attractiveness of the Kingdom for those employees who may look to relocate to other countries with lower costs of living. As a result, higher Government fees and the difficulty in retaining non-Saudi employees would have an adverse effect on the Group's business, results of operations, financial position and prospects.

It is noteworthy that MHRSD in the Kingdom has officially announced the launch of the "Initiative to Improve the Contractual Relationship". This initiative includes a number of policies and controls, including the approval of an employment contract system between employers and expatriate workers in replacement of the sponsorship system. The new initiative entered into force on 1 Sha'ban 1442H (corresponding to 14 March 2021G) and comes as part of the Kingdom's efforts to improve and raise the efficiency of the work environment, increase the flexibility, effectiveness and competitiveness of the labour market and enhance its attractiveness in line with international best practices. It also aims to contractually document the employment relationship between employers and employees based on the employment contract documented between them through the contract documentation programme. Furthermore, the job mobility service allows expatriate workers to transfer to another job at the end of their employment contract without the need for the employer's approval. The initiative also determines the mechanisms for transfer during the term of the contract, provided that the notice period and the specified controls are adhered to. The exit and re-entry service allows expatriate workers to travel outside the Kingdom upon submission of a request while simultaneously notifying the employer electronically. Moreover, the final exit service enables expatriate workers to leave immediately upon the expiration of the contract while simultaneously notifying the employer electronically without requiring the employer's consent. The final exit service also allows workers to leave the Kingdom with the worker bearing all the consequences of contract termination. All of these services are available through the "Absher" and "Qiwa" platforms of MHRSD. Therefore, the Company may be adversely affected if a large number of its non-Saudi employees decide to transfer to other companies, where the Company will only be able to prevent them from doing so based on the employment contracts concluded with them. Accordingly, the Company may face difficulties in hiring replacements for such employees. If the Company loses a large number of its employees as a result of them moving to other companies and the Company is unable to hire new employees to replace them, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.9 Risks Related to the Prices of Energy, Electricity, Water and Related Services

The Council of Ministers issued resolution no. 95, dated 17 Rabi' al-Awwal 1437H (corresponding to 28 December 2015G), raising energy prices (including fuel) and electricity, water and sewage tariffs for the residential, commercial and industrial sectors as part of the Kingdom's policies aimed at rationalising the Government support programme. The Ministry of Energy and Industry issued a statement dated 24 Rabi' al-Awwal 1439H (corresponding to 12 December 2017G) regarding the Fiscal Balance Programme plan to improve the prices of energy products. This resulted in an increase in the prices of 91 octane, 95 octane, diesel for industry and utilities, diesel for transport, and kerosene as of 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G). It should be noted that the prices of energy products are adjusted monthly in accordance with the governance procedures for adjusting the prices of energy and water products. The Saudi Arabian Oil Company (Saudi Aramco) announced the adjustment of the prices of diesel and asphalt products as of 27 Jumada al-Ula 1442H (corresponding to 31 December 2021G) in accordance with the governance procedures for adjusting the prices of energy and water products in the Kingdom.

The Group's water and electricity expenses amounted to SAR 0.8 million, SAR 1.5 million, SAR 1.7 million and SAR 1.8 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The price increases described above, in addition to any other potential increases, may result in lower discretionary spending or disposable income for customers in general. Thus, sales at the Group's showrooms may be adversely affected and the Group's operating expenses may increase, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.10 Risks Related to Consumer Spending Due to Poor Economic Conditions

Any deterioration in general economic conditions, decreases in wages, reductions in the availability of consumer credit, higher interest and value-added tax rates, or political events that could reduce consumer spending in any of the geographies in which the Group operates would have an adverse effect on the sales of the Group's products. In addition, certain competitors may resort in such conditions to reducing prices and promoting such reductions, thus putting further pressure on the Group, which would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.2.11 Risks Related to Value-Added Tax

On 2 Jumada al-Ula 1438H (corresponding to 30 January 2017G) the Council of Ministers approved the Unified VAT Agreement for the GCC states. This agreement came into effect in the Kingdom on 14 Rabi' al-Thani 1439H (corresponding to 1 January 2018G), with VAT set at a rate of five per cent. on a number of products and services, as specified in the law. Subsequently, on 17 Shawwal 1441H (corresponding to 9 June 2020G), the board of directors of ZATCA issued resolution no. 20-3-2, increasing the VAT to 15 per cent. as of 10 Thul-Qi'dah 1442H (corresponding to 1 July 2020G). VAT is levied on both the services the Group provides and those it receives. The Group cannot guarantee that the VAT will not be increased, or that no other fees or taxes will be imposed by the Government in the future. Consequently, this increase, or any other potential increases in VAT, could reduce demand for the Group's products or impact its profitability if it is unable to pass on such VAT to its customers. This would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.2.12 Risks Related to Infectious Diseases

The spread of infectious diseases or significant public health threats may have adverse effects on the Group's operations and financial performance. For example, the outbreak of the coronavirus (COVID-19) pandemic in December 2019G caused unprecedented disruptions to both global and local economies. The Kingdom, like other countries, implemented strict precautionary measures and restrictions on travel and public transportation. It also imposed curfews, social distancing practices, the suspension of workplace attendance in certain sectors, reduced employee attendance at workplaces in other sectors, and the closure of economic activities. Although these measures were necessary for public health, they resulted in disruptions to business operations. Prolonged disruptions could also lead to changes in customer behaviour, including reduced spending. If another pandemic were to occur or if there is a resurgence of COVID-19, the Group could face similar or even more severe challenges, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.13 Risks Related to Foreign Currencies, Exchange Rates and Interest Rates

The Group engages in operating transactions that are not denominated in Saudi Arabian Riyals and is therefore exposed to foreign exchange risk. It should be noted that the Saudi Arabian Riyal is currently pegged to the US dollar at a fixed rate. However, the Kingdom may cancel or change this peg in the future, which would cause fluctuations in the US dollar-denominated value of the Group's assets and liabilities. Any arrangements undertaken by the Group to hedge against foreign exchange fluctuations may not be sufficient to manage all of its risks. Accordingly, fluctuations in foreign exchange rates and interest rates could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

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

The occurrence of natural disasters or acts of sabotage that are beyond the Group's control may adversely affect the Group's showrooms or employees. Any damage to the Group's showrooms as a result of floods, earthquakes, storms or other natural disasters, or acts of sabotage, such as terrorist attacks, would result in the incurrence of significant costs and/or suspension of the Group's operations, which in turn would result in increased costs and lower revenue. The occurrence of any of these events would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.15 Risks Related to Changes in the Mechanism for Calculating Zakat and Income Tax

ZATCA issued circular no. 6768/16/1438, dated 5 Rabi' al-Awwal 1438H (corresponding to 5 December 2016G), obliging Saudi companies listed on the Exchange to calculate income and Zakat based on the nationality of shareholders and actual ownership between Saudi and GCC citizens and others, as recorded in the "Tadawulat" system at the end of the year. Prior to the issuance of this Circular, companies listed on the Exchange were generally subject to the payment of Zakat or tax on the basis of the ownership of their founders in accordance with their bylaws, and the impact of listed shares was not taken into consideration when determining the Zakat base. This Circular was initially scheduled to be applied in the financial year ended 31 December 2016G and for subsequent years. However, ZATCA issued letter no. 12097/16/1438, dated 19 Rabi' al-Thani 1438H (corresponding to 17 January 2017G), postponing the implementation of the circular to the financial year ended 31 December 2017G and future years. Until ZATCA issues further directives regarding the mechanisms and procedures for the implementation of this circular, its implementation, including the final requirements to be met, remains under consideration. This also applies to the rules imposing income tax on all non-GCC resident shareholders in Saudi listed companies and the application of withholding tax on dividend distributions to non-resident shareholders, regardless of their nationality. The Group has not evaluated the financial impact of this circular or taken adequate steps to ensure compliance therewith. In the event that the financial impact of this Circular, if applied, is significant, or if the Group incurs additional costs to take the necessary steps to ensure compliance therewith, this would have an adverse effect on its business, financial position, results of operations and prospects.

2.3 Risks Related to Offer Shares

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

The Substantial Shareholders of the Company currently own 82.15 per cent. of the Company's Shares prior to the Offering. After the completion of the Offering, the Substantial Shareholders will own 57.51 per cent. of the Shares and will thus maintain a controlling interest in the Company that enables them to approve or reject resolutions and items that may be presented at the Company's General Assemblies. This controlling interest will also allow the Substantial Shareholders to nominate the largest number of Directors and will grant them the ability to elect and appoint such Directors to the Board in proportion to the voting rights they hold. As such, there is no guarantee that after the Offering, the minority Shareholders will be able to effectively participate in the decision-making of the Company, whether at the level of the Board or at the General Assemblies of Shareholders. This concentration of ownership among the Substantial Shareholders may limit the powers of minority Shareholders, which could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

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

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

2.3.3 Risks Related to Fluctuations in the Price of the Shares on the Exchange

The Offer Price has been determined based upon several factors, including the past performance of the Group, the prospects for its 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. Subscribers may not be able to sell the Offer Shares at the Offer Price, at a higher price, or at all. The price of the Company's Shares may be highly volatile and may not be stable due to several factors, including:

- negative fluctuations in the Group's operating performance and the improved performance of its competitors;
- actual or anticipated fluctuations in the Group's quarterly or annual operating results;
- publication of research reports by financial analysts about the Group, its competitors or the industry in which it operates;
- the reaction of the public to the Group's press releases and other public announcements;
- the Group's or its competitors' deviation from analysts' forecasts;
- the appointment, resignation or retirement of key personnel;

- key strategic decisions made by the Group or its competitors, as well as changes in business strategy, where such decisions and changes have adverse effects;
- changes in the regulatory environment that affect the Group or the industry in which it operates;
- changes in adopted accounting rules and policies;
- political or military developments or terrorist attacks within the Middle East or elsewhere;
- political, economic or other developments occurring within or affecting the Kingdom;
- natural disasters, widespread outbreaks of contagious diseases and other catastrophes; and
- changes in general market and economic conditions.

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

From time to time, stock markets experience extreme price and volume fluctuations. Regular and continuous market fluctuations could result in extreme volatility in the price of the Shares, which could cause the value of the Shares to decline, with price volatility being worse if the trading volume of the Shares is low. This would have an adverse effect on Subscribers' investments in the Company's Shares.

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

The Company may not be able to pay dividends, the Board of Directors may not recommend the payment of dividends, and Shareholders may not agree to the payment of dividends for any reason. The future distribution of dividends will depend on several factors, including, but not limited to, the Company's future profits, financial position, cash flows, working capital requirements, capital expenditures and distributable reserves (for further information on the Company's dividend distribution policy, please refer to Section 7 (*Dividend Distribution Policy*) of this Prospectus).

In addition, the Company may be subject to the terms of its future financing agreements, which may include restrictions on the payment of any dividends. The Company may incur expenses or liabilities that reduce or eliminate the cash available for dividends. If the Company does not pay dividends on the Shares, Shareholders will not receive any return on their investment in the Shares unless they sell the Shares at a price higher than the Offer Price. There is no guarantee that the Company will be able to distribute dividends to Shareholders, or that dividends will be recommended by the Board of Directors or approved by the Shareholders, which could have an adverse effect on Investors' expected returns on investment in the Offer Shares.

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

The sale of a substantial number of Shares on the Exchange following the completion of the Offering, or the perception that such sale will occur, would adversely affect the price of the Shares on the Exchange. Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a Lock-up Period of six months from the date trading of the Shares commences on the Exchange, during which they may not dispose of any of their Shares. However, the sale of a substantial number of Shares by the Substantial Shareholders following the Lock-up Period, or the perception that such sale will occur, would have an adverse effect on the price of the Company's Shares on the Exchange.

2.3.6 Risks Related to the Issuance of New Shares Post-Offering

The Company does not currently intend to issue additional Shares following the Offering. In the event the Company decides to raise additional capital by issuing new Shares, this would adversely affect the price of the Shares on the Exchange or dilute Shareholders' ownership in the Company if they did not subscribe to such newly issued Shares.

2.3.7 Risks Related to Research Published About the Group

The trading price and volume of the Offer Shares will depend in part on research published by securities analysts or sector analysts about the Group and its business. If analysts do not conduct sufficient research on an ongoing basis, or if one or more analysts covering the Group downgrades their recommendations regarding the Shares or publishes research on the Group's business that is inaccurate or contains results that are not in the Group's favour, this may lead to a decrease in the market price of the Shares. In addition, if one or more of these analysts who publish research cease coverage of the Group entirely or do not publish regular reports on it, the Group may lose its position and visibility in the financial markets, which in turn may lead to a significant decline in the price of the Shares on the Exchange.


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MARKET OVERVIEW



3. MARKET OVERVIEW

The information in this Section is based on an independent market report developed by the Market Consultant (Euromonitor International Ltd) exclusively for the Company in August 2024G. The Company has contracted Euromonitor International Ltd to develop a market report on the tiles, lighting and sanitaryware industries in the Kingdom. The Market Consultant was established in 1972G (for further information about the Market Consultant, see www.euromonitor.com).

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

All data, analysis and research estimates in this section are based on research work conducted during March 2024G including: (i) desk research to collect publicly available secondary sources of data including statistics on macroeconomic indicators, demographics from entities such as General Authority for Statistics (GASTAT), Saudi Central Bank (SAMA), Euromonitor's internal database (Passport), and trade press on tiles, lighting and sanitaryware industries, companies and third party reports; (ii) trade survey analysis of the opinions and perspectives of a sample of leading tiles, lighting and sanitaryware value chain stakeholder companies in the Kingdom; and (iii) cross-checks and analysis of all sources to build an industry consensus on the market size and historic trends.

It is noted that the Company provided its 2023G audited sales data for the Kingdom, which was used to calculate its share. Share for the Company was calculated using its audited sales data over the total market size of key product categories as defined and estimated by Euromonitor International.

The Company and its Directors believe that the information and data from other sources contained in this Prospectus, including those provided by the Market Consultant, are reliable. However, neither the Company nor the Directors, Managers, or other Advisors have independently checked or verified the accuracy or completeness of such information contained in this Section, and none of them shall assume any responsibility as to such information. Further, due to the nature of market research and the methodologies mentioned above, the Market Consultant has used standard industry practices but cannot guarantee the accuracy of all information and readers should not place undue reliance on such information.

3.1 The Macroeconomic Environment in the Kingdom

3.1.1 Economic Overview

With a total GDP of over SAR 4.0 trillion, according to the General Authority for Statistics (GASTAT), the Kingdom remained the largest economy in the Middle East and Africa (MEA) region in 2023G. Following a substantial increase in 2022G at 7.5 per cent., real GDP growth moderated to -0.8 per cent. in 2023G. The implementation of projects and economic growth were adversely affected by global economic uncertainties, compounded by an agreement made by the Organisation of the Petroleum Exporting Countries and its allies (OPEC+) in June 2023G to limit oil output, alongside further unilateral cuts until the year's end. However, the non-oil sector demonstrated resilience in 2023G, with an annual increase of 4.4 per cent. Strong domestic demand and private investment were significant contributors, despite persistent challenges related to input prices and high interest rates.

The non-oil spending during 2023G was further supported by comprehensive pro-business reforms, increased consumer spending, and a notable rise in tourism inflows (GASTAT, Economic Report April 2024G). For example, in 2023G, the Kingdom expanded its electronic visa programme to include six additional countries aiming to facilitate leisure, business, and religious travel to the Kingdom (Saudi Tourism Authority, the Kingdom expands its E-visa programme June 2023G). In addition, during the first six months of 2023G, the National Development Fund (NDF) provided approximately SAR 14.1 billion in financing and SAR 5.6 billion in extended guarantees to companies operating in the sector. Moreover, the Kingdom actively promoted various tourist destinations, including Riyadh, Jeddah, Eastern Province, Alula, and Taif Seasons, along with entertainment developments such as cinemas, music festivals, and games. The development of major projects such as the NEOM megacity, Aamala luxury destination, and the Red Sea tourist destination continued to progress in 2023G.

As a result of the measures to facilitate tourism, the Kingdom reached a historic milestone of welcoming over 100 million tourists, made up of 27 million international and 79 million domestic tourists during 2023G, according to the UN World Tourism Organisation. Overall tourism inflows totalled SAR 139 billion during 2023G, bolstered by the inflow of both inbound and domestic travellers. This positive development encouraged the Government to revise

its “Vision 2030” goal, raising its tourism targets to a ten per cent. share of gross GDP and 150 million visitors by 2030G, up from the initial 100 million. Also, these efforts contributed to a greater demand for recreational and leisure activities among both domestic travellers and international tourists, thereby positively impacting the economic landscape.

Inflation in the Kingdom, measured by the consumer price index (CPI), kept contained in 2023G at 2.5 per cent., partially due to the domestic subsidies, and the raise of interest rate to six per cent. in July 2023G by the Saudi Central Bank (SAMA). The latter pushed the borrowing cost to the highest level since 2001G. Yet, housing, water, electricity, gas and other fuels prices increased by 7.9 per cent. year-on-year in 2023G, mainly resulting from an uptick of rentals for housing (9.5 per cent.). Simultaneously, the real estate price index increased by 0.7 per cent. in 2023G over 2022G, largely due to the increase in the average prices of the residential sector by 1.1 per cent., particularly plots and apartments. All these factors negatively impacted new consumer mortgage loan applications, which declined by 2.2 per cent. year-on-year in the third quarter of 2023G to reach SAR 441.8 trillion (Saudi Central Bank, Statistical Report September 2023G). The most impacted categories were loans for renovation and home improvements (-19.7 per cent.) as well as furniture and durable goods (-9.1 per cent.). Likewise, the total number of financing contracts for residential new mortgages to individuals also contracted by 33.4 per cent. during the same period.

The increase of the minimum wage in the Kingdom from SAR 3,000 to SAR 4,000 per month for Saudi citizens in the private sector in 2023G enhanced the labour market’s recovery and income growth. The unemployment rate continued to decrease as well, moving from 7.7 per cent. in 2021G to 5.1 per cent. in 2023G, indicating an increase in the number of Saudi workers and expatriates in the private sector (GASTAT, Labour Market Statistics September 2023G). Consequently, the per capita disposable income in the country showed a year-on-year increase of 3.3 per cent. from 2022G to 2023G, reaching SAR 47,628 in the latter year.

Building on the positive momentum from 2023G, the upward trend in consumer spending and disposable income is set to continue. The efforts to enhance women’s employment through legislation for equal opportunities, targeted transport subsidies, and employer incentive schemes have significantly increased the participation of Saudi women in the labour force. Since the launch of “Vision 2030”, the percentage of women in the workforce has nearly doubled, rising from 27.8 per cent. in 2020G to 35.9 per cent. by the third quarter of 2023G. As a result of growth in labour participation, alongside the expected reduction in interest rates in the second quarter of 2024G, consumer spending is anticipated to exhibit a CAGR of 3.3 per cent. from 2024G to 2028G, reaching SAR 1,873 billion by the end of the forecast period (Euromonitor International, Economies and Consumers Saudi Arabia September 2024G).

Real GDP growth is expected to grow again in 2024G, with a projected increase of 2.7 per cent. This anticipated growth is primarily driven by a vigorous non-oil sector, reduced inflationary pressures, and consistent investment activities designed to offset the impacts of ongoing reductions in oil production. Additionally, the growth is supported by the ongoing implementation of Vision 2030, Saudisation programmes, robust consumer spending, and the increasing establishment of international businesses’ regional headquarters in the Kingdom (Vision 2030, Kingdom of Saudi Arabia Vision 2024G). These factors align with the government’s strategic vision to position the Kingdom as a key regional commercial hub, underpinning the broader economic expansion.

By 2028G, real GDP growth is forecasted to stabilise at 3.1 per cent., reflecting the government’s steadfast commitment to the economic and social reforms outlined in “Vision 2030”. The implementation of ongoing privatisation efforts, along with an increased reliance on public-private partnerships (PPPs) across a variety of sectors, further facilitated by the Private Sector Participation Law (PSP Law), is anticipated to bolster and accelerate investments within the Kingdom. As a result, the contribution of the private sector to the GDP is expected to increase from 44.8 per cent. in the third quarter of 2023G to 65 per cent. by 2030G (Euromonitor International, Economies and Consumers Saudi Arabia September 2024G), showcasing significant growth and a shift towards a more diversified and sustainable economy.

3.1.2 Demographic Overview

In 2023G, the Kingdom’s population surpassed 32.6 million, following a CAGR of three per cent. from 2021G. Of the total population, 56.7 per cent. were Saudi nationals, with expatriates constituting the remaining 43.3 per cent. (GASTAT, Population Estimates September 2024G). The growth in population was supported by high fertility rates and an increase in expatriate numbers over the past three years, a trend that countered the decline during the COVID-19 pandemic, partly due to the Kingdom’s strategies to attract foreign businesses. The demographic composition remained predominantly young, with a median age of 33.6 years. About 42.6 per cent. of the population fell within the 20 to 39 age group, and 21.3 per cent. within the 40 to 59 age bracket.

The average household size in the Kingdom declined slightly to 3.5 persons in 2023G, compared to an average of 4.8 in 2022G. This reduction contributes to the prevalence of households consisting of couples with children, alongside an increase in the number of single-person households.

The Kingdom's population is expected to grow at a CAGR of 2.6 per cent. during the forecast period, reaching nearly 37.7 million by 2028G (Euromonitor International, Economies and Consumers Saudi Arabia September 2024G). This growth will be primarily driven by significant increases in the 40+ age groups. Despite this, the population will continue to be relatively young, with a projected median age of 36.2 years in 2028G.

The Kingdom's ongoing shift towards urbanisation is expected to continue, supported by a growing working-age population in Saudi Arabian cities. By 2028G, it is projected that 85.5 per cent. of the population will reside in urban areas, an increase from 84.7 per cent. in 2023G (Euromonitor International, Households Saudi Arabia September 2024G). All ten major cities are anticipated to see population growth from 2024G to 2028G, with Riyadh, Jeddah, Dammam, Makkah, and Madinah experiencing the most significant expansion, driven by their robust economies and attractive opportunities for inward migration. While households comprising couples with children are expected to maintain the highest spending power, single-person households are projected to be the fastest-growing segment. This trend is likely to stimulate demand for housing, building materials, and home products. In response, the government's Housing Programme is geared towards fostering the development of affordable housing, modernising housing finance, and increasing home ownership to 70 per cent. by 2030G. A major component of this initiative includes the construction of new housing units in and around Riyadh, with an estimated cost of SAR 19 billion, and the completion of the second phase of the Khozam suburb, announced at the start of 2023G.

The following table below shows the Kingdom's macroeconomic and demographic indicators from 2021G to 2028G:

Table 3.1: Key Macroeconomic and Demographic Indicators in the Kingdom from 2021G to 2028G

Indicator ⁽¹⁾	Unit	2021G	2022G	2023G	2024G	2028G	CAGR 2021G-2023G	%	CAGR 2024G-2028G	%
Total GDP	SAR bn	3,278	4,157	4,003	4,169	5,779	10.5%		3.6%	
Real GDP	%	5.1	7.5	(0.8)	2.7	3.1	-		-	
GDP per Capita	SAR	106,485	129,203	118,216	125,809	136,694	5.4%		3.0%	
Population	'000	30,784	32,173	33,141	34,135	37,678	3.8%		2.6%	
Population Aged 0-18	'000	10,022	10,084	10,334	10,617	11,604	1.6%		2.3%	
Population Aged 19-64	'000	19,951	21,230	21,887	22,557	24,899	4.7%		2.6%	
Urban Population	%	84.5	84.7	84.9	85.1	85.8	-		-	
Rural Population	%	15.5	15.3	15.1	15.0	14.2	-		-	
Expat Population	'000	12,404	13,384	13,461	13,549	13,896	4.2%		0.6%	
Local Population	'000	18,381	18,791	19,680	20,586	27,782	3.5%		3.9%	
Social Class A Population	'000	2,530	2,677	2,751	2,824	3,157	4.3%		2.8%	
Social Class B Population	'000	2,178	2,281	2,321	2,359	2,359	3.2%		1.6%	
Inflation Rate	%	3.1	2.5	2.3	2.2	2.0	-		-	
Unemployment Rate	%	7.7	5.6	5.1	6.1	5.8	-		-	
Minimum Wage for Saudi Nationals	SAR	4,000	4,000	4,000	4,000	4,000	0.0%		0.0%	
Industrial Production Index (to 2021G)	Index	100.0	111.0	103.0	-	-	-		-	
Manufacturing Production Index (2010G=100)	Index	100.0	113.6	123.7	-	-	-		-	
Budget Deficit / Surplus	SAR bn	(73)	104	(81)	-	-	-		-	
Oil Revenue	SAR bn	562	857	755	-	-	15.9%		-	
Non-Oil Revenue	SAR bn	403	410	458	-	-	6.6%		-	

Total Disposable Income	SAR bn	1,383	1,483	1,556	1,590	1,781	6.1%	2.7%
Disposable Income Per Capita	SAR	44,923	46,094	47,628	47,986	50,932	3.0%	1.4%
Total Consumer Expenditure	SAR bn	1,387	1,498	1,601	1,646	1,873	7.5%	3.2%

Source: Euromonitor International estimates as per United Nations, World Bank, International Monetary Fund (IMF), General Authority for Statistics (GASTAT), Saudi Central Bank (SAMA) and Passport's Economy and Consumers database (Edition 2024G).

(1) Data for the historic 2021G to 2023G period is in current prices, and data for the forecast 2024G to 2028G period in constant 2023G prices. Fixed exchange rate.

3.2 Industry Overview for the Tiles Sector in the Kingdom

3.2.1 Industry Outlook for the Tiles Sector in the Kingdom

The Saudi tiles market is one of the biggest in the MEA region. The total addressable tile market is estimated to be valued at SAR 5 billion, this includes business to consumer (B2C) and business to business (B2B commercial/project sales channels) in 2023G. The B2C retail tile market witnessed a slight decline of 2.9 per cent. in value terms between 2022G and 2023G, valued at an estimated SAR 2.5 billion in 2023G (Euromonitor International, Tiles Market September 2024G). This decrease was attributed to a global economic slowdown that also impacted the Kingdom's housing market, reducing demand for tiles. Price hikes were particularly pronounced in the tiles segment during 2022G-2023G, due to supply disruptions, increased shipping and freight costs and the shrinking inventory of relatively cheap imports.

The Kingdom is the world's eight largest tile consumption (production and importing) market, 271 sq m mil tiles in 2022G (1.7 per cent. of the world's total tiles consumption of 16,377 sq m mil), according to the Ceramic World Review Report 2023G. The Kingdom imports an estimated 35 per cent. of its supplied tiles, with the balance sourced from local tile production. The Kingdom's main import country partners include India, United Arab Emirates, Spain and China. Imports from China and India, key sources of tiles for the Saudi market, decreased significantly in 2023G. Partially as a result of increased import duties, local tile production in the Kingdom's has also increased. The value of tile imports into the Kingdom declined by 11.8 per cent. in 2023G, a shift accelerated by the Saudi government's strategic imposition of import duties on tiles from India and China in 2020G. The anti-dumping measures, approved by the Gulf Cooperation Council (GCC), were aimed at bolstering local market competitiveness and curbing the influx of underpriced imports, specifically targeting pavers, ceramic, and porcelain tiles, and are set to remain in effect until 2025G.

There was a notable move towards expanding local manufacturing, focusing on competitive pricing and better quality in 2023G. The share of domestically produced tiles rose from 62 per cent. in 2021G to 65 per cent. in 2023G, highlighting a shift towards greater self-sufficiency. Leading local tile suppliers include, Saudi Ceramic Company (SCERCO), Bayt Alebaa, and RAK Ceramics. The importance of local production is expected to continue growing; for instance, SCERCO is preparing to open a new factory in early 2024G with an investment of SAR 249.3 million. This new facility is set to expand its capacity by 8.3 million sq m. Similarly, RAK Ceramics is looking to enhance its presence in the Kingdom by establishing its first manufacturing facility in the Kingdom by 2025G, aiming to expand its retail operations within the country. In addition, local production will be facilitated by foreign companies seeking to circumvent anti-dumping measures, or gain greater access to the market by expanding production locally, increasing investment in production facilities to increase supply. For example, China-based industrial investor Wangkang entered the market in 2018G and by 2023G with plans to invest SAR 5 billion in Jazan special economic zone in the near future.

Going forward, the total addressable tile market in the Kingdom is projected to experience robust value growth, with a forecasted CAGR of 6.0 per cent. from 2024G to 2028G, valued at SAR 6.7 million (Euromonitor International, Tiles Market September 2024G), supported by continued demand from ongoing and planned commercial mega-projects and residential construction projects, as well as infrastructural improvement. The tile B2C retail sales channel is expected to grow to SAR 3.4 million by 2028G, forecast growth will be further bolstered by the country's expanding population, urbanisation, job creation, and an increase in disposable income. Government initiatives, such as the Sakani Programme aimed at boosting homeownership and consistent mortgage activity, are expected to significantly contribute to this upward trend, improving housing access and availability. Specifically, industry forecasts suggest a notable increase in Jeddah's housing stock, expected to grow by 40,000 units to reach over 900,000 by 2024G (Knight Frank, Saudi Arabia Residential Market Review August 2022G). Additionally, Dammam is anticipated to see the completion of approximately 22,000 units, focused on community and lifestyle-oriented developments, by the end of 2024G.

Significant infrastructure and luxury residential projects are also pivotal in sustaining tiles demand. High-profile projects like Neom city, Qiddiya City, and the Amaala mega-project highlight the extensive construction activities underway in the Kingdom (Vision 2030, Kingdom of Saudi Arabia Vision 2030 September 2024G). These projects, especially as they advance, are likely to boost the demand for tile products. For example, the second phase of the Neom project, due for completion in 2025G, is expected to require 75 million sq m of tiles, indicating a strong demand for high-quality tiles in premium developments.

The table below shows the Kingdom's tile industry retail sales value from 2021G to 2028G:

Table 3.2: Tile Industry Retail Sales Value (SAR Million) from 2021G to 2028G^{(1) (2)}

Indicator	2021G	2022G	2023G	2024G	2028G	Growth 2022G-2023G	% CAGR 2024G-2028G
Tiles Total Addressable Market Sales Value (SAR million)	4,890	5,152	5,004	5,278	6,709	-2.9%	6.0%
Total B2C Tiles Retail Sales Value (SAR million)	2,445	2,576	2,502	2,650	3,409	-2.9%	6.4%

Source: Euromonitor International and estimates from desk research and trade interviews with leading industry players and relevant trade associations in the Kingdom.

- (1) Total addressable market is based on estimation considering consumer (B2C) related sales channels and commercial/project industrial (B2B) related sales channels per product category. B2C tiles market sizing reflects consumer retail sales of all ceramic and porcelain tiles and tile accessories, such as adhesives and grouts, expansion joints, sealants and adhesives and cleaning products sold across consumer related retail sales channels.
- (2) Data for the historic 2021G to 2023G period are in current prices, and data for the forecast 2024G to 2028G period are in constant 2023G prices. Fixed exchange rate.

3.2.2 Tiles Sector Market Drivers and Trends

Within the evolving landscape of the Kingdom's tiles sector, sustainability emerges as a pivotal theme, steering manufacturers toward greener production technologies. This shift is motivated by an increasing consumer preference for eco-friendly materials and Vision 2030 sustainability goals. Anticipated investments in sustainable manufacturing processes by leaders like SCERCO and RAK Ceramics aim to minimise environmental impacts by reducing energy consumption, conserving water, and utilising recyclable materials.

The tiles market in the Kingdom is characterised by a diverse range of products, with porcelain tiles holding a prominent position because of their durability and water resistance. In 2023G, these tiles remained market leaders, notable for their higher cost compared to both glazed and unglazed tiles (Euromonitor International, Tiles Market September 2024G). This price difference reflects a discernible consumer preference for high-quality materials, particularly in commercial settings like malls and hotels. Here, the attributes of porcelain tiles, including their fade resistance and ability to withstand chemical and stain damage, are especially appreciated.

The market's demand trends are also shifting, with a growing appetite for large-format tiles (such as those exceeding 60x60 cm) and slim-profile tiles, mirroring the global inclination towards minimalist designs that offer environmental benefits through reduced material usage. These preferences are bolstered by advancements in digital printing, enabling the replication of natural textures on tiles, thus diminishing the environmental toll associated with natural resource extraction.

Recycling initiatives within the sector are gaining momentum as well, highlighting the industry's commitment to the circular economy. Efforts to recycle tile waste for use in new construction underscore a proactive approach to waste management and sustainability. This focus on eco-friendly practices, innovative product offerings, and recycling aligns with a broader industry shift towards sustainability.

3.2.3 Tiles Sector Competitive Landscape

The tiles sector in the Kingdom presents a relatively consolidated market, with the top five industry players, accounting for nearly 40 per cent. of the market share in 2023G (Euromonitor International, Tiles Market September 2024G). These leading companies, include Saudi Ceramics Co (SCERCO), Bayt Alebaa, RAK Ceramics, Alfarnar Factory for Ceramic & Porcelain, and Marketing Home Group through its brand called "Ceramics Home", have established their dominance through a well-recognised brand presence, diverse product offerings, and an extensive network of distribution channels encompassing showrooms and retail outlets.

SCERCO (est. 1977G), holds an 15.1 per cent. market share, with its extensive retail network of 46 showrooms. The company specialises in the manufacturing and trade of tiles, mainly targeting residential housing projects, hotel rooms, hospitals and shopping centres. One of SCERCO's competitive advantages derives from its diversified manufacturing capacity and efficient capacity utilisation. Besides the Saudi market, the company also takes advantage of rising export avenues to the neighbouring GCC, Egypt and African countries as these regions are net importers of tiles. SCERCO also benefits from a strong distribution channel (including retail and wholesale) through the opening of company-owned showrooms across the Kingdom's major cities and the developing of e-commerce operations. Its product portfolio consists of ceramic and porcelain tiles as well as swimming pool tiles. The company is currently advancing on its development of a new porcelain tile factory, with more than 40 per cent. of the project completed. While challenges led to a postponement of the initial launch, commercial production is now anticipated to begin in Q2 2024G. The allocated budget of SAR 249.3 million remains unchanged despite these challenges. However, in 2023G, Saudi Ceramics faced a 12.9 per cent. decline in revenue and significant profit decreases due to the escalating cost of raw materials.

Bayt Alebaa (est. 1985G), has a long history in the high-end tiles and building materials market, has fortified its presence with an 8.8 per cent. market share, with 13 showrooms as of 2023G. Its portfolio includes a variety of ceramics, tiles, and kitchen materials, with products sourced from factories across Europe, Asia, and the Arabian Gulf. During October 2022G, Bayt Alebaa opened new Italian kitchen showrooms across Dammam and Jeddah as part of its continued domestic expansion to reach more Saudi consumers. The company's strengths includes its quality of products and diversity of its varied product portfolio catering for all tastes and price points.

RAK Ceramics (est. 1989G), a publicly listed UAE based tile manufacturing company, holds a 5.5 per cent. market share in 2023G. RAK operates across major international regions, including the Middle East. The company sells high-end ceramic and porcelain tiles, sanitaryware, faucets and tableware for the residence and commercial project markets. The company is making strides to enhance its domestic market presence to expand its production in the Kingdom by 2025G, showcasing its ambition with 20 showrooms.

Alfanar Factory for Ceramic & Porcelain (est. 1990G), with a 4.6 per cent. market share and 21 showrooms since its inception in 2007G, is noted for its design-led tiles and a commitment to meeting the growing consumer demand through advanced manufacturing techniques in Riyadh. The Company, securing the fifth position in market share with 3.8 per cent., emphasises the competitive nature of the market as a key distributor within the industry.

The rest of the market is shared among smaller private Saudi companies like Future Ceramic and Jeddah-based Arabian Ceramics. Other players in the high-end market include operators like Najm Abahussain and Nesma Orbit for Industrial Projects and Commerce, which is part of the Nesma Group Co. Nesma Orbit, for example, offers a wide range of mosaics and other high-end decorative materials (e.g. ceramic and porcelain tiles for the bathroom, indoor and outdoor spaces) for homes, offices and retail spaces through its two showrooms situated in Riyadh and Jeddah. The company's customer pool comprises architects, engineers, interior designers and private consumers.

Despite the established positions of these leading companies, the market is witnessing increasing competition. Entry barriers are relatively low, thanks to the widespread availability of manufacturing technology. The significant barrier remains the substantial capital investment required for advanced equipment, but this is partly alleviated by financing options from entities like the Saudi Industrial Development Fund (SIDF) and other lending bodies.

The table below shows the Kingdom's ranking of leading tiles market players for 2023G:

Table 3.3: Ranking of Tiles Market Leading Market Players by SAR Value for 2023G

Indicator	Year founded	Ranking	SAR million
Saudi Ceramics Co (SCERCO)	1977G	15.1%	378
Bayt Alebaa	1985G	8.8%	221
RAK Ceramics	1989G	5.5%	138
Alfanar Factory for Ceramic & Porcelain	1990G	4.6%	114
The Company	2006G	3.8%	94
Other players		59.6%	1,492
Total		100.0%	2,502

Source: Euromonitor estimates from desk research, Euromonitor Passport data and trade interviews with leading players in the Kingdom. Market sizing reflects consumer retail sales of all ceramic and porcelain tiles and tile accessories, such as adhesives and grouts, expansion joints, sealants and adhesives and cleaning products.

3.2.4 Positioning of the Company within the Tiles Sector in the Kingdom

The Company, a key distributor in the Kingdom's tiles industry, ranked fifth in market share in 2023G with a 3.8 per cent. stake in terms of size. The Company is known for supplying quality ceramic and porcelain tiles from Spain and Italy, catering to the residential and commercial sectors. Notably, the Company derives the majority of its revenue, 97 per cent., from the residential (B2C) market, serving middle to upper-income households in the Kingdom rather than mass population, which allows the company imposing high prices relatively. The company's portfolio boasts a range of reputable European brands, allowing it to meet various customer preferences since the company has its in-house designing team. Examples of brands under its portfolio are Inalco, Colorker, Fanal, Argenta, Vives, ABK, Exagres, Mayolica, La Platera, Mykonos, Codicer, TAU, Keratile, Gresan, Arcana, Ibero and Cifre.

The Company also offers a selection of tile accessories, such as expansion joints, adhesives, grouts, and cleaning products, which enhances its market position by providing a comprehensive solution to consumers. Opportunities for growth exist, particularly in augmenting its product line with locally sourced items, aligning with the Saudi government's localisation initiatives. The Company operates 19 specialised showrooms across its Ceramic Home and Build Station outlets in the Kingdom. The Company has a significant retail presence throughout the Kingdom's major cities, second only to SCERCO. Its pre-pandemic strategic positioning into the e-commerce retail market has further bolstered its distribution capabilities. The Company's retail network primarily targets medium to high-income homeowners, relying on technical experts and contractors for transactions.

The Company's strong brand reputation and equity stem from its diverse, high-quality brand offerings, broad distribution, and efficient inventory management, which ensure swift delivery times. By selling directly to end-consumers, the Company maintains a financial advantage, optimising cash flow and reducing working capital needs amidst rising operational costs.

Moving forward, the company aims to continue investing in the reinforcement of its brand differentiation strategy and the addition of complementary products in order to drive consumers' basket size. Similar to other leading players in the tiles market, the Company also plans to keep up with the expansion of its geographical regional footprint across the Middle East and digitisation efforts in the Kingdom. The latter tends to accelerate the time to market of products that are not yet readily available across the company's retail network. In 2022G, for instance, the company saw a wide variety of collections of building materials (including tiles) and brands displayed at the newly opened Build Station showroom branch in Jazan region. Build Station is a subsidiary of the Company. The new showroom features an exhibition area of more than 1,620 sq m. the Company also opened a new Build Station showroom branch in Qatar during 2023G, in line with its Middle East regional expansion strategy.

3.3 Industry Overview for the Lighting Sector in the Kingdom

3.3.1 Industry Outlook for the Lighting Sector in the Kingdom

The total addressable lighting market is estimated to be valued at SAR 7.7 billion, this includes B2C and B2B commercial/project sales channels in 2023G. The total retail (B2C) lighting sector in the Kingdom, grew at a CAGR of 7.6 per cent. over 2022G-2023G, valued at SAR 3.8 billion (Euromonitor International, Lighting Market September 2024G). The market has recovered steadily from the pandemic's impacts, which included logistical challenges, disrupted supply chains, and wavering consumer confidence. The residential segment consumed over half the nation's electricity in 2023G. Consequently, the residential segment was the largest targeted group in terms of lighting application. A notable trend in the residential market was the increased demand for comfortable home lighting due to more time spent at home and a rebound in housing turnover.

Light fixtures accounted for the largest value share of the Saudi Arabian residential lighting market over 2023G. This was partly derived from their low maintenance costs and improved performance. The introduction of smart lighting solutions was particularly notable in the sale of LED-based lights during 2022G and 2023G, because of their customisation benefits, energy efficiency, and declining prices. Retail sales of LED-based lights and wireless showed robust growth in terms of product categories within the residential lighting market during 2023G. These products are widely available in different shapes, sizes, and colours to suit the requirements of the end-users.

The industrial sector followed in importance in terms of lighting application, followed by the commercial sector and the government sector. Weather-resistant and explosion-proof products dominated the industrial lighting segment in 2023G. Meanwhile, office and retail facilities remained the main destination of commercial lighting products. Downlights and recessed luminaires represented a significant part of this segment of the market, with projectors and spotlights following in importance.

The retail (B2C) value sales of lighting products is forecasted to grow at a CAGR of 7.1 per cent. from 2024G to 2028G. The market's progression is predicted to be driven by the economic recovery post-pandemic, population growth, urbanisation, and a dynamic real estate sector catering to first-time homebuyers, leading to higher homeownership rates.

Despite reforms aiming to curtail electricity demand, residential consumption is likely to increase modestly in the short to medium-term. Government initiatives to promote energy-efficient lighting, such as increased tariffs on incandescent lights and the adoption of global energy standards, are expected to bolster the demand for LED lighting. The construction boom under Vision 2030, encompassing developments in industrial, corporate, tourism, education, and other sectors, is poised to drive demand for lighting products. The anticipated hotel room supply increase, particularly in cities like Jeddah and Al-Ula, and the proliferation of luxury hotels, is expected to create opportunities for contemporary lighting products as well.

The table below shows the Kingdom's lighting industry retail sales value from 2021G to 2028G:

Table 3.4: Lighting Industry Retail Sales Value (SAR Million) from 2021G to 2028G ^{(1) (2)}

Indicator	2021G	2022G	2023G	2024G	2028G	Growth 2022G-2023G	%	CAGR 2024G-2028G	%
Lighting Total Addressable Market Sales Value (SAR million)	6,652	7,126	7,670	8,167	10,637	7.6%		6.8%	
Total B2C Lighting Retail Sales Value (SAR million)	3,326	3,563	3,835	4,100	5,404	7.6%		7.1%	

Source: Euromonitor International and estimates from desk research and trade interviews with leading industry players and relevant trade associations in the Kingdom.

(1) Total Addressable Market is based on estimation considering consumer (B2C) related sales channels and commercial/project industrial (B2B) related sales channels per product category. Lighting B2C market sizing value reflects retail sales of decorative and commercial indoor and outdoor lights, fittings/fixtures, light solutions/bulbs/LEDs and consumable supplies across related consumer retail channels. However, it excludes industrial, institutional and automotive lighting projects (e.g. government street lights projects).

(2) Data for the historic 2021G to 2023G period are in current prices and data for the forecast 2024G to 2028G period are in constant 2023G prices. Fixed exchange rate.

3.3.2 Lighting Sector Market Drivers and Trends

The lighting market is dominated by Italian, other European brands (e.g. Philips), whereas the mid-range market is managed by Asian brands (e.g. China-based Oppl Lighting), and Turkish and local brands (Euromonitor International, Lighting Market September 2024G). The demand for premium lighting is set to rise, supported by the Kingdom's giga-projects and luxury real estate expansion. However, price inflation might deter lower-income homeowners from purchasing premium lighting brands. Overall, medium-priced lighting products are expected to be most in demand in the short-to-medium term.

Smart city development projects across Saudi cities is increasing the demand for smart lighting installations, will boost high-quality LED lighting systems' appeal. For example residential housing projects planned include; Dahiyat Al Dammam New City, Adel District in Dammam and the Qumra project in Qatif.

Conventional lights (including incandescent and fluorescent) account for around five per cent. of the greenhouse gas emissions; the growing adoption of LEDs is set to propel the Saudi Arabian lighting market. Several studies suggest that smart lighting systems can reduce energy consumption by around 35 per cent. (Transforma Insights, Sustainability Enabled by Digital Transformation July 2022G). Moreover, LED-based lights are also increasingly employed in the manufacturing of headlamps, rear lamps, and brake lights, which are gaining traction in the country.

These trends are expected to receive an additional boost from social media like Facebook and Instagram, which are increasingly playing an important role in shaping consumer preferences regarding home products, including lighting. Consumers are increasingly getting ideas on home redecoration of houses from bloggers and influencers, in addition to home decoration websites.

3.3.3 Lighting Sector Competitive Landscape

The lighting sector in the Kingdom is a fragmented market according to Euromonitor International. The leading three companies include, the Company's lighting brand called "Lighting Stores", Ultra Light, and Meskhati. The Company is a key player with a 4.6 per cent. market share. The Company's position is underscored by its extensive selection of lighting solutions that cater to a diverse clientele, including both residential and commercial markets. The company has strategically expanded its retail presence to become the go-to for quality lighting, leveraging its broad portfolio to meet varied customer needs and preferences.

Ultra Light (est. 1995G) secures the second spot with 2.4 per cent. of the market. Ultra Light operates 7 branches across the Kingdom and via its own online e-commerce store. The company differentiates itself through its focus on cutting-edge lighting technologies and products, including energy-efficient LED solutions and smart lighting systems that appeal to the residential and commercial markets. Its products are designed for a range of applications, from home lighting to commercial and outdoor installations, making it a versatile player in the market.

Meskhati (est. 2009G) holds 1.4 per cent. of the market, operates in the residential and commercial lighting market in the Kingdom. It operates a wide distribution network in major Saudi cities across its 15 retail branches. The company is recognised for its robust distribution network and a wide array of lighting options. Its brands include Noorco, Noorco Plus and Havaan. Meskhati's strength lies in its ability to provide a comprehensive range of products, from traditional fixtures to the latest in lighting and smart technology, ensuring that it meets the evolving demands of the Saudi market.

The competitive landscape of other players remains vibrant, with Al Nasser Group and Signify holding shares of 0.8 per cent. and 1.3 per cent., respectively. Al Nasser Group (est. 1976G), known for its tailored project solutions and retail operations across the residential and commercial lighting markets, and Signify (est. 1978G), with its emphasis on innovation and energy efficiency, both play crucial roles in the market. Other smaller players make up the remaining 89 per cent., contribute to the sector's diversity, offering specialised products and services that cater to niche markets.

Sales of technical or professional lighting are mostly driven by commercial project contract-based and customised specifications. The majority of retail sales of residential lighting are made by retailers located in the main urban areas. In this regard, specialist lighting players like the Company and Ultra Light are increasingly competing with home and garden specialist chains like Ikea, Home Centre (Landmark), and ID Design. Ikea, for instance, is popular among both Saudi consumers and middle- and upper-middle-income expatriates. These home and garden specialists sell mass consumer lighting products from China, Europe and India. As current major players, including both specialist lighting showrooms and home and garden specialist chains, continue to expand their presence and new players are attracted by the size, long-term growth and favourable prospects of the market, the Saudi lighting landscape is projected to become increasingly competitive.

As in other home product markets, opportunities for lighting distribution come also from online e-commerce channels. Between 2024G and 2028G, online transactions are expected to show robust growth amidst some obstacles anticipated to limit the channel in achieving its full potential, such as difficult logistics, bureaucracy, tariffs and changing regulations.

The table below shows the Kingdom's ranking of leading lighting market players for 2023G:

Table 3.5: Ranking of Lighting Leading Market Players by SAR Value for 2023G⁽¹⁾

Indicator	Year founded	Ranking %	SAR million
MHG (through Lighting Stores)	2006G	3.9%	148
Ultra Light	1995G	2.4%	93
Meskhati	2009G	1.4%	54
Al Nasser Group	1976G	1.3%	50
Signify	1978G	0.8%	30
Other players ⁽²⁾		90%	3431
Total		100%	3,835

Source: Euromonitor estimates from desk research, Euromonitor Passport data and trade interviews with leading players in the Kingdom.

(1) Audited data, if available, is usually not market-specific and includes other products/services. Market ranking will therefore be estimated on publicly available data and trade opinion surveys (not just the companies themselves).

(2) This also includes the aggregation of homewares and home furnishing stores and home improvement and gardening stores. Home improvement and gardening stores are chained or independent retail outlets with a primary focus on selling one or more of the following categories: home improvement materials and hardware, paints, coatings and wall coverings, kitchen and bathroom, fixtures and fittings, gardening equipment, house/garden plants. Homewares and home furnishing stores are retail outlets specialising in the sale of home furniture and furnishings, homewares, floor coverings, soft furnishings and lighting.

3.3.4 Positioning of the Group within the Lighting Sector in the Kingdom

The Company's Lighting Stores has established itself as a key player in the Saudi Arabian lighting market, holding a 3.9 per cent. share as of 2023G. Lighting Stores strategic positioning targets the middle-to-high-income demographic, offering a diverse portfolio of lighting products and smart solutions. This approach caters to a broad range of consumer needs, from basic illumination to advanced smart lighting solutions. The introduction of Hypnotek, a smart home technology brand, in 2020G, underscores the Company's commitment to innovation. Hypnotek's compatibility with popular digital assistants highlights the company's focus on convenience, functionality, and the integration of IoT technologies into everyday living environments.

The company's comprehensive distribution and retail network, which spans 17 Lighting Stores showrooms across key Saudi cities, is a testament to its expansive reach within the Kingdom. These stores/showrooms serve as hubs for a variety of lighting products, including decorative, indoor, outdoor, and smart devices, catering to both retail consumers and medium-sized private sector projects. The Company's ability to maintain a significant stock availability and a wide selection of brands like Illus and Illicit enhances its market presence and consumer accessibility. The emphasis on omnichannel marketing strategies, including 3D showroom tours, further exemplifies the Company's innovative approach to customer engagement and product promotion.

For private sector commercial projects, the Company provides specialised design and consultancy services to tackle projects' specifications and requirements. Examples of activities conducted include specification writing, follow-up during the various stages of a project, submittals, negotiation, and custom deliveries. Its pool of corporate clients includes, for instance, the Ritz-Carlton Hotel Co, Intercontinental Hotels & Resorts, Jarir Bookstore, and the Saudi German Hospital.

Looking forward, the Company is poised for continued growth within and beyond the Saudi market. Plans for expanding the retail network into the wider Middle East and Africa region, as well as in Asia Pacific via its China based subsidiary, signalling the company's ambition to maintain its leadership position. The focus on introducing new, energy-efficient smart products through strategic alliances is set to capitalise on the growing trend of IoT and smart home applications. This strategy not only aligns with current consumer preferences for tech-driven solutions but also positions the Company at the forefront of the lighting sector's evolution towards sustainability and interconnectedness.

3.4 Industry Overview for the Sanitaryware Sector in the Kingdom

3.4.1 Industry Outlook for the Sanitaryware Sector in the Kingdom

According to Euromonitor International, the total addressable sanitaryware market is estimated to be valued at SAR 1.8 billion, this includes B2C and B2B commercial/project sales channels in 2023G. In 2023G, the Saudi Arabian B2C retail sanitaryware market grew at 7.6 per cent. over 2022G, reaching a value of SAR 891 million. The growth was driven by increased demand in residential housing, rise in home renovations boosted by increased household incomes. This expansion was further supported by the increased building activity in the hospitality and commercial sectors, despite facing raw material cost fluctuations and raised customs duties. Riyadh and Jeddah are at the forefront of increased construction activity due to ongoing new planned residential housing projects, bolstered by supportive mortgage programmes and demographic growth.

Forecast demand for the B2C retail sanitaryware market is anticipated to accelerate and expand by a CAGR of 6.2 per cent. during 2024G-2028G to reach value sales of SAR 1.2 billion by 2028G. Despite rising costs due to global supply chain issues and increasing commodity prices, the ongoing positive trend for the construction industry, the rise in infrastructure projects and replacement demand are set to be the primary factors fuelling sales of both tiles and sanitaryware.

Consumption of sanitaryware products owing to the Kingdom's Housing Programme Delivery 2021G-2025G plan is expected to intensify further in the short to medium term, as authorities aim to provide 40,000 housing units up to 2025G and raise the contribution of the real estate sector to the Kingdom's GDP by SAR 157 billion (Oxford Group, Regulatory reforms in Saudi Arabia 2021G).

Along with government initiatives to support affordable housing, the increasing availability of apartments for sale and the overall improvement of the luxury residential real estate market are expected to provide support to sales of sanitaryware. The popularity of apartments with modern fixtures and fittings (including bathrooms) as well as basement parking space rose between 2022G and 2023G due to changing lifestyles in the Kingdom, and their higher revenue-generation potential compared to villas as they can easily be absorbed by the rental market and central locations. These often have the same number of bedrooms and bathrooms, which has fuelled demand for sanitaryware. Demand for villas has also remained high supported by cultural preferences and scarce vacant land parcels in city centres. Demand from the commercial sector (e.g. shopping centres, high-rise office buildings, hotels, entertainment and foodservice establishments) is also anticipated to augment demand for sanitaryware products to 2028G (Euromonitor International, Sanitaryware Market August 2024G).

Signalling further positive development within the sanitaryware sector, SCERCO's intent to form a joint venture with Eczacıbaşı Yapı Gereçleri A.Ş. (EYAP) for sanitaryware production in the Kingdom signifies industry collaboration aiming to augment local manufacturing. Additionally, Grohe's launch of a new showroom in Jeddah, showcasing a wide range of sustainable and innovative bathroom and kitchen solutions, mirrors the market's direction towards high-quality, sustainable products. This move caters to the rising demand in luxury real estate and hospitality, in line with Vision 2030 goals for sustainability. Moreover, the Saudi Industrial Development Co. (SIDC) has initiated four production lines for one-piece water closets at the CASAVIA factory as part of its expansion plan, aiming to meet market demand, with financial impacts expected from Q1 2024G.

The table below shows the Kingdom's sanitaryware industry retail sales value from 2021G to 2028G:

Table 3.6: Sanitaryware Industry Retail Sales Value (SAR Million) from 2021G to 2028G^{(1) (2)}

Indicator	2021G	2022G	2023G	2024G	2028G	Growth 2022G-2023G	%	CAGR 2024G-2028G	%
Sanitaryware Total Addressable Market Sales Value (SAR million)	1,502	1,630	1,782	1,880	2,366	9.3%		5.8%	
Total B2C Sanitaryware Retail Sales Value (SAR million)	751	815	891	944	1,202	9.3%		6.2%	

Source: Euromonitor International and Euromonitor estimates from desk research and trade interviews with leading industry players and relevant trade associations in the Kingdom.

- (1) Data for the historic 2021G-2023G period in current prices, and for the forecast 2024G-2028G period in constant (2023G) prices. Fixed exchange rate.
- (2) Total Addressable Market is based on estimation considering consumer (B2C) related sales channels and commercial/project industrial (B2B) related sales channels per product category. Sanitaryware B2C market sizing value reflects retail sales of toilet seats, wash basins, sink/bathroom accessories/mixers, finishers, water pumps and solutions (e.g. used in bathrooms, kitchens and toilets) sold across consumer related sales channels.

3.4.2 Sanitaryware Sector Market Drivers and Trends

In 2023G, the sanitaryware market in the Kingdom is undergoing notable changes influenced by global trends, technological advancements, and changes in consumer behaviour following the COVID-19 pandemic (Euromonitor International, Sanitaryware Market August 2024G). European imports from brands like Roca, Grohe, and Geberit are preferred for their quality, indicating a consumer willingness to invest in premium products over cost. This trend towards high-quality products is expected to persist, shaping the market's future.

Technological innovation is on the rise, especially in products that promote hygiene, such as touchless and self-cleaning sanitaryware. This demand reflects a broader move towards smart, hygienic living spaces, a shift accelerated by the pandemic but evolving into a long-term trend towards integrating advanced technology for better functionality and safety in homes.

Solutions that favour space savings, hygiene and comfort are also expected to see rising demand, as developers incorporate more apartments in upcoming residential projects to capture more cost-conscious Saudis. An example is the newly launched Geberit Group's SuperTube, which uses less space and fewer products, addressing value engineering and improving the drainage system's function.

Despite the shift towards e-commerce, a strong consumer preference for in-store shopping experiences remains. Challenges like supply chain disruptions and obtaining import certifications have highlighted gaps in the online retail experience for sanitaryware distributors. This presents a significant opportunity for growth in e-commerce, indicating a potential expansion in online offerings to complement traditional shopping experiences. Local manufacturers are adapting to these market changes, updating their product lines to meet modern housing needs, readying the market for both technological progress and strategic collaborations.

Munjz, a home services startup based in Dammam, exemplifies the market's shift towards e-commerce. Launched in 2020G, Munjz introduced 'Munjz Souq', an online marketplace within its app, offering home appliances and sanitary products from authorised sellers, complete with delivery and installation services. This innovation simplifies the purchase process, indicating significant growth in home products e-commerce, which has seen an 11.1 per cent. increase in 2023G.

Moreover, according to Euromonitor International, the market's adaptability to economic pressures, including those affecting the expatriate community, underscores its responsiveness. Job security, rising living costs, and changing residential preferences are influencing purchasing decisions, highlighting the importance of balancing affordability, functionality, and quality in products. As the market navigates these complex trends, collaboration between local and international brands is crucial to meet the increasing consumer demand for innovative, high-quality, and value-driven products.

3.4.3 Sanitaryware Competitive Landscape

In 2023G, the Kingdom's B2C retail sanitaryware market is fragmented, with SCERCO and the Company, the two leading players, together holding 19.4 per cent. of the market share. This sector exhibits less impact from cheaper imports and increased local production compared to tiles and lighting segments, highlighting a competitive edge for leading companies (Euromonitor International, Sanitaryware Market August 2024G). SCERCO, is the market leader with a 14.1 per cent. market share, showcases its leading positioning through a diverse product range and recent strategic investments aimed at enhancing product functionality and design. This approach, coupled with SCERCO's substantial local manufacturing capabilities and market presence, underscores its premium market positioning and strong brand equity.

The Company, has a 5.3 per cent. market share in 2023G, as a newer entrant into the sanitaryware market in 2021G. The company differentiates itself through a diverse portfolio largely composed of imported sanitaryware from Europe, complementing its existing tile product offerings. However, the Company faces additional customs duties and logistical costs sourcing their products. Nonetheless, the Company's recent acquisition of the Kludi brand signifies a strategic move to bolster its product lineup, catering to a broad customer base.

Bayt Alebaa, is ranked third with 4.0 per cent. in the sanitaryware market in 2023G. Bayt Alebaa has 13 branches in major cities across the Kingdom offering a diverse range of affordable bathroom, kitchen and flooring products from leading brands. In 2023G, Bayt Alebaa's announced a long term partnership with Grohe, to distribute the brand in the Kingdom. This move was showcased with the opening of a Grohe showroom of its range of high quality products. Consequently, Bayt Alebaa has increased its market share during 2023G from the previous year.

The landscape is also characterised by other notable players like SARA Group, RAK Ceramics, and Al Jawdah (est. 1975G), each contributing to the market's dynamism through varied strategies and product offerings. The emphasis on local manufacturing, as demonstrated by SCERCO's factory expansion and the Company's strategic brand acquisitions, points to a market that values innovation, quality, and local production capabilities.

SARA Group (est. 1967G), targeting the higher income segment, and its focus on premium European brands through exclusive distribution agreements, further diversifies the competitive landscape. The use of advanced sales tools like ViSoft ViPlan software at retail showrooms enhances customer experience, blending technology with high-quality product offerings.

Overall, the Saudi Arabian sanitaryware market in 2023G reflects a sophisticated mix of local manufacturing prowess, strategic brand acquisitions, and a keen focus on premium, high-quality products. This blend of strategies across leading players, coupled with the market's openness to innovative products and technologies, positions the sector for sustained growth and competition in the short to medium term.

The table below shows the Kingdom's leading sanitaryware market players for 2023G:

Table 3.7: Ranking of Sanitaryware Leading Market Players by SAR Value for 2023G

Indicator	Year founded	Ranking %	SAR million ⁽¹⁾
Saudi Ceramic Co (SCERCO)	1977G	14.1%	126
Marketing Home Group (Ceramic Home)	2006G	5.3%	47
Bayt Alebaa	1985G	4.0%	36
SARA Group	1967G	2.5%	22
RAK Ceramics	1989G	1.3%	12
Al Jawdah	1975G	1.3%	12
Other players	N.A.	71.4%	636
Total		100%	891

Source: Euromonitor estimates from desk research, Euromonitor Passport data and trade interviews with leading players in the Kingdom.

(1) Audited data, if available, is usually not market-specific and includes other products/services. Market ranking will therefore be estimated on publicly available data and trade opinion surveys (not just the companies themselves).

3.4.4 Positioning of the Company within the Sanitaryware Sector in the Kingdom

During 2021G, the Company marked its strong entry into the Saudi Arabian sanitaryware market, securing a commendable second place with an 5.3 per cent. share of the market value in 2023G. This recent expansion aims to complement the Company's tile offerings by integrating sanitaryware into their product range, addressing the growing consumer demand for comprehensive bathroom and kitchen solutions. This strategic move towards horizontal product integration is designed to provide customers with an all-encompassing selection for their living spaces, including internal and external wall and floor coverings.

To bolster its market presence in sanitaryware, the Company forged partnerships in 2019G with three renowned Italian manufacturers: Cisa/Huber, and Alpi, enhancing its product diversity and quality. The launch of its flagship Hatch Sanitary brand in the Eastern Province in 2022G, alongside the expansion of the Ceramic Home gallery in Dammam, and the inauguration of a dedicated Hatch Sanitary showroom in Riyadh, are pivotal steps in the Company's strategy to solidify its footprint across the Kingdom.

The Company's sanitaryware offerings are available through its Ceramic Home showrooms and the newly introduced Build Station stores in addition to its Hatch Stores, featuring an extensive range of building materials. The company distributes a variety of high-quality imported brands, including Hatch Sanitary, Cisa, Alpi, Geberit, and DAB, sourced from globally recognised factories like Alpha Factory and Geberit Factory. Additionally, the Company offers third-party sanitaryware products from Alzamil Co, Alarifi, and Alsaleh. Its product portfolio caters to the middle- to high-income segment, typically engaging technical experts and contractors for purchases, thereby addressing a niche market with a preference for premium, integrated solutions for home renovation and construction projects.

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04

BUSINESS DESCRIPTION



4. BUSINESS DESCRIPTION

4.1 Overview of the Group

Marketing Home Group for Trading Company is a Saudi closed joint stock company registered under commercial registration no. 1010205534 dated 3 Muharram 1426H (corresponding to 12 February 2005G), Riyadh, Kingdom of Saudi Arabia. The Company's head and registered office is located at the Al Aziziyah District, P.O. Box 8305, 14511 Riyadh, Kingdom of Saudi Arabia. The Company's capital is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000) divided into sixteen million (16,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

As of the date of this Prospectus, the Company's main activities according to its main commercial registration certificate, include erection of prefabricated constructions on the site, remodelling or renovating existing residential and non-residential structures, marble cutting and sawing, manufacture of marble products such as kitchens, washbasins, antiques, basins, statues, sculpture, painting, etc., manufacture of air-conditioning ducts and their appendices, operation of storage facilities for all types of goods except food, public storages with a variety of goods, wholesale of brick, block, tile, stone, marble, ceramic, and porcelain, wholesale of sanitary installation equipment and hot water heaters, retail sale of sanitary equipment and fittings (washbasins, toilets, bathtubs, etc) and sauna equipment, retail sale of electrical equipment and installations, retail sale of marble, natural and artificial stone, ceramic, and porcelain and retail sale of articles for lighting.

According to the Bylaws, the Company's main activities include manufacturing of concrete, cement and plaster products, manufacturing of structural metal products, construction of buildings, wholesale trade of solid, liquid, and gaseous fuels and related products, retail sale of metal tools, paint and glass in specialised stores, retail sale of household electrical appliances, furniture, lighting equipment and other household items in specialised stores and road transport of goods and storage.

The Group is renowned for its diverse range of building materials and solutions, positioning itself as one the leading players in the construction and home improvement sectors across the Kingdom and beyond. With an extensive portfolio that includes tiles and ancillary products, lighting, sanitary wares and innovative smart home products, the Group stands out for its commitment to quality and sustainability. Operating through a widespread network of retail outlets and an integrated online platform, the Group ensures its products are accessible to a broad customer base, from individual homeowners to large construction projects. This reach is supported by strategic partnerships with leading international manufacturers and a strong focus on customer service, which together drive the Group's long-term success.

The Group's strategic initiatives are geared towards continuous growth and expansion. Its focus on enhancing the customer experience through comprehensive showroom transformations and an omnichannel retail approach reflects a commitment to meeting the dynamic needs of the market. Significant investments in digital transformation, including e-commerce and smart technology integration, align the Group with Vision 2030 and position it at the forefront of industry trends.

Financially, the Group maintains robust growth, with diversified revenue streams from various segments, including direct sales, wholesale distribution and online retailing. This financial health supports its strategic expansions and product diversification, emphasising innovation and market penetration in existing and new markets, particularly within the GCC, MENA and beyond.

The Group's product offerings are a testament to its position as one of the leaders in the building materials sector, providing high-quality, innovative products that meet a diverse range of commercial and residential needs. Through strategic expansion of its product lines to include tiles, lighting, sanitary ware and cooling systems, the Group has demonstrated consistent revenue growth and market expansion. The major product categories offered by the Group include the following:

- **Tiles and Ancillary Products:** Launched under the "Ceramic Home" brand in 2006G, this segment includes a vast range of ceramics and porcelain products that have become a cornerstone of the Group's portfolio. Notable for their durability and aesthetic diversity, these products have consistently driven substantial revenue, reflecting their significant contribution to the Group's financial health;
- **Lighting Products:** Since its inception in 2013G under the "Lighting Stores" brand, this segment has become integral to the Group's offerings. It encompasses a wide range of indoor and outdoor lighting solutions, along with smart devices that cater to both functional and aesthetic needs across residential, commercial, and industrial settings;
- **Sanitary Ware Products:** Initiated in 2020G under the "Hatch Sanitary" brand, this segment has rapidly

grown to become a vital part of the Group's portfolio. It offers a comprehensive selection of products including toilets, basins and other bathroom accessories, which are marketed through an extensive distribution network to ensure accessibility and convenience; and

- **Cooling and Air Conditioning Systems:** Introduced in 2022G under the "Ice Bear" brand, although contributing modestly in terms of revenue, this segment enhances the Group's product diversity with high-quality cooling solutions. Its strategic importance lies in supporting sector growth, enhancing customer experience and aligning with regulatory and environmental standards.

Each product segment is supported by a robust marketing strategy that utilises an extensive retail network, including dedicated showrooms and a comprehensive online store, ensuring wide accessibility and convenience for customers across the Kingdom and internationally. The Group's commitment to quality and customer satisfaction is further evidenced by its partnerships with renowned global manufacturers, enhancing its market position and innovative edge.

The Group's commitment to sustainability is evident in its operations, with investments in eco-friendly products and green building practices. This not only enhances its competitive edge but also resonates with the growing global demand for environmentally responsible solutions.

Strategically, the Group is expanding its footprint by entering new markets and continuously enhancing its product offerings. This includes leveraging advanced manufacturing technologies by third party manufacturers, expanding its product lines and implementing effective supply chain and logistics strategies to optimise distribution and customer satisfaction.

In line with its strategic goals, the Group encourages a strong corporate culture focused on innovation, quality and sustainability. Its operations are supported by a skilled workforce, comprehensive training programmes and a commitment to excellence that secures its position as one of the leaders in the highly competitive building materials market.

The Group's proactive approach to market expansion, customer engagement and innovation ensures it remains one of the leading players in the industry, poised for future growth and continued success. This strategic direction drives the Group's business forward and also contributes to the development of the regions it serves, aligning with broader economic and development goals.

As of 30 September 2024G, the Group had a total of 795 employees (including 706 employees in the Kingdom), across all the countries in which it operates (for further details, see Section 5.9 (*Employees*)).

The Group generated revenue of SAR 250.9 million, SAR 323.7 million, SAR 365.4 million, and SAR 282.0 thousand in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Net income was SAR 62.8 million, SAR 72.9 million, SAR 64.3 million, and SAR 40.1 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The total value of the Company's assets as of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G was SAR 365.4 million, SAR 433.2 million, SAR 484.7 million, and SAR 481.2 million, respectively. Total liabilities of the Group amounted to SAR 253.5 million, SAR 160.0 million, SAR 187.0 million, and SAR 296.9 million, as of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. For further details regarding the financial performance of the Group, see Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*).

4.2 Group History

The following table illustrates the key historical changes and events in the Group's history from its incorporation up until the date of this Prospectus:

Table 4.1: Key Historical Changes and Events

Date	Event
2005G	• The Company was incorporated as a sole proprietorship owned by Musaad Abdulrahman Abdulaziz AlQfari.
2006G	• Opening of the first Ceramic Home showroom in Riyadh.
2007G	• Expansion into the Al Qassim Region.

Date	Event
2012G	• Expansion into the Eastern Region.
	• Launch of the "Illus" trademark.
	• Opening of the Lighting Stores showrooms.
2016G	• Expansion into the Northern Region.
2018G	• Launch of the "FIXER" trademark.
	• Launch of the "Hatch" trademark.
	• Entering into a partnership in the United Arab Emirates under the trademark "Build Station".
2019G	• Signing a franchise agreement for "Lighting Stores" in Kuwait.
	• Launching the first electronic store for Lighting Stores.
	• Launching the (Hypnotek) brand.
2020G	• Expansion into the Southern Region.
2021G	• Converted from a sole proprietorship to a limited liability company under the name "Marketing Home Group for Trading".
2022G	• The Company's capital was increased from forty million Saudi Arabian Riyals (SAR 40,000,000) to one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000).
	• Launching Build Station as an online platform.
	• Establishing the "Hatch Selections" brand for stone sheets, wooden floors and furniture.
	• Launching the Illus website.
	• Signing a franchise agreement for Build Station in Oman.
	• Acquisition of Ice Bear Contracting Company and Engineer Musaad AlQafari Engineering Consultancy.
2023G	• Incorporation of Build Station LLC in the United Arab Emirates.
	• Conversion from a limited liability company to a closed joint-stock company with a capital of one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000).
	• Initiated preparations for the establishment of Hatch products maintenance and light manufacturing centre.
	• Opening the Hatch showroom for sanitary wares in Riyadh.
	• Incorporation of MHG International FZCO.
	• Opening the Hatch showroom for sanitary wares in Al Qassim Province.
2024G	• Signing a franchise agreement for Build Station in Qatar.
	• Opening of the Build Station showroom in Riyadh.
	• Opening of the Build Station showroom in Al Ahsa.
	• Incorporation of Illus Lighting Limited in the Kingdom of Spain.
	• Incorporation of Illus Lighting Limited in the People's Republic of China.

Source: The Company.

4.3 Ownership Structure of the Group

4.3.1 Overview of the Subsidiaries

The Company directly owns five subsidiaries, one of which is located inside the Kingdom and four of which are located outside the Kingdom. The Company also owns one subsidiary indirectly. The table below shows the details of the ownership of the subsidiaries as of the date of this Prospectus:

Table 4.2: Direct and Indirect Ownership Structure in the Subsidiaries as of the Date of this Prospectus

Subsidiary	Country	Direct Ownership (%)	Indirect Ownership (%)	Remaining Ownership
Ice Bear Contracting Company	Kingdom of Saudi Arabia	100%	-	-
Build Station LLC	United Arab Emirates	60%	-	20.0% is owned by Saeed Youssef Mezra Ali Hassan, and 20.0% is owned by Mohamed Youssef Mezra Ali Hassan.
Engineer Musaad AlQafari Engineering Consultancy	Arab Republic of Egypt	100%	-	-
Illus Lighting Limited ⁽¹⁾	Kingdom of Spain	100%	-	-
MHG International FZCO	United Arab Emirates	100%	-	-
Illus Lighting Limited	People's Republic of China	-	100% ⁽¹⁾	-

Source: The Company.

(1) Illus Lighting Limited is 100.0 per cent. owned by MHG International FZCO, which is 100.0 per cent. owned by the Company.

The following table shows the details of the revenues of each of the Subsidiaries and their percentage of sales from the total revenue of the Group:

Table 4.3: Details of the Revenues of Each of the Subsidiaries and Their Percentage of Sales from the Total Revenue of the Group

Subsidiary	Country	Total Revenue (SAR million) ⁽¹⁾				Contribution (%) ⁽²⁾			
		Financial Year Ended 31 December		Nine-Month Period Ended 30 September		Financial Year Ended 31 December		Nine-Month Period Ended 30 September	
		2021G	2022G	2023G	2024G	2021G	2022G	2023G	2024G
Ice Bear Contracting Company	Kingdom of Saudi Arabia	-	4.6	7.2	2.0	-	1.4%	2.6%	0.7%
Build Station LLC	United Arab Emirates	-	20.1	37.6	31.2	-	6.2%	13.3%	11.0%
Engineer Musaad AlQafari Engineering Consultancy	Arab Republic of Egypt	-	-	0.01	0.06	-	0%	0%	0%
Illus Lighting Limited (Spain)	Kingdom of Spain	-	-	-	0.3	-	0%	0%	0.1%
MHG International FZCO	United Arab Emirates	-	-	-	0.3	-	0%	0%	0.1%
Illus Lighting Limited (China)	People's Republic of China	-	-	-	-	0%	0%	0%	0%
Total		-	24.7	44.8	33.9	-	7.6%	15.9%	12.0%

Source: The Company.

(1) The amounts have been rounded to the nearest decimal place.

(2) The contribution percentage has been rounded to the nearest decimal place.

The following subsection sets out the details of each Subsidiary:

4.3.1.1 Ice Bear Contracting Company

Ice Bear Contracting Company is a Saudi limited liability company, under Commercial registration no. 1010500497 dated 18 Rabi' al-Thani 1440H (corresponding to 26 December 2018G) issued from Riyadh, Kingdom of Saudi Arabia. Ice Bear Contracting Company's head office is located in Riyadh, Kingdom of Saudi Arabia. As of the date of this Prospectus, its current share capital is fifty thousand Saudi Arabian Riyals (SAR 50,000), divided into fifty (50) shares, with a fully paid nominal value of one thousand Saudi Arabian Riyals (SAR 1,000) per share.

As of the date of this Prospectus, the main activities of Ice Bear Contracting Company according to its Commercial Registration consist of installation, maintenance and repair of plumbing and sanitary equipment, installation, maintenance and repair of refrigeration or air-conditioning equipment, installation, maintenance and repair of air-conditioning ducts, installing and maintaining storage and shelves solutions, operation of storage facilities for all types of goods except food and public storages with a variety of goods.

The following table sets out the ownership structure of Ice Bear Contracting Company as of the date of this Prospectus:

Table 4.4: Ownership Structure of Ice Bear Contracting Company as of the Date of this Prospectus

Shareholder	Number Shares	of	Nominal Value per Share (SAR)	Total Value (SAR)	Ownership (%)
Marketing Home Group Company	50		1,000	50,000	100%
Total	50		1,000	50,000	100%

Source: The Company.

4.3.1.2 Build Station LLC

Build Station LLC is a limited liability company registered in United Arab Emirates under commercial registration no. 1673214, dated 29 Rajab1443H (corresponding to 2 March 2022G). Build Station LLC's head office is located at Dubai, United Arab Emirates. As of the date of this Prospectus, its current capital is hundred thousand United Arab Emirates Dirhams (AED 300,000), divided into three hundred (300) shares, with a fully paid nominal value of one thousand United Arab Emirates Dirhams (AED 1,000) per share.

As of the date of this Prospectus, the main activities of Build Station LLC, according to its Articles of Association consist of trading of light fittings and fixtures, trading of home furniture, trading of building materials, trading of sanitary ware, trading of decoration materials and partitions, trading of office furniture, and trading of building cleaning equipment.

The following table sets out the ownership structure of Build Station LLC as of the date of this Prospectus:

Table 4.5: Ownership Structure of Build Station LLC as of the Date of this Prospectus

Shareholder	Number Shares	of	Nominal Value per Share (AED)	Total Value (AED)	Ownership (%)
Marketing Home Group Company	80		1,000	180,000	60%
Saeed Yousuf Mirza Ali Hassan	60		1,000	60,000	20%
Yousuf Mirza Ali Hassan	60		1,000	60,000	20%
Total	300		1,000	300,000	100%

Source: The Company.

4.3.1.3 Engineer Musaad AlQafari Engineering Consultancy

Engineer Musaad AlQafari Engineering Consultancy is a single person limited liability company registered in the Arab Republic of Egypt under commercial registration no. 229243, dated 29 Ramadan 1440H (corresponding to 3 June 2019G). Engineer Musaad AlQafari Engineering Consultancy's head office is located at 13 Omarah Al Obour, Heliopolis, Cairo, Arab Republic of Egypt. As of the date of this Prospectus, its current capital is fifty thousand Egyptian Pounds (EGP 50,000), divided into fifty (50) shares, with a fully paid nominal value of one thousand Egyptian Pounds (EGP 1,000) per share.

As of the date of this Prospectus, the main activity of Engineer Musaad AlQafari Engineering Consultancy according to its commercial registration is providing engineering consulting services.

The following table sets out the ownership structure of Engineer Musaad AlQafari Engineering Consultancy as of the date of this Prospectus:

Table 4.6: Ownership Structure of Engineer Musaad AlQafari Engineering Consultancy as of the Date of this Prospectus

Shareholder	Number Shares	of	Nominal Value per Share (EGP)	Total Value (EGP)	Ownership (%)
Marketing Home Group Company	50		1,000	50,000	100%
Total	50		1,000	50,000	100%

Source: The Company.

4.3.1.4 Illus Lighting Limited (Spain)

Illus Lighting Limited (Spain) is a limited liability company registered in the Kingdom of Spain, under commercial registration no. 10266, dated 29 Muharram 1438H (corresponding to 27 February 2017G). Illus Lighting Limited's head office is located at 87 Cuenca Street, Alacuás 46970, Valencia, Kingdom of Spain. As of the date of this Prospectus, its current capital is eight hundred sixty-five thousand Euros (EUR 865,000), divided into eight hundred sixty-five (865) shares, with a fully paid nominal value of one thousand Euros (EUR 1,000) per share.

As of the date of this Prospectus, the main activity of Illus Lighting Limited (Spain) according to its commercial registration is selling lighting products.

The following table sets out the ownership structure of Illus Lighting Limited (Spain) as of the date of this Prospectus:

Table 4.7: Ownership Structure of Illus Lighting Limited (Spain) as of the Date of this Prospectus

Shareholder	Number Shares	of	Nominal Value per Share (EUR)	Total Value (EUR)	Ownership (%)
Marketing Home Group Company	865		1,000	865,000	100%
Total	865		1,000	865,000	100%

Source: The Company.

4.3.1.5 MHG International FZCO

MHG International FZCO is a limited liability company registered with the Dubai Integrated Economic Zones Authority, United Arab Emirates, under commercial registration no. 20167, dated 4 Safer 1444H (corresponding to 31 June 2022G). MHG International FZCO head office is located at Dubai Silicon Oasis, United Arab Emirates. As of the date of this Prospectus, its current capital is three hundred thousand United Arab Emirates Dirhams (AED 300,000) divided into three hundred (300) shares, with a fully paid nominal value of one thousand United Arab Emirates Dirhams (AED 1,000) per share.

As of the date of this Prospectus, the main activity of MHG International according to its commercial registration is the trading of building materials.

The following table sets out the ownership structure of MHG International FZCO as of the date of this Prospectus:

Table 4.8: Ownership Structure of MHG International FZCO LLC as of the Date of this Prospectus

Shareholder	Number Shares	of	Nominal Value per Share (AED)	Total Value (AED)	Ownership (%)
Marketing Home Group Company	300		1,000	300,000	100%
Total	300		1,000	300,000	100%

4.3.1.6 Illus Lighting Limited (China)

Illus Lighting Limited (China) is a limited liability company registered in the People's Republic of China, under commercial registration no. 914000MAD5KHFY4N, dated 25 Jumada al-Ula 1445H (corresponding to 8 December 2023G). Illus Lighting Limited (China)'s head office is located at Zhongshan, People's Republic of China. As of the date of this Prospectus, its current capital is five hundred thousand Chinese Yuan (CNY 500,000).

As of the date of this Prospectus, the main activity of Illus Lighting Limited (China) according to its commercial registration is the sale of lighting products.

4.3.2 Ownership Structure

4.3.2.1 Overview

The Company's current capital is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyal (SAR 10) per Share.

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

Table 4.9: Direct Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number Shares	of Ownership (%) ⁽¹⁾	Nominal Value (SAR)	Number Shares	of Ownership (%) ⁽¹⁾	Nominal Value (SAR)
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%	63,973,130	4,478,119	27.99%	44,781,190
Ali Mubarak Mohammed AlDosari	5,418,100	33.86%	54,181,000	3,792,677	23.70%	37,926,770
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%	13,300,840	931,058	5.82%	9,310,580
Omar Saad Abdulaziz AlMogren	495,383	3.10%	4,953,830	346,768	2.17%	3,467,680
Meshal Abdulrahman Abdulaziz AlGafari	484,236	3.03%	4,842,360	338,965	2.12%	3,389,650
Abdullah Mubarak Mohammed AlDosari	474,430	2.97%	4,744,300	332,101	2.08%	3,321,010
Haila Abdulkarim Jarbo' AlQfari	268,182	1.68%	2,681,820	187,727	1.17%	1,877,270
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%	1,909,090	133,636	0.84%	1,336,360
Haya Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Noweir Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Saleh Othman Mohammed AlGhamdi	162,695	1.02%	1,626,950	113,886	0.71%	1,138,860
Saleh Rasheed Mohammed AlRasheed	153,877	0.96%	1,538,770	107,713	0.67%	1,077,130
Suad Suliman Mohammed AlSawadi	72,583	0.45%	725,830	50,808	0.32%	508,080
Mousa Hamad Mousa AlQadhib	45,766	0.29%	457,660	32,036	0.20%	320,360
Hussain Ali Saleh AlMassad	42,840	0.27%	428,400	29,988	0.19%	299,880

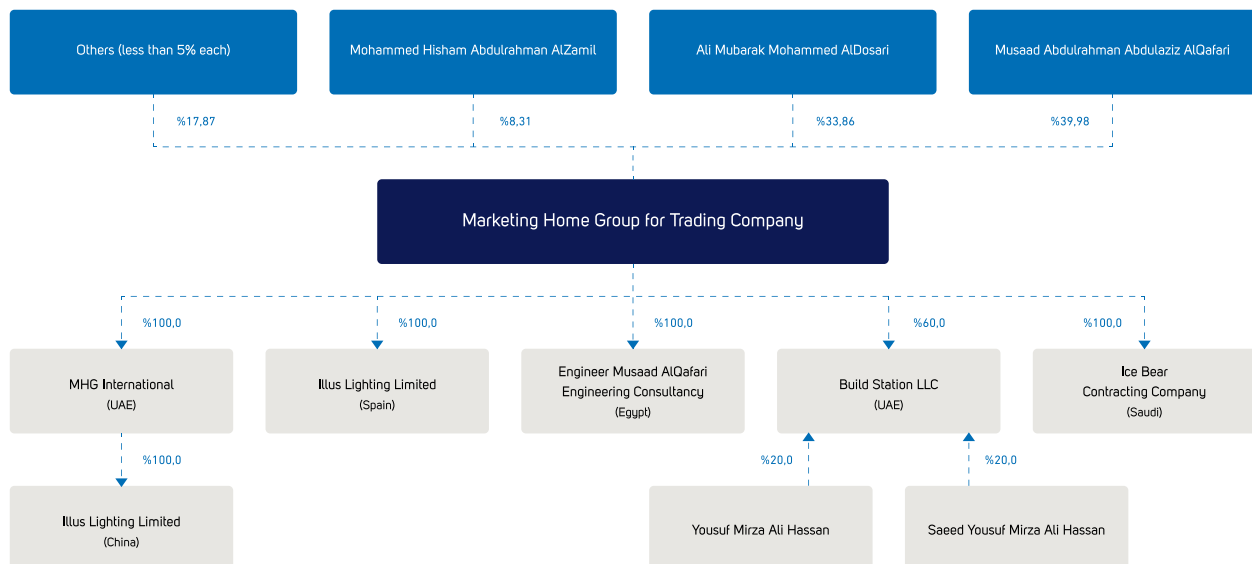
Shareholder	Pre-Offering			Post-Offering		
	Number Shares	of Ownership (%) ⁽¹⁾	Nominal Value (SAR)	Number Shares	of Ownership (%) ⁽¹⁾	Nominal Value (SAR)
Ashwaq Abdulrahman Abdulaziz AlQafari	30,274	0.19%	302,740	21,191	0.13%	211,910
Nora Nasser Rashid AlTamami	22,231	0.14%	222,310	15,561	0.10%	155,610
Abdullah Khalil Abdullah AlSaba	20,392	0.13%	209,320	14,652	0.09%	146,520
Muneera Abdulkarim Jarbo' AlQafari	10,621	0.07%	106,210	7,434	0.05%	74,340
Public	-	-	-	4,800,000	30.0%	48,000,000
Total	16,000,000	100.00%	160,000,000	16,000,000	100.00%	160,000,000

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

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

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



Source: The Company.

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

Table 4.10: Details of Shareholders Directly Holding Five Per Cent. or More Shares in the Company as of the Date of this Prospectus

Shareholder		Pre-Offering			Post-Offering				
		Number Shares	of	Ownership (%) ⁽¹⁾	Nominal Value (SAR)	Number Shares	of	Ownership (%) ⁽¹⁾	Nominal Value (SAR)
Musaad Abdulaziz	Abdulrahman AlQfari	6,397,313		39.98%	63,973,130	4,478,119		27.99%	44,781,190
Ali Mubarak AlDosari	Mohammed	5,418,100		33.86%	54,181,000	3,792,677		23.70%	37,926,770
Mohammed Abdulrahman AlZamil	Hisham	1,330,084		8.31%	13,300,840	931,058		5.82%	9,310,580
Total		13,145,497		82.15%	131,454,970	9,201,854		57.51%	92,018,540

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

4.4 Vision, Mission and Strategy

4.4.1 Vision

Become the destination for the general public as well as design community seeking trendy building solutions and products.

4.4.2 Mission

To position the Group as a community partner through its valuable contributions to improving living standards, the Group aims to expand its portfolio of building material products by enhancing product development initiatives, thereby achieving a high level of comprehensiveness in its solutions.

4.4.3 Strategy

The Group's strategy focuses on securing long-term growth, enhancing customer experiences and maintaining a competitive edge in the retail and distribution of building materials, lighting products and smart solutions across the Kingdom, the GCC and also in Europe, North Africa and East Asia by partnering with local distributors. The strategy leverages the Group's core strengths and aims at brand consolidation, product portfolio expansion, consumer education, market diversification, operational efficiency, sustainability and digital transformation. Additionally, it integrates opportunities aligned with Vision 2030 and emerging market trends, including green building, smart technology and local product customisation.

4.4.3.1 Strengthening Brand Position through Comprehensive Showroom Transformation, Strategic Brand Integration and Omnichannel Expansion

The Group is set to substantially elevate its brand equity by consolidating its diverse product range under the unified "Build Station" brand. This includes well-established lines like Ceramic Home, Lighting Stores, Hatch Sanitary and Ice Bear. This consolidation is aimed at refining the customer journey, thereby establishing Build Station as a comprehensive source for all building materials and smart solutions. The strategic enhancements planned include:

- **Build Station Hubs:** The existing showrooms will be transformed into Build Station hubs, offering expanded, multifunctional spaces that provide customers with access to a complete range of products, from ceramics and lighting to sanitary ware and cooling systems, all under one roof. This restructuring is designed to enhance operational efficiency and customer experience;
- **Omnichannel Experience:** The Group is committed to creating a seamless omnichannel retail experience. Significant investments in e-commerce platforms, coupled with the integration of digital and physical sales channels, will offer customers greater flexibility and convenience, ensuring uniformity in pricing and customer service across all touchpoints;

- **Expansion in Key Cities:** There is a targeted expansion plan to open new Build Station hubs in major urban centres like Riyadh, Jeddah and Dammam. These areas are experiencing rapid urbanisation and are central to several ongoing mega-projects, driving increased demand for integrated building solutions;
- **Customer-Centric Approach:** The newly designed branches will focus on enhancing customer interactions through improved accessibility and superior service quality, ensuring a positive and memorable shopping experience;
- **Product Branding Differentiation:** The Group employs Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) strategies to differentiate its product branding. Under the OEM approach, products are designed to the Group's exact specifications by manufacturing partners, then sold under the Group's labels to ensure quality and meet market expectations. Conversely, the ODM method allows the Group to partner with manufacturers who design and produce innovative products tailored to its requirements, bypassing the need for extensive in-house development. These strategies provide the Group with a competitive edge through unique, high-quality offerings, aligning with dynamic market demands; and
- **Horizontal Integration:** The Group enhances its core strengths through strategic product selection and sector entry that complements its existing portfolio under the Build Station brand. By integrating Ceramic Home's surfaces with Lighting Stores' lighting solutions, along with Hatch Sanitary and Ice Bear's cooling systems, Build Station becomes a unified source for comprehensive building and smart home solutions. This synergy strengthens market presence and also improves customer experience, brand recognition and loyalty, driving profitability and expansion.

By consolidating its diverse product range under the unified "Build Station" brand, the Group is set to substantially elevate its brand equity. This includes well-established lines such as Ceramic Home, Lighting Stores, Hatch Sanitary and Ice Bear. This strategic move aims to refine the customer journey by establishing Build Station as a comprehensive source for all building materials and smart solutions. Enhancements include transforming existing showrooms into Build Station hubs, creating a seamless omnichannel retail experience and expanding into key urban centres like Riyadh, Jeddah, and Dammam. Additionally, leveraging OEM and ODM capabilities allows the development of uniquely branded products. The Group strategically selects products and enters new sectors that align with and enhance its existing products portfolio, thereby amplifying core strengths through horizontal integration, enhancing operational efficiency, and aligning with market demands for a competitive edge in a rapidly evolving sector.

4.4.3.2 Expanding and Diversifying the Product Portfolio

To maintain a competitive edge, the Group is committed to product innovation and diversification. This commitment involves introducing new product lines, forging partnerships with leading international manufacturers and continuously developing proprietary brands:

- **Innovative Product Design:** The Group is collaborating with top-tier manufacturers from Europe and Asia to introduce innovative designs and integrate smart technologies into its offerings. The focus will particularly be on the development of large-format ceramics and energy-efficient lighting solutions, which are increasingly demanded in modern architectural and construction projects;
- **Exclusive Brands:** The Group will continue to expand its exclusive brands, such as Fixer, Illus and Hatch. These proprietary brands provide a competitive edge by offering unique, high-quality products that distinguish the Group in a competitive market;
- **Sustainable Products:** Aligning with global trends and local mandates such as Vision 2030, the Group will enhance its portfolio with eco-friendly products. These include energy-saving lighting solutions and water-efficient sanitary ware, meeting the growing demand for sustainable building materials; and
- **Strategic Partnerships:** To enhance its innovative capabilities and ensure a steady supply of modern products, the Group will establish and nurture strategic partnerships. These collaborations will support the expansion of the product portfolio to meet evolving market demands, ensuring the Group remains at the forefront of industry advancements.

By strategically expanding and diversifying its product offerings, the Group is poised to meet the dynamic needs of the market and also drive sustainable growth. These efforts will reinforce the Group's position as a leader in the building materials industry, attracting a broader customer base while nurturing loyalty with existing customers. The integration of innovative, exclusive and sustainable products into its portfolio ensures the Group remains relevant and competitive in a rapidly evolving market, ultimately enhancing shareholder value.

4.4.3.3 Consumer Education and Brand Loyalty

To strengthen relationships with customers and build brand loyalty, the Group is dedicated to educating consumers about the intrinsic value and functionality of its products. This strategy is articulated through several focused initiatives:

- **Engagement in Industry Events:** The Group will actively participate in key industry trade shows and exhibitions, especially those emphasising sustainability and innovation. This presence keeps the Group's products at the forefront of industry developments and also enhances brand visibility and market engagement;
- **Social Media Campaigns and Educational Content:** Leveraging digital platforms, the Group will deploy a series of targeted social media campaigns. These will include product tutorials, demonstrations and detailed insights into sustainability practices and smart technology applications, empowering customers to make informed purchasing decisions;
- **Collaboration with Influencers and Industry Experts:** By partnering with renowned influencers and industry experts, the Group aims to increase its brand credibility and consumer trust. This strategy will be particularly beneficial in promoting new smart and eco-friendly solutions, aligning with global trends and consumer preferences; and
- **Customer-Centric Loyalty Programme:** The Group has developed and will further support a loyalty programme that preserves customer purchase history and offers discounts based on purchase value and history. This programme features incremental discounts that increase as customers engage across different sectors, enhancing the value offered with each purchase. The programme also leverages data on purchasing habits to tailor offerings more closely to individual tastes and preferences, encouraging a deeper connection with the brand. For further details on the loyalty programme, see Section 4.6.5.3(c) (*Loyalty Programme*).

By intensifying efforts in consumer education and engagement, the Group is setting a foundation for sustained brand loyalty and deeper market penetration. These initiatives are expected to elevate the Group's brand presence and also result in a more informed and loyal customer base. Through strategic education and engagement, the Group will enhance its competitive advantage, ensuring it remains a leader in the building materials market while driving forward its commitment to sustainability and innovation.

4.4.3.4 Expansion into New Market Sectors

To drive growth and diversify its revenue streams, the Group is strategically positioning itself to penetrate new market sectors that include wholesale operations, large-scale construction projects and innovative smart city initiatives:

- **Focus on Wholesale and Project-Based Sales:** The Group plans to capitalise on the increasing demand for bulk purchasing by catering to contractors, developers and large-scale projects. Noteworthy projects include NEOM and The Red Sea Project, where the Group's comprehensive product offerings can significantly contribute to the development efforts;
- **Partnerships with Developers:** By forming strategic partnerships with prominent developers, the Group aims to secure involvement in high-profile projects, which is expected to substantially increase its market share and visibility in the industry; and
- **Exploring New Revenue Streams:** The Group will actively pursue opportunities in adjacent sectors, leveraging its existing capabilities to introduce innovative solutions that meet evolving market demands. For instance, the Group is in the process of launching a furniture line as a complimentary segment to its existing product offerings. This strategic move is intended to broaden the Group's Revenue

The Group's proactive expansion into new market sectors is a calculated approach to diversify its revenue streams and also to align with national development goals such as those outlined in Vision 2030. By integrating into sectors like wholesale distribution and smart city projects, and by forming strategic partnerships with major developers, the Group is set to enhance its market presence and drive sustainable growth. These initiatives will enable the Group to tap into new customer segments and further solidify its position as a leader in the building materials industry, ultimately delivering enhanced value to shareholders and stakeholders alike.

4.4.3.5 Investment in Sustainability and Green Building Solutions

The Group's commitment to sustainability is manifested through the following initiatives and operations designed to support environmental stewardship and sustainable development:

- **Green Product Lines:** The Group is expanding its offerings of sustainable products, including eco-friendly lighting solutions and low-water-consumption sanitary ware. These products cater to the increasing demand for green buildings across the region, supporting the construction industry's shift towards more sustainable construction practices;

- **Sustainable Operations:** In a move towards reducing its carbon footprint, the Group is implementing the use of solar panels across its operations. For example, the new branch in Al Hasa, located in the Eastern Region, utilises solar energy panels to ensure that a substantial portion (over 50 per cent.) of its energy needs are met through clean, renewable sources. This initiative is part of a broader strategy to enhance energy efficiency across all of the Group's facilities;
- **Digital Transformation in Operations:** The Group has adopted a progressive approach to minimise the use of natural resources through its "digital-first" policy. Customer invoicing and communications are primarily conducted electronically via platforms like WhatsApp and SMS, effectively reducing the need for paper-based processes. Internally, digital documentation is the standard, with physical printing confined strictly to essential needs, further underscoring the Group's commitment to environmental conservation; and
- **Partnerships for Sustainable Growth:** Proactively seeking alliances with like-minded entities, the Group aims to fortify its sustainability initiatives. These collaborations are targeted at enhancing the effectiveness of its green strategies and are aligned with the national objectives for sustainable development, echoing the principles of Vision 2030.

The Group's strategic investment in sustainability and green building solutions is a response to global environmental challenges and also a proactive effort to lead the market in this crucial area. By integrating sustainability deeply into its operations and product lines, the Group is positioning itself as one of the leaders in the transition towards a greener economy. This commitment is expected to drive greater consumer and investor confidence, enhance the Group's reputation and contribute significantly to its competitive advantage in the industry. These efforts underscore the Group's dedication to supporting Vision 2030 objectives and its commitment to sustainable business practices.

4.4.3.6 Geographic Expansion Beyond GCC

The Group is strategically enhancing its global footprint by establishing significant operational bases in China and Spain, aimed at driving regional and international expansion. Illus China, specialising in lighting, was launched in the People's Republic of China and the Kingdom of Spain, becoming key in the Group's strategy for geographic diversification and market penetration:

- **Regional Operations:** Illus Spain, with its dedicated staff, is tasked with spearheading growth across Europe and parts of North Africa, leveraging locally tailored offerings to the market's unique needs. Meanwhile, Illus China Zhongshan coordinates and manages global agency/distributorship relations while also catering to the local Chinese market. These operational hubs enhance the Group's ability to respond promptly to regional market dynamics and customer requirements;
- **Targeted Expansion into High-Growth Regions:** In addition to the established operational companies, the Group is set to enter key markets in North Africa, East Asia and Southeast Asia through strategic collaborations. These partnerships aim to facilitate rapid market entry and brand visibility, supported by robust local insights and networks;
- **Leveraging Export Opportunities:** By capitalising on its well-established supply chain, the Group plans to significantly expand its export operations, thereby increasing revenue streams and boosting the international presence of the Group's brand; and
- **International Market Penetration:** The Group continues to strengthen its presence in international markets, focusing on regions with high growth prospects through direct investments and exploring new market entry strategies.

The strategic geographic expansion beyond the GCC is designed to mitigate regional market volatility and support growth in new, high-potential markets. This approach will enable the Group to tap into emerging consumer markets, aligning with global expansion trends and enhancing shareholder value. By broadening its market base, the Group secures its position as a global player in the building materials industry and also leverages international growth dynamics to increase its market standing and financial robustness. This forward-looking strategy underscores the Group's commitment to sustainable growth and its adaptability to the evolving global economic landscape.

4.4.3.7 Smart Home and Technology-Driven Solutions

The Group is poised to establish itself as a leader in the smart home sector, delivering innovative, technology-driven products that meet the growing demand for home automation. This strategic direction includes several key initiatives:

- **Smart Home Ecosystems:** Expanding its product line, the Group will enhance offerings like Hypnotek to develop integrated smart home systems. These systems will seamlessly combine lighting, cooling and security solutions, providing comprehensive ecosystems that enhance consumer convenience and home management;

- **Expansion of Smart Home Devices:** The Group will advance its range of smart devices compatible with voice-activated systems such as Siri and Alexa. This expansion aims to cement the Group's position as a frontrunner in smart home technology by offering consumers enhanced control and integration of their home environments; and
- **Innovative Technology Integration:** Ongoing efforts to integrate modern technologies will continue to be a priority. The Group is dedicated to utilising the latest advancements to improve customer experiences and meet the dynamic demands of the market for interconnected living solutions.

As the Group commits to leading the smart home sector, these strategic initiatives are expected to drive significant growth and diversification of its product portfolio. By focusing on the integration of innovative technologies and expanding its smart home device offerings, the Group aligns with global tech trends and also enhances its competitive edge. This approach will likely attract tech-savvy consumers and reinforce the Group's reputation as a forward-thinking leader in home automation solutions, further supporting its long-term growth and market expansion ambitions.

4.4.3.8 Strengthening Supply Chain Resilience

To mitigate risks and decrease reliance on global suppliers, the Group is committed to enhancing its supply chain resilience:

- **Diversification of Supplier Base:** By expanding the supplier base across different regions, the Group will increase its sourcing flexibility. This diversification helps in minimising the risks associated with supply chain disruptions and ensures a more stable supply of materials and products; and
- **Strategic Stockpiling:** The Group will maintain optimal stock levels across its warehouses to ensure continuous product availability, even in times of supply chain uncertainty. This strategy is designed to buffer against potential disruptions and maintain consistent service and delivery standards to customers.

The Group's proactive measures to strengthen its supply chain are crucial for maintaining business continuity and competitive advantage. By diversifying its supplier base, the Group enhances its operational resilience. These strategies are integral to the Group's commitment to sustainable growth. Through these initiatives, the Group is well-positioned to respond to market changes and customer needs with agility and reliability, ensuring long-term stability and growth.

4.4.3.9 Optimising Operational Efficiency and Cost Control

The Group is committed to enhancing operational efficiency across all areas of its business segments, which is crucial for maintaining competitiveness and ensuring robust profit margins. This commitment is manifested through several strategic initiatives which are driven by its Business Excellence and Performance Management Division:

- **Automation and Technology Integration:** The Group will continue to invest significantly in automation technologies across various operations, including inventory management, logistics and customer service. This advancement will increase operational efficiency, minimise errors and subsequently lower costs, contributing to smoother and more reliable business processes;
- **Lean Management Practices:** Adopting lean management principles will be pivotal in streamlining operations across the Group's warehouses, showrooms and production facilities. This approach focuses on minimising waste and optimising resource allocation, thereby enhancing overall operational agility and efficiency;
- **Continuous Process Improvement:** The Group will implement continuous improvement programmes aimed at refining manufacturing processes, product handling and delivery operations. These initiatives will ensure that the Group can extend cost savings to its customers and improve profitability by maintaining high standards of efficiency and productivity; and
- **Knowledge Management Practices:** Embedded within its operational framework is the Group's innovative approach to knowledge dissemination and management through its online academy. This platform facilitates a blend of online and face-to-face training, ensuring that critical operational knowledge is effectively shared and applied across the organisation.

By implementing these strategic measures, the Group is positioning itself to achieve substantial operational efficiencies and enhanced cost control. These efforts are expected to support the Group's financial performance by improving margins and reducing operational overheads and will also support its sustainability objectives by reducing waste and optimising resource use. In doing so, the Group reaffirms its commitment to operational excellence and continuous improvement, aligning with global best practices and stakeholder expectations. This proactive approach is instrumental in sustaining the Group's competitive advantage in a dynamic market environment.

4.5 Strengths and Competitive Advantages

The Group's strategic positioning within the building materials market is fortified by a unique blend of competitive advantages that differentiate it from competitors and also secure its status as one of the leaders in the industry. These strengths are rooted in the Group's commitment to innovation, customer-centric approaches and robust market presence across the Kingdom and internationally. Leveraging core competencies such as an expansive product range, modern technology integration and strong brand equity, the Group effectively capitalises on market opportunities and navigates challenges. The strategic execution of initiatives aligned with Vision 2030 further reinforces the Group's market leadership, ensuring sustained growth and long-term value creation for stakeholders.

4.5.1 Dominant Market Presence in Building Materials Retail, Reinforced by Robust Brand Equity

The Group maintains a commanding presence in the retail sector for building materials within the Kingdom, underpinned by a diversified and integrated product portfolio that serves the comprehensive needs of the residential and construction sectors. This extensive range includes more than 8,000 distinct products across various categories, such as tiles, lighting solutions, sanitary ware, and cooling and air-conditioning system solutions as of the date of this Prospectus.

Through focused market research, the Group identifies and integrates high-quality, innovative products that streamline construction and building processes, reinforcing a culture of excellence and sustainability. This strategic approach is pivotal in the continuous effort to fulfil the Group's vision and mission, adding substantial value that enhances the quality of life for customers.

The Group ensures optimal stock levels are maintained throughout the year to meet the continuous demand, thereby solidifying its market position and securing customer loyalty. Furthermore, the Group is committed to enhancing consumer awareness and education about its products. This is achieved through a robust, ongoing digital presence, where informative and engaging content highlights the unique advantages of the products.

Pursuant to the Market Report, the Group held in 2023G prominent market positions in several sectors, demonstrating its competitive strength:

- **Ceramics Sector:** The Group holds the #5 position with a market share of 3.8 per cent., reflecting its strong capability in offering a variety of ceramic products;
- **Lighting Sector:** The Group is the #1 player in the retail lighting market with a 3.9 per cent. market share, due to its comprehensive range of advanced lighting solutions; and
- **Sanitary Sector:** The Group is positioned #2 in the sanitary market, holding a 5.3 per cent. market share within a span of three years since the Group's initial entry into the sanitary market.

These rankings are a testament to the Group's dedication to innovation, quality and customer satisfaction across all sectors it operates in, contributing significantly to its robust market presence and ongoing growth. The Group's commitment extends beyond product provision to a focus on consumer education, utilising active social media engagement and visual materials to highlight the competitive value of its products, promoting informed consumer choices and sustained brand loyalty.

4.5.2 Strong Growth Performance Over the Past Financial Years

Over the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, the Group has demonstrated progressive growth rates. Sales grew at a compound annual growth rate (CAGR) of 20.7 per cent., increasing from SAR 250.9 million as of 31 December 2021G to SAR 365.4 million as of 31 December 2023G. Additionally, during the nine-month period ended 30 September 2024G, sales experienced a robust increase of 5.7 per cent., rising from SAR 266.8 million as of 30 September 2023G to SAR 282.3 million as of 30 September 2024G, reflecting the Group's effective market strategies and operational efficiency.

This upward trajectory in revenue is primarily attributable to the increased demand for the Group's diversified product range, strategic expansion of sales outlets, including enhanced e-commerce platforms, and the successful integration of new product lines. Notably, the integration of sanitary ware products as a primary offering in 2021G has significantly augmented the Group's capability to provide comprehensive solutions within the retail sector of building materials across the Kingdom, further cementing its position as one of the leaders in the market.

This performance is underpinned by the Group's strategic initiatives to broaden its market reach and enhance its product offerings, which include expanding into new geographic regions and investing in product development to meet the evolving needs of modern construction. The strategic focus on innovation and customer-centric solutions has driven financial growth and also strengthened the Group's competitive position in a rapidly changing industry.

4.5.3 Expansive Offering of Owned Building Materials Products Supported by Dynamic Product Development Initiatives

The Group offers a broad array of proprietary building materials, distinguished by their quality and innovation, which are critical in cementing its market leadership. This product range includes an expansive portfolio of ceramics, sanitary ware, lighting solutions and cooling systems, which are all integral to modern construction and building projects across the Kingdom and other jurisdictions where the Group operates.

To ensure continued growth and market relevance, the Group engages in rigorous product development initiatives driven by customer feedback and research on customer pain-points. The Group collaborates with international manufacturers from Europe and Asia to bring forth modern designs and advanced technologies that address the customers' use case and integrate with the Group's existing product range. By ensuring that the Group is the first to market these new products, it stays ahead in integrating smart and sustainable building solutions, which are increasingly pivotal in the industry.

For example, the introduction of large-format ceramic tiles and energy-efficient lighting systems reflects the Group's responsiveness to emerging market trends and customer preferences. Moreover, the Group's exclusive brands, such as 'Fixer' for tiling solutions and 'Hypnotek' for smart lighting, underscore its commitment to quality and uniqueness, providing the Group with a competitive edge in the building materials market.

The focus on sustainability is manifested in the development of eco-friendly products such as low-consumption sanitary fixtures and LED lighting solutions, aligning with Vision 2030 sustainability goals. These efforts are complemented by a robust supply chain strategy that prioritises direct procurement from manufacturers, enhancing the Group's ability to offer competitive pricing while maintaining high-profit margins.

Continual consumer education through active engagement in industry trade shows, digital platforms, and partnerships with influencers further strengthens customer relationships and brand loyalty. This strategic approach educates consumers on the practical and environmental benefits of the Group's offerings and also reinforces the Group's position as a thought leader in sustainable building practices.

4.5.4 Value-Added Services

The Group is distinguished in the building materials sector for its product quality and for its commitment to pre-sales services, after-sales services and comprehensive extended warranty programmes. These services are crucial in enhancing customer satisfaction and supporting long-term loyalty, setting the Group apart from its competitors.

- **Pre-Sales Services:** The Group offers design support through specification engineers, who assist designers and developers in selecting products and solutions to maximise functional value and align offerings with specific design needs. This service cultivates customer satisfaction and strengthens long-term partnerships.
- **Comprehensive After-Sales Services:** The Group provides a range of after-sales services designed to ensure customer satisfaction well beyond the initial purchase. These services include dedicated support lines, on-site troubleshooting and regular maintenance checks. By addressing any issues swiftly and effectively, the Group maintains strong relationships with its customers, reinforcing their confidence in the quality and reliability of its products.
- **Extended Warranty Programmes:** The Group offers extended warranty programmes that exceed the industry standard, providing customers with additional assurance and peace of mind. These warranties cover a wide range of products and are tailored to ensure that customers enjoy prolonged benefits from their investments. The extended coverage underscores the Group's confidence in its products and also enhances the overall value proposition offered to customers.
- **Other Value-Added Services:** To further enrich the customer experience, the Group offers unique support services that significantly enhance the usability and functionality of its products. These include installation services through a combination of the inhouse team and a network of certified installers, which ensure that products are set up professionally, and customisation options, which allow products to be tailored to specific customer requirements. Additionally, the Group provides ongoing maintenance services that help extend the product lifecycle and ensure optimal performance, thereby enhancing customer satisfaction and reinforcing the perceived value of its offerings.

These strategic after-sales initiatives differentiate the Group from its competitors and also contribute significantly to building a loyal customer base. By continually investing in and improving these services, the Group meets and often exceeds customer expectations, ensuring a leading position in the market and driving repeat business.

4.5.5 Strategic Local and Regional Presence with Comprehensive Online Integration

The Group's strategic network of physical and online sales channels substantially extends its reach across the Kingdom and the broader GCC Region, in addition to certain other international jurisdictions. As of the date of this Prospectus, the Group operates 40 showrooms, strategically distributed to ensure optimal access for both current and prospective customers. These outlets include specialised branches such as Ceramic Home, Lighting Stores and Build Station, along with Hatch Sanitary. The configuration of these showrooms is carefully designed to cater to the diverse needs of the regions they serve, enhancing the Group's ability to engage new customer bases and maintain strong relationships with existing ones.

This network encompasses showrooms located in 14 cities within the Kingdom, ensuring comprehensive coverage and easy accessibility. Sales to the retail sector have consistently represented approximately 95 per cent. of the Group's total sales during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G.

In addition to its extensive physical presence, the Group has significantly enhanced its digital footprint. The development of an intuitive online store, accessible via both a mobile application and a website, has aligned with changing consumer behaviours and also catered to the increased preference for online shopping. This strategic emphasis on digital sales channels has contributed to a marked increase in customer reach and sales volume, with online revenues showing consistent year-on-year growth.

Furthermore, the integration of e-commerce and physical retail strategies has created a seamless omnichannel experience for customers. Whether shopping online or in-store, customers benefit from consistent pricing, product availability, and customer service, enhancing the overall customer journey and satisfaction.

These integrated sales channels—both physical and digital—underscore the Group's commitment to being at the forefront of the building materials industry, providing a seamless shopping experience that ensures consistency in pricing and customer service across all platforms.

4.5.6 Strategic Supply Chain Management and Supplier Relationships Enhance Competitive Edge and Profit Margins

The Group's ownership of its Illus (and its sub-brands) Hatch and Fixer brands and direct procurement model in relation to such brands have consistently driven a significant portion of its revenue. The percentage of revenue from products under the Group's own brands amounting to 47.0 per cent., 60.0 per cent., and 62.0 per cent. for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G, respectively. This model of operation grants the Group considerable control over its cost structures by bypassing traditional distribution channels that involve wholesalers or commercial agents, where additional costs and price hikes are common.

By contracting directly with manufacturers, primarily based in Spain, Italy, China, Germany and Portugal, the Group mitigates these additional expenditures and also ensures that its product offerings remain of high quality and competitively priced.

These distinctive relationships with manufacturers and suppliers in European countries and the People's Republic of China allow the Group to negotiate favourable terms for prices, quantities and schedules that align with its strategic objectives. The Group maintains exclusive and special production lines with these partners, furthering its ability to offer unique products that are not available to other importers.

The Group's strategy also involves short-term contracts with several suppliers/manufacturers to produce the same group of products. This arrangement grants the Group greater flexibility to adapt to market trends and changing consumer preferences swiftly, thereby enhancing its negotiating power to secure the best possible prices and quantities. This agile supply chain strategy, coupled with an efficient logistics framework, ensures rapid response to market changes and consumer demands without the encumbrance of intermediaries.

Furthermore, the Group's focus on sustainability and innovation continues to solidify its market position as it introduces products that meet the evolving needs of consumers and align with global standards and market expectations. This comprehensive approach to supply chain and supplier relationship management boosts the Group's profit margins and also reinforces its competitive edge in the market.

4.5.7 Anticipated High Demand for the Group's Products Amidst Expanding Markets

According to the Market Report, the demand for the Group's primary products—tiles, lighting and sanitary ware—is expected to maintain a robust growth trajectory over the next five years. This anticipated demand is driven by substantial investments in residential projects, developments in the hospitality sector and significant Government infrastructure initiatives across the Kingdom:

- **Tiles Market Overview:** The tile market, a cornerstone of the Group's portfolio, is projected to expand from SAR 5 billion in 2023G to SAR 6.7 billion by 2028G, reflecting a steady compound annual growth rate of 6.0 per cent. The Group's strategic positioning and diverse product offerings are well-aligned with this growth, ensuring its continued prominence in this expanding market sector;
- **Lighting Market Forecast:** Similarly, the lighting market, where the Group holds a number one market share, is set to grow from SAR 7.7 billion in 2023G to SAR 10.6 billion in 2028G, marking a compound annual growth rate of 6.8 per cent. The Group's innovative product range and strong market presence place it at the forefront of this significant market expansion; and
- **Sanitary Ware Market Potential:** The sanitary ware market is also on a positive trajectory, expected to increase from SAR 1.8 billion in 2023G to SAR 2.4 billion by 2028G, with a compound annual growth rate of 5.8 per cent. The Group's recent expansions and enhancements in product offerings are timely, positioning it to capitalise on these market growth opportunities effectively.

Each of these sectors demonstrates the Group's strategic market alignment with current trends and its agility in responding to evolving consumer preferences and infrastructural developments. The foresight in product diversification and enhancement of operational efficiencies ensures the Group remains competitive and continues to deliver value to its shareholders and customers alike.

4.5.8 Innovative Technology Integration

The Group's commitment to maintaining leadership in the building materials sector is underscored by its substantial investments in modern technology and automation across its operations. This strategic focus significantly enhances efficiency and reduces costs, particularly in logistics processes.

The Group has invested in a comprehensive, fully integrated Enterprise Resource Planning (ERP) system, supported by a dedicated team of internal functional and technical consultants. These consultants are engaged in ongoing development and innovation initiatives spanning all key performance areas, including but not limited to inventory management, forecasting and master planning, customer relationship management, human resource management and automation. The objective of these initiatives is to enhance operational efficiency and effectiveness, while simultaneously establishing a centralised source of information to support data-driven decision-making.

Furthermore, the Group utilises sophisticated analytics and data management systems to sharpen decision-making capabilities. Timely analytics provide profound insights into customer preferences and market trends, enabling tailored product offerings and marketing strategies that closely align with market needs. Predictive analytics are leveraged to forecast demand accurately, optimise production schedules, and manage inventory, thus minimising overproduction and waste.

The integration of these technological advancements underscores the Group's dedication to innovation and also solidifies its competitive edge. Continuous enhancements in technology and data capabilities ensure the Group's agility and leadership in an increasingly digital and data-driven industry.

4.5.9 An Executive Management Team with Diverse Expertise Under the Stewardship of an Experienced Board

The Group's Executive Management team consists of individuals with extensive expertise in the building materials sector, complemented by a profound understanding of the local market dynamics. This skilled team is led by specialised sector managers, each expert in different areas of the business, ensuring that each product line meets and also exceeds market demands.

The organisational structure of the Group is designed to encourage innovation while maintaining operational efficiency, supported by dedicated services such as logistics, administration, IT, human resources and maintenance. These services are essential for the effective implementation of the Group's strategic and marketing plans.

Moreover, the Group benefits from the oversight of an experienced Board, which plays a vital role in guiding the Executive Management team. The Board's collective expertise and strategic insight ensure robust corporate governance, which is instrumental in steering the Group towards sustained growth and maintaining its competitive edge in the market.

4.6 Overview of the Group's Operations

The Group operates in the retail sector, selling ceramic and porcelain tiles, sanitary ware, building materials, lighting products and smart devices. As of the date of this Prospectus, it operates 39 showrooms within the Kingdom under the brand names "Ceramic Home," "Lighting Stores," "Hatch Sanitary," and "Build Station" across 14 cities in the Kingdom, in addition to five international showrooms. The Group also operates various online stores, targeting customers in the Kingdom, the broader GCC and internationally. Through its showrooms, the Group aims to meet the needs of its customers for building materials and related products. As of 30 September 2024G, the Group operated 30 warehouses in Riyadh and the Eastern Region to support its showrooms and supply them with products and goods, covering a total area of over 40,321 square metres. This setup ensures product availability and also aids in meeting the diverse needs of its customers through an effective distribution network that complements its online presence, enabling the Group to deliver a wide range of high-quality and innovative products aimed at both commercial and residential clients.

4.6.1 Product Offerings

The Group's diverse portfolio spans multiple critical sectors, positioning it as one of the leaders in the provision of high-quality, innovative products that cater to a range of commercial and residential needs. From the inception of its operations, the Group has strategically broadened its offerings to include tiles, lighting, sanitary ware and cooling systems, each contributing significantly to its steady revenue growth and market expansion. Financial performance has remained robust, with products like tiles and lighting meeting and often exceeding market demands, as evidenced by the steady revenue increments as of the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, the product categories have shown remarkable growth, reflecting the Group's strategic planning and execution.

The following table shows the Group's revenues according to major product categories for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G:

Table 4.11: Group Revenues by Major Product Categories

Product Category	31 December 2021G		31 December 2022G		31 December 2023G		30 September 2024G	
	Revenues (SAR '000)	% of Total Revenue	Revenues (SAR '000)	% of Total Revenue	Revenues (SAR '000)	% of Total Revenue	Revenues (SAR '000)	% of Total Revenue
Tiles and Ancillary Products	124,243	49.5%	126,540	39.2%	129,784	35.5%	124,032	43.9%
Lighting Products	117,021	46.7%	149,667	46.2%	170,462	46.6%	120,854	42.8%
Sanitary Ware Products	9,630	3.8%	42,890	13.2%	57,962	15.9%	35,431	12.5%
Cooling and Air Conditioning Systems	-	-	4,645	1.4%	7,224	2.0%	2,009	0.7%
Total	250,894	100.0%	323,742	100.0%	365,432	100.0%	282,326	100.0%

Source: The Company.

4.6.1.1 Tiles and Ancillary Products

Initiated in 2006G under the brand name "Ceramic Home," this segment has evolved to become a cornerstone of the Group's portfolio, consistently contributing substantial revenue through its diverse range of high-quality products. In the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, ceramics and porcelain products generated SAR 124.2 million, SAR 126.5 million, SAR 129.8 million and SAR 124.2 million in revenue, respectively, representing 49.5 per cent., 39.2 per cent., 35.5 per cent. and 43.9 per cent. of the Group's total revenue for the same periods, underscoring the significant contribution of this segment to the overall business.

The Group's strategy involves marketing these products through an extensive retail network that includes dedicated Ceramic Home showrooms, multifunctional Build Station branches and a comprehensive online store, ensuring accessibility and convenience for customers across the Kingdom and beyond.

(a) Product Offerings and Unique Selling Points

As of the date of this Prospectus, the Group offers an expansive array of over 4,400 ceramic and porcelain tiles that cater to various aesthetic preferences and functional requirements, making it a leading choice for both residential and commercial projects. The products are categorised into several lines, each designed to meet the specific tastes and needs of different market segments:

- **Ceramic Tiles:** Known for their versatility, durability, and cost-effectiveness, the Group's ceramic tiles come in an array of designs such as terrazzo, marble-style, wood-look, stone-look, and both classic and modern patterns. These tiles are ideal for environments that require frequent cleaning and stand up well to wear and tear, making them perfect for kitchens, bathrooms and high-traffic areas;
- **Porcelain Tiles:** These tiles are highly prized for their strength, water resistance and low maintenance. The Group offers porcelain tiles that mimic natural materials like marble and wood but provide superior durability and stain resistance. This makes them suitable for luxurious interiors and high-end commercial spaces that demand both aesthetic appeal and long-lasting performance; and
- **Building Materials:** Beyond tiles, the Group supplies essential building materials that complement the installation and maintenance of tiling projects. This includes high-quality adhesives, grout, spacers and innovative porcelain-made furniture and surface care solutions, which ensure that the Group's customers receive a full-service experience from start to finish.

The following table shows the breakdown of tiles and ancillary products as of the date of this Prospectus:

Table 4.12: Breakdown of Tiles and Ancillary Products as of the Date of this Prospectus

Tile Products	
Product Category	Subproduct Description
Ceramic	Various shapes and patterns, including: Terrazzo, marble style, wood-look, stone-look, classic, modern design, colourful patterns
Porcelain	Different styles, including: Terrazzo, marble style, wood-look, stone-look, classic, modern design, colourful patterns
Building Materials	Including: adhesives, grout, spacers, porcelain-made furniture, surface care solutions, building boards

Source: The Company

(b) Brand Partnerships and Global Reach

The Group collaborates with several renowned global manufacturers to ensure that its offerings meet the highest standards of design and quality. These partnerships help introduce innovative products that align with current trends and consumer preferences, maintaining the Group's strong position in the marketplace.

The following table shows the agencies and brands for tiles and ancillary products as of the date of this Prospectus:

Table 4.13: Agencies and Brands for Tiles and Ancillary Products as of the Date of this Prospectus

Product Subcategory	Brand/Agency	Country of Origin/Description
Ceramic – Porcelain	FANAL, COLORKER, ARGENTA, KTL, INALCO (Agencies)	These Spanish agencies are celebrated for innovative ceramic and porcelain designs that blend contemporary aesthetics with traditional craftsmanship.
Ceramic – Porcelain	Codicer, Myknos, Exagress, Living Ceramic (Agencies)	Known for their artistic and versatile ceramic products, these Spanish brands offer a wide range of styles to cater to both modern and classic tastes.
Ceramic – Porcelain	Mayolica, Laplatera, Tau (Agencies)	These agencies from Spain specialise in high-quality ceramic and porcelain tiles that are perfect for adding a touch of luxury to any setting.
Ceramic – Porcelain	ABK (Agency)	An Italian leader in ceramic and porcelain, ABK is renowned for its innovative and trend-setting designs in the industry.
Building Materials	FIXER (Brand)	Operating out of Spain, France, the Kingdom, and China, FIXER provides essential building materials that ensure durability and aesthetic appeal across a broad range of construction projects.
Building Materials	Hatch Products (Brand)	With roots in the Kingdom and China, Hatch Products is recognised for its robust and reliable building materials that are key in modern construction.

Building Materials	INVESTWOOD (Agency)	Based in Portugal, INVESTWOOD is acclaimed for its commitment to innovation and quality in wood-based building materials, ideal for both structural and decorative purposes.
Building Materials	WEDI (Agency)	This German agency offers top-tier solutions in waterproofing and insulation, crucial for creating safe and energy-efficient buildings.
Building Materials	FILA (Agency)	Specialising in building care products from Italy, FILA ensures the longevity and beauty of building surfaces with its advanced protective solutions.

Source: The Company.

The comprehensive range of ceramics and porcelain products offered by the Group underscores its commitment to quality and innovation, as well as highlighting its strategic approach to capturing a broad customer base. By continuously evolving product lines and maintaining high standards, the Group effectively addresses the growing market demand for durable and aesthetically pleasing building solutions. This dedication to excellence and customer satisfaction is key in reinforcing the Group's leadership position in the market and driving its long-term success.

4.6.1.2 Lighting Products

Launched under the brand "Lighting Stores" in 2013G, this segment has become a key part of the Group's portfolio. In the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, lighting products generated SAR 117.0 million, SAR 149.7 million, SAR 170.5 million, and SAR 120.9 million in revenue, respectively, representing 46.7 per cent., 46.2 per cent., 46.6 per cent., and 43.8 per cent. of the Group's total revenue for the same periods, underscoring the significant contribution of this segment to the overall business. As of the date of this Prospectus, the Group markets these products through 16 Lighting Stores showrooms, ten Build Station showrooms and its extensive online store, which collectively ensure wide accessibility and convenience for customers across the Kingdom and beyond.

(a) Product Offerings and Unique Selling Points

The Group's lighting solutions are designed to cater to a wide range of applications, from residential to commercial and industrial needs, reflecting modern technology and design excellence. As of the date of this Prospectus, the product range of around 5,283 lighting products is diversified to include indoor and outdoor lighting solutions along with smart devices and essential electrical components such as switches and cables. This diversity allows the Group to serve a broad customer base, providing solutions that enhance both the functionality and aesthetics of any space:

- **Indoor Lighting:** The offerings include advanced LED technology and various lighting fixtures such as spotlights, high-power lamps, and model-specific lighting units. These products are designed for energy efficiency and optimal illumination, suitable for both home environments and commercial settings requiring high-quality lighting solutions;
- **Outdoor Lighting:** Durable and designed to withstand external elements, the Group's outdoor lighting products include wall units, ground lights, and advanced LED solutions that ensure safety and enhance the visual appeal of exterior spaces;
- **Switches and Cables:** Reliable and designed to complement the Group's lighting systems, the switches and cables segment includes high-standard electrical components that ensure safety and functionality; and
- **Smart Devices:** Catering to the growing demand for home automation, the Group's smart lighting products integrate seamlessly with modern home ecosystems, offering users convenience and enhanced control over their lighting environments.

The following table shows the detailed breakdown of lighting products as of the date of this Prospectus:

Table 4.14: Breakdown of Lighting Products as of the Date of this Prospectus

Lighting Products	
Product Subcategory	Description
Indoor Lighting	Includes: LED spotlights – Motion sensors – High-power LED lamps – Model 111 lighting units – Recessed ceiling frames – LED track lighting units – Flat LED lighting units – LED Model 50 lighting units – Non-directional LED bulbs – Decorative LED lamps – Spotlight frames – Hanging linear LED lighting units – Recessed linear LED lighting units – Recessed ceiling LED lighting units – Single pendant lighting fixtures – Table lighting units – Wall lighting fixtures – T5 linear LED lighting units – Ceiling lighting units – Ceiling LED lighting units – Chandeliers – Floor lighting units – Linear T8 LED lighting units – HV flexible neon strips – LV flexible neon strips – Emergency LED lighting units – Track lighting rails – Ceiling mini downlights – Lamp holders – Recessed frame (frameless)
Outdoor Lighting	Includes: Wall lighting units – LED wall lighting units – Ground lighting units – LED ground lighting units – Bollard lighting units – LED bollard lighting units – Recessed LED ground lighting units – Recessed ground lighting units – Recessed LED wall lighting units – 360-degree lighting units – LED flood lighting units – Recessed ceiling LED lighting units
Switches and Cables	Includes: Wire connectors – Waterproof connectors – Switches and sockets – Electrical cables
Smart Devices	Includes: Floor lighting units – Multi-use devices – Table lighting units – Professional devices – Pendant lighting – Track lighting systems – Modular lighting systems – Wall lighting fixtures – Smart lighting

Source: The Company.

(b) Brand Partnerships and Global Reach

The Group collaborates with several renowned global manufacturers to ensure that its lighting offerings meet the highest standards of design and quality. These partnerships help introduce innovative products that align with current trends and consumer preferences, maintaining the Group's strong position in the marketplace.

The following table shows the global and local brands under which the Group sells lighting products as of the date of this Prospectus:

Table 4.15: Brands for Lighting Products as of the Date of this Prospectus

Product Subcategory	Brand	Country of Origin/Description
Indoor and Outdoor Lighting – Switches and Cables – Smart Devices	Lighting Stores (Brand)	Known for comprehensive lighting solutions and smart devices, this leading domestic brand caters to both residential and commercial settings within the Kingdom.
Indoor and Outdoor Lighting	Illus (Brand)	Specialising in high-end, durable lighting fixtures, this Chinese brand enhances both aesthetic and functional aspects of various environments.
Smart Devices	Hypnotek (Brand)	Innovating in smart device technology, this Chinese brand enhances connectivity and control for modern living spaces.
Switches and Cables	Illicit (Brand)	Providing reliable and durable switches and cables, this Chinese brand is essential for modern electrical installations and infrastructure.
Electrical Converters	Mean Well (Brand)	Known for its robust electrical converters, this Chinese brand ensures efficiency and safety in power supply systems.
Waterproof Connectors	Steab (Brand)	Specialising in high-quality waterproof connectors, this Italian brand offers critical moisture resistance for demanding applications.
Waterproof Liquid Silicone	Etelec (Brand)	Offering advanced waterproof liquid silicone solutions, this Italian brand is ideal for secure moisture-resistant seals.

Source: The Company.

The lighting products segment showcases the Group's commitment to innovation and quality in providing advanced lighting options. By continuously expanding its product range to include the latest in lighting technology and smart solutions, the Group meets the current demands of the global market and also positions itself as one of the leaders in the lighting industry. This strategic approach is aimed at enhancing customer satisfaction and securing long-term growth, ultimately contributing significantly to the Group's overall success in the building materials and solutions sector.

4.6.1.3 Sanitary Ware Products

Initiated in 2020G under the brand "Hatch Sanitary," this segment has rapidly become integral to the Group's portfolio. In the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, sanitary ware products generated revenues of SAR 9.6 million, SAR 42.9 million, SAR 58.0 million and SAR 35.4 million, respectively, representing 3.8 per cent., 13.2 per cent., 15.9 per cent. and 12.5 per cent. of the Group's total revenue for the same periods. These figures significantly underscore the growing market acceptance and robust expansion trajectory of this segment.

The Group leverages an extensive distribution network comprising over ten strategically located showrooms across major urban centres such as Riyadh, Jeddah and Dammam, coupled with a dynamic online store. This robust network ensures that sanitary ware products are accessible to customers throughout the Kingdom, enhancing convenience with options for both in-person shopping and online purchasing, which includes features like direct delivery and online customer support.

(a) Product Offerings and Unique Selling Points

As of the date of this Prospectus, the Group offers an extensive array of approximately 1,418 products within the sanitary ware segment. These products are designed to meet diverse functional requirements and aesthetic preferences for both residential and commercial settings. The product range includes:

- **Sanitary Ware and Accessories:** This category includes a comprehensive selection of toilets, washbasins, bidets, shower accessories, drain covers, and other bathroom accessories. Each product combines functionality with aesthetic appeal, ensuring durability and enhancing the visual appeal of any bathroom space; and
- **Water Solutions:** Including water heaters and various pumps, this line is engineered for efficiency and reliability, providing sustainable water management solutions for residential and commercial buildings.

The following table shows the detailed breakdown of sanitary ware products as of the date of this Prospectus:

Table 4.16: Breakdown of Sanitary Ware Products as of the Date of this Prospectus

Sanitary Ware Products	
Product Subcategory	Description
Sanitary Ware and Accessories	Includes: toilets and their accessories, washbasins and their accessories, bidets and their accessories, shower accessories, drain covers, bathroom accessories and spare parts
Water Solutions	Includes: water heaters, pumps and accessories

Source: The Company.

(b) Brand Partnerships and Global Reach

The Group collaborates with leading global manufacturers to ensure its sanitary ware products adhere to the highest standards of design and quality. These strategic partnerships facilitate the introduction of innovative and trend-aligned products, reinforcing the Group's strong market presence. By leveraging these relationships, the Group continues to offer products that meet evolving consumer preferences and maintain a competitive edge in the industry.

The following table shows the global and local brands under which the Group sells sanitary ware products as of the date of this Prospectus:

Table 4.17: Agencies and Brands for Sanitary Ware Products as of the Date of this Prospectus

Product Subcategory	Brand/Agency	Country of Origin/Description
Sanitary Ware and Accessories – Water Solutions	Hatch Sanitary (Brand)	Known for quality and innovation, this brand originates from China and has become a key player in the Group's offerings.
Water Solutions	DAB (Agency)	An Italian brand renowned for superior water technology solutions, aligning with the Group's focus on high-quality and sustainable products.
Sanitary Ware and Accessories	Kerasan (Agency)	These Italian brands are celebrated for their luxurious sanitary ware, offering sophisticated designs that cater to upscale market segments.
Sanitary Ware and Accessories	Cisal/Huber (Agency)	
Sanitary Ware and Accessories	Alpi (Agency)	

Source: The Company.

The strategic inclusion of these products within the Group's portfolio diversifies its offerings and also strengthens its market position by integrating advanced, eco-friendly technologies that meet the evolving needs of the construction industry. This approach ensures sustained revenue growth and reinforces the Group's commitment to innovation and quality, driving long-term success in the competitive building materials market.

4.6.1.4 Cooling and Air Conditioning Systems

Launched under the brand "Ice Bear" in 2022G, the cooling and air conditioning systems segment is key in enhancing the Group's product diversity with premium cooling solutions. Despite its modest revenue contributions of SAR nil, SAR 4.6 million, SAR 7.2 million and SAR 2.0 million during the financial years ended 31 December 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing nil per cent., 1.4 per cent., 0.8 per cent. and 0.7 per cent. of the Group's total revenue for these periods, the strategic importance of this segment extends beyond immediate financial impact as it aims to:

- **Supporting Sector Growth:** As the Kingdom continues to urbanise and develop its infrastructure, the demand for high-quality cooling solutions is projected to rise, particularly in the burgeoning real estate and commercial sectors. These sectors are crucial under the Vision 2030's goals for economic diversification and urban development;
- **Enhancing Customer Experience:** Offering cooling and air conditioning solutions enables the Group to provide a comprehensive range of building solutions, enhancing customer convenience and satisfaction. This is particularly relevant in the Kingdom's harsh climatic conditions where effective cooling systems are essential, not just a luxury;
- **Regulatory and Environmental Compliance:** The introduction of Ice Bear aligns with increasing regulatory focus on energy efficiency and environmental sustainability in the Kingdom. The Government's initiatives towards green building standards necessitate advanced cooling solutions that meet new regulatory requirements, positioning the Group as a compliant and forward-thinking provider;
- **Innovative Market Positioning:** By maintaining a portfolio that includes technologically advanced cooling solutions, the Group positions itself as an innovator in a market with growing demand for smart and energy-efficient home and industrial applications. This caters to immediate market needs and also establishes the groundwork for future expansion into new product categories; and
- **Geographic Expansion Opportunities:** The Ice Bear brand extends the Group's reach beyond traditional markets, tapping into new geographic areas within the Kingdom and potentially into international markets. This is facilitated by a comprehensive distribution network that includes dedicated showrooms, multifunctional Build Station branches and a robust online store.

Therefore, while the revenue figures from the Ice Bear segment may currently reflect a smaller scale within the Group's portfolio, its strategic relevance supports long-term business growth and diversification. This segment enhances the Group's competitive edge and readiness for future market demands, playing a critical role in the comprehensive business strategy aligned with broader economic and environmental goals.

(a) Product Offerings and Unique Selling Points

As of the date of this Prospectus, the Group offers an expansive range of cooling and air conditioning services that cater to a variety of aesthetic preferences and functional requirements, making it a leading choice for both residential and commercial projects. The products are categorised into several lines, each designed to meet the specific needs and preferences of different market segments:

- **Design:** Known for innovative, tailor-made designs that optimise operational efficiency and environmental sustainability, Ice Bear's design services are crucial for projects requiring precision and customisation;
- **Supply and Implementation:** These services include the provision and full installation of advanced cooling systems, utilising modern technology that meets stringent industry standards; and
- **Maintenance:** Comprehensive maintenance services are offered to ensure that all installed systems maintain peak performance and longevity, reinforcing the brand's commitment to customer satisfaction and product reliability.

The following table shows the detailed breakdown of cooling and air conditioning systems as of the date of this Prospectus:

Table 4.18: Breakdown of Cooling and Air Conditioning Systems as of the Date of this Prospectus

Cooling and Air Conditioning System Products	
Product Subcategory	Description
Design	Includes: design services for cooling and air conditioning systems
Supply and Implementation	Includes: supply and implementation services for cooling and air conditioning systems
Maintenance	Includes: maintenance services for cooling and air conditioning systems

Source: The Company.

(b) Brand Partnerships and Global Reach

The Group collaborates with several renowned global manufacturers to ensure that its offerings meet the highest standards of design and quality. These partnerships facilitate the introduction of innovative products that align with current trends and consumer preferences, maintaining the Group's strong position in the marketplace.

The following table shows the global and local brands under which the Group sells cooling and air conditioning systems as of the date of this Prospectus:

Table 4.19: Brands for Cooling and Air Conditioning Systems as of the Date of this Prospectus

Product Subcategory	Brand	Country of Origin/Description
Design – Supply and Implementation – Maintenance	Ice Bear (Brand)	Known for quality and innovation, this brand originates from the Kingdom and has become a key player in the Group's offerings.

Source: The Company.

The comprehensive range of cooling and air conditioning products offered by the Group underscores its commitment to quality and innovation, highlighting its strategic approach to capturing a broad customer base. By continuously evolving product lines and maintaining high standards, the Group effectively addresses the growing market demand for efficient and environmentally sustainable cooling solutions. This dedication to excellence and customer satisfaction is key in reinforcing the Group's leadership position in the market and driving its long-term success.

4.6.2 Interconnected Omnichannel Shopping Experience

In the dynamic retail landscape, the seamless integration of physical and digital commerce platforms is paramount to delivering exceptional customer experiences. The Group's comprehensive omnichannel strategy effectively combines robust online capabilities with an extensive network of physical showrooms. This strategic fusion ensures unmatched convenience and accessibility, accommodating a diverse range of customer preferences—from those who value in-person interactions at the Group's showrooms to those who appreciate the ease and efficiency of online shopping. This holistic approach enhances customer satisfaction and also broadens the Group's reach across various consumer demographics, ultimately supporting sustained business growth and market expansion.

4.6.2.1 Overview of Physical and Digital Integration

The strategic integration of physical showrooms and digital platforms underpins the Group's approach to market access and customer engagement. This hybrid model enhances the shopping experience by providing multiple channels for customer interaction and also ensures broad reach across diverse consumer segments.

(a) Strategic Network of Showrooms

The Group's extensive network of showrooms forms the cornerstone of its retail strategy, providing accessible, high-quality building and home improvement products across the Kingdom and internationally. With 34 showrooms strategically located within the Kingdom as of the date of this Prospectus, complemented by five international locations, the Group caters to a wide range of consumer demands. These showrooms, varying in size from 80 to 1,680 square metres, are optimally located in high-traffic urban and commercial areas, enhancing brand visibility and operational efficiency.

(i) Overview of Showroom Operations

The Group's showroom operations exemplify its strategic commitment to delivering superior customer experience through a network of carefully located retail outlets. Spanning multiple key markets, these showrooms embody the Group's dedication to accessibility, showcasing a diverse array of products under the brands Ceramic Home, Lighting Stores, Hatch Sanitary and Build Station. This network serves a broad customer base and also strategically enhances the shopping experience by placing showrooms in prime urban centres.

Expansive Showroom Network

The Group operates under well-known brands such as Ceramic Home, Lighting Stores, Hatch Sanitary and Build Station, offering a diversified product range that attracts a broad customer base. This strategic placement across key urban centres maximises customer outreach and enriches the shopping experience. See also Table 4.27 (*Details of the Group's Showrooms and Their Locations as of the Date of this Prospectus*) for further details of the Group's showrooms and their locations.

Optimised Showroom Locations

The strategic placement of each showroom is a carefully calculated decision, underpinned by a thorough analysis of demographic trends, potential market growth and local purchasing power. This strategy ensures that each location is optimally positioned to maximise foot traffic and drive sales, crucial for sustaining the Group's growth and market presence:

- **Demographic Analysis:** The Group conducts in-depth demographic studies to understand the population distribution, age demographics and lifestyle preferences of potential customers in various regions. This analysis helps to identify areas with a high concentration of the target market, ensuring that showrooms are placed where they are most likely to attract the intended customer base;
- **Market Growth Potential:** Locations are also selected based on a detailed evaluation of market growth potential. This includes assessing upcoming residential and commercial developments, economic forecasts and infrastructure improvements in the area. By situating showrooms in rapidly developing regions, the Group capitalises on the expanding customer base and increasing demand for home improvement and building materials;
- **Local Purchasing Power:** Understanding the economic environment and purchasing power of potential customers in different locales is critical. The Group analyses income levels, employment rates and general economic conditions to gauge the spending capacity of consumers in each area. This ensures that the product offerings are aligned with the financial ability of the local population, enhancing the likelihood of sales conversions;
- **Accessibility and Visibility:** Strategic location selection also considers the accessibility and visibility of potential showroom sites. Preference is given to locations that are easily accessible via major roads and public transport networks, and those that have high visibility from main thoroughfares. These factors are vital for attracting passing traffic and making it convenient for customers to visit the showrooms; and
- **Competitive Landscape:** The choice of location also takes into account the proximity to competitors. By understanding the competitive landscape, the Group strategically places its showrooms to offer better accessibility, superior product ranges, and more attractive pricing. This helps in capturing a larger share of the market and also positions the Group as one of the leaders in the industry.

Through this comprehensive approach to selecting showroom locations, the Group ensures that each showroom is well-placed to attract the highest possible foot traffic and also strategically positioned to outperform competitors and meet the evolving needs of its customer base. This strategic foresight in location planning significantly contributes to the Group's ongoing success and expansion in the retail market.

(ii) Locations and Products of the Group's Showrooms in the Kingdom

The Group's strategically placed showrooms across the Kingdom showcase a diverse range of products, from tiles and lighting solutions to sanitary ware. This careful placement ensures that each showroom serves the local market effectively and also enhances the overall visibility and accessibility of the Group's offerings.

The table below details the main information about the Group's showrooms in the Kingdom as of the date of this Prospectus, illustrating the Group's commitment to wide geographical coverage and varied product availability:

Table 4.20: Locations and Products of the Group's Showrooms in the Kingdom as of the Date of this Prospectus

#	Showroom Name	Showroom Products	Location	Year of Opening	Ownership Status
1	Build Station	Tiles	Riyadh – Al Nuzha – Imam Saud	2010G	Leased
2	Build Station	Tiles – Lighting – Sanitary Ware	Riyadh – Al Takhassusi	2024G	Leased
3	Ceramic Home	Tiles	Riyadh – Al Aziziyah – Outlet	2012G	Leased
4	Ceramic Home	Tiles – Sanitary Ware	Riyadh – Al Aziziyah	2010G	Leased
5	Ceramic Home	Tiles	Riyadh – Al Yasmeen	2015G	Leased
6	Build Station	Tiles – Sanitary Ware – Lighting	Al Ahsa – Al Mubarraz – Dhahran Road	2013G	Leased
7	Ceramic Home	Tiles	Al Ahsa – Al Bassirah – Al Jafr Road	2013G	Leased
8	Build Station	Tiles – Lighting – Sanitary Ware	Al Khobar – Al Khobar Al Shamaliyah	2013G	Leased
9	Build Station	Tiles – Lighting – Sanitary Ware	Dammam – Al Jubail Road	2013G	Leased
10	Ceramic Home	Tiles	Dammam – Al Khalidiyah – King Fahad Road	2013G	Leased
11	Ceramic Home	Tiles	Buraidah	2010G	Leased
12	Ceramic Home	Tiles	Unaizah	2010G	Leased
13	Build Station	Tiles – Lighting – Sanitary Ware	Hail	2021G	Leased
14	Build Station	Tiles – Lighting – Sanitary Ware	Abha	2021G	Leased
15	Ceramic Home	Tiles	Tabuk	2016G	Leased
16	Ceramic Home	Tiles – Sanitary Ware	Jeddah	2021G	Leased
17	Build Station	Tiles – Lighting – Sanitary Ware	Jazan	2022G	Leased
18	Lighting Stores	Lighting	Riyadh – Imam Saud	2016G	Leased
19	Lighting Stores	Lighting	Riyadh – Al Takhassusi	2013G	Leased
20	Lighting Stores	Lighting	Riyadh – Al Malaz	2014G	Leased
21	Lighting Stores	Lighting	Riyadh – Al Yasmeen	2015G	Leased
22	Build Station	Tiles – Lighting – Sanitary Ware	Al Ahsa – Al Khaleej Road	2024G	Leased
23	Lighting Stores	Lighting	Dammam – Building 2	2019G	Leased
24	Lighting Stores	Lighting	Dammam – Building 1	2017G	Leased
25	Lighting Stores	Lighting	Dammam – Al Faisaliyah	2019G	Leased
26	Lighting Stores	Lighting	Al Ahsa – Al Mubarraz – Dhahran Road	2017G	Leased
27	Lighting Stores	Lighting	Buraidah	2014G	Leased
28	Lighting Stores	Lighting	Unaizah	2014G	Leased
29	Lighting Stores	Lighting	Jeddah	2018G	Leased

#	Showroom Name	Showroom Products	Location	Year of Opening	Ownership Status
30	Lighting Stores	Lighting	Khamis Mushait	2021G	Leased
31	Lighting Stores	Lighting	Najran	2021G	Leased
32	Lighting Stores	Lighting	Al Jouf	2021G	Leased
33	Hatch Sanitary	Sanitary Ware	Riyadh – Al Takhassusi	2023G	Leased
34	Hatch Sanitary	Sanitary Ware	Buraidah	2023G	Leased

Source: The Company.

This extensive network of showrooms solidifies the Group's presence in key demographic and economic hubs across the Kingdom, underscoring its commitment to making quality home improvement products accessible to a broad customer base. By continuously analysing market trends and customer feedback, the Group ensures that its showroom locations remain optimally aligned with consumer needs and preferences, thereby driving customer satisfaction and business growth.

(iii) Showroom Design and Customer Experience

The Group's dedication to delivering an unparalleled shopping experience is evident in the careful architectural and interior designs of its showrooms. A uniform design strategy is applied across all locations to promote an intuitive customer journey that optimises both product visibility and accessibility. The core design principles and customer-centric approaches that define the showroom experience and demonstrate the Group's commitment to creating a superior retail environment consist of the following:

- **Unified Design Strategy**, including:
 - Thematic Product Sections: Products are grouped thematically to streamline the shopping process, allowing customers to easily compare similar items and make informed decisions without the need to traverse multiple areas; and
 - Consistent Layout Across Showrooms: Maintaining a consistent layout and design across all showrooms reinforces brand identity and enhances customer familiarity, which can help reduce the cognitive load on new and returning visitors.
- **Enhanced Navigation and Accessibility**, including:
 - Wide Aisles: The aisles are designed to be wide enough to prevent crowding, providing a comfortable and relaxed environment that enhances customer satisfaction and accommodates a higher footfall during peak shopping hours; and
 - Clear Signage and Wayfinding: Effective signage and wayfinding tools are implemented to guide customers efficiently through the space, ensuring that they can find their desired products with ease.
- **Strategic Product Placement and Display**, including:
 - Eye-Catching Product Displays: Key products and new arrivals are displayed prominently at strategic locations within the showroom to capture interest and engage customers as they navigate through the space; and
 - Interactive Displays: Where applicable, interactive displays are employed to provide hands-on experiences with products, offering demonstrations that highlight features and benefits in real-time.
- **Aesthetic Considerations**, including:
 - Lighting and Visual Appeal: Careful consideration is given to the lighting design to ensure products are well-lit and visually appealing. Soft ambient lighting combined with targeted spotlights helps to enhance product features and create a welcoming atmosphere; and
 - Material and Finish Selections: High-quality materials and finishes are selected for all fixtures and fittings to reflect the premium nature of the Group's brand and products. These choices are also designed to be durable to withstand high traffic while maintaining an attractive appearance over time.

These design features are integral to the Group's strategy to attract customers into the showrooms and also to enhance their overall shopping experience. By encouraging exploration and interaction with the product range, the Group aims to increase customer engagement, satisfaction and ultimately, sales conversion rates. This thoughtful approach to showroom design and customer experience is a testament to the Group's commitment to excellence and its understanding of the nuances of consumer behaviour in a retail setting.

(b) Advanced Online Store Platforms

In 2019G, the Group expanded its operations by launching online stores, designed to complement and enhance the physical showroom infrastructure. This significant move established a robust digital presence for the Group, offering a wider range of products, including several online-exclusive items. Serving as a key element of the Group's omnichannel strategy, these online stores provide a flexible and comprehensive shopping experience accessible throughout the Kingdom, the broader GCC countries and internationally.

The Group's online stores have shown significant growth in their contribution to overall revenue since their inception, registering SAR 4.6 million in 2021G, SAR 13.3 million in 2022G, SAR 12.4 million in 2023G, and SAR 8.9 million for the period ended 30 September 2024G. These figures highlight the increasing importance of the digital platform in the Group's revenue streams. To maximise online revenue, the Group has implemented several strategic sales initiatives, including timed promotions to maximise product demand and exclusive online sales events to attract significant numbers of shoppers. These strategies have proven effective, demonstrating the growing impact of the online stores on the Group's revenue, with contributions of approximately 2.0 per cent., 4.0 per cent., 3.0 per cent. and 3.0 per cent. of the Group's total revenues in the respective financial periods. These contributions, while a smaller percentage of total revenue, are indicative of the online platform's potential and strategic relevance to the Group's expansion and customer reach.

(i) Comprehensive Product Offerings and Exclusivity

The Group's online platforms showcase a comprehensive range of products across various brands, specifically designed to cater to all customer preferences. This extensive product offering ensures that every visitor to the Group's online stores finds items that perfectly match their requirements, from basic home necessities to specialised building materials. The offerings can be categorised into two distinct aspects:

- **Extensive Range:** The online stores act as a virtual catalogue for the Group's complete product lineup. Each brand within the Group's portfolio is thoroughly represented, providing customers with a holistic view of the available options. This approach simplifies the decision-making process by allowing for easy comparison and also enhances user satisfaction by offering a myriad of choices within a single digital platform; and
- **Exclusive Products:** To complement the broad range of products, the Group's online stores also feature exclusive items that are only available through its e-commerce channels. This strategy serves several purposes: it enriches the shopping experience by providing distinctive products not found in physical stores; it attracts a demographic of consumers who seek unique online deals; and it broadens the customer base, catering specifically to those who prefer the convenience and exclusivity offered by online shopping.

By offering an extensive array of products alongside unique, online-only items, the Group's online platforms enrich the shopping experience and also strategically position the Group to effectively cater to a diverse customer base. This approach is key in enhancing the overall customer experience and expanding market reach. Through these efforts, the Group underscores its commitment to leveraging digital platforms not merely for sales but as an integral part of its broader customer engagement and market expansion strategy.

(ii) Customer-Centric Online Experience

The Group's online platforms are designed to focus on the needs and preferences of the consumer, ensuring a seamless and engaging shopping experience. This customer-centric approach is manifested in several key features of the online store:

- **Detailed Product Descriptions and Reviews:** Each product listed on the Group's online platforms is accompanied by detailed descriptions and comprehensive reviews from previous customers. This level of detail supports potential buyers in making well-informed decisions by providing in-depth information about product features, benefits, and real-world usage. The inclusion of customer reviews adds a layer of trust and authenticity, helping new customers understand the practical applications and satisfaction levels associated with the products; and
- **Tailored Promotions:** To enhance engagement and drive conversions, the Group's online store is continually updated with exclusive promotions that are specifically crafted to appeal to the online audience. These promotions are strategically developed to coincide with peak shopping periods or to highlight new or existing inventory. By offering tailored discounts and special offers, the Group effectively attracts significant traffic to its online platforms, encouraging both first-time visits and repeat purchases.

These initiatives are part of the Group's broader strategy to optimise the online shopping experience, making it user-friendly and highly responsive to consumer trends and preferences. By continually refining these elements, the Group ensures that its online platforms remain competitive and appealing to a broad demographic, ultimately leading to increased customer satisfaction and loyalty. This focus on customer-centric experiences is key in driving the success of the Group's online sales channels and underscores its commitment to maintaining a strong digital presence in the retail sector.

(iii) Operational Excellence in E-Commerce

The Group's commitment to delivering a superior online shopping experience is underpinned by its substantial investment in operational excellence within its e-commerce platforms. This commitment is manifested through two primary operational strategies:

- **Dedicated Development Team:** The Group has established a specialised team devoted entirely to the design, development and ongoing monitoring of the online stores. This team's sole focus is to ensure that each aspect of the e-commerce experience is seamless, functional and user-friendly. By continuously analysing user feedback and performance data, the team implements regular updates and enhancements that improve functionality and user interaction, ensuring that the platforms consistently meet the high standards expected by today's online consumers; and
- **Dynamic Website Links:** Integration between the Group's online platforms and its physical showrooms is managed to provide a seamless customer experience. This integration allows customers to effortlessly access detailed product information and complete purchase options through a few simple clicks. Below are the active links to the Group's comprehensive suite of online storefronts, each offering direct access to its extensive product range:
 - Lighting Stores: [Lightingstores.com.sa](https://lightingstores.com.sa)
 - Ceramic Home: [Ceramichome.com.sa](https://ceramichome.com.sa)
 - Build Station: [Build-Station.com](https://build-station.com)
 - Hatch: [Hatch-Products.com](https://hatch-products.com)
 - Hypnotek: [Hypnotek-Shop.com](https://hypnotek-shop.com)
 - Fila: [Filasaudi.com](https://filasaudi.com)

The strategic development and continuous refinement of the Group's online stores have substantially enhanced its traditional sales channels, significantly expanding market reach and elevating customer service capabilities. By leveraging modern e-commerce technologies and prioritising a customer-first approach, the Group has effectively created an online shopping environment that is seamless and efficient, as well as aligned with the expectations of modern consumers. This proactive advancement underscores the Group's dedication to innovation and adaptability in the dynamic retail landscape, ensuring sustained growth and enhanced customer satisfaction across both its physical and digital platforms. This commitment to operational excellence in e-commerce is key in maintaining the Group's competitive edge and supporting long-term customer loyalty.

4.6.2.2 Seamless Shopping Experience

The Group is committed to providing a seamless shopping experience that harmonises the in-store and online environments, ensuring that customers receive consistent and high-quality service regardless of how they choose to shop. This seamless integration is facilitated through several key initiatives, including:

- **Unified Customer Interface:** Key Features of the unified interface include:
 - Consistent Shopping Experience: Customers can effortlessly transition between the Group's physical showrooms and online platforms. The unified customer interface allows them to check product availability, compare prices, and seamlessly reserve products for either in-store pickup or direct home delivery, streamlining the purchasing process; and
 - Advanced Technological Integration: The use of digital tools such as Virtual Reality (VR) in showrooms enriches the shopping experience. The VR showroom on the Lighting Stores site allows customers to undertake virtual tours of the showroom and view products, although it currently does not enable direct purchases. This feature is designed to provide a comprehensive visual experience of the product offerings in a simulated environment.
- **Dynamic Customer Service:** Components of dynamic customer service include:
 - Accessible Expert Assistance: Whether customers visit one of the physical locations or navigate the online store, trained associates are readily available to offer personalised assistance. This ensures that every customer receives the help they need to make informed decisions about their purchases; and
 - Ongoing Staff Development: The Group places a high priority on the continuous training and development of its showroom staff through the MHG Academy (an educational platform that provides ongoing training and content generation for all levels of staff, aiming to enhance their skills and knowledge in line with the latest industry standards). Such regular training programmes ensure that all team members are up-to-date with the latest product knowledge and customer service techniques, which are crucial for maintaining the high standards of service that customers expect from the Group.

Through these strategic implementations, the Group ensures that every customer interaction is efficient, informative and satisfying, whether it occurs in a digital or physical space. This approach enhances customer satisfaction and also builds loyalty and trust in the Group's brand, ultimately contributing to a cohesive and supportive shopping environment.

4.6.2.3 Enhanced Accessibility and Convenience

The Group is committed to enhancing accessibility and convenience for its customers through sophisticated logistics and adaptable purchasing options. This commitment ensures a seamless and efficient shopping experience, accommodating various customer preferences for convenience, whether engaging online or in physical locations:

- **Multi-Channel Purchasing Options:** This includes:
 - Flexible Shopping Solutions: The Group offers customers the flexibility to purchase products through its comprehensive online platform (which is optimised for mobile usage) or opt for direct delivery to their homes, enhancing convenience. Purchases can also be completed via the Customer Service Department through the Call Centre (unified number), where a tele-sales option is available. Additionally, customers can choose in-store pickup at any local showroom, ensuring a smooth transactional flow. These options provide practical choices that accommodate various lifestyles and schedules; and
 - Advanced Payment Technologies: The introduction of touchless transactions and various mobile payment options streamline the checkout process, making transactions quicker and safer across both online platforms and physical stores. These modern payment solutions ensure that transactions are fast and also secure, enhancing customer trust. By supporting a range of payment methods, the Group caters to a broader audience, accommodating different customer preferences and financial habits;
- **Robust Distribution and Logistics:** This includes:
 - Efficient Supply Chain Management: Leveraging a strategic network of 30 warehouses across Riyadh and the Eastern Region as of 30 September 2024G to ensure rapid product delivery and efficient stock replenishment. Sophisticated systems are in place to manage inventory levels effectively, ensuring that products are available when and where they are needed. The strategic locations of warehouses facilitate swift responses to both showroom and customer demands, minimising wait times for product availability; and
 - Strategic Warehouse Placement: The optimal placement of these warehouses significantly supports the logistical needs of both the showrooms and direct online orders, enhancing the efficiency of the distribution system and ensuring quicker delivery times to customers. Warehouse locations are chosen based on geographic and demographic insights to maximise distribution efficiency and reach. These facilities are critical in linking online sales with physical store capabilities, ensuring a cohesive operational strategy.

By continuously investing in advanced technologies and strategic infrastructure, the Group meets and anticipates the needs of its customers, maintaining a leading edge in the retail sector. This proactive approach to enhancing accessibility and convenience underpins the Group's strategy for sustained growth, ensuring that customer interactions remain positive across all sales channels and that the shopping experience is consistently reliable.

4.6.2.4 Continuous Improvement and Innovation

The Group is committed to continuous improvement and innovation in its operations, ensuring that both the online and physical retail environments evolve to meet changing customer needs and technological advancements. This commitment is evidenced through significant investments in technology and a proactive approach to incorporating customer feedback:

- **Investment in Technology:** This includes:
 - E-commerce Platform Enhancements: The Group regularly upgrades its e-commerce platform to enhance the user experience, improve security features, and integrate advanced analytics for personalised marketing; and
 - Inventory Management Systems: Implementation of sophisticated inventory management systems helps synchronise real-time data across both online platforms and physical stores;
- **Feedback and Adaptation:** This includes:
 - Customer Feedback Collection: The Group actively collects customer feedback through digital surveys and direct interactions within the store experiences to continually adapt and improve the shopping journey; and
 - Analysis of Shopping Patterns: Regular analysis of shopping patterns and customer preferences is conducted to better align the Group's product offerings and marketing strategies.

By integrating physical showrooms with a comprehensive online platform, the Group enhances customer convenience and accessibility, and also sets a benchmark in the retail industry for an interconnected omnichannel shopping experience. This strategic approach meets the diverse needs of the Group's customers and also positions it for sustained growth and customer loyalty in the competitive retail market. Through these initiatives, the Group demonstrates its commitment to staying at the forefront of retail innovation, continually adapting to the dynamic retail landscape and ensuring it remains responsive to both market demands and technological advancements.

4.6.3 Customers

Understanding the diverse and dynamic customer base is crucial for the Group, as it shapes the strategic direction and operational approaches. The Group caters to a wide array of customer segments, ranging from individual homeowners and DIY enthusiasts to professional contractors and large-scale developers. This section delves into the characteristics, preferences, and behaviours of the Group's customers, providing insights that drive targeted marketing strategies and product offerings.

4.6.3.1 Customer Demographics and Segmentation

Customer demographics and segmentation provide valuable insights into the specific needs and preferences of different customer groups, enabling the Group to tailor its products and services accordingly:

- **Individual Homeowners and DIY Enthusiasts:** A significant portion of the Group's customer base consists of individual homeowners looking to enhance their living spaces. These customers value quality, affordability, and user-friendly products that enable them to undertake home improvement projects independently;
- **Professional Contractors and Businesses:** The Group also serves professional contractors and businesses involved in construction and renovation. These customers prioritise product reliability, durability and the availability of bulk purchasing options at lower prices than retail; and
- **Wholesale Clients:** The Group actively collaborates with wholesale clients, including developers and institutional buyers, who require bulk product solutions for extensive projects. This segment values the integration of services and products that the Group can scale to meet large-scale demand. They benefit from competitive bulk pricing strategies that ensure both cost-efficiency and high-quality standards for substantial ventures.

Table 4.21: Value and Percentage of Each Customer Segment of Total Revenues of the Company in the Financial Years Ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G

Customer Segment	31 December 2021G		31 December 2022G		31 December 2023G		30 September 2024G	
	Revenues (SAR Million)	Percentage of Total Revenues	Revenues (SAR Million)	Percentage of Total Revenues	Revenues (SAR Million)	Percentage of Total Revenues	Revenues (SAR Million)	Percentage of Total Revenues
Individual Homeowners	217.1	86.5%	300.4	92.8%	344.4	94.2%	263.7	93.4%
Professional Contractors and Businesses	10.0	4.0%	12.1	3.7%	3.9	1.0%	12.5	4.4%
Wholesale Clients	23.8	9.5%	11.0	3.4%	17.0	4.6%	6.1	2.2%
Total	250.9	100.0%	323.5	100.0%	365.3	100.0%	282.3	100.0%

Source: The Company.

4.6.3.2 Customer Buying Behaviour

Understanding customer buying behaviour helps the Group align its marketing strategies and product offerings with customer expectations and preferences:

- **Quality and Cost Sensitivity:** The Group's market analysis indicates that while quality remains a primary concern for most customers, there is a significant sensitivity to pricing. The Group's pricing strategies are designed to address this concern by offering tiered pricing that caters to various economic segments; and
- **Loyalty and Repeat Business:** Customer loyalty programmes and incentives are in place to enhance repeat business rates. These programmes are tailored to encourage ongoing engagement by offering rewards, discounts, and exclusive deals.

4.6.3.3 Customer Feedback and Engagement

Regular interaction and feedback from customers enable the Group to refine its offerings and improve customer satisfaction continuously:

- **Feedback Mechanisms:** The Group has implemented several channels for collecting customer feedback, including digital surveys, direct feedback at point-of-sale, and social media interactions. This feedback is crucial for continuous improvement and adaptation of product offerings and services; and
- **Community and Social Media Engagement:** Active engagement with customers through social media platforms and community events helps the Group to maintain a pulse on customer needs and market trends. These interactions also serve as opportunities for brand reinforcement and customer education.

The Group's comprehensive understanding of its customers, including detailed understanding of the customer demographics and buying behaviours, ensures that the Group can provide a tailored shopping experience that meets diverse needs. This customer-centric approach enhances the overall customer experience and also drives loyalty and repeat business, which are critical for the Group's sustained growth and success in the competitive retail market.

4.6.4 Suppliers

The Group prides itself on a strategic approach to sourcing, characterised by comprehensive and competitively priced product offerings. This is achieved through robust relationships with factories that manufacture products sold by the Group. The Group's involvement in research and development, quality compliance and packaging in partnership with its suppliers ensures that products meet the highest standards of excellence and innovation.

4.6.4.1 Detailed Brand Management and Supplier Relationships

The Group's strategic approach to managing its diverse brand portfolio across various sectors—including tiles, lighting, sanitary ware and HVAC systems—reflects its commitment to quality and customer satisfaction. Each brand under the Group's umbrella is subjected to comprehensive oversight, encompassing every phase of product development from initial design to final market delivery. This rigorous process involves comprehensive factory evaluations where the Group's dedicated teams ensure that every product meets and often exceeds industry standards of quality and efficiency.

Key practices of the Group in brand management include:

- **Product Specifications and Design Oversight:** The Group ensures that every product design aligns with current market trends while maintaining the functional robustness and aesthetic appeal expected by consumers. Regular updates in design and specifications keep the product lines relevant and desirable; and
- **Quality Control and Compliance:** Through continuous monitoring and testing, the Group ensures that all products adhere to stringent quality control measures. This dedication to excellence helps in maintaining consumer trust and brand integrity.

4.6.4.2 Supply Agreements

The relationships the Group maintains with its suppliers are strategic avenues to diversify its offerings and reinforce market presence. These supply agreements are drafted to support the Group's expansive market strategies, helping to scale operations and meet the dynamic needs of the market effectively. The partnerships with both local and international manufacturers are structured around mutual growth, innovation and long-term commitments, which are critical for expanding the Group's portfolio and enhancing its competitive edge in the market.

Key considerations of the Group when it enters into supply agreements include:

- **Diversity and Flexibility in Supply Chain:** The agreements are designed to allow flexibility in sourcing, which helps the Group adapt to changes in consumer preferences and market conditions swiftly; and
- **Enhancement of Product Lines:** By collaborating closely with suppliers, the Group is able to introduce innovative products that set new benchmarks in quality and design within the industry.

See also Section 11.6 (*Material Agreements*) for more detailed information on supply agreements.

4.6.4.3 Supplier Contributions to the Group's Success

The success of the Group's operations depends on the robust support from its top suppliers, who ensure a consistent supply of innovative and competitively priced products. This collaboration is crucial for maintaining the Group's market leadership and responding adeptly to consumer demands and industry shifts.

The Group's engagement with its suppliers transcends traditional transactional relationships, promoting a collaborative environment that is the basis for continuous innovation and strategic sourcing. This proactive engagement strategy is instrumental in maintaining a seamless supply chain and ensuring the Group's products align with market expectations and consumer needs:

- **Innovation Through Collaboration:** The Group actively involves suppliers in the early stages of product development, which includes brainstorming sessions, product design discussions and prototype testing. This inclusive approach ensures that suppliers contribute their unique insights and expertise, leading to enhanced product designs and innovative features that cater effectively to customer demands. Such collaborations often result in groundbreaking products that strengthen the Group's market position and attract a loyal customer base; and

- **Reliability and Strategic Sourcing:** The Group's reliance on top-tier suppliers ensures that it has access to high-quality materials and the latest technological advancements essential for producing superior products. By cultivating strong, long-term relationships with these suppliers, the Group can depend on a steady flow of necessary inputs, even in volatile market conditions. This strategic sourcing minimises potential disruptions in the supply chain and also optimises inventory levels to meet fluctuating market demands efficiently.

These enhanced supplier engagement practices underscore the Group's commitment to excellence and its strategic foresight in securing a competitive edge. By leveraging deep-rooted supplier relationships for innovation and reliability, the Group ensures that its product offerings are at the forefront of industry standards and resonate well with evolving consumer preferences, thereby reinforcing its leadership in the market.

The following table shows a list of the Group's top five suppliers for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G:

Table 4.22: List of the Group's Top Five Suppliers for the Financial Year Ended 31 December 2021G

Supplier	Supplier's Country	(Purchases SAR Million)	Percentage of Total Revenues
Supplier 1	People's Republic of China	44.1	34.9%
Supplier 2	People's Republic of China	18.7	14.8%
Supplier 3	Kingdom of Spain	9.5	7.5%
Supplier 4	Kingdom of Spain	9.5	7.5%
Supplier 5	Kingdom of Spain	5.6	4.4%
Total		87.4	69.1%

Source: The Company.

Table 4.23: List of the Group's Top Five Suppliers for the Financial Year Ended 31 December 2022G

Supplier	Supplier's Country	(Purchases SAR Million)	Percentage of Total Revenues
Supplier 1	People's Republic of China	28.3	17.0%
Supplier 2	People's Republic of China	16.7	10.0%
Supplier 3	Kingdom of Spain	11.3	6.8%
Supplier 6	People's Republic of China	7.4	4.4%
Supplier 7	Kingdom of Spain	4.8	2.9%
Total		68.5	41.1%

Source: The Company.

Table 4.24: List of the Group's Top Five Suppliers for the Financial Year Ended 31 December 2023G

Supplier	Supplier's Country	(Purchases SAR Million)	Percentage of Total Revenues
Supplier 1	People's Republic of China	22.9	14.2%
Supplier 8	People's Republic of China	11.1	6.9%
Supplier 3	Kingdom of Spain	9.8	6.1%
Supplier 7	Kingdom of Spain	7.0	4.3%
Supplier 2	People's Republic of China	5.2	3.2%
Total		56.0	34.6%

Source: The Company.

Table 4.25: List of the Group's Top Five Suppliers for the Nine-Month Period Ended 30 September 2024G

Supplier	Supplier's Country	(Purchases SAR Million)	Percentage of Total Revenues
Supplier 8	People's Republic of China	12.0	6.7%
Supplier 9	People's Republic of China	11.7	6.6%
Supplier 10	People's Republic of China	6.2	3.5%
Supplier 7	Kingdom of Spain	6.1	3.4%
Supplier 11	Kingdom of Spain	5.5	3.1%
Total		41.5	23.3%

Source: The Company.

In summary, the Group's careful approach to managing supplier relationships and overseeing product development cycles has established it as one of the leaders in the construction materials retail sector. By leveraging strategic supply agreements and maintaining rigorous quality controls, the Group ensures a consistent supply of innovative products that meet market demands and consumer expectations. This robust supply chain management is crucial for the Group's ability to adapt to market trends, sustain growth, and enhance customer satisfaction, marking it as a key component of the Group's long-term strategic plan.

4.6.5 Operational Excellence

In the dynamic landscape of retail sector, the Group's operational excellence is underscored by its advanced supply chain management, which is crucial for maintaining its competitive edge. At the heart of this system are the strategically located warehouses and an efficient distribution network that ensure the availability and timely delivery of products across a broad geographic area. This logistics framework supports both the physical and digital facets of the business, ensuring that customers receive their products efficiently and without delay. The Group's commitment to quality control and customer service excellence further solidifies its market position. Rigorous quality checks and compliance with international standards guarantee that all products meet the highest safety and quality benchmarks before reaching the consumer. Additionally, the Group's responsive customer service system, equipped to address inquiries and resolve issues swiftly, enhances customer satisfaction and loyalty.

4.6.5.1 Supply Chain Management

The Group's strategic supply chain management is a foundational aspect of its operational excellence, ensuring timely and cost-effective product availability across its diverse operations. Linked closely with the supplier relationships detailed in Section 4.6.4 (*Suppliers*), the Group leverages sophisticated inventory and logistics systems to maintain optimal stock levels and manages an expansive distribution network tailored to both regional and international markets. This network is supported by a fleet of transport trucks and collaborations with reputable logistics companies to ensure efficient distribution across the Kingdom.

(a) Warehouses and Inventory Management

Central to the Group's supply chain are, as of the date of this Prospectus, its 30 strategically located warehouses throughout Riyadh and the Eastern Region, key in supporting both physical showrooms and the online store. These facilities collectively span over 40,321 square metres, forming the backbone of the Group's distribution strategy to ensure products are readily available for prompt delivery.

The following table provides details of the Group's warehouses as of 30 September 2024G:

Table 4.26: Details of the Group's Warehouses as of 30 September 2024G

#	Warehouse	Products	City	Area (m ²)
1	Ceramic Home Warehouse 164	Tiles	Riyadh	9,800
2	Marketing Home Warehouses 6	Sanitary ware	Riyadh	1,052
3	Marketing Home Warehouses 7	Sanitary ware	Riyadh	1,036
4	Marketing Home Warehouses 8	Sanitary ware	Riyadh	604
5	Marketing Home Warehouses 1	Tiles	Riyadh	1,050
6	Marketing Home Warehouses 2	Tiles	Riyadh	602
7	Marketing Home Warehouses 3	Tiles	Riyadh	600
8	Marketing Home Warehouses 4	Tiles	Riyadh	603
9	Marketing Home Warehouses 5	Tiles	Riyadh	608
10	Lighting Store Warehouse 1	Lighting	Riyadh	862.5
11	Lighting Store Warehouse 2	Lighting	Riyadh	862.5
12	Lighting Store Warehouse 3	Lighting	Riyadh	862.5
13	Lighting Store Warehouse 4	Lighting	Riyadh	862.5
14	Lighting Store Warehouse 5	Lighting	Riyadh	862.5
15	Lighting Store Warehouse 6	Lighting	Riyadh	862.5
16	Lighting Store Warehouse 8	Lighting	Riyadh	862.5
17	Build Station Warehouses - Al Aziziyah 1	Wood panels and tables	Riyadh	760
18	Build Station Warehouses - Al Aziziyah 3-4	Wood panels and tables	Riyadh	1,688
19	Build Station Warehouses - Al Aziziyah 5-6	Sanitary building supplies	Riyadh	1,689
20	Build Station Warehouses - Al Aziziyah 7-8	Sanitary building supplies	Riyadh	1,688
21	Build Station Warehouses - Al Aziziyah 9-10	Sanitary building supplies	Riyadh	1,723
22	Build Station Warehouses - Al Mansuriyah 1	Tiles	Riyadh	1,262
23	Build Station Warehouses - Al Mansuriyah 2	Tiles	Riyadh	1,269
24	Build Station Warehouses - Al Mansuriyah 3	Tiles	Riyadh	1,270
25	Build Station Warehouses - Al Mansuriyah 4	Tiles	Riyadh	1,263
26	Build Station Warehouses - Al Mansuriyah 5	Tiles	Riyadh	1,259
27	Build Station Warehouses - Al Mansuriyah 6	Tiles	Riyadh	1,271
28	Build Station Warehouses - Al Mansuriyah 7	Tiles	Riyadh	1,271
29	Build Station Warehouses - Al Mansuriyah 8	Tiles	Riyadh	1,266
30	Al Ahsa Warehouse	Lighting and tiles	Al Ahsa	650

Source: The Company.

(b) Distribution Network

The Group's distribution network leverages the strategic placement of warehouses and the Group's branches across a large geographical area, further enhanced by a fleet of Group transport trucks and partnerships with logistics companies. This setup ensures comprehensive coverage and efficient product distribution across the Kingdom and includes the following as of the date of this Prospectus:

- **Tiles and Ancillary Products:** Centralised distribution centres in key cities such as Riyadh, Dammam, Al Ahsa, Al Qassim, Tabuk, Jeddah, Hail, Jizan, Abha, Al Jawf and Najran, with additional services like pick-up available from all showrooms. External logistics companies extend the reach to other cities;
- **Lighting Products:** Each regional warehouse doubles as a distribution centre, with the Group's fleet ensuring delivery across major cities including Riyadh, Dammam, Al Ahsa, Al Qassim, Tabuk, Jeddah, Hail, Jizan and Abha;
- **Sanitary Ware Products:** Robust distribution operations supported by both in-house and external logistics solutions cover Riyadh, Dammam, Al Ahsa, Al Qassim, Tabuk, Jeddah, Hail, Jizan, Abha, Al Jawf and Najran; and
- **Cooling and Air Conditioning Systems:** Focused distribution within the Riyadh area, tailored to the specific needs of this product category.

By integrating modern logistics solutions, such as route optimisation and real-time inventory management, the Group enhances its ability to meet the dynamic needs of its customer base promptly. This strategic approach reinforces the Group's capability to efficiently manage a comprehensive inventory and supports its commitment to excellence in customer service and operational agility.

4.6.5.2 Quality Control

The Group's commitment to quality assurance is key in upholding its operational integrity and enhancing customer satisfaction. To ensure each product sold meets the highest industry standards and consumer expectations, the Group implements stringent quality control protocols across the entire distribution chain, from receipt of third-party manufactured goods to final delivery:

- **Vendor Selection and Quality Audits:** The Group carefully selects vendors based on their ability to meet stringent quality requirements. Regular audits and inspections are conducted at supplier facilities to ensure ongoing compliance with the Group's high standards. This oversight helps prevent any quality issues from reaching the customers, maintaining consistent excellence across all product lines;
- **Rigorous Compliance Testing:** Upon receipt and before products are distributed, they undergo thorough compliance testing to ensure they adhere to all relevant safety and quality standards. The Group's quality assurance teams utilise a variety of testing methods, including stress tests, durability assessments, and performance evaluations to verify each product's robustness and reliability;
- **Adherence to International Standards:** To maintain global competitiveness and compliance, the Group aligns its quality control measures with international standards. Regular updates and reviews of these standards ensure that the Group's practices remain at the forefront of industry advancements, further solidifying its market position;
- **Supply Chain Quality Oversight:** The Group ensures quality control throughout the supply chain by monitoring and vetting all materials and products received from suppliers. This end-to-end oversight ensures that only products meeting the Group's strict criteria are stocked in the warehouses and made available to customers; and
- **Building Consumer Trust and Brand Reputation:** By implementing quality control processes, the Group assures product excellence and also strengthens consumer trust and bolsters its brand reputation. High-quality standards resonate well with customers, supporting loyalty and encouraging repeat business, which is crucial for sustained growth and market penetration.

The Group's rigorous quality control systems are integral to its operational framework, ensuring that every product offered in the market is safe, reliable, and of superior quality. This continuous commitment to quality meets and often exceeds customer expectations, underpinning the Group's leadership in customer satisfaction and reliability in the retail sector.

4.6.5.3 Customer Service

The Group's dedication to exceptional customer service is a fundamental pillar of its operational strategy, ensuring customer satisfaction at every touchpoint. With a comprehensive support framework that encompasses both in-store and online interactions, the Group aims to provide seamless service experiences that support long-term customer loyalty and enhance overall satisfaction.

(a) Support Framework

The Group's customer service framework is designed to ensure that customers receive prompt and effective support throughout their purchasing journey and beyond. This comprehensive support system is structured around multiple touchpoints, robust after-sales services, and extensive online assistance, catering to the diverse preferences and needs of the Group's customers.

(i) Multiple Customer Service Touchpoints

The Group has established a wide range of customer service touchpoints to guarantee accessibility and convenience for all customers. These touchpoints include:

- **Dedicated Support Lines:** Customers can reach out via dedicated phone lines managed by trained customer service professionals who provide immediate assistance and guidance;
- **Online Chat Services:** Real-time support is available through online chat systems on the Group's websites, enabling customers to get quick answers to their queries;
- **Email Support:** For more detailed inquiries or issues that require thorough documentation, customers can contact support through dedicated email addresses; and
- **Face-to-Face Assistance:** Physical locations are staffed with knowledgeable personnel ready to offer direct assistance, enhancing the in-store experience and providing immediate problem resolution.

This multichannel approach ensures that customers can choose the communication method that best suits their needs, enhancing the overall service experience.

(ii) After-Sales Support

After-sales support forms a critical part of the Group's commitment to customer satisfaction, encompassing a variety of services designed to ensure the longevity and optimal performance of the products:

- **On-Site Troubleshooting and Repairs:** Skilled technicians are available to visit customer locations to diagnose and resolve any issues, minimising downtime and inconvenience;
- **Regular Maintenance Checks:** Scheduled service visits help maintain product performance and prevent potential problems before they arise, extending the product's lifespan; and
- **Technical Support:** Customers have access to technical support teams who can guide them through complex issues or provide advice on product use and maintenance.

These services are essential for maintaining customer trust and satisfaction, ensuring that customers continue to enjoy their purchases long after the initial sale.

(iii) Online Assistance

Recognising the increasing preference for digital interactions, the Group has developed a robust online support system that includes:

- **Comprehensive FAQs and Product Manuals:** The online platform offers detailed FAQs and downloadable product manuals that provide valuable information on product usage and troubleshooting;
- **Troubleshooting Guides:** Step-by-step guides help customers resolve common issues independently, offering a quick and convenient solution to their problems; and
- **Live Support Options:** For immediate assistance, customers can interact with chatbots or live representatives online, ensuring that help is always just a few clicks away.

This online support framework is tailored to provide instant assistance and reduce the need for in-person visits, aligning with modern consumer behaviours and expectations. By integrating these digital tools with traditional support methods, the Group ensures a seamless and efficient customer service experience, reinforcing its commitment to excellence in customer care.

(b) Extended Warranty and After-Sales Services

The Group distinguishes itself in the market through its comprehensive extended warranty (and specialised after-sales services, which play a critical role in cementing customer loyalty and enhancing overall satisfaction. These services are thoughtfully designed to provide customers with peace of mind and ensure that they receive the full value of their investment.

(i) Extended Warranty Programmes

The Group offers comprehensive extended warranty programmes that provide customers with long-term security and demonstrate its dedication to their satisfaction:

- **Enhanced Coverage:** Enhanced coverage is offered for certain products. For example, for sanitary ware and flexible hoses, the Group offers a 15-year warranty instead of the typical 10-year warranty offered in the market; and
- **Comprehensive Repair and Replacement Options:** These warranties encompass extensive repair and replacement services, which are promptly managed to minimise any customer inconvenience and affirm the Group's commitment to product quality and customer care. For instance, the Group repairs defective lighting and sanitary ware products, or offer replacements if such products cannot be repaired, and provide free maintenance for pumps within the first six months of purchase (with the option to procure further maintenance at an extra cost).

(ii) Specialised After-Sales Services

The Group's after-sales services go beyond traditional support to significantly improve the ownership experience and ensure customer satisfaction with every purchase:

- **Comprehensive Service Offerings:** Including scheduled maintenance visits and on-site troubleshooting, these services ensure that products continue to perform optimally long after the initial sale. Each service is tailored to keep the products in excellent working condition, thereby extending their lifespan; and
- **Proactive Customer Support:** The Group operates dedicated support lines and provides technical assistance to address any product issues swiftly. This approach resolves potential problems and also reinforces customer trust in the brand.

(iii) Building Customer Trust and Enhancing Brand Reputation

These extended warranties and after-sales services are crucial for maintaining high customer satisfaction and loyalty:

- **Securing Customer Loyalty:** By offering reliable and comprehensive support, the Group ensures that customers feel valued and confident in their purchases. This support cultivates a positive brand image and encourages repeat business; and
- **Enhancing Brand Value:** The extended warranty and after-sales services highlight the Group's reliability and commitment to quality, enhancing its reputation in the marketplace and differentiating it from competitors.

In summary, the Group's strategic emphasis on extended warranties and advanced after-sales services is designed to exceed customer expectations and cement their loyalty. By continuously evolving these services to align with customer needs, the Group reinforces its market leadership, ensuring that it remains at the forefront of customer satisfaction and business success in the retail sector. This commitment to comprehensive customer care underpins the Group's strategic initiatives and is key in maintaining its competitive edge.

(c) Loyalty Programme

As part of its ongoing commitment to enhancing customer relationships and enhancing brand loyalty, the Group has implemented a loyalty programme designed to preserve customer purchase history and provide discounts that are dynamically aligned with customer engagement and buying patterns.

Key features of the loyalty programme include:

- **History-Based Discounts:** Discounts are calculated based on the cumulative purchase value and the customer's engagement history with the Group. This ensures that the more a customer interacts and purchases, the greater the discounts and benefits they receive;
- **Sector-Based Incremental Discounts:** Customers who diversify their purchases across different sectors within the Group's offerings receive higher discount tiers, encouraging broader engagement across its product range; and
- **Data-Driven Product Recommendations:** Utilising advanced analytics, the programme analyses purchasing habits to tailor recommendations and offers to individual preferences and tastes. This enhances the shopping experience and also drives customer satisfaction by providing relevant and personalised product suggestions.

To maximise the effectiveness of the loyalty programme, the Group is implementing further enhancements to this programme, such as exploring partnerships with other retail entities and service providers to offer a wider range of benefits and rewards, which makes the loyalty programme more appealing and beneficial to a broader audience.

The loyalty programme is a key part of the Group's strategy to enhance customer retention and satisfaction, driving long-term loyalty and increased sales. By continuously evolving and adapting the programme to meet customer needs and leveraging technological advancements, the Group aims to remain at the forefront of customer engagement within the industry.

4.6.6 Workforce Management

At the core of the Group's operational excellence is a dedicated and diverse workforce, fundamental to delivering high-quality retail services. The Group employs a complex approach to workforce management, focusing on talent acquisition, extensive training and retention strategies, ensuring a skilled team that aligns with the company's goals and industry standards.

As of 30 September 2024G, the Group employed 795 individuals, including 210 sales representatives and managers, 11 customer care representatives, 55 logistics and eighteen supply chain professionals, and 69 product management professionals. This diverse and skilled workforce is distributed across 34 showrooms within the Kingdom as well as headquarters, supporting the Group's extensive retail operations and customer service activities.

4.6.6.1 Professions and Skillsets within the Group

The Group possesses a variety of professions and skillsets, crucial for its broad range of retail operations. This diversity supports the Group's commitment to excellence across all customer interactions and operational efficiencies:

- **Sales Representatives and Managers:** They drive day-to-day operations, ensuring customer satisfaction and store efficiency. Managers oversee operations and staff, focusing on optimising store performance and achieving sales targets;
- **Customer Service Representatives:** They provide assistance and support to ensure a satisfying shopping experience. They handle inquiries, resolve issues, and maintain high customer satisfaction;
- **Logistics and Supply Chain Professionals:** They manage inventory, oversee distribution processes and ensure the smooth flow of goods from suppliers to store shelves;
- **Merchandising Specialists:** Responsible for product selection, pricing strategies and promotional activities, aligning offerings with consumer demand and market trends; and
- **Marketing and Sales Analysts:** Analyse market data and consumer behaviour to inform marketing strategies and sales approaches, ensuring competitive advantage and sales growth.

4.6.6.2 Talent Acquisition and Training

The Group focuses on attracting skilled professionals through thorough recruitment processes and customised training to meet its high standards. During the first half of 2024G, the Group onboarded a number of new hires who underwent detailed training programmes aimed at improving their skills in retail management, customer service and product knowledge.

These training initiatives encompassed numerous hours of instruction, addressing key areas such as retail operations, customer engagement, inventory management and compliance with health and safety regulations. The commitment to continuous training and professional development ensures that the workforce remains proficient in the latest retail practices and technologies, reinforcing the Group's leadership in the industry.

4.6.6.3 Employee Retention

The Group's approach to employee retention focuses on maintaining a motivated workforce, which is important for operational effectiveness in the retail sector. Compensation packages are reviewed periodically to ensure they remain competitive with industry standards and performance-based incentives in the form of bonuses are awarded to recognise notable achievements.

4.6.6.4 Workforce Diversification and Inclusion

The Group's recruitment initiatives focus on hiring locally, especially targeting women and Saudi nationals in the Kingdom, to ensure the workforce mirrors the diversity of the communities where it operates. This approach enhances inclusivity and also supports local employment, aligning with the Group's commitment to community engagement and economic development. Efforts to diversify the workforce emphasise the importance of creating significant employment opportunities that benefit local areas, particularly where the Group's showrooms are located. As of 30 September 2024G, 55.1 per cent. of the workforce were Saudi nationals, highlighting the Group's dedication to Saudisation.

4.6.7 Sales and Marketing

The Group's sales and marketing strategies are key in driving its growth and expanding its market presence. By deploying a sophisticated mix of competitive pricing and dynamic promotional activities, the Group attracts and retains a diverse customer base.

4.6.7.1 Pricing Strategy

The Group's pricing strategy is tailored to strengthen its competitive stance in the market. It encompasses a comprehensive analysis of prevailing market prices and the strategies employed by competitors. The Group takes special care to consider the positioning of its proprietary brands and the unique attributes of each product it offers. By aligning its pricing structure with market expectations and the inherent value of its products, the Group ensures attractiveness to a diverse customer demographic while promoting profitability. This approach caters to current market conditions and is also adjustable in response to fluctuations in consumer demand and competitive dynamics.

4.6.7.2 Marketing Campaigns and Promotional Offers

At the core of the Group's marketing strategy is a commitment to maintaining fixed sale prices, which establishes trust and safeguards the perceived value of its offerings. This firm policy is crucial during promotional periods to prevent devaluation of the brand. The Group's marketing endeavours focus on emphasising the superior quality and distinctiveness of its products. Leveraging its extensive showroom network, the Group maximises its reach, effectively targeting a broad spectrum of the market from individual consumers to large-scale buyers.

The adoption of digital marketing channels complements traditional methods, with the Group's online store serving as a vital platform for digital campaigns. These efforts are further enhanced by proactive social media strategies that amplify product visibility and encourage brand engagement. Through these channels, the Group interacts with customers directly, tailoring its marketing efforts to meet the evolving preferences of a digitally connected consumer base.

The Group's strategic approach to pricing and marketing aligns with the competitive standards of the retail market and also caters to the changing needs and preferences of consumers. By maintaining a balance between active marketing strategies and thoughtful pricing policies, the Group effectively broadens its market reach and reinforces its brand presence both within the Kingdom and internationally. This comprehensive framework of sales and marketing supports the Group's long-term strategic goals, promoting sustained growth and enhancing shareholder value in a dynamic economic landscape.

4.6.8 Information Technology

Leveraging information Technology (IT) systems and digital tools, the Group ensures high efficiency, cost-effectiveness and enhanced service delivery across all aspects of its operations. The cornerstone of the Group's IT infrastructure is its robust Enterprise Resource Planning (ERP) system. This system integrates core business processes in real-time, including inventory management, supply chain operations, customer relationship management and financials. By centralising data, the ERP system facilitates streamlined operations, quicker response times and more informed decision-making processes. The Group's dedicated team of IT specialists continuously develops and upgrades the ERP system to adapt to new business challenges and opportunities, ensuring it remains responsive to the dynamic needs of the industry.

To further leverage its IT capabilities, the Group utilises data analytics tools. These tools support strategic decision-making by providing comprehensive insights into operational performance, customer engagement and financial management. Data-driven strategies are particularly important in optimising the supply chain and logistic operations, reducing waste and improving the overall customer experience.

In addition to internal management systems, the Group prioritises cybersecurity and data protection to safeguard sensitive information and maintain trust with stakeholders. Regular security audits, compliance checks and updates to security protocols ensure that the Group's IT systems are protected against emerging cyber threats.

The integration of these IT solutions underscores the Group's commitment to innovation and also enhances its competitive edge. Continuous investment in IT is crucial for the Group's ability to adapt to technological advancements and maintain its leadership in a digital and data-driven market environment. This proactive approach to IT management ensures operational resilience and drives long-term success in the highly competitive building materials industry.

4.6.9 Geographic Locations and Operations

The Company's head office is located in the city of Riyadh. The Group's strategic network of physical and online sales channels substantially extends its reach across the Kingdom and the broader GCC Region, in addition to certain other international jurisdictions. As of the date of this Prospectus, the Group operates 40 showrooms, strategically distributed to ensure optimal access for both current and prospective customers. These outlets include specialised branches such as Ceramic Home, Lighting Stores and Build Station, along with Hatch Sanitary. This network encompasses 35 showrooms located in 14 cities within the Kingdom (for further details, see Table 4.20 (*Locations and Products of the Group's Showrooms in the Kingdom as of the Date of this Prospectus*)).

The table below shows details of the showrooms and their locations as of the date of this Prospectus:

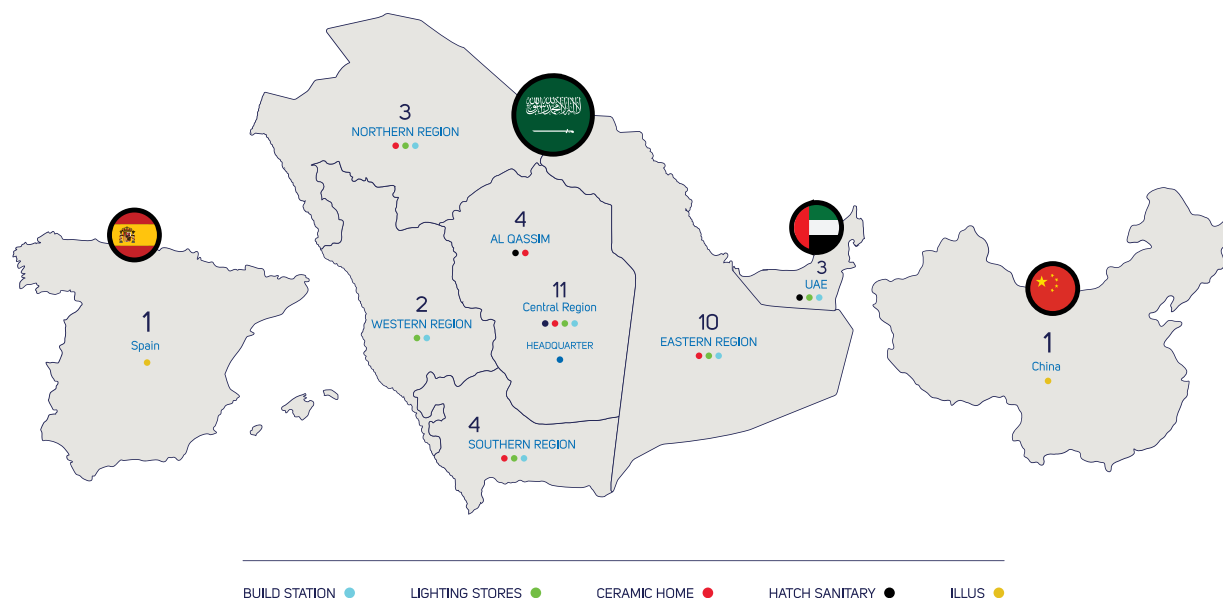
Table 4.27: Details of the Group's Showrooms and Their Locations as of the Date of this Prospectus

Country	Ceramic Home	Lighting Stores	Build Station	Hatch Sanitary	Total Showrooms
Kingdom	10	14	8	2	34
UAE	-	1	1	1	3
Spain	-	1	-	-	1
China	-	1	-	-	1
Total	10	17	9	3	39

Source: The Company.

The following map shows the geographic location of the Group as of 30 September 2024G:

Exhibit 4.2: Geographic Location of the Group as of 30 September 2024G



Source: The Company.

The following table shows the Group's assets owned by its Subsidiaries outside the Kingdom and their percentage of the Group's total assets as of 31 December 2021G, 2022G and 2023G and as of 30 September 2024G:

Table 4.28: The Group's Total Assets Owned by Its Subsidiaries by Country and their Percentage of the Group's Total Assets as of 31 December 2021G, 2022G and 2023G and as of 30 September 2024G

SAR Million	As of 31 December			As of 30 September
	2021G	2022G	2023G	2024G
Total Assets Outside the Kingdom	-	33.0	14.3	40.0
Total Assets Inside the Kingdom	-	400.3	470.4	441.2
Total Assets	-	433.2	484.7	481.2
Percentage of Assets Outside the Kingdom in Proportion to Total Assets	-	7.6%	2.9%	8.3%
Percentage of Assets Inside the Kingdom in Proportion to Total Assets	-	92.4%	97.1%	91.7%

Source: The Company.

The Group's core geographic market is the Kingdom, which is also the largest contributor to its revenue, followed by the UAE, Spain and China. From its operations conducted outside the Kingdom, the Group generated revenues of SAR nil, SAR 20.0 million, SAR 36.0 million and SAR 33.8 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, accounting for 0 per cent., 6.1 per cent., 9.8 per cent. and 12.0 per cent., respectively, of the Group's total revenue for the same periods. For further details regarding the risks related to the Group's operations outside the Kingdom, see Section 2.1.3 (*Risks Related to the Group's Sales Outside the Kingdom*).

Table 4.29: The Group's Total Assets by Country and their Percentage of the Total Assets as of 31 December 2021G, 2022G and 2023G and as of 30 September 2024G

Country	31 December 2021G		31 December 2022G		31 December 2023G		30 September 2024G	
	(Revenues SAR Million)	Percentage of Total Revenues	(Revenues SAR Million)	Percentage of Total Revenues	(Revenues SAR Million)	Percentage of Total Revenues	(Revenues SAR Million)	Percentage of Total Revenues
Kingdom of Saudi Arabia	250.9	100.0%	303.6	93.79%	327.9	89.74%	248.5	88.0%
United Arab Emirates	-	-	20.1	6.21%	37.6	10.29%	31.1	11.0%
Arab Republic of Egypt	-	-	-	-	20.01	0.00%	0.1	0.0%
Kingdom of Spain	-	-	-	-	-	-	0.3	0.1%
People's Republic of China	-	-	-	-	-	-	0.4	0.1%
Total	250.9	100.0%	323.7	100.0%	365.5	100.0%	282.4	100.0%

Source: The Company.

4.6.10 Awards and Certifications

The Group actively maintains compliance with international and local standards, demonstrating its commitment to quality, safety and environmental responsibility. This adherence supports its reputation as a reliable and conscientious participant in the industry. Holding various certifications, including key ISO standard, the Group showcases its dedication to operational excellence. The Group adheres strictly to local and international standards, ensuring all products meet the rigorous safety and quality guidelines necessary for market acceptance in the Kingdom. As part of its compliance strategy, the Group maintains ISO certification for its processes and ensures that foreign exporters align with Saudi certification requirements before entering the market. This rigorous adherence to standards underscores the Group's commitment to quality and also positions it favourably in a market that values certified and compliant products.

In 2022G, the Group was also recognised by the Construction Innovation Awards for its innovative design at Build Station, receiving a Design Award that highlights its commitment to excellence and innovation in creating user-friendly, aesthetically pleasing environments. This accolade is a testament to the Group's focus on integrating quality and design in its offerings, further enhancing its reputation in the industry.

In 2023G, the Group achieved an important milestone in quality assurance by receiving the prestigious ISO 9001:2015 certification, an internationally recognised standard awarded for meeting stringent quality management system requirements. This certification underscores the Group's commitment to operational excellence and adherence to global best practices in delivering consistently high-quality products and services.

4.6.11 Corporate Social Responsibility

The Group's commitment to corporate social responsibility (CSR) is an integral part of its operational philosophy, emphasising its dedication to making a positive impact on the communities in which it operates. This commitment is expressed through various initiatives aimed at enhancing living standards, supporting local communities and ensuring sustainable practices throughout its business operations.

4.6.11.1 Community Engagement

Among other things, the Group provides ongoing support to the Tarmeem Charity, which is part of its efforts to renovate homes for needy families in the Eastern Region. This support is part of a broader initiative to uplift underprivileged communities and improve their living conditions.

During special campaigns like Ramadan, the Group intensifies its efforts by providing additional resources. Lighting Stores and Ceramic Home contribute housing solutions that include essential building materials and services for home restoration. These contributions are designed to have a profound impact on the beneficiaries, enhancing their living conditions and providing them with safer, more comfortable homes.

In addition to these efforts, the Group actively engages in student training programmes and conducts practical workshops at Build Station each year. These sessions are aimed at offering hands-on experience and learning opportunities in various aspects of building and design, supporting the next generation of professionals in the industry. The Group also undertakes initiatives to develop architectural plans for mosques and residences, contributing to the structural and spiritual needs of the community. These plans ensure that new constructions and renovations meet high standards of safety and aesthetics, enriching the community's infrastructure.

Furthermore, the Group hosts monthly educational and awareness sessions "Lunch and Learn" in the UAE, these sessions welcome specialists and interested professionals in the field to feature a comprehensive presentation of the company's products and sectors, followed by a business lunch, providing an informal yet informative platform where employees and community members can engage with industry experts. These sessions encourage a learning environment that encourages the sharing of knowledge and best practices in sustainability, design and technology.

The Group's CSR activities also aim to encourage a culture of philanthropy and enhance community awareness about social responsibility across the Kingdom. These efforts align with Vision 2030 to create a supportive and interconnected society that promotes community development. Through these varied initiatives, the Group addresses immediate community needs and also invests in long-term societal growth and cohesion.

4.6.11.2 Employee Welfare and Diversity

As is further discussed in Section 4.6.6 (*Workforce Management*), the Group prioritises employee welfare, advocating for diversity and inclusiveness within its workforce. It ensures fair labour practices, competitive compensation and significant investments in training programmes that advance employee skills and career progression. Additionally, stringent health and safety standards are upheld across all facilities to provide a secure working environment for all employees.

4.6.11.3 Ethical Business Practices

The Group adheres to the highest standards of integrity and transparency in its business dealings. Robust governance structures and compliance programmes are in place to prevent unethical practices and ensure that operations are conducted responsibly. These high ethical standards help build trust and reliability among stakeholders, crucial for maintaining the Group's reputation and minimising potential legal and reputational risks.

The Group's approach to CSR enhances its corporate reputation and underpins its operational success. By integrating social responsibility into its core business strategies, the Group aligns with global best practices and also significantly contributes to the sustainable development of the communities it serves. This continuous commitment to CSR is fundamental to the Group's long-term strategy to maintain its industry leadership and uphold its responsibilities as a committed corporate citizen in the Kingdom and beyond.

4.7 Future Projects and Expansions

The Group is poised for significant growth with a series of strategic initiatives aimed at expanding its presence and enhancing its product offerings. The forthcoming projects underscore the Group's commitment to innovation and market expansion while maintaining stringent compliance with local and international standards.

4.7.1 Establishment of Hatch Products Maintenance and Light Manufacturing Centre

The Group plans to establish a maintenance and light manufacturing centre under its Hatch Products brand. This facility will focus on extending the lifecycle of products through high-quality maintenance services and the production of minor components, reinforcing the Group's dedication to sustainability and customer satisfaction.

4.7.2 Expansion in the Sanitary Ware Sector and Hatch Selections

There is a targeted expansion in the sanitary ware sector, with an emphasis on broadening the range of Hatch Selections to include stone sheets, wooden floors and insulation panels. This expansion is designed to meet the evolving needs of the market and cater to the growing demand for diverse and high-quality building materials.

4.7.3 Development and Improvement of Existing Branches

Efforts are underway to develop and enhance existing branches to include a wider range of the Group's products. These enhancements will ensure that all locations deliver a consistent customer experience and meet the Group's standards for product presentation and availability.

4.7.4 Expansion through Wholesale Sales

The Group aims to increase its market footprint through wholesale sales of building materials to other showrooms across the Kingdom. This strategy is intended to leverage the Group's extensive product range and competitive pricing to capture a larger share of the market.

Such strategic expansion initiatives planned by the Group are poised to enhance its product offerings and market presence and also to reinforce its reputation for quality and compliance. By aligning its growth strategies with rigorous standards and expanding responsibly, the Group ensures sustainable development and a strong competitive stance in the industry. These efforts collectively support the Group's long-term business objectives, driving growth and enhancing shareholder value while ensuring compliance and quality in every aspect of its operations.

4.8 Research and Development

Although the Group has not adopted a research and development policy, the Group's expansion strategy emphasises enhancing its product offerings to meet evolving customer demands. Leveraging research and development (R&D) as a key element of this strategy, the Group stays ahead of market trends and technological advances. While it does not manufacture products directly, the Group coordinates the development of new offerings through third-party manufacturers, informed by market research and customer feedback. This approach ensures alignment with current market needs and technological innovations and also leverages long-term strategic relationships with international suppliers and manufacturers. Through these efforts, the Group maintains its competitive edge by continuously updating its product portfolio to reflect changing customer preferences and emerging competitive factor.

4.9 Administrative Support Departments

The smooth functioning of the Group is significantly enhanced by its administrative support departments. These departments are fundamental in providing vital services that streamline daily operations, assist various business units, and contribute to achieving the Group's strategic objectives. Below is a detailed look at the key administrative support departments within the Group and their specific roles:

- **Lighting Warehouse Department:** Responsible for organising and storing used lighting equipment. This includes ensuring the regular maintenance and inspection of lighting equipment, updating it when necessary, and tracking its movement between warehouses and usage sites. It also manages inventory, including purchasing and distribution processes, ensuring the readiness of equipment.
- **Marketing Communications Department:** Responsible for developing and implementing marketing strategies to enhance the Group's brand presence and attract customers through innovative campaigns, conducting market analysis to align products with customer expectations.
- **Administrative Affairs Department:** Coordinates and supports the general administrative operations of the Group. This includes overseeing human resources matters, such as recruitment, employee training and development, and managing salaries and benefits. It also handles daily operations, such as organising meetings, preparing reports, overseeing work facilities, and providing logistical and administrative support to other departments to ensure smooth operations.
- **Sales Department:** Focuses on achieving sales goals and increasing revenue through product marketing strategies. Responsibilities include developing sales plans, communicating with existing and new customers, building and expanding the customer network, and analysing the market to identify opportunities and challenges. It also collaborates with other teams to ensure excellent customer service and customer satisfaction.
- **Product Portfolio Department:** Optimises the Group's product offerings to ensure they align with market needs and the Group's objectives. This includes market research, analysing the performance of current products, and developing or modifying products based on customer requirements. It also coordinates efforts across departments to ensure continuous improvement of the product portfolio.
- **Government Relations Department:** Builds and develops positive relationships with government entities to ensure compliance with laws, support the Group's interests, and communicate with governmental bodies to obtain the necessary licences and approvals. It also monitors regulatory and legislative developments to ensure the Group remains in line with government requirements.
- **Supply Chains Department:** Optimises the supply chain process from purchasing to delivery, managing inventory, logistics, and distribution channels to ensure products are available on time across the Group's markets.
- **Human Resources Department:** Manages all aspects of human capital, including recruitment, training, employee relations, and benefits management, ensuring the Group attracts and retains a skilled workforce aligned with its strategic objectives.

These departments are integral to supporting the Group's comprehensive operations and strategic plans, thereby enhancing overall efficiency and effectiveness within the competitive market landscape.

4.10 Evolution of Capital

The Company was incorporated on 3 Muharram 1426H (corresponding to 11 February 2005G) as a sole proprietorship owned by Musaad Abdulrahman Abdulaziz AlQfari under the name of "Marketing Home for Trading Company". The following table sets out the Shares of the Company upon incorporation:

Table 4.30: The Shareholders of the Company as of 3 Muharram 1426H (Corresponding to 11 February 2005G)

Shareholder	Number of Shares	Ownership (%)
Musaad Abdulrahman Abdulaziz AlQfari	25,000	100%
Total	25,000	100%

Source: The Company.

On 14 Thul-Qi'dah 1442H (corresponding to 23 June 2021G), the Company and its branches converted from a sole proprietorship to a limited liability company under the name of "Marketing Home Group for Trading Company" with a paid-up share capital of forty million Saudi Arabian Riyals (SAR 40,000,000), divided into four million (4,000,000) Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share. Musaad Abdulrahman Abdulaziz AlQfari contributed thirty-three million two hundred seventy-eight thousand seven hundred seventy Saudi Arabian Riyals (SAR 33,278,770), representing 83.2 per cent. of the share capital and three million three hundred twenty-seven thousand eight hundred seventy-seven (3,327,877) Shares. Mohammed Hisham Abdulrahman AlZamil contributed three million two hundred fifty thousand eighty Saudi Arabian Riyals (SAR 3,250,080), representing 8.13 per cent. and three hundred twenty-five thousand eight (325,008) Shares. Omar Saad Abdulaziz AlMogren contributed one million one hundred forty-seven thousand three hundred thirty Saudi Arabian Riyals (SAR 1,147,330), representing 2.87 per cent. and one hundred fourteen thousand seven hundred thirty-three (114,733) Shares. Meshal Abdulrahman Abdulaziz AlQfari contributed seven hundred eighty-one thousand two hundred sixty Saudi Arabian Riyals (SAR 781,260), representing 1.95 per cent. and seventy-eight thousand one hundred twenty-six (78,126) Shares. Haila Abdulkarim Jarbo' AlQfari contributed four hundred sixty-nine thousand three hundred twenty Saudi Arabian Riyals (SAR 469,320), representing 1.17 per cent. and forty-six thousand nine hundred thirty-two (46,932) Shares. Sulaiman Abdulkarim Jarbo' AlQfari contributed four hundred fifty-three thousand seven hundred fifty Saudi Arabian Riyals (SAR 453,750), representing 1.13 per cent. and forty-five thousand three hundred seventy-five (45,375) Shares. Saleh Rasheed Mohammed AlRasheed contributed two hundred seventy-two thousand one hundred Saudi Arabian Riyals (SAR 272,100), representing 0.68 per cent. and twenty-seven thousand two hundred ten (27,210) Shares. Suad Suliman Mohammed AlSawadi contributed one hundred eighty-three thousand three hundred sixty (183,360) Saudi Arabian Riyals, representing 0.46 per cent. and eighteen thousand three hundred thirty-six (18,336) Shares. Abdullah Khalil Abdullah AlSaba contributed fifty-three thousand five hundred sixty Saudi Arabian Riyals (SAR 53,560), representing 0.13 per cent. and five thousand three hundred fifty-six (5,356) Shares. Ashwaq Abdulrahman Abdulaziz AlQfari contributed fifty-two thousand nine hundred eighty Saudi Arabian Riyals (SAR 52,980), representing 0.13 per cent. and five thousand two hundred ninety-eight (5,298) Shares. Nora Nasser Rashid AlTamami contributed thirty-eight thousand nine hundred Saudi Arabian Riyals (SAR 38,900), representing 0.10 per cent. and three thousand eight hundred ninety (3,890) Shares. Muneera Abdulkarim Jarbo' AlQfari contributed eighteen thousand five hundred ninety (18,590) Saudi Arabian Riyals, representing 0.05 per cent. and one thousand eight hundred fifty-nine (1,859) Shares.

The following table sets out the ownership structure of the Company upon conversion from a sole proprietorship to a limited liability company, including the entry of new partners:

Table 4.31: The Shareholders of the Company as of 14 Thul-Qi'dah 1442H (Corresponding to 23 June 2021G)

Shareholder	Number of Shares	Ownership (%)
Musaad Abdulrahman Abdulaziz AlQfari	3,327,877	83.20%
Mohammed Hisham Abdulrahman AlZamil	325,008	8.13%
Omar Saad Abdulaziz AlMogren	114,733	2.87%
Meshal Abdulrahman Abdulaziz AlQfari	78,126	1.95%
Haila Abdulkarim Jarbo' AlQfari	46,932	1.17%
Sulaiman Abdulkarim Jarbo' AlQfari	45,375	1.13%

Shareholder	Number of Shares	Ownership (%)
Saleh Rasheed Mohammed AlRasheed	27,210	0.68%
Suad Sulaiman Mohammed AlSawadi	18,336	0.46%
Abdullah Khalil Abdullah AlSaba	5,356	0.13%
Ashwaq Abdulrahman Abdulaziz AlQfari	5,298	0.13%
Nora Nasser Rashid AlTamami	3,890	0.10%
Muneera Abdulkarim Jarbo' AlQfari	1,859	0.05%
Total	4,000,000	100.00%

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

Pursuant to the amended articles of association dated 2 Jumada al-Akhirah 1444H (corresponding to 26 December 2022G), the capital of the Company was increased from forty million Saudi Arabian Riyals (SAR 40,000,000) to one hundred and sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) Shares, with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, through the capitalisation of an additional contribution of fifteen million eighty-two thousand four hundred and sixty-seven Saudi Arabian Riyals (SAR 15,082,467) from the additional capital account and one hundred and four million nine hundred and seventeen thousand five hundred and thirty-three Saudi Arabian Riyals (SAR 104,917,533) from the current accounts of the following Shareholders: (i) Musaad Abdulrahman Abdulaziz AlQfari with eighty-seven million three hundred and seventy-one thousand four hundred and sixty-seven Saudi Arabian Riyals (SAR 87,371,467); (ii) Mohammed Hisham Abdulrahman AlZamil with nine million one hundred and thirty-seven thousand nine hundred and nine Saudi Arabian Riyals (SAR 9,137,909); (iii) Omar Saad Abdulaziz AlMogren with three million four hundred and ninety thousand three hundred and sixteen Saudi Arabian Riyals (SAR 3,490,316); (iv) Meshal Abdulrahman Abdulaziz AlGafari with two million six hundred and ninety-one thousand seven hundred and seven Saudi Arabian Riyals (SAR 2,691,707); (v) Haila Abdulkarim Jarbo' AlQfari with five hundred and seventy-seven thousand six hundred and thirty-seven Saudi Arabian Riyals (SAR 577,637); (vi) Sulaiman Abdulkarim Jarbo' AlQfari with one million three hundred and twenty-nine thousand one hundred and eighteen Saudi Arabian Riyals (SAR 1,329,118); (vii) Saleh Rasheed Mohammed AlRasheed with one hundred thousand five hundred and fifty-two Saudi Arabian Riyals (SAR 100,552); (viii) Abdullah Khalil Abdullah AlSaba with one hundred and forty thousand four hundred and eighty-five Saudi Arabian Riyals (SAR 140,485); (ix) Nora Nasser Rashid AlTamami with sixty-one thousand three hundred and two Saudi Arabian Riyals (SAR 61,302); and (x) Muneera Abdulkarim Jarbo' AlQfari with seventeen thousand and forty Saudi Arabian Riyals (SAR 17,040). The ownership structure of the Company after the capital increase was as follows:

Table 4.32: The Shareholders of the Company as of 2 Jumada al-Akhirah 1444H (Corresponding to 26 December 2022G)

Shareholder	Number of Shares	Ownership (%)
Musaad Abdulrahman Abdulaziz AlQfari	13,319,838	83.25%
Mohammed Hisham Abdulrahman AlZamil	1,361,347	8.51%
Omar Saad Abdulaziz AlMogren	507,026	3.17%
Meshal Abdulrahman Abdulaziz AlGafari	376,755	2.35%
Sulaiman Abdulkarim Jarbo' AlQfari	195,396	1.22%
Haila Abdulkarim Jarbo' AlQfari	122,392	0.76%
Saleh Rasheed Mohammed AlRasheed	47,525	0.30%
Suad Sulaiman Mohammed AlSawadi	25,250	0.16%
Abdullah Khalil Abdullah AlSaba	21,424	0.13%
Nora Nasser Rashid AlTamami	11,487	0.07%

Shareholder	Number of Shares	Ownership (%)
Ashwaq Abdulrahman Abdulaziz AlQfari	7,296	0.05%
Muneera Abdulkarim Jarbo' AlQfari	4,264	0.03%
Total	16,000,000	100.00%

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

Pursuant to the Shareholders' Resolution dated 9 Sha'ban 1444H (corresponding to 1 March 2023G), Ashwaq Abdulrahman Abdulaziz AlQfari transferred one hundred sixty-eight (168) Shares to Naif Mohammed Yousef AlDghaither, Suad Sulaiman Mohammed AlSawadi transferred five hundred eighty (580) Shares to Naif Mohammed Yousef AlDghaither, Sulaiman Abdulkarim Jarbo' AlQfari transferred four thousand four hundred eighty-seven (4,487) Shares to Naif Mohammed Yousef AlDghaither, Saleh Rasheed Mohammed AlRasheed transferred one thousand ninety-one (1,091) Shares to Naif Mohammed Yousef AlDghaither, Abdullah Khalil Abdullah AlSaba transferred four hundred ninety-two (492) Shares to Naif Mohammed Yousef AlDghaither, Omar Saad Abdulaziz AlMogren transferred eleven thousand six hundred forty-three (11,643) Shares to Naif Mohammed Yousef AlDghaither, and Mohammed Hisham Abdulrahman AlZamil transferred thirty-one thousand two hundred sixty-three (31,263) Shares to Naif Mohammed Yousef AlDghaither. Additionally, Musaad Abdulrahman Abdulaziz AlQfari transferred six million eight hundred twelve thousand eight hundred sixty-three Shares (6,812,863) to the following: (i) Ali Mubarak Mohammed AlDosari with five million, six hundred and fifty-three thousand, fifty-three thousand and two (5,653,002) Share; (ii) Haya Mubarak Mohammed AlDosari with one hundred eighty-nine thousand seven hundred seventy-two (189,772) (iii) Abdullah Mubarak Mohammed AlDosari with four hundred seventy-four thousand four hundred thirty (474,430) Shares; (iv) Noweir Mubarak Mohammed AlDosari with one hundred eighty-nine thousand seven hundred seventy-two (189,772) Shares; (v) Saleh Othman Mohammed AlGhamdi with One hundred and sixty-two thousand six hundred and ninety-five (162,695) Shares; (vi) Hussain Ali Saleh AlMassad with Forty-two thousand eight hundred and forty (42,840) Share; (vii) Mousa Hamad Mousa AlQadhib with forty-five thousand seven hundred sixty-six (45,766) Shares; and (viii) Naif Mohammed Yousef AlDghaither with fifty-four thousand five hundred eighty-six (54,586) Shares. Meshal Abdulrahman Abdulaziz AlGafari transferred eight thousand six hundred fifty-two (8,652) Shares to Naif Mohammed Yousef AlDghaither. Muneera Abdulkarim Jarbo' AlQfari transferred ninety-seven (97) Shares to Naif Mohammed Yousef AlDghaither. Nora Nasser Rashid AlTamami transferred two hundred sixty-four (264) Shares to Naif Mohammed Yousef AlDghaither. Haila Abdulkarim Jarbo' AlQfari transferred two thousand eight hundred and ten (2,810) Shares to Naif Mohammed Yousef AlDghaither. The ownership structure of the Company as of 9 Sha'ban 1444H (corresponding to 1 March 2023G) was as follows:

Table 4.33: The Shareholders of the Company as of 9 Sha'ban 1444H (Corresponding to 1 March 2023G)

Shareholder	Number of Shares	Ownership (%)
Musaad Abdulrahman Abdulaziz AlQfari	6,506,975	40.67%
Ali Mubarak Mohammed AlDosari	5,653,002	35.33%
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%
Omar Saad Abdulaziz AlMogren	495,383	3.10%
Abdullah Mubarak Mohammed Al-Dosari	474,430	2.97%
Meshal Abdulrahman Abdulaziz AlGafari	368,103	2.30%
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%
Haya Mubarak Mohammed Al-Dosari	189,772	1.19%
Nowair Mubarak Mohammed Al-Dosari	189,772	1.19%
Saleh Othman Mohammed Al-Ghamdi	162,695	1.02%
Haila Abdulkarim Jarbo' AlQfari	119,582	0.75%
Naif Mohammed Yousef AlDghaither	116,133	0.73%
Saleh Rasheed Mohammed AlRasheed	46,434	0.29%

Shareholder	Number of Shares	Ownership (%)
Mousa Hamad Mousa AlQadhib	45,766	0.29%
Hussain Ali Saleh AlMesad	42,840	0.27%
Suad Sulaiman Mohammed AlSawadi	24,670	0.15%
Abdullah Khalil Abdullah AlSaba	20,932	0.13%
Nora Nasser Rashid AlTamami	11,223	0.07%
Ashwaq Abdulrahman Abdulaziz AlQfari	7,128	0.04%
Muneera Abdulkarim Jarbo' AlQfari	4,167	0.03%
Total	16,000,000	100.00%

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

As of 20 Sha'ban 1444H (corresponding to 12 March 2023G), Musaad Abdulrahman Abdulaziz AlQfari transferred one hundred and nine thousand, six hundred and sixty-two (109,662) Shares to (i) Ashwaq Abdulrahman Abdulaziz AlQfari with seven thousand three hundred and sixty-seven (7,367) Shares; (ii) Suad Sulaiman Mohammed AlSawadi with fifteen thousand two hundred and forty-nine (15,249) Shares; (iii) Saleh Rasheed Mohammed AlRasheed with thirty-four thousand one hundred and ninety-five (34,195) Shares; (iv) Muneera Abdulkarim Jarbo' AlQfari with two thousand and fifty-four (2,054) Shares; (v) Nora Nasser Rashid AlTamami with three thousand five hundred and three (3,503) Shares; and (vi) Haila Abdulkarim Jarbo' AlQfari with forty-seven thousand two hundred and ninety-four (47,294) Shares. Ali Mubarak Mohammed AlDosari transferred two hundred and thirty-four thousand nine hundred and two (234,902) Shares to: (i) Ashwaq Abdulrahman Abdulaziz AlQfari with fifteen thousand seven hundred and seventy-nine (15,779) Shares; (ii) Suad Sulaiman Mohammed AlSawadi with thirty-two thousand, six hundred and sixty-four (32,664) Shares; (iii) Saleh Rasheed Mohammed AlRasheed with seventy-three thousand two hundred and forty-eight (73,248) Shares; (iv) Muneera Abdulkarim Jarbo' AlQfari with four thousand four hundred (4,400) Shares; and (v) Nora Nasser Rashid AlTamami with seven thousand five hundred and five (7,505) Shares; and (vi) Haila Abdulkarim Jarbo' AlQfari with hundred and one thousand three hundred and six (101,306) Shares. The ownership structure of the Company as of 20 Sha'ban 1444H (corresponding to 12 March 2023G) was as follows:

Table 4.34: The Shareholders of the Company as of 20 Sha'ban 1444H (Corresponding to 12 March 2023G)

Shareholder	Number of Shares	Ownership (%)
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%
Ali Mubarak Mohammed Al-Dosari	5,418,100	33.86%
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%
Omar Saad Abdulaziz AlMogren	495,383	3.10%
Abdullah Mubarak Mohammed Al-Dosari	474,430	2.97%
Meshal Abdulrahman Abdulaziz AlGafari	368,103	2.30%
Haila Abdulkarim Jarbo' AlQfari	268,182	1.68%
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%
Haya Mubarak Mohammed Al-Dosari	189,772	1.19%
Nowair Mubarak Mohammed Al-Dosari	189,772	1.19%
Saleh Othman Mohammed Al-Ghamdi	162,695	1.02%
Saleh Rasheed Mohammed AlRasheed	153,877	0.96%
Naif Mohammed Yousef AlDghaither	116,133	0.73%

Shareholder	Number of Shares	Ownership (%)
Suad Sulaiman Mohammed AlSawadi	72,583	0.45%
Mousa Hamad Mousa AlQadhib	45,766	0.29%
Hussain Ali Saleh AlMesad	42,840	0.27%
Ashwaq Abdulrahman Abdulaziz AlQfari	30,274	0.19%
Nora Nasser Rashid AlTamami	22,231	0.14%
Abdullah Khalil Abdullah AlSaba	20,932	0.13%
Muneera Abdulkarim Jarbo' AlQfari	10,621	0.07%
Total	16,000,000	100.00%

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

Pursuant to the Shareholders' resolution dated 15 Sha'ban 1444H (corresponding to 7 March 2023G), the Company converted from a limited liability company to a closed joint stock company. The ownership structure of the Company upon the conversion was as follows:

Table 4.35: The Shareholders of the Company as of 15 Sha'ban 1444H (Corresponding to 7 March 2023G)

Shareholder	Number of Shares	Ownership (%)
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%
Ali Mubarak Mohammed Al-Dosari	5,418,100	33.86%
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%
Omar Saad Abdulaziz AlMogren	495,383	3.10%
Abdullah Mubarak Mohammed Al-Dosari	474,430	2.97%
Meshal Abdulrahman Abdulaziz AlGafari	368,103	2.30%
Haila Abdulkarim Jarbo' AlQfari	268,182	1.68%
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%
Haya Mubarak Mohammed Al-Dosari	189,772	1.19%
Nowair Mubarak Mohammed Al-Dosari	189,772	1.19%
Saleh Othman Mohammed AlGhamdi	162,695	1.02%
Saleh Rasheed Mohammed AlRasheed	153,877	0.96%
Naif Mohammed Yousef AlDghaither	116,133	0.73%
Suad Sulaiman Mohammed AlSawadi	72,583	0.45%
Mousa Hamad Mousa AlQadhib	45,766	0.29%
Hussain Ali Saleh Al-Mesad	42,840	0.27%
Ashwaq Abdulrahman Abdulaziz AlQfari	30,274	0.19%
Nora Nasser Rashid AlTamami	22,231	0.14%
Abdullah Khalil Abdullah AlSaba	20,932	0.13%
Muneera Abdulkarim Jarbo' AlQfari	10,621	0.07%
Total	16,000,000	100.00%

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

On 2 Muharram 1445H (corresponding to 20 July 2023G), Naif Mohammed Yousef AlDghaither transferred one hundred and sixteen thousand one hundred and thirty-three (116,133) Shares to Meshal Abdulrahman Abdulaziz AlGafari. The ownership structure of the Company as of 2 Muharram 1445H (corresponding to 20 July 2023G) was as follows:

Table 4.36: The Shareholders of the Company as of 2 Muharram 1445H (Corresponding to 20 July 2023G)

Shareholder	Number of Shares	Ownership (%) ⁽¹⁾
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%
Ali Mubarak Mohammed Al-Dosari	5,418,100	33.86%
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%
Omar Saad Abdulaziz AlMogren	495,383	3.10%
Meshal Abdulrahman Abdulaziz AlGafari	484,236	3.03%
Abdullah Mubarak Mohammed Al-Dosari	474,430	2.97%
Haila Abdulkarim Jarbo' AlQfari	268,182	1.68%
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%
Haya Mubarak Mohammed Al-Dosari	189,772	1.19%
Nowair Mubarak Mohammed Al-Dosari	189,772	1.19%
Saleh Othman Mohammed AlGhamdi	162,695	1.02%
Saleh Rasheed Mohammed AlRasheed	153,877	0.96%
Suad Suliman Mohammed AlSawadi	72,583	0.45%
Mousa Hamad Mousa AlQadhib	45,766	0.29%
Hussain Ali Saleh Al-Mesad	42,840	0.27%
Ashwaq Abdulrahman Abdulaziz AlQfari	30,274	0.19%
Nora Nasser Rashid AlTamami	22,231	0.14%
Abdullah Khalil Abdullah AlSaba	20,932	0.13%
Muneera Abdulkarim Jarbo' AlQfari	10,621	0.07%
Total	16,000,000	100.00%

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

4.11 Research and Development Policy

As of the date of this Prospectus, the Company does not have a research and development policy.

4.12 Business Continuity

The Directors acknowledge that there has been no suspension or interruption in Group's business during the 12-month period preceding the date of this Prospectus, which would affect or have a significant impact on its financial position and no material change in the nature of its business is contemplated.

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05

ORGANISATIONAL STRUCTURE AND CORPORATE GOVERNANCE



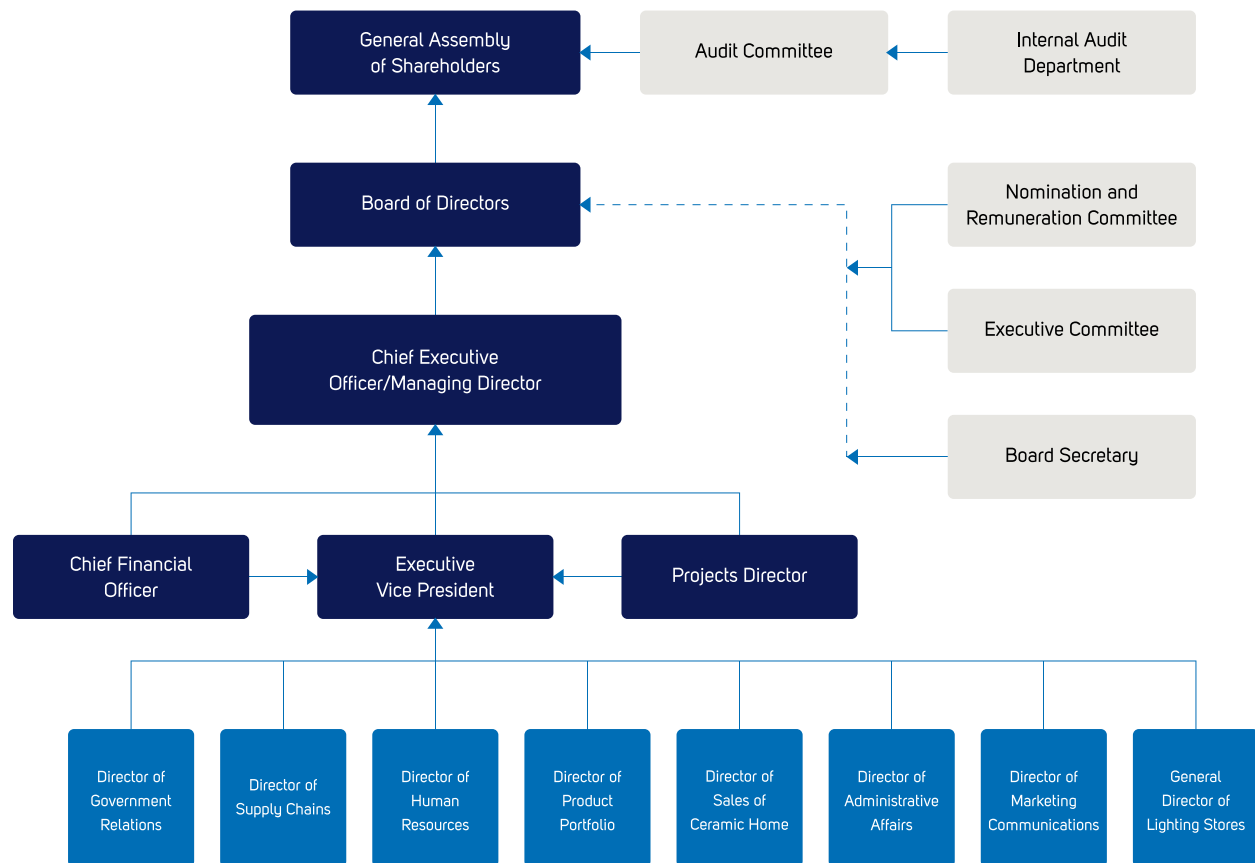
5. ORGANISATIONAL STRUCTURE AND CORPORATE GOVERNANCE

5.1 Organisational Structure

The organisational structure of the Company consists of the General Assembly, the Board of Directors and the Committees derived from it. Without prejudice to General Assemblies' authorities, the Board of Directors has the broadest authorities to manage the Company and has the responsibility for the overall direction, supervision and control of the Company. The Board of Directors delegates responsibility for the overall day-to-day management of the Company to the Executive Management of the Company.

The following chart sets out the organisational structure of the Company:

Exhibit 5.1: Organisational Structure of the Company



Source: The Company.

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

Table 5.1: Direct Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%	63,973,130	4,478,119	27.99%	44,781,190
Ali Mubarak Mohammed AlDosari	5,418,100	33.86%	54,181,000	3,792,677	23.70%	37,926,770
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%	13,300,840	931,058	5.82%	9,310,580
Omar Saad Abdulaziz AlMogren	495,383	3.10%	4,953,830	346,768	2.17%	3,467,680
Meshal Abdulrahman Abdulaziz AlGafari	484,236	3.03%	4,842,360	338,965	2.12%	3,389,650
Abdullah Mubarak Mohammed AlDosari	474,430	2.97%	4,744,300	332,101	2.08%	3,321,010
Haila Abdulkarim Jarbo' AlQfari	268,182	1.68%	2,681,820	187,727	1.17%	1,877,270
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%	1,909,090	133,636	0.84%	1,336,360
Haya Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Noweir Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Saleh Othman Mohammed AlGhamdi	162,695	1.02%	1,626,950	113,886	0.71%	1,138,860
Saleh Rasheed Mohammed AlRasheed	153,877	0.96%	1,538,770	107,713	0.67%	1,077,130
Suad Suliman Mohammed AlSawadi	72,583	0.45%	725,830	50,808	0.32%	508,080
Mousa Hamad Mousa AlQadhib	45,766	0.29%	457,660	32,036	0.20%	320,360
Hussain Ali Saleh AlMassad	42,840	0.27%	428,400	29,988	0.19%	299,880
Ashwaq Abdulrahman Abdulaziz AlQfari	30,274	0.19%	302,740	21,191	0.13%	211,910
Nora Nasser Rashid AlTamami	22,231	0.14%	222,310	15,561	0.10%	155,610
Abdullah Khalil Abdullah AlSaba	20,392	0.13%	209,320	14,652	0.09%	146,520
Muneera Abdulkarim Jarbo' AlQfari	10,621	0.07%	106,210	7,434	0.05%	74,340
Public	-	-	-	4,800,000	30.0%	48,000,000
Total	16,000,000	100.00%	160,000,000	16,000,000	100.00%	160,000,000

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

5.2 Board of Directors and the Board Secretary

5.2.1 Composition of the Board of Directors

The Board of Directors consists of five Directors who are appointed by the General Assembly by means of cumulative vote (for further details, see Section 11.14 (*Summary of Bylaws*)). The Companies Law, the Corporate Governance Regulations, the Bylaws, and the internal Corporate Governance Manual of the Company determine the duties and responsibilities of the Board of Directors. The term of the Directors' membership on the Board, including the Chairman, shall be for a maximum period of four years for each term. The current term of the Board of Directors commenced on 15 Ramadan 1444H (corresponding to 6 April 2023G) and ends on 29 Shawwal 1448H (corresponding to 6 April 2027G).

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

Table 5.2: Company's Board of Directors

Name	Position	Nationality	Status	Independence ⁽²⁾	Direct Share Ownership (%) ⁽³⁾		Number of Shares		Date of Appointment ⁽¹⁾
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Ali Mubarak Mohammed AIDosari	Chairman	Saudi	Non-Executive	Non-Independent	33.86%	23.70%	5,418,100	3,792,677	15 Ramadan 1444H (corresponding to 6 April 2023G)
Meshal Abdulrahman Abdulaziz AlGafari	Vice Chairman	Saudi	Executive	Non-Independent	3.03%	2.12%	484,236	338,965	15 Ramadan 1444H (corresponding to 6 April 2023G)
Musaad Abdulrahman Abdulaziz AlQfari	Managing Director and Chief Executive Officer	Saudi	Executive	Non-Independent	39.98%	27.99%	6,397,313	4,478,119	15 Ramadan 1444H (corresponding to 6 April 2023G)
Abdulaziz Abdulaziz Saad AlSalem	Director	Saudi	Non-Executive	Independent	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 6 April 2023G)
Suliman Mohammed Nasser AlTurki	Director	Saudi	Non-Executive	Independent	-	-	-	-	9 Thul-Qi'dah 1444H (corresponding to 6 April 2023G)
Total					76.87%	53.81%	12,229,646	8,609,761	-

Source: The Company.

- (1) Dates listed in this table are the dates of appointment to the current positions in the Board of Directors. Their respective biographies in Section 5.2.4 (*Biographies of the Directors and the Board Secretary*) describe the dates of their appointment, whether in the Board of Directors or in any other position.
- (2) An independent Director is one who fulfils the following conditions: he/she is a non-executive member of the Board of Directors with complete independence in their position and decisions and none of the issues affecting independence stipulated below apply to them:
- (i) he/she hold five per cent. or more of the shares of the Company or any other company within its Group, or are a relative of someone who owns such percentage;
 - (ii) he/she is a relative of any Company Director, or of any other company director within the Company's Group;
 - (iii) he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's Group;
 - (iv) he/she is nominated to be a director for any company within the Company's Group;
 - (v) he/she is an employee, or were a former employee during the previous two years, of the Company or a company within its Group, or held a controlling interest in the Company or any party dealing with the Company or any company within its Group, such as external auditors or key suppliers, during the preceding two years;
 - (vi) he/she have a direct or indirect interest in the business and contracts conducted for the Company;
 - (vii) he/she receive financial consideration from the Company in addition to remuneration for their membership of the Board or any of its committees in excess of SAR 200,000 or 50.0 per cent. of their remuneration for the previous year of their membership of the Board or any of its committees, whichever is less;
 - (viii) he/she engages in businesses that competes with the Company, or conduct business in any of the Company's lines of activities; or
 - (ix) he/she serve for more than nine years, whether consecutive or not, as a Director of the Company.
- (3) There is no indirect ownership.

The Board Secretary, Manal Saleh Ali AlQzlan, was appointed pursuant to a resolution of the Board of Directors dated 23 Sha'ban 1444H (corresponding to 15 March 2023G). Manal Saleh Ali AlQzlan does not own any Shares in the Company. For a summary of her biography, see Section 5.2.4.6 (*Manal Saleh Ali AlQzlan, Board Secretary*).

5.2.2 Responsibilities of the Board of Directors

The Company is supervised by a Board of Directors which consist of professional and highly experienced members. The Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Company's internal Corporate Governance Manual define the duties and responsibilities of the Board of Directors. Subject to the powers reserved for the General Assembly, the Board of Directors is vested with full powers to manage the business of the Company and supervise its affairs. The Board of Directors delegates responsibility for the overall day-to-day management of the Company to the Company's Executive Management.

Some powers are delegated to the Board of Directors' committees, which consist of the Audit Committee and the Nomination and Remuneration Committee (collectively, the **"Committees"**), and a number of administrative departments with responsibility for dealing with a range of operational and business matters (for further details about the Company's administrative departments, see Section 4.9 (*Administrative Support Departments*)). In addition, the Board of Directors has the power to form any number of committees it considers necessary for the effective governance, oversight and operations of the Company or delegate some of its powers to one or more of the Directors or third parties. Notwithstanding any delegation, the ultimate responsibility for the Company rests with the Board of Directors.

The responsibilities of the Board of Directors, the Chairman and the Board Secretary can be summarised as follows:

5.2.2.1 Board of Directors

Without prejudice to the competencies of the General Assembly as per the Companies Law and its implementing regulations and the Company's bylaws, the Board shall have the broadest powers to manage the Company and guiding its activities to achieve its objectives. Pursuant to the Corporate Governance Regulations, among the main functions and competencies of the Board of Directors are the following:

- 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 fulfil them are available, including:
 - setting a comprehensive strategy for the Company, key business plans, policies, and mechanisms of risk management and reviewing and guiding them;
 - determining the most appropriate capital structure for the Company, its strategies, and financial objectives, and approving all kinds of estimated budgets;
 - overseeing the main capital expenditures of the Company and the acquisition or disposal of assets;
 - setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company;
 - reviewing and approving the organisational and human resources structures of the Company on a periodic basis; and
 - 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, including misuse of the Company's assets 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 that 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; and
 - 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 on 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 by 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; and
 - dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company;
- providing recommendations to the Ordinary General Assembly regarding:
 - use of the Company's reserves, if they are not allocated for a specific purpose in the Company's Bylaws;
 - forming additional financial allocations or reserves for the Company; and
 - 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 specialised 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; and
- 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 Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

5.2.2.2 Chairman

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

- the duties and responsibilities of the Chairman as outlined by the Companies Law and the Company's Bylaws;
- 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 consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda;
- convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company; and
- ensuring that Board members disclose their activities and any potential conflicts of interest regarding matters discussed in Board meetings.

5.2.2.3 Managing Director

The responsibilities of the Managing Director include the following:

- representing the Company before external parties, such as investors, clients and Government entities;
- implementing Board resolutions precisely and effectively and converting them into actionable plans;

- providing the necessary guidance to the Company's Senior Management and supervising and evaluating its performance periodically;
- collaborating with the Board of Directors in drawing up strategic plans that determine the Company's long-term strategy and contribute to the achievement of its future goals;
- protecting and representing the interests of Shareholders, as well as striving to increase their profits and achieve the best return on their investments;
- creating initiatives to foster a culture of innovation and collaboration across all business areas; and
- developing and implementing a strategy that drives growth and profitability.

5.2.2.4 Board Secretary

Pursuant to the Corporate Governance Regulations, the responsibilities of the Board Secretary include the following:

- documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organised 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 Board Secretary;
- retaining the reports submitted to the Board and the reports prepared by it;
- providing the Board members with the agenda of the Board meeting and related worksheets, documents and any additional information, related to the topics included in the agenda items, requested by any Board member;
- ensuring that the Board members comply with the procedures approved by the Board;
- notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
- ensuring that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company;
- coordinating among the Board members;
- regulating the disclosure register of the Board and Executive Management;
- providing assistance and advice to the Board members; and
- performing other tasks as delegated by the Board of Directors.

5.2.3 Service Contracts with Directors

Except for the employment contracts entered into with Musaad Abdulrahman Abdulaziz AlQfari and Meshal Abdulrahman Abdulaziz AlGafari, no other service or employment contract have been concluded between the Directors and the Company.

5.2.4 Biographies of the Directors and the Board Secretary

The experience, qualifications and the current and other positions of each of the Directors and the Board Secretary are set out below:

5.2.4.1 Ali Mubarak Mohammed AlDosari, Chairman

Nationality:	Saudi.
Age:	55 years.
Position:	Company Chairman.
Capacity:	Non-Executive/Non-Independent.
Appointment Date (Current Term):	15 Ramadan 1444H (corresponding to 6 April 2023G).
Academic and Professional Qualifications:	Bachelor's Degree in Industrial Engineering, The Technical University, Riyadh, Kingdom of Saudi Arabia, in 1994G.
Current Positions:	- Chairman of the Company's Board of Directors, since 2023G; - Director, Ebdaa AlHayat Company, a limited liability company, contracting sector, since 2020G; and - Chairman of the Board of Directors, Al Kozama Trading Company, a closed joint stock company, food sector, since 2024G.
Key Past Professional Experience:	- Vice Chairman of the Board of Directors, Bab Mashwi Company, a closed joint stock company, food sector, from 2020G to 2023G; - Chief Executive Officer, Rashika Investment Company, a limited liability company, investment sector, from 2014G to 2021G; - General Manager, Seven Days Sports Company, a closed joint stock company, sports club sector, from 2008G to 2014G; - General Manager, Infrastructure Technology Company, a limited liability company, contracting sector, from 1998G to 2008G; and - Professor, The Technical University in Riyadh, an educational institute, educational sector, from 1995G to 1999G.

5.2.4.2 Meshal Abdulrahman Abdulaziz AlGafari, Vice Chairman

Nationality:	Saudi.
Age:	38 years.
Position:	Company Vice Chairman.
Capacity:	Executive/Non-Independent.
Appointment Date (Current Term):	15 Ramadan 1444H (corresponding to 6 April 2023G).
Academic and Professional Qualifications:	Bachelor's Degree in Architecture, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2010G.
Current Positions:	- Company Project Director, since 2022G; and - Vice Chairman of the Board of Directors, since 2023G.

Key Past Professional Experience:	• Director of the Mohammed Bin Salman Initiative for the Development of Historical Mosques, Heritage Authority, a Government entity, from 2021G to 2022G; • Museum Project Manager, Ministry of Culture, a Government entity, from 2021G to 2022G; • Director of Supervision Department and Execution of Engineering Projects, Ministry of Tourism, a Government entity, from 2017G to 2020G; and • Project Manager, Ministry of Tourism, a Government entity, from 2013G to 2017G.

5.2.4.3 Musaad Abdulrahman Abdulaziz AlQfari, Managing Director

Nationality:	Saudi.
Age:	45 years.
Position:	Company Managing Director and Chief Executive Officer.
Capacity:	Executive/Non-Independent.
Appointment Date (Current Term):	• 15 Ramadan 1444H (corresponding to 6 April 2023G).
Academic and Professional Qualifications:	• Bachelor's Degree in Architecture and Planning, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2002G.
Current Positions:	• Company Chief Executive Officer, since 2006G; and • Company Managing Director, since 2023G. • Company Chairman of the Executive Committee, since 2024G.
Key Past Professional Experience:	• Director of Real Estate Development Department, Dar AlArkan Real Estate, a public joint stock company, real estate development sector, from 2002G to 2006G.

5.2.4.4 Suliman Nasser Mohammed AlTurki, Director

Nationality:	Saudi.
Age:	51 years.
Position:	Company Director.
Capacity:	Independent/Non-Executive.
Appointment Date (Current Term):	• 9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Academic and Professional Qualifications:	• High School, Jalajel School, Jalajel, Kingdom of Saudi Arabia, in 1992G.
Current Positions:	• Company Director, since 2023G; • Chief Executive Officer, Suliman AlTurki Industrial Group (STEECO), a limited liability company, contracting sector, since 1996G; and • Chief Executive Officer, Metal Industries Solutions Company, a limited liability company, industries sector, since 2006G.
Key Past Professional Experience:	• Chief Executive Officer, Nasser AlTurki and Sons Company, a limited liability company, contracting sector, from 2001G to 2014G.

5.2.4.5 Abdulaziz Saad Abdulaziz AlSalem, Director

Nationality:	Saudi.
Age:	46 years.
Position:	Company Director.
Capacity:	Independent/Non-Executive.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Academic and Professional Qualifications:	Bachelor's Degree in Architecture, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2001G.
Current Positions:	- Company Director, since 2023G; - Company Chairman of the Audit Committee, since 2023G; and - Contract Employee under the Capabilities and Contractors Programme as Municipality Chairman, Diriyah Province, a Government entity, since 2024G.
Key Past Professional Experience:	- General Manager of Marketing and Corporate Communication Department, Saudi Public Transport Company (SAPTCO), a public joint stock company, transportation sector, from 2015G to 2024G; - Director, Saudi French Company, a closed joint stock company, transportation sector, from 2016G to 2018G; - Director of Urban Studies Department, Badael Engineering Company, a limited liability company, engineering consultancy sector 2009G to 2015G; and - Director of Bus Transportation Department and Planning Engineer, Ministry of Transportation, a Government entity, from 2002G to 2009G.

5.2.4.6 Manal Saleh Ali AlQzlan, Board Secretary

Nationality:	Saudi.
Age:	44 years.
Position:	Company Board Secretary.
Appointment Date (Current Term):	23 Sha'ban 1444H (corresponding to 15 March 2023G).
Academic and Professional Qualifications:	Bachelor's Degree in English Translation, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2006G.
Current Positions:	- Company Board Secretary, since 2019G; and - Company Director of Administrative Affairs, since 2019G.
Key Past Professional Experience:	Acting Director, Continuous Professional Development Administration, Saudi Commission for Health Specialties, a Government entity, from 2007G to 2018G.

5.3 Board of Directors Committees

The Board of Directors has established the Committees to optimise the management of the Company and to meet relevant regulatory requirements. Each Committee is required to have clear rules identifying their role, powers and responsibilities. Minutes must be prepared for each meeting of each Committee.

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

5.3.1 Audit Committee

5.3.1.1 Responsibilities of the Audit Committee

The Audit Committee oversees: (i) the integrity, effectiveness and accuracy of the Company's financial statements, reports, and internal control system; (ii) the Company's compliance with legal and regulatory requirements, and the rules of professional conduct; (iii) the qualifications and independence of the Company's external auditors; (iv) the performance of the Company's internal audit and external auditors; and (v) evaluating and supervising the risk management system in the Company and the relevant procedures in this regard. The Audit Committee charter was approved by the General Assembly on 13 Rabi' al-Thani 1446H (corresponding to 16 October 2024G).

The responsibilities of the Audit Committee also include the following:

(a) Financial Reports

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

(b) Internal Audit

- examining and reviewing the Company's internal and financial control systems and risk management system;
- analysing the internal audit reports and following up on the implementation of the corrective measures in respect of the remarks made in such reports;
- monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties; and
- providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.

(c) External Auditor

- providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, 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 external 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 provides its opinion thereon;
- responding to queries of the Company's external auditor; and
- reviewing the external auditor's reports and its comments on the financial statements, and following up on the procedures taken in connection therewith.

(d) Ensuring Compliance

- reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

In addition to the above, the Audit Committee, in order to perform its duties may:

- review the Company's records and documents;
- request any clarification or statement from the Board members or the Executive Management; and
- request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

5.3.1.2 Audit Committee Members

The Audit Committee shall be formed by a resolution from the Board of Directors and consist of at least three and no more than five members from among the Shareholders or others, provided that (i) at least one member is an Independent Director; (ii) neither an Executive Director nor the Chairman is a member; (iii) the number of members is not less than three and not more than five; (iv) one of its members is specialised in finance and accounting; (v) half of the Audit Committee's members must be Independent Directors or from those on whom the issues affecting independence under the relevant provisions of the Corporate Governance Regulations do not apply; (vi) as a guiding principle, the Chairman of the Audit Committee shall be an Independent Director; (vii) a person who works or has worked in the Company's Finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee; and (viii) a member of the Audit Committee shall not be a member of the audit committees of more than five listed joint stock companies at the same time. The Audit Committee convenes periodically, with at least four meetings held during the Company's financial year. The internal auditor and the external auditor may call for a meeting with the Audit Committee at any time as necessary.

The Audit Committee was formed, and its members were appointed by a Board of Directors resolution dated 4 Thul-Qi'dah 1444H (corresponding to 24 May 2023G), for a term of three years. The Audit Committee comprises the following members as of the date of this Prospectus:

Table 5.3: Audit Committee Members

Name	Role	Membership Capacity
Abdulaziz Saad Abdulaziz AlSalem	Chairman of the Audit Committee	Independent Board Member
Faisal Saleh Ibrahim Aba AlKhail	Member of the Audit Committee	Independent Non-Board Member
Mohammed Hisham Abdulrahman AlZamil	Member of the Audit Committee	Non-Executive Non-Board Member

Source: The Company.

5.3.1.3 Biographies of the Members of the Audit Committee

The experience, qualifications and the current and other positions of the members of the Audit Committee are set out below:

(a) Abdulaziz Saad Abdulaziz AlSalem, Chairman of the Audit Committee

See Section 5.2.4.5 (*Abdulaziz Saad Abdulaziz AlSalem, Director*) for further details regarding experiences, qualifications and the current and previous positions of Abdulaziz Saad Abdulaziz AlSalem.

(b) Faisal Saleh Ibrahim Aba AlKhail, Member of the Audit Committee

Nationality:	Saudi.
Age:	45 years.
Position:	Company Audit Committee Member.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Academic and Professional Qualifications:	Bachelor's Degree in Architecture, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2003G.
Current Positions:	- Member of the Audit Committee of the Company, since 2023G; - General Manager, Advanced Elements Contracting Company, a limited liability company, contracting sector, since 2013G; - Director, Ewan Holding Company, a limited liability company, contracting sector, since 2021G; - Director, Maward Company, a closed joint stock company, real estate development sector, since 2021G; - Member of the Contractors National Committee, a Government committee, since 2021G; and - Member of the Riyadh Contractors Committee, a Government committee, since 2021G.
Key Past Professional Experience:	Engineer, Ministry of Municipal and Rural Affairs, a Government entity, from 2005G to 2009G.

(c) Mohammed Hisham Abdulrahman AlZamil, Member of the Audit Committee

Nationality:	Saudi.
Age:	37 years.
Position:	Company Audit Committee Member.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Academic and Professional Qualifications:	Bachelor's Degree in Finance, Prince Mohammed Bin Fahd University, Al Khobar, Kingdom of Saudi Arabia, in 2011G.
Current Positions:	- Member of the Audit Committee of the Company, since 2023G; - General Manager, Crestwood Wood Work Company, a limited liability company, kitchen manufacturing sector, since 2018G; and - Chief Executive Officer, Zamil Industries, Trade and Transportation, a closed joint stock company, tank manufacturing and plastic materials sector, since 2019G.
Key Past Professional Experience:	- Eastern Province Manager, the Company, a closed joint stock company, trading sector, from 2013G to 2018G; and - General Manager, Amtar AlSharq Trading Establishment, Sole Proprietorship, management and developing real estate, from 2011G to 2013G.

5.3.2 Nomination and Remuneration Committee

5.3.2.1 Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the nomination of Directors and the remuneration of Directors and Senior Executives. The duties and responsibilities of the Nomination and Remuneration Committee are mainly to: (i) lead the process of nominating and evaluating the Directors and Senior Executives of the Company; (ii) ensure the effectiveness and soundness of the Company's Board and Executive Management structures and the relevant internal policies and procedures; and (iii) assist the Board in the review and determination (or recommendation, as appropriate) of the remuneration of Directors, members of the Committees of the Board, Senior Executives and employees of the Company. The Nomination and Remuneration Committee charter was approved by the General Assembly on 13 Rabi' al-Thani 1446H (corresponding to 16 October 2024G).

The responsibilities of the Nomination and Remuneration Committee include the following:

(a) Nomination

- suggesting clear policies and standards for membership of the Board and the Executive Management (the **"Nomination Policy"**), which shall be presented before the General Assembly for approval;
- providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
- determining the amount of time that the member shall allocate to the activities of the Board;
- annually reviewing the skills and expertise required of the Board members and the Executive Management;
- reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
- determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.

(b) Remuneration

- preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, (the **"Remuneration Policy"**), and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy;
- clarifying the relation between the paid remunerations and the adopted Remuneration Policy, and highlighting any material deviation from that policy;
- periodically reviewing the Remuneration Policy and assessing its effectiveness in achieving its objectives; and
- providing recommendations to the Board in respect of the remunerations of its members, the Committees' members and Senior Executives, in accordance with the approved policy.

5.3.2.2 Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee consists of at least three and no more than five members. Members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them. The Chairman of the Board of Directors can be a member, provided that he is not the chairman of the committee. The Nomination and Remuneration Committee must be chaired by an Independent Director. The Nomination and Remuneration Committee shall convene periodically at least every six months. Additional meetings may be held from time to time at the request of the Board or any of the members.

The Nomination and Remuneration Committee was formed, and its members were appointed pursuant to the Board of Directors' resolution dated 4 Thul-Qi'dah 1444H (corresponding to 24 May 2023G), for a term of four years. The Nomination and Remuneration Committee comprises the following members as of the date of this Prospectus:

Table 5.4: Nomination and Remuneration Committee Members

Name	Role	Membership Capacity
Suliman Nasser Mohammed AlTurki	Chairman of the Nomination and Remuneration Committee	Independent Board Member
Suliman Mohammed Suliman AlTurbaq	Member of the Nomination and Remuneration Committee	Independent Non-Board Member
Majed Hassan Ajlan AlAjlan	Member of the Nomination and Remuneration Committee	Independent Non-Board Member

Source: The Company.

5.3.2.3 Biographies of the Members of the Nomination and Remuneration Committee

The experience, qualifications and the current and other positions of the members of the Nomination and Remuneration Committee are set out below:

(a) Suliman Nasser Mohammed AlTurki, Chairman of the Nomination and Remuneration Committee

See Section 5.2.4.4 (*Suliman Nasser Mohammed AlTurki, Director*) for further details regarding experiences, qualifications and the current and previous positions of Suliman Nasser Mohammed AlTurki.

(b) Sulaiman Mohammed Suliman AlTurbaq, Member of the Nomination and Remuneration Committee

Nationality:	Saudi.
Age:	46 years.
Position:	Company Nomination and Remuneration Committee Member.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Academic and Professional Qualifications:	- Master's Degree in Marketing, University of Wolverhampton, Wolverhampton, United Kingdom, in 2012G; - Bachelor's Degree in Business Administration, University of Southampton, Southampton, United Kingdom, in 2011G; and - Diploma in Marketing and Sales, The Banking Institute of the Saudi Central, Riyadh, Kingdom of Saudi Arabia, in 2006G.
Current Positions:	- Member of the Nomination and Remuneration Committee of the Company, since 2023G; and - Recruitment Manager, Alinma Bank, a public joint stock company, banking sector, since 2019G.
Key Past Professional Experience:	- Member of the Human Resources Committee, Riyadh Chamber, a Governmental Committee, from 2018G to 2019G; - Chief Executive Officer of the Leadership Development Department, AlRajhi Bank, a public joint stock company, banking sector, from 2018G to 2019G; - Executive Recruitment Manager for the Branches and Transfer Centres Department, AlRajhi Bank, a public joint stock company, banking sector, from 2012G to 2018G;

	- Branch Manager, AlRajhi Bank, a public joint stock company, banking sector, from 2006G to 2006G; - Branch Operations Manager, AlRajhi Bank, a public joint stock company, banking sector, from 2004G to 2006G; - Senior Client Relations Manager, AlRajhi Bank, a public joint stock company, banking sector, from 2003G to 2004G; - Customer Service Representative, AlRajhi Bank, a public joint stock company, banking sector, from 2003G to 2003G; - Head of the Currency Exchange Department, AlRajhi Bank, a public joint stock company, banking sector, from 2002G to 2002G; - Teller, AlRajhi Bank, a public joint stock company, banking sector, from 2001G to 2002G; and - Executive Secretary and Government Relations Officer, Saudi Gas Cylinder Factory (ENAGAS), a closed joint stock company, manufacturing of gas tanks and cylinders sector, from 1999G to 2000G.

(c) Majed Hassan Ajlan AlAjlan, Member of the Nomination and Remuneration Committee

Nationality:	Saudi.
Age:	40 years.
Position:	Company Nomination and Remuneration Committee Member.
Appointment Date (Current Term):	9 Thul-Qi'dah 1444H (corresponding to 29 May 2023G).
Academic and Professional Qualifications:	- Diploma in Human Resources, King Saud University, Riyadh, Kingdom of Saudi Arabia, in 2005G; and - Bachelor's Degree in Business Administration, King Faisal University, Al Ahsa, Kingdom of Saudi Arabia, in 2013G.
Current Positions:	- Member of the Nomination and Remuneration Committee of the Company, since 2023G; and - General Sales Manager, Ibrahim Al Ajlan Company, a mixed limited liability company, contracting sector, since 2008G.
Key Past Professional Experience:	N/A.

5.3.3 Executive Committee

5.3.3.1 Responsibilities of the Executive Committee

The Executive Committee shall have the right to exercise all the authorities delegated to it by the Board and shall supplement the role of the Board within the set limits in the interim period between meetings of the Board. The exercise of such authorities by the Committee shall not prejudice the authority reserved for the Board. The Executive Committee's work regulations were approved by the decision issued by the General Assembly dated 13 Rabi' al-Thani 1446H (corresponding to 16 October 2024G).

The responsibilities of the Executive Committee further include the following:

(a) Review and Assessment

Review and provide recommendations on the following matters where applicable:

- annual operating plans, and capital expenditure budgets and any material changes to them;
- interim and annual declaration and distribution of dividends;

- changes in the Company's share capital and/or equity;
- approval of the Company's investor relations website framework and content (through which the Company communicates with its shareholders);
- the Company's investment plans and strategies, including expansion into new business sectors or new geographic areas;
- any decision to cease to operate all, or any material part, of the Company's business operations;
- joint-ventures, acquisitions and divestments in line with long term business, financial and operating plans;
- financing agreements and related security arrangements; and
- changes in delegation levels as specified in the Company's authority matrix.

(b) Miscellaneous

- Perform such other tasks as delegated to it by the Board of Directors from time-to-time.

5.3.3.2 Executive Committee Member

The Executive Committee consists of at least three and no more than five members. The Executive Committee shall convene on a regular basis and as necessary.

The Executive Committee was formed, and its members were appointed pursuant to the Board of Directors' resolution dated 23 Sha'ban 1444H (corresponding to 15 March 2023G) for a term of three years. The Executive Committee comprises the following members as of the date of this Prospectus:

Table 5.5: Executive Committee Members

Name	Role	Status
Musaad Abdulrahman Abdulaziz AlQfari	Chairman of the Executive Committee	Executive Board Member
Nabil Abdalraouf Ibrahim AlKilany	Executive Committee Member	Executive Non-Board Member
Jalal Mhmoud Salameh AlHtamleh	Executive Committee Member	Executive Non-Board Member

Source: The Company.

5.3.3.3 Biographies of the Members of the Executive Committee

The experience, qualifications and the current and other positions of the members of the Executive Committee are set out below:

(a) Musaad Abdulrahman Abdulaziz AlQfari, Chief Executive Officer

See Section 5.2.4.3 (*Musaad Abdulrahman Abdulaziz AlQfari, Managing Director*) for further details regarding experience, qualifications, current and previous positions of Musaad Abdulrahman Abdulaziz AlQfari.

(b) Nabil Abdalraouf Ibrahim AlKilany, Executive Committee Member

Nationality:	Jordanian.
Age:	49 years.
Position:	Company Executive Committee Member.
Appointment Date (Current Term):	• 23 Sha'ban 1444H (corresponding to 15 March 2023G).
Academic and Professional Qualifications:	• Master's Degree in Business Administration, Lancaster University, Lancaster, United Kingdom, in 2006G; and • Bachelor's Degree in Civil Engineering, The University of Jordan, Amman, Hashemite Kingdom of Jordan, in 1998G.

Current Positions:	- Member of the Nomination and Remuneration Committee of the Company, since 2023G; and - Chief Operating Officer and Chief Executive Vice President, since 2019G.
	- Chief Operating Officer, AlShaya Projects Company, a Kuwaiti limited liability company, retail trade sector, from 2018G to 2019G; - Director of Development and Marketing, Saveto Group, a mixed limited liability company, construction materials manufacturing sector, from 2013G to 2018G; - Head of Administrative Development, DCB Company, a British closed joint-stock company operating in the manufacturing and supply of construction materials, from 2013G to 2013G; - General Manager, DCB Saudi Arabia Branch, a mixed limited liability company operating in the supply of construction materials, from 2012G to 2012G; - Marketing and Business Development Manager, DCB, a British closed joint stock company, manufacturing and supply of construction materials sector, from 2009G to 2011G; - Vice President, Nucote Coatings Systems, an American limited liability company, manufacturing of chemical products, from 2007G to 2009G; - Regional Manager, Fosroc International, a mixed limited liability company, manufacturing of construction materials sector, from 2006G to 2007G; and - Regional Sales Manager and Marketing and Technical Specifications Manager, Fosam, a mixed limited liability company operating in the manufacturing of construction materials, from 2000G to 2006G.
Key Past Professional Experience:	

(c) Jalal Mhmod Salameh AlHtamleh, Executive Committee Member

Nationality:	Jordanian.
Age:	48 years.
Position:	Company Executive Committee Member.
Appointment Date (Current Term):	23 Sha'ban 1444H (corresponding to 15 March 2023G).
Academic and Professional Qualifications:	- Master's Degree in Accounting, The Arab Academy for Banking Sciences, Amman, Hashemite Kingdom of Jordan, in 2007G; and - Bachelor's Degree in Accounting, Philadelphia University, Amman, Hashemite Kingdom of Jordan, in 2001G.
Current Positions:	- Member of the Nomination and Remuneration Committee of the Company, since 2023G; and - Company Financial Department Director, since 2019G.
Key Past Professional Experience:	- Financial Department Director, BCI Group, a Palestinian closed joint stock company, selling communication devices sector, from 2018G to 2019G; - Chief Financial Officer, Al Haya Medical Group, a closed joint stock company, medical devices, equipment's, and pharmaceutical sector, from 2013G to 2018G; - Financial Department Director, New Vision LG Jordan, a Jordanian Mixed Closed Joint Stock Company, supply and sale of electrical appliances sector, from 2012G to 2013G; - Director of Finance and Administrative Affairs, Arab Centre for Pharmaceutical and Chemicals, a Jordanian closed joint stock company, pharmaceutical and chemical industries sector, from 2006G to 2008G; and - Internal Auditor, Jordan Petroleum Refinery Company, a Jordanian closed joint stock company, refining of petroleum derivatives sector, from 2001G to 2006G.

5.4 Executive Management

5.4.1 Overview of Executive Management

The Executive Management of the Company comprises qualified and experienced members with the necessary knowledge and expertise to run the Company's business in line with the objectives and directives of the Board of Directors and the Shareholders. The Company has been successful in recruiting and retaining its Executive Management team, developing qualified employees and promoting them to senior positions in the Company.

5.4.2 Members of the Executive Management

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

Table 5.6: Details of Senior Executives

Name	Position	Appointment Date	Nationality	Age (Years)	Direct Ownership	
					Pre-Offering	Post-Offering
Musaad Abdulrahman Abdulaziz AlQfari	Managing Director and Chief Executive Officer	1 Thul-Hijjah 1426H (corresponding to 1 January 2006G)	Saudi	45	6,397,313	4,478,119
Nabil Abdalraouf Ibrahim AlKilany	Executive Vice President	23 Jumada al-Ula 1440H (corresponding to 30 January 2019G)	Jordanian	49	-	-
Jalal Mhmoud Salameh AlHtamleh	Chief Financial Officer	12 Shawwal 1440H (corresponding to 15 June 2019G)	Jordanian	48	-	-
Ahmad Mohamad Nazih ElTom	General Director of Lighting Stores	2 Safar 1442H (corresponding to 20 September 2020G)	Lebanese	43	-	-
Manal Saleh Ali AlQzlan	Director of Administrative Affairs and Board Secretary	24 Rabi' al-Thani 1441H (corresponding to 22 December 2019G)	Saudi	44	-	-
Meshal Abdulrahman Abdulaziz AlGafari	Director and Projects	25 Ramadan 1443H (corresponding to 27 April 2022G)	Saudi	38	484,236	338,965
Mohamed Faouzi Mohamed Msalem	Director of Sales of Ceramic Home	16 Jumada al-Akhirah 1427H (corresponding to 13 July 2006G)	Tunisian	42	-	-
Mohamed Ahmed Anwar Ahmed	Director of Product Portfolio	18 Jumada al-Akhirah 1442H (corresponding to 1 February 2021G)	Egyptian	41	-	-
Karine AlBadawi Muhieddine	Director of Marketing Communications	16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G)	Lebanese	32	-	-
Ali Salman Saad AlSahli	Director of Government Relations	13 Rabi' al-Awwal 1428H (corresponding to 1 April 2007G)	Saudi	63	-	-
Thunayan Thuwaini Abdulrahman AlThunayan	Director of Human Resources	2 Jumada al-Akhirah 1446H (corresponding to 3 November 2024G)	Saudi	29	-	-
Amro Adnan Mohammed AlRajal	Director of Supply Chains	15 Muharram 1444H (corresponding to 13 August 2022G)	Jordanian	40	-	-
Rayan Abdulrahman AlSaraibi Ibrahim	Director of Internal Audit	4 Thul-Hijjah 1446H (corresponding to 31 May 2025G)	Saudi	26	-	-

Source: The Company

5.4.3 Biographies of Senior Executives

The experience, qualifications and the current and other positions of each Senior Executive are set out below:

5.4.3.1 Musaad Abdulrahman Abdulaziz AlQfari, Chief Executive Officer

See Section 5.2.4.3 (*Musaad Abdulrahman Abdulaziz AlQfari, Managing Director*) for further details regarding experience, qualifications, current and previous positions of Musaad Abdulrahman Abdulaziz AlQfari.

5.4.3.2 Nabil Abdalraouf Ibrahim AlKilany, Executive Vice President

See Section 5.3.3.3(b) (*Nabil Abdalraouf Ibrahim AlKilany, Executive Committee Member*) for further details regarding experience, qualifications, current and previous positions of Nabil Abdalraouf Ibrahim AlKilany.

5.4.3.3 Jalal Mhmoud Salameh AlHtamleh, Chief Financial Officer

See Section 5.3.3.3(c) (*Jalal Mhmoud Salameh AlHtamleh, Executive Committee Member*) for further details regarding experience, qualifications, current and previous positions of Jalal Mhmoud Salameh AlHtamleh.

5.4.3.4 Ahmad Mohamad Nazih ElTom, General Director of Lighting Stores

Nationality:	Lebanese.
Age:	43 years.
Position:	General Director of Lighting Stores.
Appointment Date (Current Term):	2 Safar 1442H (corresponding to 20 September 2020G).
Academic and Professional Qualifications:	- Master's Degree in Communication Systems, University of Hertfordshire, Hertford, United Kingdom, in 2005G; and - Bachelor's Degree in University of Balamand, Balamand, Lebanon, in 2004G.
Current Positions:	General Director of Lighting Stores of the Company, since 2020G.
Key Past Professional Experience:	- Regional Sales Director, Saeed Electric Materials Company, a closed joint stock company, electrical equipment supply sector, from 2019G to 2020G; - Lighting Department Director, Rajab and Silsilah Company, a closed joint stock company, electrical equipment supply and building materials sectors, from 2006G to 2019G; and - Support Engineer, SkyBand Company, a mixed limited liability company, communications systems sector, from 2006G to 2006G.

5.4.3.5 Manal Saleh Ali AlQzlan, Director of Administrative Affairs

See Section 5.2.4.6 (*Manal Saleh Ali AlQzlan, Board Secretary*) for further details regarding experience, qualifications, current and previous positions of Manal Saleh Ali AlQzlan.

5.4.3.6 Meshal Abdulrahman Abdulaziz AlGafari, Projects Director

See Section 5.2.4.2 (*Meshal Abdulrahman Abdulaziz AlGafari, Vice Chairman*) for further details regarding experience, qualifications, current and previous positions of (f) Meshal Abdulrahman Abdulaziz AlGafari.

5.4.3.7 Mohamed Faouzi Mohamed Msalem, Director of Sales of Ceramic Home

Nationality:	Tunisian.
Age:	42 years.
Position:	Director of Sales of Ceramic Home.

Appointment Date (Current Term):	16 Jumada al-Akhirah 1427H (corresponding to 13 July 2006G).
Academic and Professional Qualifications:	High School, AlSaade School, Tunisia, The Tunisian Republic, in 2000G.
Current Positions:	Director of Sales of Ceramic Home of the Company, since 2008G.
Key Past Professional Experience:	- Showroom Manager at the Company, from 2006G to 2008G; and - Salesman, Porcelain Tunisia Company, a Tunisian limited liability company, trading sector, from 2005G to 2006G.

5.4.3.8 Mohamed Ahmed Anwar Ahmed, Director of Product Portfolio

Nationality:	Egyptian.
Age:	41 years.
Position:	Director of Product Portfolio.
Appointment Date (Current Term):	16 Jumada al-Akhirah 1427H (corresponding to 13 July 2006G).
Academic and Professional Qualifications:	- Master's Degree in Business Administration, Geneva Business School, Geneva, Switzerland, in 2019G; and - Bachelor's Degree in Law, Alexandria University, Alexandria, Arab Republic of Egypt, in 2005G.
Current Positions:	Director of Product Portfolio of the Company, since 2021G;
Key Past Professional Experience:	- Business Development Director, Al Jazeera Group, a limited liability company, furniture and decor sector, from 2019G to 2021G; - Supply and Business Development Director, Al Jazeera Group, a limited liability company, furniture and decor sector, from 2017G to 2019G; - Brand Director, Al Jazeera Group, a limited liability company, furniture and decor sector, from 2015G to 2017G; - Sales Director, Al-Ma'amari Group, a closed joint stock Egyptian company, furniture and home furnishings manufacturing sector, from 2013G to 2015G; - Sales Operations Director, Sidal Ceramics, an Egyptian limited liability company, tiles and sanitary ware sector, from 2011G to 2013G; and - Deputy Manager, Cleopatra Ceramics, an Egyptian limited liability company, tiles and sanitary ware, from 2008G to 2011G.

5.4.3.9 Karine Muhieddine AlBadawi, Director of Marketing Communications

Nationality:	Lebanese.
Age:	32 years.
Position:	Director of Marketing Communications.
Appointment Date (Current Term):	16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G).

Academic and Professional Qualifications:	- Master's Degree in Business Administration, Arab University of Beirut, Beirut, Lebanese Republic, in 2020G; and - Bachelor's Degree in Medical Laboratory Sciences, American University of Beirut, Beirut, Lebanese Republic, in 2013G.
Current Positions:	Director of Marketing Communications of the Company, since 2023G.
Key Past Professional Experience:	- Quality Assurance Manager, Benta Group, a limited liability company, industrial sector, from 2019G to 2022G; - Quality Control Supervisor, Benta Group, a limited liability company, industrial sector, from 2016G to 2019G; and - Quality Control Specialist, Benta Group, a limited liability company, industrial sector, from 2014G to 2016G.

5.4.3.10 Ali Salman Saad AlSahli, Director of Government Relations

Nationality:	Saudi.
Age:	63 years.
Position:	Director of Government Relations.
Appointment Date (Current Term):	13 Rabi' al-Awwal 1428H (corresponding to 1 April 2007G).
Academic and Professional Qualifications:	Middle School, Al Muzahmiah Middle School, Riyadh, Kingdom of Saudi Arabia, in 1977G.
Current Positions:	Director of Government Relations of the Company, since 2005G.
Key Past Professional Experience:	Director of Government Relations, Dar AlArkan for Real Estate Development, a public joint stock company, real estate development sector, from 1998G to 2010G.

5.4.3.11 Thunayan Thuwaini Abdulrahman AlThunayan, Director of Human Resources

Nationality:	Saudi.
Age:	29 years.
Position:	Director of Human Resources.
Appointment Date (Current Term):	2 Jumada al-Akhirah 1446H (corresponding to 3 November 2024G).
Academic and Professional Qualifications:	Bachelor's Degree in Business Administration, AlQassim University, AlQassim, Kingdom of Saudi Arabia, in 2018G.
Current Positions:	Director of Human Resources of the Company, since 2024G.

Key Past Professional Experience:	- Human Resources Supervisor, United Saudi Chocolate and Gifts Company, a limited liability company, wholesale and retail trade sector, from 2022G to 2024G; - Payroll Specialist, The Company, a closed joint stock company, trading sector, from 2021G to 2022G; - Human Resources Specialist, Raseel Saudi Company, a limited liability company, building operations and maintenance sector, from 2022G to 2021G; - Payroll Specialist, Al-Habbas Company, a closed joint stock company, trading and transportation sector, from 2020G to 2021G; and - Human Resources Specialist, Manwa Trading and Contracting Company, a limited liability company, trading and contracting sector, from 2018G to 2020G.

5.4.3.12 Amro Adnan Mohammed AlRajal, Director of Supply Chains

Nationality:	Jordanian.
Age:	40 years.
Position:	Director of Supply Chains.
Appointment Date (Current Term):	15 Muharram 1444H (corresponding to 13 August 2022G).
Academic and Professional Qualifications:	- Bachelor's Degree in Business Administration, Specialising in Marketing, Yarmouk University, Irbid, Hashemite Kingdom of Jordan, in 2007G; and - Higher Diploma in Advertising and Mass Communication, Yarmouk University, Irbid, Hashemite Kingdom of Jordan, in 2007G.
Current Positions:	- Director of Supply Chains of the Company, since 2024G; and - Director of Purchasing of the Company, since 2022G.
Key Past Professional Experience:	- Purchasing Assistant Manager, National Aviation Ground Support Company, a limited liability company, aviation and support services sector, from 2018G to 2022G; - Purchasing Specialist, Saudi Ground Services, a joint stock company, aviation and support services sector, from 2011G to 2018G; and - Purchasing Supervisor, National, Handling Services Company, a limited liability company, aviation and support services sector, from 2007G to 2011G.

5.4.3.13 Rayan Ibrahim Abdulrahman AlSaraibi, Director of Internal Audit

Nationality:	Saudi.
Age:	26 years.
Position:	Director of Internal Audit Department.
Appointment Date (Current Term):	4 Thul-Hijjah 1446H (corresponding to 31 May 2025G).
Academic and Professional Qualifications:	Bachelor of Science in Accounting, Imam Mohammad Ibn Saud Islamic University, Riyadh, Kingdom of Saudi Arabia, in 2023G.
Current Positions:	Director of the Internal Audit Department of the Company, since 2025G.
Key Past Professional Experience:	- Accounts Receivables of the Company, from 2024G to 2025G. - General Accountant of the Company, from 2023G to 2024G.

5.4.4 Employment Contracts with the Chief Executive Officer and the Chief Financial Officer

The following table summarises the employment contract between the Company and the Chief Executive Officer, as well as the employment contract between the Company and the Chief Financial Officer:

Table 5.7: Summary of Employment Contracts between the Company, the Chief Executive Officer and the Chief Financial Officer

Name	Title	Appointment Dated	Date of Contract Conclusion	Contract Term
Musaad Abdulrahman Abdulaziz AlQfari	CEO	1 Thul-Hijjah 1436H (corresponding to 1 January 2006G)	19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G)	One year.
Jalal Mhmoud Salameh AlHtamleh	CFO	12 Shawwal 1440H (corresponding to 15 June 2019G)	8 Thul-Hijjah 1445H (corresponding to 14 June 2024G)	One year.

Source: The Company.

5.5 Remuneration of Directors, Senior Executives and Employees

The remuneration of the Directors shall be determined in accordance with the Companies Law, Corporate Governance Regulations, the CMA's rules and relevant instructions, the Company's Bylaws and the Remuneration Policy.

The following table sets out the remuneration of the Directors and top five Senior Executives (including the Chief Executive Officer and the Chief Financial Officer) for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G. None of the Directors, Committee Members, or Senior Executives received any in-kind rewards or benefits.

Table 5.8: Directors and Top Five Senior Executives Remuneration in the Financial Years Ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G

	Financial Year Ended 31 December			Nine-Month Period Ended 30 September
	2021G	2022G	2023G	2024G
	(SAR)			
Directors	-	-	0.3	-
Members of the Committees	-	-	-	-
Top Five Senior Executives (including CEO and CFO)	2.4	4.0	1.3	-
Total	2.4	4.0	1.6	-

Source: The Company.

5.6 Corporate Governance

5.6.1 Corporate Governance Regulations and Corporate Governance Manual

The Company's policy is to adopt high standards of corporate governance and its Board of Directors undertakes to comply with the Corporate Governance Regulations, which regulate the management of the Company to ensure adherence to best practices, thereby protecting the rights of Shareholders and other stakeholders. The provisions of the Corporate Governance Regulations are mandatory, except for certain provisions that are designated as guiding provisions.

The Company's internal Corporate Governance Manual, which was approved by the Board of Directors on 10 Rabi' al-Thani 1446H (corresponding to 13 October 2024G), includes provisions in relation to the following:

- rights of the Shareholders;
- the Board of Directors (including Board formation, membership, meetings, working procedures, competencies, duties and powers, development, support, evaluation and remuneration);
- committees of the Board of Directors;
- management;

- internal control and audit; and
- various internal policies including conflict of interest policy, professional conduct and ethics policy, disclosure policy, dividend distribution policy, stakeholder protection policy, insider trading policy, nomination policy, remuneration policy, whistleblowing policy, risk management policy, compliance policy, authority and delegation policy, corporate social responsibility policy and investors relations policy.

5.6.2 Composition of the Board

The Company's Board of Directors consists of five Directors, most of whom are Non-Executive Directors, including two independent Directors in accordance with the provisions of the Corporate Governance Regulations.

5.6.3 Committees

In accordance with the provisions of the Corporate Governance Regulations, the Board of Directors formed the Audit Committee and the Nomination and Remuneration Committee and the Executive Committee. (for further details on these committees, see Section 5.3 (*Board of Directors Committees*)).

5.6.4 Appointment of Directors

In addition, as required by the Implementing Regulations of the Companies Law for Listed Joint Stock Companies, the cumulative voting method shall be used in relation to the appointment of Directors as reflected in the Company's Bylaws (for further details, see Section 11.14 (*Summary of Bylaws*)). 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 such voting rights between his/her selected nominees without any duplication of such votes. This method increases the chances for minority Shareholders to be represented in the Board of Directors through the right to accumulate votes for one nominee.

5.6.5 Compliance with Corporate Governance Regulations

As of the date of this Prospectus, the Company complies with the mandatory provisions of the Corporate Governance Regulations that apply to joint stock companies. However, the Company is not currently complying with the provisions set out below which are mandatory only in relation to listed companies as they do not apply to the Company until it is listed on the Exchange. The Directors undertake to comply with these provisions once the Offer Shares are listed on the Exchange:

- Article 8(a) on the Company announcing information about the nominees for the membership in the Board of Directors on the Exchange's website upon the invitation or calling for the General Assembly;
- Article 8(b) on limiting the General Assembly voting to candidates whose information was announced according to Article 8(a);
- Article 13(d) on publishing the invitation to the General Assembly on the websites of the Exchange and Company;
- Article 13(e) on amending the agenda of the General Assembly during the period between the publication of the announcement referred to in Article 13(d) and the date of the General Assembly meeting;
- Article 14(c) on making information related to the General Assembly's agenda available to the Shareholders through the websites of the Exchange and Company;
- Article 15(d) on granting the Shareholders and the CMA access to the minutes of the General Assembly meetings;
- Article 15(e) on announcing to the public and notifying the CMA and Exchange of the results of the General Assembly as soon as it ends;
- Article 17(d) on notifying the CMA of the names of the members of the Board of Directors, a description of their memberships, as well as any changes in their memberships;
- Article 19(b) on the Board of Directors annually evaluating the extent of the Board member's independence and ensuring that there are no relationships or circumstances that affect or may affect his/her independence;
- Article 54 on the Audit Committee meeting at least four times during the Company's financial year, as well as meeting periodically with the Company's external and internal auditors;
- Article 55 on the Audit Committee developing arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financials;
- Article 65 on the Company publishing the Board membership nomination announcement on the websites of the Company and the Exchange to invite those interested in being nominated for Board membership, provided that the nomination period shall remain open for at least a month from the date of the announcement;
- Articles 73 to 75 on the composition of the internal audit department, and the approval of the audit plan as

- well as the audit report; and
- Articles 86, 87, 88(b), 89 and 90 relating to disclosure related matters.

The Directors confirm that the Company is currently complying with all the other provisions of the Corporate Governance Regulations and the Companies Law.

5.7 Conflicts of Interest

Neither the Company's Bylaws nor the Company's internal regulations and policies grant a Director the power to vote on any contract or transaction in which he/she has a direct or indirect interest. This is in compliance with Article 71 of the Companies Law. The Directors confirm that:

- they are compliant with Articles 26 and 27 of the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations;
- they will not vote on General Assembly resolutions that relate to any Related Party transaction or contract in which the Directors have a direct or indirect interest; and
- they will not compete with the Company's business without the approval of the Ordinary General Assembly in accordance with Article 27 of the Companies Law.

As of the date of this Prospectus, none of the Directors, Senior Executives, Board Secretary or any of their relatives have any direct or indirect interest in the Shares of the Company or any matter that may in any way affect the business of the Company, and the following table which summarises their shareholding in the Subsidiaries:

Table 5.9: Interests of the Directors in the Shares of the Company and its Subsidiaries

Directors	Interest in	Position	Direct Ownership	Indirect Ownership	Description
Meshal Abdulrahman Abdulaziz AlGafari	Company	Vice Chairman of the Board	3.03%	-	As of the date of this Prospectus, Meshal Abdulrahman Abdulaziz AlGafari directly owns 3.03% of the Company's Shares.
Musaad Abdulrahman Abdulaziz AlQfari	Company	Managing Director and CEO	39.98%	-	As of the date of this Prospectus, Musaad Abdulrahman Abdulaziz AlQfari directly owns 39.98% of the Company's Shares.

Source: The Company.

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

The Directors also declare that, as of the date of this Prospectus, they are not engaged in any activity that competes with the Company's business. In order to engage in activities that compete with the Company, a Director must obtain approval from the General Assembly in accordance with Article 44 of the Corporate Governance Regulations and Article 27 of the Companies Law.

5.8 Bankruptcy/Insolvency

As of the date of this Prospectus, none of the Directors, Senior Executives or the Board Secretary has at any time been declared bankrupt or subject to bankruptcy proceedings.

None of the companies in which any of the Directors, Senior Executives or Board Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five years preceding the date of this Prospectus.

5.9 Employees

The Company adopted an employment policy aimed at building and enhancing relations between the Company and its employees. This policy covers all aspects of recruitment, work hours, insurance, social insurance benefits, salaries and other allowances, including accommodation and transportation allowances and rewards.

5.9.1 Number of Employees

As of 30 September 2024G, the Company was classified within the “High Green” category, with the Saudisation percentage reaching 55.1 per cent. The total number of employees of the Company and its subsidiaries is 681 employees.

The following table shows the number of employees of the Company and its subsidiaries by business segments as of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G.

Table 5.10: Number of Employees of the Company by Business Departments as of 31 December 2021G, 2022G and 2023G and the Nine-Month period ended 30 September 2024G

Department	Financial Year Ended 31 December												Nine-Month Period Ended 30 September			
	2021G				2022G				2023G				2024G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Senior Management	1	1	2	50.0%	1	1	2	50.0%	1	1	2	50.0%	1	1	2	50.0%
Human Resource	6	2	8	75.0%	5	2	7	71.4%	6	2	8	75.0%	8	1	9	89.0%
Administrative Affairs	5	11	16	31.2%	6	16	22	27.2%	5	14	19	26.3%	10	31	41	24.4%
Product Management	1	6	7	14.2%	0	9	9	0%	0	10	10	0%	0	23	23	0%
E-commerce	3	2	5	60.0%	4	5	9	44.4%	4	3	7	57.1%	2	3	5	40.0%
Digital Marketing and Social Media	12	1	13	92.3%	18	1	19	94.7%	6	1	7	85.7%	35	1	36	97.2%
Customer Care	9	0	9	100.0%	9	0	9	100.0%	6	1	7	85.7%	11	0	11	100.0%
Graphic Deign	5	2	7	71.4%	3	2	5	60.0%	4	4	8	50.0%	4	2	6	67.0%
Logistics Services	0	46	46	0%	0	66	66	0%	0	47	47	0%	1	54	55	2.0%
Finance Department	5	7	12	41.6%	7	15	22	31.8%	7	16	23	30.4%	9	13	22	41.0%
Lighting Stores Department	0	17	17	0%	9	5	14	64.2%	4	24	28	14.2%	7	19	26	27.0%
Ceramic House Department	0	5	5	0%	0	3	3	0%	0	6	6	0%	2	9	11	18.1%
Institutional Excellence Management and Performance Management	-	-	-	-	-	-	-	-	2	2	4	50.0%	6	6	12	50.0%
Information Technology Support	2	4	6	33.3%	6	4	10	60.0%	2	4	6	33.3%	2	2	4	50.0%
Supply Chains	-	-	-	-	0	2	2	0%	0	1	1	0%	15	3	18	83.3%
Hatch Products	4	5	9	44.4%	4	2	6	66.6%	2	6	8	25.0%	2	7	9	22.2%

Department	Financial Year Ended 31 December												Nine-Month Period Ended 30 September			
	2021G				2022G				2023G				2024G			
	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage	Saudi	Non-Saudi	Total	Saudisation Percentage
Governmental Relations	2	1	3	66.6%	2	1	3	66.6%	1	1	2	50.0%	2	1	3	67.0%
Sales	124	60	184	67.3%	128	74	202	63.3%	137	66	203	67.4%	125	85	210	60.0%
Drivers	0	12	12	0%	0	17	17	0%	0	32	32	0%	0	34	34	0%
Workers	0	90	90	0%	0	90	90	0%	0	115	115	0%	0	144	144	0%
Total	179	272	451	39.6%	202	315	517	39.1%	187	356	543	34.4%	242	439	681	55.1%

Source: The Company.

The following table shows the number of employees of the Subsidiaries and the achieved Saudisation percentages as of 31 December 2021G, 2022G and 2023G and the Nine-Month period ended 30 September 2024G:

Table 5.11: Number of Employees of the Subsidiaries and the Achieved Saudisation Percentages as of 31 December 2021G, 2022G and 2023G and the Nine-Month period ended 30 September 2024G

Entity	Financial Year Ended 31 December												Nine-Month Period Ended 30 September			
	2021G				2022G				2023G				2024G			
	Saudi	Non-Saudi	Total	Saudisation Percentage / Saudi Category	Saudi	Non-Saudi	Total	Saudisation Percentage / Saudi Category	Saudi	Non-Saudi	Total	Saudisation Percentage / Saudi Category	Saudi	Non-Saudi	Total	Saudisation Percentage / Saudi Category
The Company	179	272	451	39.7%	202	315	517	39.0%	187	365	543	34.4%	242	439	681	55.1%
Ice Bear	-	-	-	-	16	27	43	37.2%	11	29	40	27.5%	5	20	25	20.0%
MHG International (UAE) ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Build Station LLC (UAE) ⁽¹⁾	-	-	-	-	0	30	30	-	0	50	50	-	0	45	45	-
Illus Lighting Limited (Spain) ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	0	6	6	-
Engineer Musaad AlQafari Engineering Consultancy (Egypt) ⁽¹⁾	-	-	-	-	0	9	9	-	0	16	16	-	0	20	20	-
Illus Lighting Limited (China) ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	0	18	18	-
Total	179	272	451	39.7%	218	381	599	36.4%	198	460	649	30.5%	247	548	795	31.0%

Source: The Company.

(1) Saudisation not applicable as these companies are not incorporated or operating in the Kingdom.

5.9.2 Employees Share Schemes

As of the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other existing similar arrangement involving employees in the capital of the Company.

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06

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS



6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

6.1 Introduction

This section includes an analytical review of the operational performance and financial position of Marketing Home Group for the financial years ended 31 December 2021G, 2022G and 2023G, as well as the nine-month period ended 30 September 2024G.

This section has been prepared based on the audited consolidated restated special purpose financial statements for the financial year ended 31 December 2022G, which include the comparative financial data for the period ended 31 December 2021G, and the audited consolidated financial statements for the financial year ended 31 December 2023G. These statements were prepared by the Group's management and audited in accordance with International Auditing Standards adopted in the Kingdom of Saudi Arabia for the financial year ended 31 December 2022G by RSM Allied Accountants for Professional Consultancy, and subsequently for the financial year ended 31 December 2023G, along with the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G by Baker Tilly M. K. M. & Co. Certified Public Accountants.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom, and other standards and publications approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA). The interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted in the Kingdom of Saudi Arabia.

Neither RSM Allied Accountants for Professional Consultancy nor Baker Tilly M. K. M. & Co. Certified Public Accountants, nor any of their affiliated companies, hold any Shares or interest of any kind in the Group. Written consent has been granted without reservation regarding the publication of their names, logos, and statements in this Prospectus as the auditors of the Group for the periods mentioned above.

The financial information for the financial years ended 31 December 2021G and 2022G were extracted from the audited consolidated financial statements prepared for a specific purpose for the financial year ended 31 December 2022G. The financial information for the financial year ended 31 December 2023G was extracted from the audited consolidated financial statements for the financial year ended 31 December 2023G. The financial information for the nine-month period ended 30 September 2024G was extracted from the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G. Additionally, the financial statements for the nine-month period ended 30 September 2024G included prior period adjustments made to the financial year ended 31 December 2023G. As such, the relevant captions in the financial statements for the financial year ended 31 December 2023G were adjusted to reflect these prior period adjustments accordingly. For further details on these adjustments, see Section (6.9) (*Prior Period Adjustments*).

This section may include forward-looking statements related to the future capabilities of the Group, based on management's plans and expectations regarding the Group's growth, operational results, and financial position, as well as the risks and uncertainties associated with them. Actual results for the Group may differ materially from the expected outcomes due to a variety of factors, risks, and future events, including those discussed in this section of the Prospectus or elsewhere in the document, particularly in Section 2 (*Risk Factors*) of this Prospectus.

All amounts 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 total of these numbers may differ from what is shown in the tables. Accordingly, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded numbers.

6.2 Board Members' Declarations on Financial Statements

The Board of Directors approves the following:

1. The financial information presented in this section has been extracted without significant adjustments and is presented in a format consistent with (1) the audited consolidated financial statements prepared for a specific purpose for the financial year ended 31 December 2022G, which include the comparative financial data for the period ended 31 December 2021G, (2) the audited consolidated financial statements for the financial year ended 31 December 2023G, and the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G, along with the related notes, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom, and other standards and publications approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA).

2. The Group has sufficient working capital for at least the twelve (12) months following the date of this Prospectus.
3. There have been no material adverse changes in the financial or commercial position of the Company during the three financial years immediately preceding the date of submission of the registration and Offering request for the securities subject to this Prospectus, as well as the end of the period covered in the auditor's report up to the date of issuance of this Prospectus. The members of the Board of Directors acknowledge that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there is no other information, document, or fact whose omission could render any statement misleading.
4. The Group does not have any property, including any contractual securities or other assets, whose value is subject to fluctuations or difficult to ascertain, which would significantly impact the assessment of its financial position.
5. The Group has not paid any commissions, discounts, brokerage fees, or any other non-cash compensation in relation to the issuance or offering of any securities to any members of the Board of Directors, senior executives, individuals involved in the offering or listing of the securities, or experts during the three financial years immediately preceding the date of submission of the request for acceptance and Offering of the securities subject to this Prospectus.
6. The Group has not issued any debt instruments, and it does not have any loans or other obligations, whether secured by personal or non-personal guarantees or covered by mortgage, including any overdrafts on bank accounts. The Group has no secured obligations, obligations under acceptance, acceptance credit, or any lease purchase obligations.
7. Except as disclosed in Section 2 (*Risk Factors*) of this Prospectus, to the best of their knowledge, the Group is not aware of any government, economic, financial, monetary, or political policies, or any other factors that have had or may have a material (either directly or indirectly) impact on the Group's operations.
8. The members of the Board of Directors acknowledge that the Group is not aware of any seasonal factors or economic cycles related to its activities that may have an impact on the Group's business or financial position.
9. The Group has no intention of making any material changes to its activities.
10. The Group's operations have not been halted in a way that has had or would have a material impact on its financial position during the last twelve months.
11. The Company's and its Subsidiaries' capital is not subject to any option agreements.
12. The Company's and its Subsidiaries' capital is not subject to any rights of option.
13. The Group does not have any material contingent liabilities as of the date of this Prospectus, and provisions have been calculated and recorded for any anticipated liabilities.
14. The Group's assets are not subject to any liens, rights, or encumbrances as of the date of this Prospectus.
15. The Group has provided comprehensive details in this section about all fixed assets and investments, including contractual securities and other assets whose value is subject to fluctuations or difficult to estimate.
16. There has been no qualification in the Auditor's report on the financial statements of the Company or its Subsidiaries for any of the three financial years immediately preceding the date of submission of the registration and Offering request for the securities subject to this Prospectus.
17. There has been no material change in the significant accounting policies of the Company or its Subsidiaries during the three financial years immediately preceding the date of submission of the registration and Offering request for the securities subject to this Prospectus.
18. There has been no material change in the financial statements issued by the Company or its Subsidiaries during the three financial years immediately preceding the date of submission of the registration and Offering request for the securities subject to this Prospectus.
19. There have been no structural changes in the Company or its Subsidiaries during the three financial years immediately preceding the date of submission of the registration and offering request for the securities subject to this Prospectus.
20. Except as stated in this Prospectus, neither the Members of the Board of Directors nor any of their relatives hold any Shares or interests of any kind in the Company or any of its Subsidiaries.

6.3 Company's Overview

Marketing Home Group Trading Company is a closed joint-stock company registered under Commercial Registration No. 1010205534, dated 3 Muharram 1426H (corresponding to 11 February 2005G), issued in Riyadh. Its registered address is AlAziziyah District, AlKharj Road, P.O. Box 8305, Riyadh 14511, Kingdom of Saudi Arabia.

The Group's current capital is one hundred and sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) ordinary shares with a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share.

The Group's product range includes: 1) ceramic products, sanitary ware, porcelain, as well as accessories such as surface cleaning products, sealants, adhesives, and tile adhesives; and 2) branded lighting products and furniture designs. Later in 2022G, Marketing Home Group also entered the air conditioning and refrigeration services sector through the acquisition of the Ice Bear Contracting Company brand. The Group's main supply markets include European countries, such as Spain and Italy, as well as Southeast Asia.

By the end of 2023G, the regulatory procedures for the establishment of Illus Lighting Limited - Zhongshan were completed, with a capital of 264,000 Saudi Riyals, which has not been paid. As a result, the balance of advances made for the purchase of investments was reassessed, and there has been no activity or transactions for the Company up until 30 September 2024G.

In January 2024G, the regulatory procedures for the transfer of ownership of Illus Lighting S.L.U. were completed, and its actual operations began. The ownership percentage reached 100 per cent., with a capital of 3.6 million Saudi Riyals, including all its rights, obligations, workforce, licences, and all its financial, technical, and administrative elements.

The following table shows the Subsidiaries included in the consolidated financial statements:

Table 6.1: Subsidiaries of Marketing Home Group

Legal/Actual Ownership Share								
Subsidiaries	Legal form	Country of incorporation	of	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G	
Build Station LLC	A Limited liability company	United Arab Emirates		-	60%	60%	60%	
Ice Bear Contracting Company	A Limited liability company	Kingdom of Saudi Arabia		-	100%	100%	100%	
MHG International FZCO	A Limited liability company	United Arab Emirates		-	-	100%	100%	
Illus Lighting Limited-Zhongshan	A Limited liability company	People's Republic of China		-	-	100%	100%	
Engineer AlQafari Consulting	Musaad Engineering One Company person	The Republic of Egypt		-	-	100%	100%	
Illus Lighting S.L.U.	One Company person	Kingdom of Spain		-	-	-	100%	

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

6.4 Basis of Preparation

The audited consolidated restated special purpose financial statements for the financial year ended 31 December 2022G, have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom, and other standards and publications approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA). These statements were prepared for the purpose of submitting to the CMA and for any other purposes related to the direct listing of the Company's Shares on the financial market, as well as for internal use by management. As a result, the consolidated financial statements prepared for a specific purpose may not be suitable for other purposes.

The audited consolidated financial statements for the Group for the year ended 31 December 2023G and the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G have also been prepared in accordance with the IFRS and other standards and issuances issued by SOCPA.

The consolidated financial statements have been prepared based on the historical cost basis, except for the employee benefits obligation, which is measured using the projected unit credit method, as outlined in the accounting policies.

Basis of consolidation

The consolidated financial statements include the company's consolidated financial statements and the companies that are being controlled by it (the Subsidiaries). Control is achieved when the parent Company has:

- power over the investee (i.e. the existence of rights that give the Group the current ability to direct activities related to the investee);
- exposure to risks or has rights to obtain variable returns from its involvement with the investee; and
- the ability to use its power over the investee to influence its returns.

The Company conducts a re-assessment to confirm whether it exercises control over investees, when facts and circumstances indicate to the existence of change in one of the elements of control mentioned above. Consolidation of the subsidiary begins in full starting from the date at which the Group achieves control over it and continues until such control is lost.

When necessary, amendments are made to the consolidated financial statements of Subsidiaries to conform their accounting policies with the Group's accounting policies. All assets, liabilities, equity, revenues, expenses and cash flows related to intra-group companies' transactions are completely disposed upon the consolidation of the financial statements.

6.5 Significant Accounting Judgments, Estimates and Assumptions**6.5.1 Judgements**

The following significant judgments have significant impacts on the amounts recognised in the consolidated financial statements:

The significant judgement in determining the lease term for contracts implicating the renewal option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is certain to be exercised, or any periods covered by an option to terminate the lease, if it is certain not to be exercised.

The Group has the option, under some leases, to lease the assets for an additional term ranging from three to twenty years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive to exercise the renewal option.

Following the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

6.5.1.1 Estimates and Assumptions

Key assumptions about the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on the data available when preparing the consolidated financial statements. However, current circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the Company's control. These changes are reflected in the assumptions as they occur.

(a) Long-Term Assumptions for Provision of Employees' Defined Benefits Obligations

Payments of post-employment defined benefits and end of service benefits represent the obligations which will be paid in the future. Management shall make additional assumptions about the variables such as the discount rates, salary increase rate, return on assets, mortality rates and employees' turnover. The Group's management periodically takes advice from external actuaries on these assumptions. Changes in key assumptions could materially affect the expected benefits obligations and / or the periodic employees' defined benefits costs incurred.

(b) Impairment of Trade Receivables

The Group uses a provision with a specific matrix to calculate the Expected Credit Losses provision "ECLs" for the trade receivables. The provision rates are based on days past due to groupings of various customer segments that have similar loss's patterns (i.e., by customer type, or coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical payments default rates. The provision's calculation reflects the probability-weights related to the time value of funds, and reasonable information that is available at the reporting date about past events and forecasts of future economic conditions. At each reporting date, the payments' default rates are updated and changes in the forward-looking estimates are analysed.

The correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The ECLs is sensitive to changes in the economic circumstances and conditions. The Group's historical credit loss experience and forecast of economic conditions may also not reflect the customer's actual default in the future.

(c) Useful Lives of Property, Plant and Equipment

The management determines the estimated useful lives of property, plants and equipment for the purpose of depreciation calculation. Such an estimate is determined following the study of the asset's expected usage. Management annually reviews the residual value and useful lives of these assets, and the future depreciation charged is made when management believes that the useful lives differ from previous estimates.

(d) Impairment of Inventory

Inventory is stated at cost or net realizable value, whichever is lower. When inventories become old or obsolete, an estimate is made of their net realizable value. For individual significant amounts, an estimate is performed on an individual basis. For amounts which are not individually significant, but considered old or obsolete, are assessed collectively and a provision is provided according to the inventory type, ageing, or obsolescence degree based on anticipated selling prices.

(e) Uncertain Zakat Status

The Group's current zakat payable relates to management's assessment of the amount of zakat payable on the open zakat assessments as the Group still must agree with Zakat, Tax, and Customs authority ("ZATCA") on the final obligations' amounts. Due to the uncertainty associated with these zakat items, the final result is likely to differ significantly when the final assessment is issued by Zakat, Tax, and Customs Authority ("ZATCA") in future periods.

6.6 Changes to the Accounting Policies

The accounting policies and calculation methods applied in preparing the consolidated financial statements for the year ended 31 December 2023G, are consistent with those followed in preparing the Company's consolidated financial statements for the year ended 31 December 2022G, except for the application of new standards that came into effective in 1 January 2023G. The Group has not early adopted any other standards, interpretations or amendments issued but not yet effective.

The Group has applied for the first time some standards and amendments, the nature and impact of which are disclosed below:

- International Financial Reporting Standard No. 17 ("IFRS 17") "Insurance Contracts";
- Amendments to IAS 8: Definition of Accounting Estimates;
- Amendments to IAS 1: Disclosure of Accounting Policies;
- Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction;
- and
- Amendments to IAS 12: International Tax Reform -Pillar 2 Model Rules.

These standards and amendments had no material impact on the consolidated financial statements of the Group.

6.7 Material Accounting Policies

Business Combination

Subsidiaries represent all companies over which the Group has the power to control their financial and operating policies in order to obtain benefits from their activities, which usually accompany the possession of a majority of the voting rights.

Consolidation of the entire subsidiary begins from the date when the Group takes control over it and continues until the cessation of that control, with the exception of Subsidiaries that were acquired with the intention of reselling or disposing of them within one year from the date of acquisition.

Business combination is accounted using the acquisition method. The acquisition cost is measured at the total of the transferred amount that has been measured at the fair value of the transferred assets and the liabilities incurred by the Group at the date of acquisition for the favour of the former partners, plus the equity issued to control the acquiree. Acquisition-related costs are included in the statement of profit or loss as incurred.

When the Group acquires a business, classification of the financial assets and liabilities that have been incurred in accordance with the contractual terms, economic circumstances and the prevailing conditions, is assessed at the acquisition date. This includes a segregation of the derivatives included within the other financial instruments in the main contracts pertaining to the acquiree.

Contingent consideration that will be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration (except for which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Intangible assets are not recognised at the acquisition date if measuring their fair value would require undue cost or effort. Contingent liabilities are not recognised at the acquisition date if their fair value cannot be measured reliably. The excess in the cost of acquiring the Group's share in fair value of the identified assets held and liabilities realised or expected that have been assumed in the acquiree is recorded as goodwill.

On consolidation, assets and liabilities of foreign operations are translated into Saudi Riyals ("SR") at the rate of exchange prevailing at the reporting date and the statement of profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Generally, there is a presumption that a proposition of majority of voting rights results in control. To support this presumption when the Group has voting rights equal to or less than the majority in the investee, the Group considers all other relevant facts and circumstances related to that assurance, whether it has power over an investee, and this includes the contractual arrangements and others that have an impact on the activities which affecting the returns of the investee, and such includes:

- contractual arrangement(s) with the other voting rights holders in the investee;
- rights arising from other contractual arrangements; and
- the group's voting rights and potential voting rights.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation, and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant, and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant, and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly, and same, when a main review is conducted, its cost is recognised in the carrying amount of the properties, plants and equipment as an alternative if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred. Land and capital work in progress are not depreciated. The present value of the expected cost for decommissioning the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

The table below summarises the estimated useful life of the assets:

Table 6.2: The Estimated Useful Life of the Assets

Asset	Number of years
Leasehold improvements	The useful life of the improvements or the lease term, whichever is shorter
Vehicles	6-7 years
Electrical appliances and computers	6-7 years
Plants and properties	10 years
Furniture and supplies	10 years

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted) and 2023G.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is calculated based on the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and accounted for the impact of any changes in the estimates prospectively, if appropriate.

Work in progress are stated at cost less accumulated impairment losses, if any. Work in progress are not depreciated until the asset under construction or development is ready for their intended use assessed by management as the cost of the asset is transferred to its related item.

Intangible Assets

Intangible assets individually acquired are measured on initial recognition at cost. Following the initial recognition, intangible assets are stated at cost less any accumulative amortisation or any accumulative impairment losses, if any.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment when there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the intangible assets 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 to have a benefit from future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in the accounting estimates. The amortisation expenses on intangible assets with finite lives are recognised in the consolidated statement of profit or loss within the expenses category consistent with function of the intangible assets.

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 asset's fair value or CGU's less cost of disposal and its value in use, whichever is higher. It 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 is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that the previously recognised impairment losses for non-financial assets other than goodwill are reflected. Such a reversal is recognised in profit or loss.

Foreign Currency

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured at the historical cost in a foreign currency are translated using the exchange rates ruling as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of that item. The translation differences on items whose fair value is changed is recognised in OCI or profit or loss are also recognised in OCI or profit or loss.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through other comprehensive income (OCI), or fair value through profit or loss.

On the initial recognition, all financial assets are recognised at fair value plus the transaction costs, unless, in the case of assets at fair value through profit or loss.

Subsequent Measurement

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

Financial Assets at Amortised Cost

After initial measurement, those financial assets at amortised cost are measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of Financial Assets

A financial asset is derecognised 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 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 over the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards associated to the asset. Asset is recognised to the extent that the Groups involvement continues to it, if the Group has not transferred or retained all risks and rewards associated to the asset, nor has transferred its right to control it. In such a case, group recognises also the liabilities associated to it. The transferred assets and liabilities associated to it are measured on basis that reflects the rights and obligations retained by the Group.

Involvement's continuity 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

At the financial reporting date, the Company assesses whether there is an indication that the value of an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value of the asset or cash generating unit less the cost to sell or the value in use of the asset. It is determined for an individual asset unless the asset does not generate cash flows that are largely independent of the flows generated by other assets or groups of assets. When the carrying value of an asset or cash generating unit exceeds its recoverable amount, the value of the asset is impaired, and the asset must be written down to its recoverable amount.

Impairment losses for continuing operations are recognised in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that previously recognised impairment losses for non-financial assets, other than goodwill, have reversed. The reversal of an impairment loss is recognised in profit or loss.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans, payables, or as financial derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and Borrowings

After initial recognition, loans, and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and Cash Equivalent

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Advances for Investments Purchases

The costs incurred by the Group to establish Subsidiaries are recorded within the advances account to purchase investments until the regulatory procedures related to this regard are completed.

Inventories

Inventories are measured at the lower of cost at cost or net realizable value. The cost of inventory is determined on the weighted average method and includes expenses incurred to acquire finished inventory, raw materials, production, or conversion costs and other costs incurred in bringing each product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. Inventory is reviewed at the end of each year, and an obsolete inventory is provided, if required.

General Reserve

In line with previous requirements of the Companies' Law, the Company transfers ten per cent. of its annual profit to the statutory reserve until this reserve reaches 30 per cent. of the capital. According to the new companies' law, there are no requirements to establish reserves unless this is stipulated in the company's bylaws. Accordingly, the Company's amended bylaws, and this does not require establishing reserves except by a decision of the general assembly of shareholders.

Provision for Employees' Defined Benefits Obligation

The cost of employees' benefits under the defined benefit plans is determined separately for each plan using the projected credit unit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position within the retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified in the statement of profit or loss in subsequent periods.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, 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 for the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursements are recognised as a separate asset but only when the reimbursement is virtually certain. The expense related to the provision is presented in profit or loss net of any reimbursements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the excess in the provision due to the passage of time is recognised as a finance costs.

Leases

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control an asset or particular assets for a period of time in exchange for consideration.

Group as a Lessee**Right-of-Use Assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date at which 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 remeasurement 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. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life.

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 could be received, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option when there is reasonable certainty 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. For the variable lease payments that do not depend on an index, or a rate are recognised as expense in the period at which the occurs.

In calculating the present value of lease payments, the Group uses the Incremental Borrowing Rate ("IBR") at the lease commencement date if the interest rate implicit in the lease that is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-Term Leases and Leases of Low-Value Assets

Short-term leases are contracts with a term of 12 months or less. Low value assets are the items that do not meet the Group's capitalisation threshold and are considered insignificant for the statement of financial position as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the statement of profit or loss.

Expenses

Expenses are recorded when incurred according to the accrual basis. The cost of revenue consists of the cost of purchased materials and direct expenses related to the cost of revenue. All other expenses are classified as general and administrative expenses and selling and marketing expenses. A distribution of common expenses between the cost of revenues, general and administrative expenses, and selling and marketing expenses is made, when necessary, on a reasonable basis in accordance with the nature and function of those expenses.

Zakat and Income Tax

At each financial statement date, the Group shall estimate the zakat base, and the income tax provision based on the Group's understanding to the zakat and income tax regulations applied in Kingdom of Saudi Arabia or abroad. Zakat and tax regulations in the Kingdom of Saudi Arabia are subject to varying interpretations, and the assessments issued by the Authority may differ from the declarations submitted by the company.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to the taxation authority is included within other receivables or payables in the statement of financial position.

Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in International Financial Reporting Standard ("IFRS 15") "revenues from contracts with customers". The Group recognises revenue when it transfers control over a product or services to a customer according to the value that reflects the consideration which the Group expects to be entitled in exchange for this transfer.

Sold Products

Revenue is recognised when the risks and benefits significant to the ownership are transferred to the customer, and it is probable that the consideration due will be recovered, the related costs and the probability of recovering the goods can be estimated reliably, there is no longer any ongoing management's involvement with respect to the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and quantity discounts.

Revenues from ceramic and lighting sales are recognised when the goods are delivered to customers and are stated net after discounts (if any).

Project Contract Revenues

Revenues are recognised over time based on the percentage of completion at the end of the reporting period. When the outcome of a contract can be measured reliably based on the works completed by engineers, which coincides with the issuance and approval of extracts by the relevant customers, and when current estimates of the total costs and revenues of the contract indicates to a loss, a provision is made for the total loss of the contract regardless of the percentage of work completed.

Performance Obligations

The Group generates revenues mainly from selling customised products.

The performance obligation in product selling contracts is to supply the product to the customer according to the contractual terms. The performance obligation is fulfilled upon delivery of the goods.

Dividends

Annual dividends are recorded in the consolidated financial statements in the period at which they are approved by the general assembly of shareholders.

Contingent Liabilities

These are obligations that are likely to arise from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not within the complete control of the company, or a present obligation that is not recognised because it is unlikely that an outflow of resources will be required to settle it. Commitment. If it is not possible to measure the amount of the obligation with sufficient reliability, it is not included within the potential liabilities but is disclosed in the consolidated financial statements.

Segment Reports

An operating segment is one of the Group's components that engage in business activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any other components of the Group. All operating results of operating segments are reviewed by the Company's operating decision makers to make decisions about the resources that will be allocated to the segment and evaluate its performance, for which discrete financial information is available.

6.8 Operating Results

6.8.1 Statement of Comprehensive Income for the Financial Years Ended as of 31 December 2021G, 2022G and 2023G

The table below summarises the statement of comprehensive income for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.3: Statement of Comprehensive Income for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Revenue	250,894	323,743	365,432	29.0%	12.9%	20.7%
Cost of revenues	(101,915)	(122,841)	(155,934)	20.5%	26.9%	23.7%
Gross profit	148,979	200,901	209,498	34.9%	4.3%	18.6%
Selling and marketing expenses	(42,264)	(63,886)	(63,520)	51.2%	(0.6%)	22.6%
Impairment provision for advances for investments purchases ⁽¹⁾	(37,705)	(60,088)	(5,391)	59.4%	14.9%	35.3%
Impairment provision for advances for investments purchase	-	-	(2,044)	NA	NA	NA
Expected credit losses provision	-	-	(45)	NA	NA	NA
Operating profit (1)	69,011	76,928	71,491	11.5%	(7.1%)	1.8%
Other (losses) income, net	(145)	929	(406)	(740.6%)	(143.7%)	67.2%

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Finance cost	(2,587)	(2,543)	(3,951)	(1.7%)	55.4%	23.6%
Profit before zakat and income tax (1)	66,278	75,313	67,134	13.6%	(10.9%)	0.6%
Zakat and income tax	(3,492)	(2,385)	(6,220)	(31.7%)	160.9%	33.5%
Profit for the year (1)	62,786	72,929	60,914	16.2%	(16.5%)	(1.5%)
Net profit for the year attributable to:						
Shareholders of the parent company	62,786	72,268	59,946	15.1%	(17.1%)	(2.3%)
Non-controlling interests	-	661	968	NA	46.4%	NA
Other comprehensive income						
Items that will not subsequently be reclassified to profit or loss						
Re-measurement of employees' defined benefit obligation	971	(3,457)	915	(456.2%)	(126.5%)	(2.9%)
Items that will subsequently be reclassified to profit or loss						
(Losses) gains on foreign currency translation	-	59	(82)	NA	(239.2%)	NA
Total comprehensive income for the year (1)	63,757	69,530	61,747	9.1%	(11.2%)	(1.6%)
Total comprehensive income for the year attributable to:						
Shareholders of the parent company	63,757	68,870	60,807	8.0%	(11.7%)	(2.3%)
Non-controlling interest	-	660	940	NA	42.4%	NA

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G and 2023G and management information and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

(1) This caption has been adjusted for the financial year ended 31 December 2023G based on the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G to reflect the prior period adjustments made to the financial year ended 31 December 2023G. For further details on these adjustments see Section (6.9) (Prior Period Adjustments).

The table below summarises the key performance indicators for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.4: Key Performance Indicators for the Financial Years 31 December 2021G, 2022G and 2023G

Key performance indicators	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
As a percentage of revenue						
Percentage points						
Gross margin	59.4%	62.1%	57.3%	2.7	(4.7)	(2.1)
Selling and marketing expenses	(16.8%)	(19.7%)	(17.4%)	2.9	(2.3)	0.6
General and administrative expenses	(15.0%)	(18.6%)	(18.9%)	3.6	0.3	3.9
Profit from operations	27.5%	23.8%	19.6%	(3.7)	(4.2)	(7.9)
Profit before Zakat	26.4%	23.3%	18.4%	(3.1)	(4.9)	(8.0)
Net profit margin	25.0%	22.5%	16.7%	(2.5)	(5.8)	(8.3)

Key performance indicators	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Operational KPIs						
As a percentage						
Ceramic sales	133,630	155,985	169,958	16.7%	9.0%	12.8%
Lighting sales	117,021	143,039	148,066	22.2%	3.5%	12.5%
Other sales	243	-	2,615	(100.0%)	NA	228.2%
Subsidiary sales	-	24,718	44,793	NA	81.2%	NA
No of ceramic showrooms	18	19	21	1	2	3
No of lighting showrooms	19	21	21	2	-	2
Average sales per ceramic showroom	7,424	8,210	8,093	10.6%	(1.4%)	4.4%
Average sales per lighting showroom	6,159	6,811	7,051	10.6%	3.5%	7.0%
No of units sold (ceramics)	1,185,861	1,208,593	1,292,446	1.9%	6.9%	4.4%
No of units sold (lighting)	5,674,743	6,189,294	5,974,023	9.1%	(3.5%)	2.6%
Average price per unit sold (ceramics)	113	129	132	16	2	19
Average price per unit sold (lighting)	21	23	25	2	2	4

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G and management information.

Revenue

Revenue is primarily generated from the sale of (1) ceramic subcategories (such as porcelain, ceramic tiles, sanitary products, tile adhesive, and grout) and (2) lighting subcategories (including indoor, outdoor, wiring, and Hypnotek, among others). The Group's revenue come mainly from retail showrooms spread across various regions in Kingdom of Saudi Arabia, with 21 ceramic showrooms and 21 lighting showrooms as of the financial year 2023G. Additionally, the Group operates through alternative sales channels, including (1) projects and wholesale customers, (2) exports primarily to Kuwait and Oman, and (3) e-commerce channels across each brand's website and the Build Station LLC website. During the financial year 2022G, the Group expanded into the United Arab Emirates market with the acquisition of Build Station LLC and entered the HVAC market in Kingdom of Saudi Arabia with the acquisition of Ice Bear Contracting Company.

The pricing strategy is determined by an average target gross margin of 40-50 per cent. on ceramic products and 60-70 per cent. on lighting products. However, prices are also influenced by competition and the availability of certain stock-keeping unit (SKU) groups and individual SKUs in the market.

Revenue increased by 29.0 per cent., from SAR 250.9 million in the financial year 2021G to SAR 323.7 million in the financial year 2022G. This growth was primarily driven by a SAR 22.4 million increase in the Group's ceramic product sales, supported by the opening of three new showrooms during the 2021G-2022G period and the ramp-up of sanitary ware subcategory products. Lighting products contributed an additional SAR 26.0 million in revenue, driven by six new showroom openings over the 2021G-2022G period, as well as sales from the Group's acquisitions of Build Station LLC and Ice Bear Contracting Company during the financial year 2022G, reported at SAR 20.1 million and SAR 4.6 million, respectively.

Revenue increased further by 12.9 per cent. to SAR 365.4 million in the financial year 2023G, driven by the Group's revenue growth from ceramics products by SAR 14.0 million from two additional showroom openings in the financial year 2023G and lighting products by SAR 5.0 million due to incremental ramp up effects of previously opened showrooms. This was coupled with increasing revenues from Build Station LLC by SAR 17.5 million and Ice Bear Contracting Company by SAR 2.6 million over the 2022G-2023G period.

Cost of Revenue

Cost of revenue solely includes cost of the products sold, which comprises of all landing costs such as shipment, freight, customs, among others. The Group also started reporting inventory provisions under cost of revenue in financial year 2023G, which have been historically reported under general and administrative expenses.

Cost of revenue increased by 20.5 per cent. from SAR 101.9 million in the financial year 2021G to SAR 122.8 million in the financial year 2022G, with ceramics costs of revenue trailing revenue growth within this category by 16.2 per cent., while cost of revenue of lighting products saw grew a low rate by 1.5 per cent. in comparison to revenue growth by 22.2 per cent. during the same period within this category. This was due to better cost efficiency achieved in the procurement of lighting products over the 2021G-2022G period, whereby the Group streamlined its packing and shipping process for lighting products sourced from China, in addition to the sales of inventory held in stock which were sourced with lower total landing costs in the financial year 2022G in comparison to the financial year 2021G.

Cost of revenue further increased by 26.9 per cent. to SAR 155.9 million in the financial year 2023G, at a higher rate than revenue growth, primarily due to the increasing cost base of the acquired Subsidiaries, Build Station LLC and Ice Bear Contracting Company, as the Group continues to make operational changes in preparation of the contemplated IPO, in addition to the reclassification of inventory provisions and other inventory adjustments of SAR 8.8 million under cost of revenue during the financial year 2023G, which were previously reported under general and administrative expenses.

Gross Profit

Gross profit increased from SAR 149.0 million in the financial year 2021G to SAR 200.9 million in the financial year 2022G, with gross margin reported at 59.4 per cent. and 62.1 per cent., respectively. This increase in gross profit was driven by the significant growth in sales over 2021G-2022G period, coupled with the improvements in the gross margin reported at the Group's lighting category from 64.3 per cent. in the financial year 2021G to 70.4 per cent. in the financial year 2022G, partially due to the continuous introduction of new products and designs, which are not widely available in the market, as such, the Group was able to price their products at a premium, hence maintaining gross margins.

Gross profit increased further to SAR 209.5 million in the financial year 2023G, with gross margin reported at 57.3 per cent., reflecting a slight decline over the 2022G-2023G financial period. This gross margin decline was partly driven by lighting category margins declining in the Group over the 2022G-2023G period, due to the increasing shipping rates resulting in higher total landing costs of inventories, coupled with lower profit margin levels reported within Build Station LLC due to the additional costs incurred to deliver the Group's products to UAE, coupled with relatively lower profitability levels within the HVAC contracting sector that Ice Bear Contracting Company operates in.

Selling and Marketing Expenses

Selling and marketing expenses amounted to SAR 63.5 million in the financial year 2023G and comprised of salaries, wages and others of SAR 28.0 million, depreciation of right-of-use assets of SAR 8.5 million, logistics and distribution expenses of SAR 4.6 million, depreciation of property, plant and equipment SAR 5.3 million, marketing and advertising of SAR 4.8 million, and other expenses of SAR 12.3 million in the form of insurance, maintenance, packaging, among others.

Selling and marketing expenses increased by 51.2 per cent. from SAR 42.3 million in the financial year 2021G to SAR 63.9 million in the financial year 2022G driven by increases across all expenses following an expansion in the Group's operations, with major increases in salaries, wages and others by SAR 7.8 million following major hires made with average employees increasing from 279 employees in the financial year 2021G to 379 employees in the financial year 2022G, driving increases across operational and staff-related costs, coupled with increases in depreciation of rights-of-use assets by SAR 4.1 million, marketing and advertising expenses by SAR 2.1 million, logistics and distribution expenses by SAR 2.0 million, among various others by SAR 4.8 million.

Selling and marketing expenses subsequently remained relatively stable reported at SAR 63.5 million in the financial year 2023G despite the growth in the Group's operations, due to various reclassifications of selling and administrative expenses made to general and administrative expenses during financial year 2023G with the change of the external auditor.

General and Administrative Expenses

General and administrative expenses totalling SAR 69.1 million comprised salaries, wages and others of SAR 32.8 million, government expenses of SAR 7.0 million, printing and stationary expenses of SAR 4.6 million, depreciation of right-of-use assets of SAR 4.2 million, depreciation of property, plant and equipment of SAR 3.4 million, among various other of SAR 17.1 million.

General and administrative expenses reported a significant increase by 59.4 per cent. from SAR 37.7 million in the financial year 2021G to SAR 60.1 million in the financial year 2022G, mainly driven by a significant increase in salaries, wages and others by SAR 7.8 million following major hires made to middle and senior management staff, with average number of employees increasing from 76 employees in the financial year 2021G to 121 employees in the financial year 2022G in addition to upward salary adjustments made across the Group during the financial year 2022G to increase retention of employees ahead of the contemplated IPO, coupled with various increases approximately all remaining general and administrative expenses in line with the expansion in the Group's operations, contributing to the overall increase in general and administrative expenses costs.

General and administrative expenses increased further by 14.9 per cent. to SAR 69.1 million in the financial year 2023G driven by further increase in salaries, wages and others by SAR 4.3 million, in addition to ERP subscriptions paid during the financial year 2023G for the new Microsoft Dynamics ERP system by SAR 3.0 million, as well as reclassifications of depreciation of right-of-use assets by SAR 4.2 million previously recorded under selling and marketing expenses, amongst various others.

Loss Allowance Against Investment Advances

Loss allowance against investment advances recorded SAR 5.4 million in the financial year 2023G and related to a loss allowance recorded against the Group's investments in Spain and China, whereby the Group has historically made various advances, in an effort to establish a local presence in the European and Chinese markets, and to build stronger relationships with their porcelain and ceramics suppliers in Spain, as well as their lighting suppliers in China. It was determined that the advances paid historically which have been expensed in setting up the entities in Spain and China were adjusted for in the investment's carrying value.

Expected Credit Losses Provision

The expected credit loss provision increased from nil in the financial years 2021G and 2022G to SAR 45 thousand in the financial year 2023G, following its reclassification from general and administrative expenses. It amounted to SAR 0.5 million in the financial year 2021G and SAR 64 thousand in the financial year 2022G.

Other (Losses) Income, Net

Other (losses) income, net mainly includes gains or losses on foreign currency exchange, and sale of property, plant and equipment, including other miscellaneous income. The Group reported other expense amounting to SAR 0.1 million in the financial year 2021G, with foreign exchange losses reported at SAR 0.4 million in the financial year 2022G, the Group reported other income of SAR 0.9 million in the financial year 2022G, with foreign exchange gains reported at SAR 0.2 million, sales of property plant and equipment reported at SAR 0.3 million and SAR 0.5 million classified under other income in financial year 2022G. The Group subsequently reported SAR 0.4 million in financial year 2023G, with foreign exchange losses reported at SAR 0.6 million, while other income was reported at SAR 0.2 million during the financial year 2023G.

Finance Costs

Finance costs amounted to SAR 4.0 million in the financial year 2023G and mainly related to finance costs on lease liabilities of SAR 3.4 million and finance costs on the employees' defined benefits obligation of SAR 0.6 million. Finance costs remained relatively stable reported at SAR 2.6 million in the financial year 2021G and SAR 2.5 million in the financial year 2022G, and subsequently increased to SAR 4.0 million in the financial year 2023G driven by an increase in finance costs on lease liabilities by SAR 0.4 million following various additions to right-of-use assets over the 2022G-2023G financial period, coupled with an increase in finance costs on end of service benefits liabilities by SAR 0.4 million driven by the significant hires and upward salary adjustments over the same period.

Zakat and Income Tax

Zakat and income tax decreased from SAR 3.5 million in the financial year 2021G to SAR 2.4 million in financial year 2022G, despite the increase in the Group's net assets and profitability, as the Group carrying sufficient zakat provisions on its balance sheet over the financial year 2021G-2022G period.

Zakat and income tax subsequently increased to SAR 6.2 million in the financial year 2023G due to additional provisions required driven by the increased Zakat base of the Group following the share capital increase during the historical period, coupled with the increasing retained earnings levels.

Re-Measurement of Employees' Defined Benefits Obligations

Remeasurement of the employee defined benefits obligation decreased from a gain of SAR 1.0 million in the financial year 2021G to a loss of SAR 3.5 million in the financial year 2022G. Consequently, the expenses for remeasuring the employee defined benefits obligation increased to SAR 0.9 million in the financial year 2023G.

(Losses) Gains on Foreign Currency Translation

Losses and gains on foreign currency translation relate to the international purchases made by the Group, which result in currency differences that lead to either a gain or a loss. The value of foreign currency translation increased from nil in the financial year 2021G to a gain of SAR 59 thousand in the financial year 2022G, then decreased to a loss of SAR 82 thousand in the financial year 2023G.

6.8.1.1 Revenue by Company

The table below summarises revenue by company for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.5: Revenue for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Marketing Home Group	250,894	299,025	320,639	19.2%	7.2%	13.0%
Build Station LLC	-	20,073	37,569	NA	87.2%	NA
Ice Bear Contracting Company	-	4,645	7,214	NA	55.3%	NA
Engineer Musaad AlQafari Engineering Consultancy	-	-	10	NA	NA	NA
Total	250,894	323,743	365,432	29.0%	12.9%	20.7%
As a percentage of revenue			As a percentage / point			
Marketing Home Group	100.0%	92.4%	87.7%	(7.6)	(4.6)	(12.3)
Build Station LLC	0.0%	6.2%	10.3%	6.2	4.1	10.3
Ice Bear Contracting Company	0.0%	1.4%	2.0%	1.4	0.5	2.0
Engineer Musaad AlQafari Engineering Consultancy	0.0%	0.0%	0.0%	0.0	0.0	0.0

Source: Management information.

Marketing Home Group

Marketing Home Group revenue increased by 19.2 per cent. from SAR 250.9 million in the financial year 2021G to SAR 299.0 million in the financial year 2022G driven by increases in both of ceramics by SAR 22.4 million and lighting by SAR 26.0 million, with ceramics revenue growth primarily driven by the ramp up effect of three new showroom openings over the 2021G-2022G financial period which helped increase demand for sanitary ware product offerings as it gained significant traction by SAR 21.6 million, coupled with an increase in revenue from lighting stores by SAR 26.0 million with main increases being within indoor by SAR 18.6 million and outdoor lighting subcategories by SAR 5.4 million, driven by the opening of two showrooms during the financial year 2021G and three showrooms in the financial year 2022G.

Marketing Home Group revenue increased further by 7.2 per cent. from SAR 299.0 million in the financial year 2022G to SAR 320.6 million in the financial year 2023G again driven by an increase in sanitary ware subcategory by SAR 16.2 million within ceramics noting that Marketing Home Group opened two new showrooms in the financial year 2023G with a high focus on the sanitary ware subcategory, however, ceramics and porcelain subcategories reported a decline in revenue by SAR 2.0 million and SAR 3.8 million, respectively over the same period driven by the macro-economic conditions affecting the residential real estate market. Lighting stores also contributed

SAR 5.0 million to revenue growth over the 2022G-2023G financial period, with indoor and outdoor subcategories driving the further revenue growth as previously opened showrooms continue to ramp up and gain market share, in addition to the continuous improvements in product quality and efficiency to align with market trends within the lighting segment.

Build Station LLC

Build station LLC was acquired and consolidated since March 2022G within the Group. Build Station LLC operates three showrooms in the United Arab Emirates market, with its major showroom providing a comprehensive range of the Group's product offerings, including ceramics, lighting, furniture, sanitary ware, tiles adhesives and grout, among other products and services, offering customers all the essentials for their homes. Additionally, Build Station LLC also operates a dedicated lighting store and a showroom exclusively showcasing the Group's sanitary ware products.

Build station LLC revenue were reported at SAR 20.1 million during the financial year 2022G, being the first year of consolidation with the Group, and increased to SAR 37.6 million in the financial year 2023G partly due to the full-year effect of sales, coupled with improvements in terms of product offerings placed in the showrooms in the United Arab Emirates, following the Group's acquisition in the financial year 2022G, to accelerate and increase the Group's reach in the wider region.

Ice Bear Contracting Company

Ice Bear Contracting Company is a HVAC company that specialises in the installation, maintenance, and repair of heating systems powered by electricity, gas, or oil, as well as the installation of solar energy networks. Ice Bear Contracting Company also provides services for the installation, extension, maintenance, and repair of air conditioning ducts. Ice Bear Contracting Company was also acquired in the financial year 2022G as part of the Group's expansion into other verticals in the real estate sector.

Ice Bear Contracting Company revenue were reported at SAR 4.6 million in the financial year 2022G, being the first year of consolidation with the Group, and increased to SAR 7.2 million in the financial year 2023G due to the full-year effect of sales, coupled with administrative improvements and professional management introduced to Ice Bear Contracting Company from the Group, to accelerate its reach and grow its customer base.

Engineer Musaad AlQafari Engineering Consultancy

Engineer Musaad AlQafari Engineering Consultancy is an engineering consultancy firm based in Egypt, which was established in the financial year 2023G and primarily provides services to the Marketing Home Group, namely engineering services, product and website development services, in addition to other administrative support. Engineer Musaad AlQafari Engineering Consultancy generates minimal revenues, and only generated SAR ten thousand in the financial year 2023G.

6.8.1.2 Revenue by Segment and Sub-Segment

The table below summarises revenue by segment and sub-segment for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.6: Revenue for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Marketing Home Group						
Ceramics						
Porcelain	88,283	86,462	84,474	(2.1%)	(2.3%)	(2.2%)
Ceramic	14,383	13,044	9,262	(9.3%)	(29.0%)	(19.8%)
Sanitary	9,630	31,259	47,496	224.6%	51.9%	122.1%
Tiles adhesive and grout	6,833	8,334	8,890	22.0%	6.7%	14.1%
Others	14,502	16,886	19,837	16.4%	17.5%	17.0%
Total ceramics	133,630	155,986	169,958	16.7%	9.0%	12.8%

Lighting						
Indoor	79,579	98,186	107,800	23.4%	9.8%	16.4%
Wiring	16,501	19,178	15,417	16.2%	(19.6%)	(3.3%)
Outdoor	10,570	15,965	16,918	51.0%	6.0%	26.5%
Hypnotek	10,309	9,598	7,522	(6.9%)	(21.6%)	(14.6%)
Others	62	112	409	79.7%	265.9%	156.4%
Total lighting	117,021	143,039	148,066	22.2%	3.5%	12.5%
Other adjustments	-	-	2,615	NA	NA	NA
Unreconciling differences	243	-	-	(100.0%)	NA	(100.0%)
Total revenue from Marketing Home Group	250,894	299,025	320,639	19.2%	7.2%	13.0%
Revenue from Subsidiaries						
Build Station LLC	-	20,073	37,569	NA	87.2%	NA
Ice Bear Contracting Company	-	4,645	7,214	NA	55.3%	NA
Engineer Musaad AlQafari Engineering Consultancy	-	-	10	NA	NA	NA
Total Group revenue	250,894	323,743	365,432	29.0%	12.9%	20.7%
Operational KPIs				Aa a percentage / point		
Ceramics						
Number of units sold						
Porcelain	710,871	641,336	652,761	(9.8%)	1.8%	(4.2%)
Ceramic	164,320	131,246	92,046	(20.1%)	(29.9%)	(25.2%)
Sanitary	36,819	120,828	176,229	228.2%	45.9%	118.8%
Tiles adhesive and grout	82,829	98,673	108,246	19.1%	9.7%	14.3%
Others	191,023	216,510	263,163	13.3%	21.5%	17.4%
Average price per unit sold						
Porcelain	124	135	129	8.6%	(4.0%)	2.1%
Ceramic	88	99	101	13.5%	1.2%	7.2%
Sanitary	262	259	270	(1.1%)	4.2%	1.5%
Tiles adhesive and grout	82	84	82	2.4%	(2.8%)	(0.2%)
Others	76	78	75	2.7%	(3.3%)	(0.4%)
Marketing Home Group operational KPIs				Aa a percentage / point		
Lighting						
Number of units sold						
Indoor	4,511,243	4,957,414	5,182,659	9.9%	4.5%	7.2%
Wiring	988,604	1,026,935	612,751	3.9%	(40.3%)	(21.3%)
Outdoor	102,737	142,397	149,247	38.6%	4.8%	20.5%

Hypnotek	70,318	57,492	23,222	(18.2%)	(59.6%)	(42.5%)
Others	1,842	5,056	6,144	174.5%	21.5%	82.6%
Average price per unit sold						
Indoor	18	20	21	12.3%	5.0%	8.6%
Wiring	17	19	25	11.9%	34.7%	22.8%
Outdoor	103	112	113	9.0%	1.1%	5.0%
Hypnotek	147	167	324	13.9%	94.0%	48.6%
Others	34	22	67	(34.5%)	201.1%	40.4%

Source: Management information.

Ceramics Revenue

Ceramics revenue increased at a compounded annual growth rate of 12.8 per cent. from SAR 133.6 million in the financial year 2021G to SAR 170.0 million in the financial year 2023G attributable to (1) the geographic expansion of ceramics showrooms and geographic presence within Kingdom of Saudi Arabia, (2) strategic and operational shifts in building more robust customer centric processes, such as training of sales staff, customer support and after-sales functions, in addition to (3) the ramp up effect of sanitary products within existing and new ceramics showrooms which gained significant traction in market considering the value for money and quality in comparison to other imported and local sanitary ware products.

1) Porcelain

Porcelain comprises of various SKU groups depending upon the design and characteristics of the porcelain, such as matt, polished, high polished, satin, among others. The Group sources high-grade premium products mainly from producers from Spain and Portugal, which are well-known for their high-quality porcelain.

Porcelain revenue slightly decreased from SAR 88.3 million in the financial year 2021G to SAR 86.5 million in the financial year 2022G mainly due to a decrease in quantities sold from 710.9 thousand to 641.3 thousand units over the same period, respectively. This decrease in quantities sold was driven by various macro-economic conditions, (1) namely the slowdown in the residential real estate market driven by the rising borrowing rates, which impacted residential real estate activity, coupled with the (2) increased competition within Kingdom of Saudi Arabia, with new and existing competitors entering the market with more competitive product offerings to gain market share, driving a decline in the Group's sales volumes.

This was offset by the increase in average selling price per unit for porcelain product offerings, reported at SAR 124 to SAR 135 per unit over the 2021G-2022G financial period, whereby the Group maintained its strategy of pricing its products at a premium, and maintaining its no-discount policy to preserve its brand image, which helped in maintaining relatively higher selling prices.

Porcelain revenue decreased slightly further from SAR 86.5 million in the financial year 2022G to SAR 84.5 million in the financial year 2023G, driven by a decline in the average selling price per unit of porcelain product offerings from SAR 135 in the financial year 2022G to SAR 129 in the financial year 2023G. This was despite the increase in quantities sold from 641.3 thousand to 652.8 thousand units over the same period, as the Group introduced more competitively priced product offerings within the porcelain subcategory to maintain its sales and increase its volumes sold.

2) Ceramic

Ceramic comprises mainly of matt and glossy stock-keeping unit groups, among others. The Group also sources its ceramic product offerings from highly rated producers from Spain and Portugal, which are well-known for their high-quality ceramics.

Ceramic revenue decreased from SAR 14.4 million in the financial year 2021G to SAR 13.0 million in the financial year 2022G due to a decrease in quantities sold from 164.3 thousand to 131.2 thousand units, driven by a shift in consumer preference towards porcelain tiles for their superior durability and higher variety of design features. This decrease was offset by the increase in the average selling price per unit sold of ceramics products from SAR 88 to SAR 99 per unit over the 2021G-2022G financial period, attributed to the Group's no-discount policy, coupled with incremental increases in ceramic products to maintain profitability within this subcategory.

Ceramic revenue further decreased from SAR 13.0 million in the financial year 2022G to SAR 9.3 million in the financial year 2023G due to a decrease in quantities sold from 131.2 thousand to 92.0 thousand units, driven by the continuous shift in consumer preference towards porcelain tiles, coupled with the macro-economic effects affecting the premium residential real estate market.

3) Sanitary

Sanitary was a newly introduced subcategory within ceramics in October 2020G and consists of various stock-keeping unit groups related to toilet seats, mixers, wash basins, water drainage brushes, shower heads, among others.

Sanitary revenue significantly increased by 224.6 per cent. from SAR 9.6 million in the financial year 2021G to SAR 31.3 million in the financial year 2022G due to a significant increase in quantities sold from 36.8 thousand to 120.8 thousand units over the same period. This increase was driven by (1) the ramp-up effect of sanitary ware gaining traction since this subcategory was introduced towards the end of the financial year 2020G, in addition to the Group's marketing rollout, whereby it equipped all its ceramics showrooms with a complete range of sanitary ware products in the financial year 2021G, significantly boosting sales growth. This increase was slightly offset by the decrease in the average selling price per unit sold for sanitary from SAR 262 to SAR 259 due to the diversified product mix and the inclusion of more stock-keeping units, some of which were lower-priced items, impacting the overall price per unit.

Sanitary revenue increased further from SAR 31.3 million in the financial year 2022G to SAR 47.5 million in the financial year 2023G due to a further increase in quantities sold from 120.8 thousand to 176.2 thousand units, coupled with an increase in average selling price per unit sold from SAR 259 to SAR 270 over the same period. This increase was primarily attributed to (1) the opening of two new showrooms in the financial year 2023G, with a high focus on showcasing the Group's sanitary ware products, (2) the continuous product development to improve quality and introduce new designs and collections, in addition to (3) competitive pricing and value for money for the quality of the Group's product offerings in the sanitary ware subcategories in comparison to other competitors in the market.

4) Tiles Adhesives and Grout

Tiles adhesives and grout pertains to the Group's own brand of adhesives and grout, "Fixer", used in tiles installations for both interior and exterior settings.

Tiles adhesives and grout increased from SAR 6.8 million in the financial year 2021G to SAR 8.3 million in the financial year 2022G due to an increase in quantities sold from 82.8 thousand to 98.7 thousand units, coupled with incremental increases in average selling price per unit sold from SAR 82 to SAR 84 per unit during the same period.

Tiles adhesives and grout increased further from SAR 8.3 million in the financial year 2022G to SAR 8.9 million in the financial year 2023G due to an increase in quantities sold from 98.7 thousand to 108.2 thousand units during the same period, slightly offset by a slight decline in average selling price per unit sold from SAR 84 to SAR 82 per unit over the 2022G-2023G financial period.

5) Others

Others include various other stock-keeping unit groups such as stainless products which are used as dividers in installation of tiles, furniture, decorative pieces, accessories, sealants, among other products. Many of the products under other are mainly marketed through the Group's showrooms and are cross-selling products for walk-in customers.

Other products increased from SAR 14.5 million in the financial year 2021G to SAR 16.9 million in the financial year 2022G due to an increase in quantities sold from 191.0 thousand to 216.5 thousand units, coupled with an increase in average selling price per unit sold from SAR 76 to SAR 78 per unit over the same period. This increase was mainly in stainless products by SAR 2.0 million, and build boards by SAR 1.2 million, offset by the decrease in sale of furniture products by SAR 0.6 million.

Other products increased further from SAR 16.9 million in the financial year 2022G to SAR 19.8 million in the financial year 2023G due to an increase in quantities sold from 216.5 thousand to 263.2 thousand units over the same period. This increase was primarily attributed to (1) increases in build boards by SAR 0.8 million and sealants by SAR 0.8 million, offset by slight decrease in average selling price per unit sold from SAR 78 to SAR 75 per unit, with decreases in revenue report in stainless products by SAR 0.7 million and furniture by SAR 0.6 million.

Lightning Revenue

Lighting revenue increased at a compounded annual growth rate of 12.5 per cent. from SAR 117.0 million in the financial year 2021G to SAR 148.1 million in the financial year 2023G primarily driven by revenue growth in the Group's main product offerings within this category, indoor and outdoor lighting subcategories. This revenue growth was attributable to (1) the opening of four showrooms during the financial year 2021G and two showrooms in the financial year 2022G, coupled with the (2) continuous development of new designs and innovative lighting product offerings with the latest technologies, in addition to (3) the prompt compliance with SASO standards in relation to efficiency and energy usage, helping to enhance the Group's brand.

1) Indoor

Indoor includes a wide variety of indoor LED bulbs, lamps, lighting strips among other product offerings, which are targeted towards various real estate categories, such as residential properties, offices, restaurants and cafes, hotels.

Indoor revenue saw a significant increase by 23.4 per cent. from SAR 79.6 million in the financial year 2021G to SAR 98.2 million in the financial year 2022G due to an increase in quantities sold from 4.5 million to 5.0 million units, coupled with an increase in average selling price per unit sold from SAR 18 to SAR 20 per unit over the same period. This increase was driven by (i) new store openings, with four showrooms opened during the financial year 2021G and two showrooms in the financial year 2022G, coupled with (ii) the strong brand recognition of the Group's own home-grown brand, "Illus", due to the continuous development of the product offerings in this category.

Indoor revenue increased further from SAR 98.2 million in the financial year 2022G to SAR 107.8 million in the financial year 2023G due to an increase in quantities sold from 5.0 million to 5.2 million units, coupled with an incremental increase in average selling price per unit sold from SAR 20 to SAR 21 per unit over the 2022G-2023G financial period.

2) Wiring

Wiring relates mainly to switches, sockets and other complimentary product offerings to lighting products. Wiring revenue increased by 16.2 per cent. from SAR 16.5 million in the financial year 2021G to SAR 19.2 million in the financial year 2022G due to an increase in quantities sold from 988.6 thousand to 1.0 million units, coupled with an increase in average selling price per unit sold from SAR 17 to SAR 19 during the same period, attributable partly to the increase in indoor lighting revenue, coupled with increases in cross-selling efforts as the Group enhances its sales staff training and customer service processes for walk-in customers leveraging the Group's wide product range.

Wiring revenue subsequently decreased from SAR 19.2 million in the financial year 2022G to SAR 15.4 million in the financial year 2023G with quantities sold decreasing significantly from 1.0 million to 612.8 thousand units over the same period, offset by an increase in average selling price per unit sold from SAR 19 to SAR 25 per unit as the Group increased its selling prices to maintain gross margins due to higher landing costs of products in the financial year 2023G.

3) Outdoor

Outdoor lighting products come in the form of wall lights, floor lights, garden lights, ceiling lights, among others.

Outdoor revenue increased from SAR 10.6 million in the financial year 2021G to SAR 16.0 million in the financial year 2022G due to an increase in quantities sold from 102.7 thousand to 142.4 thousand units, coupled with the increase in average selling price per unit sold from SAR 103 to SAR 112 per unit over the same period, primarily attributed to (1) the opening of four showrooms during the financial year 2021G and two showrooms in the financial year 2022G, and (2) continuous development of high-quality weather-proof product offerings within this subcategory.

Outdoor revenue further increased from SAR 16.0 million in the financial year 2022G to SAR 16.9 million in the financial year 2023G driven by an increase in quantities sold from 142.4 thousand to 149.2 thousand units, coupled with an incremental increase in average selling price per unit sold from SAR 112 to SAR 113 over the same period.

4) Hypnotek

Hypnotek relates mainly to air purifiers, smart vacuum cleaners and other smart products which are showcased through the Group's lighting showrooms and through the Group's e-commerce channels.

Hypnotek revenue decreased from SAR 10.3 million in the financial year 2021G to SAR 9.6 million in the financial year 2022G due to a decrease in quantities sold from 70.3 thousand to 57.5 thousand units over the same period mainly due to higher competition in this smart home devices subcategory, where there are many established competitors, offering a variety of competing product offerings at attractive pricing options. This decrease was offset by an increase in average selling price per unit sold from SAR 147 to SAR 167, which is dependent upon the sales mix of products sold.

Hypnotek revenue decreased further from SAR 9.6 million in the financial year 2022G to SAR 7.5 million in the financial year 2023G due to further decreases in quantities sold from 57.5 thousand to 23.2 thousand units over the financial year 2022G-2023G period, offset by an increase in average selling price per unit sold from SAR 167 to SAR 324 per unit due to the sales mix of products sold.

5) Others

Others include accessories, cleaning products and electric control devices.

Other products revenue increased from SAR 62 thousand in the financial year 2021G to SAR 0.1 million in the financial year 2022G due to an increase in quantities sold from 1.8 thousand to 5.1 thousand units over the same period, offset by a decrease in average selling price per unit sold from SAR 34 to SAR 22 per unit.

Other products revenue subsequently increased from SAR 0.1 million in the financial year 2022G to SAR 0.4 million in the financial year 2023G due to an increase in quantities sold from 5.1 thousand to 6.1 thousand units, coupled with the rise in average selling price per unit sold from SAR 22 to SAR 67 over the 2022G-2023G financial period, attributed to the introduction of new cleaning devices product offerings within others.

Other Adjustments

Other adjustments were reported at SAR 2.6 million in the financial year 2023G and mainly pertained to previous year adjustments made in the financial year 2023G in relation to misstatements resulting in inventory adjustments made to cost of revenue upon elimination in the consolidation exercise during the financial year 2022G, which have been adjusted in revenue during the financial year 2023G.

6.8.1.3 Revenue by Showroom Portfolio

The table below summarises revenue by showroom portfolio for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.7: Revenue by Showroom Portfolio for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Ceramics showrooms						
Core portfolio	106,878	118,775	123,288	11.1%	3.8%	7.4%
Opened in the financial year 2021G	3,768	18,002	17,464	377.8%	(3.0%)	115.3%
Opened in the financial year 2022G	-	649	2,667	NA	311.0%	NA
Opened in the financial year 2023G	-	-	6,335	NA	NA	NA
Other revenue channels						
Projects, wholesale and exports	15,078	9,912	12,172	(34.3%)	22.8%	(10.2%)
E-commerce	7,907	8,648	8,031	9.4%	(7.1%)	0.8%
Total revenue ceramics	133,630	155,986	169,958	16.7%	9.0%	12.8%
Lighting showrooms						

SAR in thousands		Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Core portfolio		95,183	114,658	116,466	20.5%	1.6%	10.6%
Opened in the financial year 2021G		5,559	7,780	6,469	39.9%	(16.9%)	7.9%
Opened in the financial year 2022G		-	7,794	11,706	NA	50.2%	NA
Opened in the nine-month period ended 30 September 2024G		-	-	-	NA	NA	NA
Other revenue channels							
Projects, wholesale and exports		10,822	7,815	9,098	(28.2%)	16.4%	(8.6%)
E-commerce		5,397	4,992	4,327	(7.5%)	(13.3%)	(10.5%)
Total revenue lighting		117,021	143,039	148,066	22.2%	3.5%	12.5%
Other adjustments		-	-	2,615	NA	NA	NA
Unreconciling differences		243	-	-	(100.0%)	NA	(100.0%)
Total revenue from Marketing Group Home		250,894	299,025	320,639	19.2%	7.2%	13.0%
Subsidiaries							
Build Station LLC		-	20,073	37,569	NA	87.2%	NA
Ice Bear Contracting Company		-	4,645	7,214	NA	55.3%	NA
Engineer AlQafari Engineering Consultancy		-	-	10	NA	NA	NA
Total		250,894	323,743	365,432	29.0%	12.9%	20.7%
Operational KPIs for ceramics				Aa a percentage / point			
Number of showrooms							
Core portfolio		16	16	16	-	-	-
Opened in the financial year 2021G		2	2	2	-	-	-
Opened in the financial year 2022G		-	1	1	1	-	1
Opened in the financial year 2023G		-	-	2	-	2	2
Opened in the nine-month period ended 30 September 2024G		-	-	-	-	-	-
Average revenue per showroom							
Core portfolio		6,680	7,423	7,706	11.1%	3.8%	15.4%

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Opened in the financial year 2021G	1,884	9,001	8,732	377.8%	(3.0%)	363.5%
Opened in the financial year 2022G	NA	649	2,667	NA	311.0%	NA
Opened in the financial year 2023G	NA	NA	3,167	NA	NA	NA
Opened in the nine-month period ended 30 September 2024G	NA	NA	NA	NA	NA	NA
Operational KPIs for lightings						
Aa a percentage / point						
Number of showrooms						
Core portfolio	15	15	15	-	-	-
Opened in the financial year 2021G	4	4	4	-	-	-
Opened in the financial year 2022G	-	2	2	2	-	2
Opened in the nine-month period ended 30 September 2024G	-	-	-	-	-	-
Average revenue per showroom						
Core portfolio	6,346	7,644	7,764	20.5%	1.6%	22.4%
Opened in the financial year 2021G	1,390	1,945	1,617	39.9%	(16.9%)	16.4%
Opened in the financial year 2022G	NA	3,897	5,853	NA	50.2%	NA
Opened in the nine-month period ended 30 September 2024G	NA	NA	NA	NA	NA	NA

Source: Management information.

Showroom-wise revenue performance is determined by many factors, namely the location in which the branch is situated, whereby, branches are usually located next to other building and construction retail showrooms as is customary in the Kingdom. Moreover, sales performance can be impacted by the region in which the branches are located, as customers will vary by purchasing power, product preferences etc., consequently impacting market demand for the Group's products, in addition to internal factors such as product mix displayed at the showroom, sales staff at the showroom, among others. As such, showrooms are cyclically updated with the Group's new products and high performing sales staff and rotated to low performing showrooms to help grow sales and improve the customer experience. Further, the Group launches promotional campaigns with new showroom openings to activate the showroom, offering discounts and bundled offers for the first period after opening, with mid-level management and high performing sales staff allocated to those branches during the ramp up phase to target a successful launch, coupled with analysing stock-keeping unit products performance and adjusting displayed products at the branches accordingly to suit the market trends and demand in those areas during this phase. New showroom opening usually takes between six to nine months to ramp up, and in some cases up to 12 months, to operate at full capacity.

Ceramics

Core Portfolio

Core portfolio includes all showrooms that were open prior to the historical period. Core portfolio showrooms included 16 showrooms spread across various regions within Kingdom of Saudi Arabia, with revenue reporting an increase from SAR 106.9 million in the financial year 2021G to SAR 118.8 million in the financial year 2022G mainly due to the increase in average revenue generated per showroom from SAR 6.7 million to SAR 7.4 million, particularly from showrooms located in the central region by SAR 7.8 million, namely "AlKharij" by SAR 5.7 million and "AlYasmin" by SAR 1.5 million showrooms, partially offset by the decrease in revenue from AlQassim region by SAR 1.9 million namely from the "Buraydah" showroom by SAR 7.7 million.

Revenue from core portfolio showrooms increased from SAR 118.8 million in the financial year 2022G to SAR 123.3 million in the financial year 2023G due to further increases in average revenue per showroom from SAR 7.4 million to SAR 7.7 million, primarily from the eastern region showrooms by SAR 5.3 million, namely "Khobar" by SAR 3.0 million and "Jubail" by SAR 2.6 million showrooms, offset by a decrease in "Khaleej" showroom by SAR 1.3 million. Revenue from core portfolio showrooms located in AlQassim region also saw a decline, with revenue decreasing in both the "Buraydah" by SAR 0.7 million and "Unaizah" by SAR 0.6 million showrooms.

Showrooms Opened in the Financial Year 2021G

Showrooms opened in the financial year 2021G related to one showroom opening in Hail within the northern region, and one showroom opening in Jeddah, within the western region. Revenue from showrooms opened in the financial year 2021G were reported at SAR 3.8 million in the financial year 2021G and increased to SAR 18.0 million in the financial year 2022G due to the significant increase in average sale per showroom from SAR 1.9 million to SAR 9.0 million, driven by the ramp up period and full year effect of the newly opened branches, with the "Jeddah" showroom leading the revenue growth by SAR 13.6 million over the 2021G-2022G financial period.

Revenue from showrooms opened in the financial year 2021G subsequently decreased from SAR 18.0 million in the financial year 2022G to SAR 17.5 million in the financial year 2023G due to a slight decrease in average revenue per showroom from SAR 9.0 million to SAR 8.7 million, with the decline in revenue driven from the "Jeddah" showroom by SAR 0.7 million, partially offset by a slight increase in revenue from the Hail showroom by SAR 0.2 million.

Showrooms Opened in the Financial Year 2022G

Showrooms opened in the financial year 2022G related to one showroom opening in Jazan within the southern region. Revenue from the showroom opened in the financial year 2022G was reported at SAR 0.6 million in the financial year 2022G and increased to SAR 2.7 million in the financial year 2023G driven by the ramp up period and full year effect of the newly opened branch.

Showrooms Opened in the Financial Year 2023G

Showrooms opened in the financial year 2023G related to two showrooms, AlTakhasusi sanitary showroom located in the central region and Buraydah sanitary showroom located in AlQassim region. Revenue from showrooms opened in the financial year 2023G were reported at SAR 6.3 million in the financial year 2023G, with SAR 5.6 million is generated from the AlTakhasusi sanitary branch.

Projects, Wholesale and Export

Projects, wholesale and export revenue are generated from small and medium sized residential and commercial projects, in addition to exports to Kuwait and Oman.

Projects, wholesale and export revenue decreased from SAR 15.1 million in the financial year 2021G to SAR 9.9 million in the financial year 2022G due to a decrease in exports over the 2021G-2022G financial period, as the Group has historically exported its product offerings to Build Station LLC in the United Arab Emirates in the financial year 2021G and has subsequently acquired Build Station LLC and therefore eliminated all intergroup sales upon consolidation.

Projects, wholesale and export revenue subsequently increased from SAR 9.9 million in the financial year 2022G to SAR 12.2 million in the financial year 2023G mainly driven by the Group's increased efforts in building up a client base in the projects and wholesale segments, with dedicated sales staff hired over the same period to act as relationship managers and create sales leads in this segment.

E-commerce

E-commerce revenue increased from SAR 7.9 million in the financial year 2021G to SAR 8.6 million in the financial year 2022G in line with the increase in quantities sold from 29.7 thousand to 36.6 thousand during the same period as a result of the ramp up effect of the Group's revamp of its e-commerce channels.

E-commerce revenue subsequently decreased from SAR 8.6 million in the financial year 2022G to SAR 8.0 million in the financial year 2022G despite the increase in quantities sold from 36.6 thousand to 38.1 thousand driven by the sales mix of products sold over the Group's e-commerce channels.

Lighting

Core Portfolio

Core portfolio includes all showrooms that were open prior to the historical period. Core portfolio showrooms included 15 showrooms spread across various regions within Kingdom of Saudi Arabia.

Core portfolio showroom revenue reported an increase from SAR 95.2 million in the financial year 2021G to SAR 114.7 million in the financial year 2022G primarily driven by the increase in revenue from two central region showrooms by SAR 11.4 million, "Imam Suad" by SAR 3.9 million and "AlYasmin" by SAR 3.6 million showrooms, in addition to the increase from the eastern region showrooms by SAR 4.1 million, namely "Emarah" by SAR 2.5 million and "Dhahran" by SAR 1.2 million showrooms. Accordingly, average revenue per showroom increased from SAR 6.3 million in the financial year 2021G to SAR 7.6 million in the financial year 2022G.

Core portfolio showroom revenue slightly increased from SAR 114.7 million in the financial year 2022G to SAR 116.5 million in the financial year 2023G with average sale per showroom increasing from SAR 7.6 million to SAR 7.8 million, with revenue growth reported in the "Jeddah" by SAR 2.7 million and "Khobar" by SAR 2.3 million showrooms, in the western and eastern regions respectively, partially offset by the decrease in revenue from "Emarah" by SAR 1.6 million and "Faisaliah" by SAR 1.1 million showrooms in the eastern region.

Showrooms Opened in the Financial Year 2021G

Showrooms opened in the financial year 2021G related to three showrooms opened in the northern region, located in Aljouf, Hail and Tabuk, in addition to one showroom opened in the southern region, located in Khamis Mushait. Revenue from showrooms opened in the financial year 2021G were reported at SAR 5.6 million in the financial year 2021G and increased to SAR 7.8 million in the financial year 2022G, with average sale per showroom reported at SAR 1.4 million increasing to SAR 1.9 million driven by the ramp up period and full year effect of the newly opened branches, with revenue growth driven from the showrooms opened in both, the northern region by SAR 1.2 million and southern region by SAR 1.1 million.

Revenue from showrooms opened in the financial year 2021G subsequently decreased from SAR 7.8 million in the financial year 2022G to SAR 6.5 million in the financial year 2023G mainly due to the decrease in average revenue per showroom from SAR 1.9 million to SAR 1.6 million, mainly driven by the decrease in revenue from the "Khamis Mushait" showroom by SAR 1.1 million in the southern region.

Showrooms Opened in the Financial Year 2022G

Showrooms opened in the financial year 2022G related to two showrooms, opened in Jubail Road in the eastern region and Jazan located in the southern region.

Revenue from showrooms opened in the financial year 2022G increased from SAR 7.8 million in the financial year 2022G to SAR 11.7 million in the financial year 2023G driven by the ramp up period and full year effect of the newly opened branches, with sales growth driven mainly from the showroom opened in "Jazan" by SAR 2.9 million.

Projects, Wholesale and Export

Projects, wholesale and export revenue decreased from SAR 10.9 million in the financial year 2021G to SAR 7.8 million in the financial year 2022G due to a decrease in exports over the financial year 2021G-2022G period, as the Group has historically exported its product offerings to Build Station LLC in the United Arab Emirates in financial year 2021G and has subsequently acquired Build Station LLC and therefore eliminated all intergroup sales upon consolidation.

Projects, wholesale and export revenue increased from SAR 7.8 million in the financial year 2022G to SAR 9.1 million in the financial year 2023G mainly driven by the Group's increased efforts in building up a client base in the projects and wholesale segments, with dedicated sales staff hired over the same period to act as relationship managers and create sales leads in this segment.

E-Commerce

E-commerce revenue decreased from SAR 5.4 million in the financial year 2021G to SAR 5.0 million in the financial year 2022G despite the increase in quantities sold from 95.7 thousand to 111.6 thousand units over the same period driven by the sales mix of products sold over the Group's e-commerce channels.

E-commerce revenue decreased further from SAR 5.0 million in the financial year 2022G to SAR 4.3 million in the financial year 2022G again driven by the sales mix of products sold over the Group's e-commerce channels, in addition to increased competition from new and existing real estate materials e-commerce channels over the 2022G-2023G financial period.

6.8.1.4 Revenue by Region and Channels

The table below summarises revenue by region and channels for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.8: Revenue by Region and Channels for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Marketing Home Group						
Ceramics showrooms						
Central region	48,235	56,051	62,690	16.2%	11.8%	14.0%
Eastern region	35,992	42,515	47,863	18.1%	12.6%	15.3%
Western region	2,984	16,561	15,817	455.0%	(4.5%)	130.2%
Al Qassim	13,445	11,525	10,872	(14.3%)	(5.7%)	(10.1%)
Southern region	6,789	7,513	9,429	10.7%	25.5%	17.8%
Northern region	3,200	3,261	3,084	1.9%	(5.4%)	(1.8%)
Total ceramic showrooms revenue	110,645	137,426	149,755	24.2%	9.0%	16.3%
Other revenue channels for ceramics						
Projects, wholesale and exports	15,078	9,912	12,172	(34.3%)	22.8%	(10.2%)
E-commerce	7,907	8,648	8,031	9.4%	(7.1%)	0.8%
Total other revenue channels for ceramics	22,985	18,560	20,203	(19.3%)	8.9%	(6.2%)
Total ceramics revenue	133,630	155,986	169,958	16.7%	9.0%	12.8%
Lighting showrooms						
Central region	43,100	54,461	54,636	26.4%	0.3%	12.6%
Eastern region	26,740	37,673	39,335	40.9%	4.4%	21.3%
Western region	15,219	18,432	21,130	21.1%	14.6%	17.8%
Al Qassim	4,908	4,209	4,601	(14.2%)	9.3%	(3.2%)
Southern region	7,389	10,909	10,660	47.6%	(2.3%)	20.1%
Northern region	3,387	4,548	4,279	34.3%	(5.9%)	12.4%
Total lighting revenue	100,743	130,232	134,641	29.3%	3.4%	15.6%
Other revenue channels for lighting						
Projects, wholesale and exports	10,882	7,815	9,098	(28.2%)	16.4%	(8.6%)
E-commerce	5,397	4,992	4,327	(7.5%)	(13.3%)	(10.5%)

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Total other revenue channels for lighting	16,278	12,807	13,425	(21.3%)	4.8%	(9.2%)
Total lighting revenue	117,021	143,039	148,066	22.2%	3.5%	12.5%
Other adjustments	-	-	2,615	NA	NA	NA
Unreconciling differences	243	-	-	(100.0%)	NA	(100.0%)
Total revenue from Marketing Group Home	250,894	299,025	320,639	19.2%	7.2%	13.0%
Subsidiaries						
Build Station LLC	-	20,073	37,569	NA	87.2%	NA
Ice Bear Contracting Company	-	4,645	7,214	NA	55.3%	NA
Engineer AlQafari Engineering Consultancy	-	-	10	NA	NA	NA
Total	250,894	323,743	365,432	29.0%	12.9%	20.7%

Source: Management information.

The Central and Eastern region comprise of the majority of the Group's showrooms as those regions have the highest population density and market demand for the Group's products, but also where competition is the highest. The Group has been continuously expanding into various regions in the Kingdom to establish a geographic presence, enhance brand awareness, while extending their market reach and growing revenue.

Ceramics Showrooms Revenue

Central Region

Central region had six showrooms within the Group's core portfolio, with one new showroom opening during the historical period. central region revenue increased from SAR 48.2 million in the financial year 2021G to SAR 56.1 million in the financial year 2022G driven by the increase in quantities sold from 430.8 thousand units to 452.1 thousand units over the 2021G-2022G financial period, mainly stemming from the increase in revenue generated from AlKharj showroom by SAR 5.7 million and by 25.6 thousand units, and AlYasmin showroom by SAR 1.5 million and by 2.3 thousand units.

Central region revenue increased further from SAR 56.1 million in the financial year 2022G to SAR 62.7 million in the financial year 2023G driven by the increase in quantities sold from 452.1 thousand units to 493.6 thousand units over the financial year 2022G-2023G period, primarily driven by an increase in revenue generated from the Imam Saud showroom by SAR 6.0 million and by 44.8 thousand units, coupled with an increase in revenue generated from the new showroom opened during the financial year 2023G, the AlTakhasusi sanitary showroom by SAR 5.6 million and by 21.9 thousand units.

Eastern Region

Eastern region had six showrooms as part of the Group's core portfolio with no new showroom openings across the historical period. Eastern region revenue increased from SAR 36.0 million in the financial year 2021G to SAR 42.5 million in the financial year 2022G driven by the increase in quantities sold from 328.9 thousand units to 332.2 thousand units, mainly stemming from the Jubail showroom by SAR 3.9 million and by 1.0 thousand units and the Khobar showroom by SAR 3.8 million and by 16.1 thousand units.

Eastern region revenue increased further from SAR 42.5 million in the financial year 2021G to SAR 47.9 million in the financial year 2023G driven by the increase in quantities sold from 332.2 thousand units to 372.6 thousand units mainly stemming from the Jubail showroom by SAR 2.6 million and by 18.9 thousand units, and Khobar showroom by SAR 3.0 million and by 22.8 thousand units.

Western Region

Western region had one showroom located in Jeddah across the historical period. Western region revenue increased from SAR 3.0 million in the financial year 2021G to SAR 16.6 million in the financial year 2022G driven by the increase in quantities sold from 20.9 thousand units to 114.6 thousand units over the 2021G-2022G financial period.

Western region revenue subsequently decreased from SAR 16.6 million in the financial year 2022G to SAR 15.8 million in the financial year 2023G driven by the decrease in quantities sold from 114.6 thousand units to 108.3 thousand units over the financial year 2022G-2023G period.

Al Qassim Region

Al Qassim region had two showrooms within the Group's core portfolio, with one new showroom opening during the historical period. AlQassim region revenue decreased from SAR 13.4 million in the financial year 2021G to SAR 11.5 million in the financial year 2022G driven by the decrease in quantities sold from 120.5 thousand units to 101.2 thousand units, stemming from a decrease in Buraydah showroom by SAR 1.4 million and by 10.5 thousand units, and Unaizah branch by SAR 0.5 million and by 8.9 thousand units.

Al Qassim region revenue decreased further from SAR 11.5 million in the financial year 2022G to SAR 10.9 million in the financial year 2023G driven by the decrease in quantities sold from 101.2 thousand units to 98.6 thousand units over the 2022G-2023G financial period, despite the Group's expansion in the region with the opening of one new showroom in the financial year 2023G, "Buraydah Sanitary". This decrease was mainly driven by decrease in the Group's existing showrooms, with a decrease in Buraydah by SAR 0.7 million and by 1.7 thousand units, and Unaizah by SAR 0.6 million and by 3.4 thousand units, offset by the revenue generated in the newly opened Buraydah Sanitary branch in the financial year 2023G by SAR 0.7 million and by 2.5 thousand units.

Southern Region

Southern region had one showroom within the Group's core portfolio, with one new showroom opening during the historical period. Southern region revenue increased from SAR 6.8 million in the financial year 2021G to SAR 7.5 million in the financial year 2022G driven by the increase in quantities sold from 58.5 thousand units to 60.7 thousand units over the 2021G-2022G financial period, mainly stemming from sales generated in the opening of the Jazan showroom by SAR 0.6 million and by 5.8 thousand units.

Southern region revenue increased further from SAR 7.5 million in the financial year 2021G to SAR 9.4 million in the financial year 2023G driven by the increase in quantities sold from 60.7 thousand units to 71.6 thousand units over the same period, with the increase again stemming from the increase in Jazan showroom sales by SAR 2.0 million and by 14.5 thousand units.

Northern Region

Northern region had one showroom within the Group's core portfolio, with one new showroom opening during the historical period. Northern region revenue increased slightly from SAR 3.2 million in the financial year 2021G to SAR 3.3 million in the financial year 2022G despite the decrease in quantities sold from 30.6 thousand units to 29.2 thousand units during the same period due to the ramp-up effect of sanitary products and their introduction in ceramics showrooms, which are sold in lower quantities but at higher prices. The increase was mainly stemming from revenue generated from the newly opened Hail showroom in financial year 2021G by SAR 0.7 million and by 4.9 thousand units, offset by a decrease in Tabuk showroom sales by SAR 0.6 million and by 6.3 thousand units.

Northern region revenue subsequently decreased from SAR 3.3 million in the financial year 2022G to SAR 3.1 million in the financial year 2023G driven by the decrease in quantities sold from 29.1 thousand units to 28.2 thousand units over the 2022G-2023G financial period, stemming from the decrease in Tabuk showroom revenue SAR 0.4 million and by 2.6 thousand units, offset slightly by an increase in Hail showroom revenue by SAR 0.2 million and by 1.6 thousand units.

Other Revenue Channels for Ceramics

Projects, Wholesale and Exports

Projects, wholesale and exports revenue are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

E-commerce

E-commerce revenues are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

Lighting Showrooms Revenue

Central Region

Central region had four showrooms within the Group's core portfolio, with no new showrooms opened during the historical period. Central region revenue increased from SAR 43.1 million in the financial year 2021G to SAR 54.5 million in the financial year 2022G driven by the increase in quantities sold from 1.8 million units to 2.2 million units, mainly stemming from increases from Imam Saud by SAR 3.9 million and by 112.4 thousand units, AlYasmin by SAR 3.6 million and by 138.4 thousand units, and Malaz by SAR 3.3 million and by 83.2 thousand units showrooms.

Central region increased further from SAR 54.5 million in the financial year 2022G to SAR 54.6 million in the financial year 2023G despite the decrease in quantities sold from 2.2 million units to 2.1 thousand units over the 2022G-2023G financial period, mainly stemming from AlTakhasusi by SAR 1.4 million and by 50.5 thousand units, and AlYasmin by SAR 0.5 million and by 29.1 thousand units. This was slightly offset by a decline in revenue from Malaz by SAR 1.0 million and by 77.2 thousand units, and Imam Saud by SAR 0.7 million and by 42.4 thousand units.

Eastern Region

Eastern region had six showrooms within the Group's core portfolio, with one new showroom opening during the historical period. Eastern region revenue increased from SAR 26.7 million in the financial year 2021G to SAR 37.7 million in the financial year 2022G driven by the increase in quantities sold from 1.3 million units to 1.7 million units mainly stemming from the newly opened Jubail Road branch in the financial year 2022G by SAR 6.9 million and by 303.1 thousand units, in addition to increases in Emarah by SAR 2.5 million and by 108.0 thousand units, Dhahran branch by SAR 1.2 million and by 60.5 thousand units, and Khobar by SAR 1.1 million and by 42.9 thousand units showrooms. These increases were offset by a decrease in revenue generated from the Faisaliah showroom by SAR 1.1 million and by 65.0 thousand units.

Eastern region revenue increased further from SAR 37.7 million in the financial year 2022G to SAR 39.3 million in the financial year 2023G, despite the decrease in quantities sold from 1.7 million units to 1.6 million units, with revenue growth mainly stemming from Jubail Road branch by SAR 2.9 million and by 95.0 thousand units, in addition to Khobar branch by SAR 2.2 million and by 55 thousand units sold, offset by revenue decreasing in Emarah's showroom by SAR 1.6 million and by 88.8 thousand units and Faisaliah's branches by SAR 1.1 million and by 67.6 thousand units.

Western Region

Western region had one showroom located in Jeddah across the historical period. Western region revenue increased from SAR 15.2 million in the financial year 2021G to SAR 18.4 million in the financial year 2022G driven by the increase in quantities sold from 739.4 thousand units to 823.9 thousand units over the 2021G-2022G financial period.

Western region revenue increased further from SAR 18.4 million in the financial year 2022G to SAR 21.1 million in the financial year 2023G despite the decrease in quantities sold from 823.9 thousand units to 810.6 thousand units due to changes in the sales mix of products sold over the 2022G-2023G financial period.

Al Qassim Region

Al Qassim had two showrooms within the Group's core portfolio during the historical period. AlQassim region revenue decreased from SAR 4.9 million in the financial year 2021G to SAR 4.2 million in the financial year 2022G driven by the decrease in quantities sold from 233.1 thousand units to 206.7 thousand units stemming from decreases in Buraydah's showroom by SAR 0.5 million and by 24.2 thousand units and Unaizah's showroom by SAR 0.2 million and by 2.2 thousand units.

Al Qassim region revenue subsequently increased from SAR 4.2 million in the financial year 2022G to SAR 4.6 million in the financial year 2023G despite the decrease in quantities sold from 206.7 thousand units to 198.7 thousand units stemming from an increase in revenue generated from Buraydah showroom by SAR 0.2 million and by 2.2 thousand units, coupled with an increase in Unaizah showroom by SAR 0.2 million and by 5.8 thousand units.

Southern Region

Southern region had two showrooms within the Group's core portfolio, with two new showrooms opened during the historical period. Southern region revenue increased from SAR 7.4 million in the financial year 2021G to SAR 10.9 million in the financial year 2022G driven by the increase in quantities sold from 336.4 thousand units to 529.9 thousand units due to new showroom openings, namely "Khamis Mushait" showroom during the financial year

2021G, and "Jazan" showroom during the financial year 2022G. This resulted in an increase in reported revenue stemming from Khamis Mushait by SAR 1.1 million and by 64.2 thousand units, and Jazan by SAR 1.0 million and by 48.1 thousand units, in addition to an increase in sales generated from the Abha showroom by SAR 1.0 million and by 38.2 thousand units.

Southern region revenue subsequently decreased from SAR 10.9 million in the financial year 2022G to SAR 10.7 million in the financial year 2023G due to the decrease in quantities sold from 529.9 thousand units to 490.6 thousand units over the 2022G-2023G financial period stemming from Khamis Mushait by SAR 1.0 million and by 55.7 thousand units and Abha by SAR 0.4 million and by 33.8 thousand units showrooms, offset by an increase in revenue from the Jazan showroom by SAR 1.0 million and by 47.5 thousand units.

Northern Region

Northern region had three showrooms which were all newly opened during the historical period. Northern region revenue were reported at SAR 3.4 million in the financial year 2021G and increased to SAR 4.5 million in the financial year 2022G driven by the increase in quantities sold from 174.4 thousand units to 220.4 units due to the ramp up effect of the new showroom openings, with revenue growth stemming from AlJouf by SAR 0.6 million and by 25.3 thousand units, Hail by SAR 0.4 million and by 15.0 thousand units, and Tabuk by SAR 0.1 million and by 5.7 thousand units showrooms.

Northern region revenue subsequently decreased from SAR 4.5 million in the financial year 2022G to SAR 4.3 million in the financial 2023G driven by a decrease in quantities sold from 220.4 thousand units to 177.0 thousand units stemming from decreases in AlJouf by SAR 0.3 million and by 24.7 thousand units and Tabuk by SAR 0.2 million and by 15.8 thousand units showrooms, offset by an increase in Hail showroom revenue by SAR 0.2 million.

Projects, Wholesale and Exports

Projects, wholesale and exports revenue are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

E-commerce

E-commerce revenues are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

6.8.1.5 Cost of Revenues

The table below summarises cost of revenues for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.9: Cost of Revenues for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Inventory at the beginning of the year	107,318	131,928	175,804	22.9%	33.3%	28.0%
Purchases, net	126,525	166,717	161,644	31.8%	(3.0%)	13.0%
Inventory at the end of the year	(131,928)	(175,804)	(181,514)	33.3%	3.2%	17.3%
Total cost of revenue	101,915	122,841	155,934	20.5%	26.9%	23.7%

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G and management information.

Cost of Revenue

Cost of revenue mainly includes costs of goods sold of ceramics and lighting inventory across Marketing Home Group and Build Station LLC, with Ice Bear Contracting Company cost of revenue including staff-related costs and other overheads due to the nature of the operations. Cost of revenue increased from SAR 101.9 million in the financial year 2021G to SAR 122.8 million in the financial year 2022G due to the increases in Marketing Home Group within ceramics by SAR 9.8 million and lighting by SAR 8.4 million, coupled with cost of revenue reported under Build Station LLC by SAR 9.9 million and Ice Bear Contracting Company by SAR 2.7 million upon consolidation in the financial year 2022G.

Cost of revenue increased further from SAR 122.8 million in the financial year 2022G to SAR 155.9 million in the financial year 2023G again trailing revenue growth, with cost of revenue within Marketing Home Group increasing in both ceramics by SAR 4.8 million and lighting categories by SAR 4.5 million, coupled with increases in Build Station LLC by SAR 10.2 million and Ice Bear Contracting Company by SAR 2.7 million driven by revenue growth in both Subsidiaries.

Marketing Home Group Ceramics Costs of Revenue

Marketing Home Group ceramics costs of revenue increased from SAR 60.2 million in the financial year 2021G to SAR 69.9 million in the financial year 2022G, mainly driven by an increase in sanitary by SAR 9.1 million due to an increase in quantities sold from 36.8 thousand to 120.8 thousand, and others by SAR 2.3 million due to an increase in quantities sold from 191.0 thousand to 216.5 thousand units. This was offset by the decrease in ceramic by SAR 0.8 million due to a decrease in quantities sold from 164.3 thousand to 131.2 thousand, driven by a shift in consumer preference towards porcelain tiles.

Marketing Home Group ceramics cost of revenue increased further from SAR 69.9 million in the financial year 2022G to SAR 74.7 million in the financial year 2023G, mainly driven by an increase in sanitary by SAR 4.8 million due to an increase in quantities sold from 120.8 thousand to 176.2 thousand and others by SAR 2.0 million due to an increase in quantities sold from 216.5 thousand to 263.2 thousand, offset by the decrease in ceramic by SAR 1.7 million due to the continuous decrease in quantities sold from 131.2 thousand to 92.0 thousand units, driven by the continuous shift in consumer preference towards porcelain tiles.

Marketing Home Group Lighting Cost of Revenue

Marketing Home Group lighting cost of revenue increased from SAR 41.7 million in the financial year 2021G to SAR 42.4 million in the financial year 2022G, mainly driven by an increase in outdoor lighting by SAR 1.8 million due to an increase in quantities sold from 102.7 thousand to 142.4 thousand units, and wiring by SAR 0.9 million due to an increase in quantities sold from 988.6 thousand to 1.0 million units, offset by the decrease in Hypnotek by SAR 2.0 million due to slowdown in quantities sold from 70.3 thousand to 57.5 thousand units.

Marketing Home Group lighting category cost of revenue increased from SAR 42.4 million in the financial year 2022G to SAR 46.9 million in financial year 2023G, mainly driven by an increase in indoor lighting by SAR 5.8 million due to a rise in quantities sold from 5.0 million to 5.2 million units, offset by the decrease in wiring by SAR 2.2 million trailing quantities sold from 1.0 million to 612.8 thousand units over the same period.

Other Adjustments

Other adjustments were reported as a deduction of by SAR 2.1 million during the financial year 2022G and related to eliminated cost of revenue upon consolidation for inventories sold to Build Station LLC which were still held as at year-end.

Other adjustments were reported at SAR 8.8 million in the financial year 2023G, and mainly related to the reclassification of inventory provisions of SAR 6.1 million during the year, which were previously reported under general and administrative expenses, in addition to SAR 2.3 million in relation to product test certification fees from Saudi Arabia Standards Organisation on imported goods from China and upon arriving to Kingdom of Saudi Arabia.

Build Station LLC

Cost of revenue for Build Station LLC was reported at SAR 9.9 million in the financial year 2022G upon the Group's consolidation during the financial year 2022G. It is worth noting that Build Station LLC's cost of revenue similar to Marketing Home Group, only includes cost of goods sold, however bear additional logistics and customs clearing cost to be delivered to the United Arab Emirates market.

Build Station LLC cost of revenue increased from SAR 9.9 million in the financial year 2022G to SAR 20.0 million in the financial year 2023G trailing revenue growth over the 2022G-2023G financial period.

Ice Bear Contracting Company

Ice Bear Contracting Company cost of revenue was reported at SAR 2.7 million in the financial year 2022G upon the Group's consolidation during the financial year 2022G and increased to SAR 5.4 million in the financial year 2023G mainly primarily driven by the revenue growth over the 2022G-2023G financial period, in addition to the increase in sales of HVAC related supplies which carry additional costs of goods sold in addition to staff costs, overheads and other operational expenses.

Engineer Musaad AlQafari Engineering Consultancy

Engineer Musaad AlQafari Engineering Consultancy cost of revenue were reported at SAR 87 thousand in the financial year 2023G and relate mainly to staff costs.

6.8.1.6 Selling and Marketing Expenses

The table below summarises selling and marketing expenses for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.10: Selling and Marketing Expenses for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Salaries, wages and equivalents	23,716	31,518	27,993	32.9%	(11.2%)	8.6%
Depreciation of right-of-use assets	7,317	11,371	8,472	55.4%	(25.5%)	7.6%
Depreciation of property, plant and equipment	2,252	3,109	5,284	38.1%	69.9%	53.2%
Marketing and advertising	1,325	3,440	4,849	159.5%	41.0%	91.3%
Transportation and distribution	2,561	4,552	4,600	77.7%	1.1%	34.0%
Sales staff commissions	-	-	3,605	NA	NA	NA
Visas and accommodation	1,077	1,848	2,553	71.6%	38.2%	54.0%
GOSI	-	-	1,598	NA	NA	NA
Hospitality and cleanliness	306	873	581	184.9%	(33.4%)	37.7%
Packing materials	448	646	576	44.1%	(10.8%)	13.3%
Medical insurance and treatment	417	419	241	0.3%	(42.4%)	(24.0%)
Benefits and services	1,104	1,769	195	60.2%	(89.0%)	(58.0%)
Travel and transportation	154	828	147	435.8%	(82.3%)	(2.5%)
Insurance and maintenance	688	1,612	127	134.3%	(92.2%)	(57.1%)
Stationery and printings	347	367	45	5.7%	(87.7%)	(63.9%)
Rent	-	894	-	NA	(100.0%)	NA
Others	550	641	2,655	16.5%	314.2%	119.7%
Total	42,264	63,886	63,520	51.2%	(0.6%)	22.6%
Operational KPIs				Aa a percentage / point		
As a percentage of revenue						
Salaries, wages and equivalents	9.5%	9.7%	7.7%	0.3	(2.1)	(1.8)
Depreciation of right-of-use assets	2.9%	3.5%	2.3%	0.6	(1.2)	(0.6)
Depreciation of property, plant and equipment	0.9%	1.0%	1.4%	0.1	0.5	0.5
Advertising	0.5%	1.1%	1.3%	0.5	0.3	0.8
Transportation and distributio	1.0%	1.4%	1.3%	0.4	(0.1)	0.2
Sales staff commissions	0.0%	0.0%	1.0%	-	1.0	1.0

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Visas accommodation and	0.4%	0.6%	0.7%	0.1	0.1	0.3
Others	1.6%	2.5%	1.7%	0.9	(0.8)	0.1
Total	16.8%	19.7%	17.4%	2.9	(2.4)	0.5
Average number of employees	279	379	477	100	98	198
Average monthly staff costs employee (SAR)	7,084	6,930	4,890	(2.2%)	(29.4%)	(16.9%)

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G and management information.

Salaries, Wages and Equivalents

The salaries, wages, and equivalents increased from SAR 23.7 million in the financial year 2021G to SAR 31.5 million in the financial year 2022G. This increase was driven by significant hiring in line with the Group's expansion, including the opening of several new showrooms, as well as the establishment of new facilities and support functions such as warehouses and logistics services. Additionally, the Group hired extra employees as part of acquisitions made during the financial year 2022G. The total number of employees increased from 279 to 379 between the financial years 2021G and 2022G. This increase was also accompanied by upward adjustments in the salaries of long-serving employees within the Marketing Home Group.

Salaries, wages, and equivalents decreased from SAR 31.5 million in the financial year 2022G to SAR 28.0 million in the financial year 2023G, despite the continued increase in hiring, with the average number of employees increasing from 379 in the financial year 2022G to 477 in the financial year 2023G. This decrease was primarily due to the reclassification of sales commissions amounting to SAR 3.6 million in the financial year 2023G and social insurance expenses of SAR 1.6 million in the financial year 2023G, which were previously included under salaries, wages, and other expenses. These items were now separately reported under selling and marketing expenses, as opposed to being historically included within salaries, wages and equivalents in the financial years 2021G and 2022G.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets increased from SAR 7.3 million in the financial year 2021G to SAR 11.3 million in the financial year 2022G. This increase was primarily due to the Group's expansion with new showroom lease contracts, as well as the right-of-use assets recognised from the consolidation of the Group's Subsidiaries, such as Build Station LLC, which had various lease agreements for three showrooms and two warehouses in the United Arab Emirates.

Depreciation of right-of-use assets subsequently decreased from SAR 11.3 million in the financial year 2022G to SAR 8.5 million in the financial year 2023G mainly due to the reclassification of right-of-use assets related to the Group's administrative offices, which were previously reported under selling and marketing expenses. These assets were reclassified under general and administrative expenses following a change in the Group's external auditor during the financial year 2023G.

Depreciation of Property, Plant and Equipment

The depreciation of property, plant, and equipment increased from SAR 2.3 million in the financial year 2021G to SAR 3.1 million in the financial year 2022G, primarily due to improvements made to leased buildings for the Group's administrative offices, in line with the significant increase in the number of employees. Additionally, the recognition of property, plant, and equipment from the Group's Subsidiaries during the financial year 2022G contributed to the increase in depreciation expenses.

Depreciation of property, plant, and equipment further increased from SAR 3.1 million in the financial year 2022G to SAR 5.3 million in the financial year 2023G, as the Group continued making improvements to its leased offices during the financial year 2023G. The Group plans to establish a team for Build Station LLC within the Kingdom of Saudi Arabia at the offices of the Marketing Home Group.

Advertising

Advertising expenses relate to the production of marketing materials, advertising on various channels, and other traditional marketing methods such as printed brochures and booklets.

Advertising expenses significantly increased from SAR 1.3 million in the financial year 2021G to SAR 3.4 million in the financial year 2022G, driven by the various marketing campaigns implemented during the 2021G-2022G financial period. The group increased spending on social media advertising to activate the opening of new showrooms and expand customer reach, in addition to engaging media consultants to produce video materials and content related to the Group's participation in various international exhibitions. The spending also included the production of marketing materials for Build Station LLC, as the Group aims to enhance the brand recognition of Build Station LLC.

Advertising expenses increased from SAR 3.4 million in the financial year 2022G to SAR 4.8 million in the financial year 2023G, as the Group continued to produce marketing materials to strengthen its efforts in promoting the Build Station LLC. This coincided with focused marketing initiatives to showcase the Group's new brand and product offerings through participation in local and international events (specifically in Oman, the United Arab Emirates, and China) during the 2023G financial year, in preparation for the IPO.

Transportation and Distribution

Transportation and distribution expenses primarily relate to third-party logistics services and other services associated with deliveries between showrooms, warehouses, and customers, as well as fuel and transportation costs.

Transportation and distribution expenses increased from SAR 2.6 million in the financial year 2021G to SAR 4.6 million in both the financial years 2022G and 2023G. This increase was primarily driven by higher revenue during the 2021G-2022G financial period, as well as an increase in e-commerce sales, which resulted in an increased number of deliveries. This was accompanied by higher logistics costs during the same period due to increasing fuel costs.

Transportation and distribution expenses subsequently remained relatively stable, amounting to SAR 4.6 million in the financial year 2023G, whereby the Group made additions to its delivery fleet and increasingly relied on its internal logistics functions to deliver sales to customers. This shift led to a decrease in the reliance on third-party logistics service providers.

Sales Staff Commissions

Sales commissions are paid to sales employees for achieving sales targets based on the Group's budgets and forecasts, as well as the market size within those regions or showrooms. Historically, sales commissions were included under the salaries, wages, equivalents category in the financial years 2021G and 2022G. However, they were reclassified and presented under a separate sub-category within selling and marketing expenses in the financial year 2023G, following a change in the Group's external auditors in 2023G. Sales commissions amounted to SAR 3.6 million in the financial year 2023G.

Visas and Accommodation

Visa and accommodation expenses continued to increase during the historical period, reaching SAR 1.1 million in the financial year 2021G, increasing to SAR 1.8 million in the financial year 2022G, and further increasing to SAR 2.6 million in the financial year 2023G. This increase was primarily driven by new hires as well as employees added through the Group's acquisitions during the financial years 2022G-2023G. The average number of employees also increased from 279 employees in the financial year 2021G to 379 employees in the financial year 2022G, and then to 477 employees in the financial year 2023G. The Group also provides visas, and residency permits for foreign nationals, which further impacted visa and residency costs over the historical period.

GOSI

GOSI expenses consist of contributions paid to the GOSI for both Saudi and foreign employees, calculated at a fixed rate of their basic salaries, housing allowances, and transport allowances, in accordance with the labour law in Saudi Arabia. Additionally, social insurance contributions are paid for the Group's employees in its branch in the United Arab Emirates, in accordance with the United Arab Emirates labour law.

GOSI expenses were historically classified under salaries, wages, and other employee benefits in the financial years 2021G and 2022G. However, they were reclassified into a separate subcategory under selling and marketing expenses during the financial year 2023G, following a change in the Group's external auditors in the same year. GOSI expenses amounted to SAR 1.6 million in the financial year 2023G.

Hospitality and Cleanliness

Hospitality and cleanliness expenses relate to the costs of food and beverages provided for employees and clients at the Group's showrooms.

Hospitality and cleanliness expenses increased from SAR 0.3 million in the financial year 2021G to SAR 0.9 million in the financial year 2022G. This increase was primarily due to the higher number of new showrooms that were opened, which led to higher hospitality costs during the showroom openings to activate the showrooms and attract customers.

Subsequently, hospitality and cleanliness expenses decreased from SAR 0.9 million in the financial year 2022G to SAR 0.6 million in the financial year 2023G. This decline was a result of a decrease in the number of showroom openings during the financial year 2023G compared to the previous year, leading to lower hospitality expenses incurred during the 2022G-2023G financial period.

Packing Materials

Packing materials expenses relate to the packaging, packing, and storage of the Group's products. Packing material expenses increased from SAR 0.4 million in the financial year 2021G to SAR 0.6 million in the financial year 2022G, in line with the growth in sales during the same period, particularly in the lighting category, where the Group incurs higher packaging costs within this category.

Packing material expenses stabilised at an average of SAR 0.6 million in both the financial years 2022G and 2023G, despite the reported sales growth between 2022G and 2023G. The Group managed to improve its packaging costs, specifically within the lighting category, by sourcing packaging supplies at better rates and lower prices.

Medical Insurance and Treatment

Medical insurance and treatment expenses averaged SAR 0.4 million in both the financial years 2021G and 2022G and decreased to SAR 0.2 million in the financial year 2023G. This decrease was due to the reclassification of part of these expenses to general and administrative expenses in the financial year 2023G, following the change in the Group's external auditors during that year.

Benefits and Services

Benefits and services mainly include subscription fees for internet and exhibition services, as well as subcontracted services for the Group's showrooms and other operational facilities. Benefits and services increased from SAR 1.1 million in the financial year 2021G to SAR 1.8 million in the financial year 2022G, primarily driven by the Group's expansion with the opening of new showrooms.

Subsequently, benefits and services decreased from SAR 1.8 million in the financial year 2022G to SAR 0.2 million in the financial year 2023G, due to the reclassification of these expenses under the "Other" category within selling and marketing expenses in the financial year 2023G, following the change in the Group's external auditors during that year.

Travel and Transportation

Travel and transportation expenses include flight tickets, transportation, and fuel costs for the regional management of the Group's showrooms. Travel and transportation expenses increased from SAR 0.2 million in the financial year 2021G to SAR 0.8 million in the financial year 2022G due to various employee transfers and other travel costs associated with the hiring of additional logistics staff in line with the Group's expansion, as well as appointments for regional managers.

Subsequently, travel and transportation expenses decreased from SAR 0.8 million in the financial year 2022G to SAR 0.1 million in the financial year 2023G, due to a lower number of new showroom openings during the financial year 2023G, resulting in reduced relocation costs during the same period.

Insurance and Maintenance

Insurance and maintenance expenses primarily relate to premiums for all properties and vehicles. Insurance and maintenance expenses increased from SAR 0.7 million in the financial year 2021G to SAR 1.6 million in the financial year 2022G, driven by the Group's expansion during the period from 2021G to 2022G, along with additional increases in annual insurance premiums.

Subsequently, insurance and maintenance expenses decreased from SAR 1.6 million in the financial year 2022G to SAR 0.1 million in the financial year 2023G. This decrease was primarily due to the reclassification of property insurance costs to general and administrative expenses in the financial year 2023G, as well as the reclassification of maintenance costs related to defective lighting products under warranty, which were previously included under insurance and maintenance expenses in the financial year 2022G. These were subsequently included under the "Other" category within selling and marketing expenses following the change of the Group's external auditors in the financial year 2023G.

Stationery and Printings

Stationery and printings expenses relate to stationery, ink, and computer accessories used in the Group's offices, showrooms, and operational facilities.

The average expenses for printing and stationery decreased from SAR 0.4 million in both the financial years 2021G and 2022G to SAR 45 thousand in the financial year 2023G. This decrease was primarily due to the reclassification of these expenses to general and administrative expenses after the change of the Group's external auditors in the financial year 2023G.

Rent

Rent primarily relates to short-term accommodation for sales and logistics staff.

Rental expenses amounted to SAR 0.9 million in the financial year 2022G and decreased to nil in the financial year 2023G due to reclassification to general and administrative expenses, following the change in the Group's external auditors in the financial year 2023G.

Others

Other expenses averaged SAR 0.6 million in the financial years 2021G and 2022G and increased to SAR 2.7 million in the financial year 2023G. This increase was due to the replacement of defective lighting products under warranty amounting to SAR 0.8 million, which had been incorrectly listed under insurance and maintenance expenses in the financial year 2022G. Additionally, subcontracting expenses of SAR 1.0 million, previously included under services and benefits in the financial year 2022G, were reclassified following the change in the Group's external auditors in the financial year 2023G.

6.8.1.7 General and Administrative Expenses

The table below summarises general and administrative expenses for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.11: General and Administrative Expenses for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Salaries, wages and equivalents	20,738	28,540	32,807	37.6%	15.0%	25.8%
Legal, governmental and professional fees	2,457	3,077	6,987	25.2%	127.1%	68.6%
Stationery and printings	-	957	4,610	NA	381.7%	NA
Depreciation of right-of-use assets	-	-	4,156	NA	NA	NA
Depreciation of property, plant and equipment	2,139	3,968	3,353	85.5%	(15.5%)	25.2%
Vehicle insurance and maintenance	695	1,627	2,394	134.2%	47.1%	85.6%
Travel and transportation	349	1,051	2,109	200.9%	100.7%	145.8%
Hospitality and cleanliness	436	1,931	2,059	342.9%	6.6%	117.3%
Service contractor expenses	-	1,591	1,871	NA	17.6%	NA
Bank charges	632	1,053	1,405	66.7%	33.4%	49.1%
Rents	461	440	1,123	(4.5%)	155.1%	56.1%
Medical insurance and treatment	464	792	1,040	70.8%	31.3%	49.8%
GOSI	-	1,913	955	NA	(50.1%)	NA

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Benefits and Services	722	1,061	633	46.9%	(40.3%)	(6.4%)
Amortisation of intangible assets	-	63	76	NA	20.8%	NA
Provision for slow moving inventory	2,797	5,682	-	103.1%	(100.0%)	(100.0%)
Consulting fees	1,339	2,506	-	87.2%	(100.0%)	(100.0%)
Marketing and advertising	370	1,067	-	188.2%	(100.0%)	(100.0%)
Provision for expected credit losses	509	64	-	(87.4%)	(100.0%)	(100.0%)
Licences for computer programmes and supplies	1,288	-	-	(100.0%)	NA	(100.0%)
Others	2,308	2,704	3,472	17.2%	28.4%	22.7%
Total	37,704	60,088	69,051	59.4%	14.9%	35.3%
As a percentage of revenue	Percentage points					
Salaries, wages and equivalents	8.3%	8.8%	9.0%	0.5	0.2	0.7
Legal, governmental and professional fees	1.0%	1.0%	1.9%	(0.0)	1.0	0.9
Stationery and printings	0.0%	0.3%	1.3%	0.3	1.0	1.3
Depreciation of right-of-use assets	0.0%	0.0%	1.1%	-	1.1	1.1
Others	5.8%	8.5%	5.6%	2.7	(2.9)	(0.2)
Total	15.0%	18.6%	18.9%	3.9	0.3	3.9
Average number of employees	76	121	189	45	68	113
Average monthly staff costs employee (SAR)	22,739	19,656	14,465	(13.6%)	(26.4%)	(20.2%)

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G and management information.

Salaries, Wages and Equivalents

Salaries, wages and equivalents increased from SAR 20.7 million in the financial year 2021G to SAR 28.5 million in the financial year 2022G. This increase was driven by significant hiring aligned with the Group's expansion, including the opening of multiple new showrooms, as well as the addition of facilities and supporting functions such as warehouses and logistics. Additionally, new employees were onboarded as part of the acquisitions made by the Group in the financial year 2022G, with the number of employees increasing from 76 to 121 during the 2021G-2022G period. This was also accompanied by upward adjustments to the salaries of long-serving employees within the Marketing Home Group.

Salaries, wages and equivalents increased from SAR 28.6 million in the financial year 2022G to SAR 32.8 million in the financial year 2023G, as the Group continued to increase hiring to build stronger customer support and after-sales service function ahead of its contemplated public offering. The average number of employees increased from 121 in the financial year 2022G to 189 in the financial year 2023G. At the same time, the average monthly employee cost decreased from SAR 19.7 thousand in the financial year 2022G to SAR 14.5 thousand in the financial year 2023G, due to the hiring of new employees at relatively lower salaries in line with market rates, compared to the long-serving employees within the Group.

Legal, Governmental and Professional Fees

Legal, government, and professional fees related to various consultancy fees reported under this subcategory, as well as recurring government expenses such as residency, sponsorship, building permits, commercial registration fees, and others.

Legal, government, and professional fees increased from SAR 2.5 million in the financial year 2021G to SAR 3.1 million in the financial year 2022G. This increase was driven by the Group's expansion in terms of its operations, with additional showrooms and an increase in the number of employees, as well as expenses incurred by consolidated entities in the financial year 2022G.

Subsequently, legal, government, and professional fees further increased from SAR 3.1 million in the financial year 2022G to SAR 7.0 million in the financial year 2023G, mainly due to the reclassification of consultancy fees amounting to SAR 2.8 million, which were historically included under a separate subcategory within government and acquisition expenses. These include audit fees, consultancy fees, and other advisory services. Additionally, there was an increase in government-related expenses following the Group's continued expansion within the Marketing Home Group and its Subsidiaries.

Stationery and Printings

Stationery and printing expenses relate to office supplies, ink, and computer peripherals used in the Group's offices, showrooms, and operational facilities, as well as subscriptions and other fees related to the Group's Enterprise Resource Planning (ERP) systems. Among these systems is Microsoft Dynamics, which was activated in the financial year 2022G.

Stationery and printing expenses increased from SAR 1.0 million in the financial year 2022G to SAR 4.6 million in the financial year 2023G. This increase was primarily due to the increase in subscription fees related to the Microsoft Dynamics system, amounting to SAR 2.6 million, as well as an increase in costs for stationery, ink, and other consumables by SAR 0.5 million during the financial period from 2022G-2023G.

Depreciation of Right-of-Use Assets

Historically, the depreciation of right-of-use assets was recorded under the selling and marketing expenses in the financial years 2021G and 2022G for all leased assets. However, in the financial year 2023G, depreciation related to right-of-use assets used for administrative functions of the Group, such as the head office, was reclassified under general and administrative expenses, amounting to SAR 4.2 million.

Depreciation of Property, Plant and Equipment

The depreciation of property, plant, and equipment increased from SAR 2.1 million in the financial year 2021G to SAR 4.0 million in the financial year 2022G, driven by ongoing additions to the Group's administrative offices, as well as depreciation resulting from the consolidation of the Group's Subsidiaries in the financial year 2022G.

Subsequently, the depreciation of property, plant, and equipment decreased from SAR 4.0 million in the financial year 2022G to SAR 3.4 million in the financial year 2023G, despite continued additions to the Group's property, plant, and equipment. This decrease was primarily due to the reclassification of part of the depreciation expenses, which were recorded under selling and marketing expenses during the financial year 2023G following the change in the Group's external auditor.

Vehicle Insurance and Maintenance

The vehicle insurance and maintenance expenses primarily relate to all insurance premiums paid by the Group for its properties and vehicles. Insurance and maintenance expenses increased from SAR 0.7 million in the financial year 2021G to SAR 1.6 million in the financial year 2022G, partly driven by the addition of fire insurance coverage worth SAR 0.3 million to the Group's insurance policy in the financial year 2022G. Additionally, the increase in insurance premiums was attributed to the expansion of the Group's facilities and the inclusion of Subsidiaries under the Group's insurance policy in the financial year 2022G.

Subsequently, vehicle insurance and maintenance expenses increased from SAR 1.6 million in the financial year 2022G to SAR 2.4 million in the financial year 2023G, mainly due to further increases in insurance premiums in the financial year 2023G, along with the Group's continued expansion.

Travel and Transportation

Travel and transportation expenses include airfare, transportation, and fuel costs for business travel of middle and senior management. Travel and transportation expenses increased from SAR 0.3 million in the financial year 2021G to SAR 1.1 million in the financial year 2022G, driven by frequent business trips, the Group's broader geographic expansion, participation in exhibitions, and higher travel and relocation costs for regional managers.

Subsequently, travel and transportation expenses increased further from SAR 1.1 million in the financial year 2022G to SAR 2.1 million in the financial year 2023G, primarily due to higher levels of business trips, as well as the Group's involvement in international exhibitions and sending delegations to cross-border events, resulting in a significant increase in travel and transportation costs.

Hospitality and Cleanliness

Hospitality and cleanliness expenses relate to the costs of food and beverages provided to employees and clients at the Group's administrative offices, as well as other hospitality costs incurred during visits by suppliers and key clients to the Kingdom of Saudi Arabia. These expenses increased from SAR 0.4 million in the financial year 2021G to SAR 1.9 million in the financial year 2022G, driven by higher costs associated with hospitality during the opening of new showrooms, as well as frequent visits by Chinese and Spanish suppliers to the Kingdom of Saudi Arabia.

Subsequently, hospitality and cleanliness expenses further increased from SAR 1.9 million in the financial year 2022G to SAR 2.1 million in the financial year 2023G, due to the ongoing costs the Group incurred for opening new showrooms and hosting key regional clients and international suppliers in the Kingdom of Saudi Arabia during the financial period 2022G-2023G.

Service Contractor Expenses

Service contractor expenses primarily relate to subcontracted services for administrative and legal functions within the Group's Subsidiaries, Build Station LLC and Ice Bear Contracting Company.

Service contractor expenses increased from SAR 1.6 million in the financial year 2022G to SAR 1.9 million in the financial year 2023G. This was primarily driven by higher fees incurred at Build Station LLC and Ice Bear Contracting Company following the merger, as the Group made improvements to the legal and administrative functions of these entities.

Bank Charges

Bank charges primarily relate to the commissions paid to banks for sales made through the Group's point-of-sale (POS) systems at its showrooms, as well as other banking fees.

Bank charges increased from SAR 0.6 million in the financial year 2021G to SAR 1.1 million in the financial year 2022G. This increase was primarily driven by higher commission fees in line with the growth in sales generated through the Group's POS systems, which was further influenced by the continued shift in consumer behaviour towards digital payments following the COVID-19 pandemic.

Bank charges continued to increase from SAR 1.1 million in the financial year 2022G to SAR 1.4 million in the financial year 2023G. This increase was in line with the overall growth in sales during the period from 2022G-2023G, as payments through POS devices accounted for most of the Group's sales.

Rents

Rent expenses pertain to accommodation costs for frontline employees and other workers, where the rental expenses are accounted for as operating lease contracts.

Rent expenses remained relatively stable at an average of SAR 0.5 million in the financial year 2021G and the financial year 2022G. However, it increased to SAR 1.1 million in the financial year 2023G, in line with the geographic expansion of the Group. This increase was due to the provision of accommodation for newly appointed administrative staff near the Group's operational facilities, particularly for logistics and service staff.

Medical Insurance and Treatment

Medical insurance and treatment costs continued to increase during the historical period, reaching SAR 0.5 million in the financial year 2021G, increasing to SAR 0.8 million in the financial year 2022G, and further increasing to SAR 1.0 million in the financial year 2023G. This was in line with the gradual increases in annual medical insurance premiums upon renewal during the period, along with the significant increase in new hires, including employees eligible for medical insurance according to the Group's policies.

GOSI

GOSI consists of contributions paid to the GOSI for both Saudi and foreign employees at a fixed rate based on their basic salaries, housing allowances, and transportation allowances, in accordance with the labour laws in the Kingdom of Saudi Arabia. This also includes social insurance contributions paid for the Group's employees in its branch in the United Arab Emirates, in compliance with the labour laws in the United Arab Emirates.

GOSI was previously recorded as part of employee costs in the financial year 2021G and was later reclassified into a separate subcategory within general and administrative expenses. The value of GOSI was SAR 1.9 million in the financial year 2022G and decreased to SAR 1.0 million in the financial year 2023G, primarily due to additional reclassifications made following the change in the Group's external auditors in the financial year 2023G. A portion of the social insurance related to sales and marketing employees was recorded under selling and marketing expenses as a separate subcategory in the financial year 2023G.

Benefits and Services

Benefits and services primarily relate to internet subscription fees and exhibition costs used in the Group's administrative offices and other operational facilities.

Benefits and services increased from SAR 0.7 million in the financial year 2021G to SAR 1.1 million in the financial year 2022G, due to the increase in subscriptions aligned with the Group's expansion during the financial period 2021G-2022G. Benefits and services then decreased from SAR 1.1 million in the financial year 2022G to SAR 0.6 million in the financial year 2023G due to a shift in exhibition service providers, where the Group was able to obtain similar levels of exhibition services at lower monthly fees.

Amortisation of Intangible Assets

Amortisation of intangible assets relates to the expenses incurred for the amortisation of capitalised software. The amortisation expense for intangible assets amounted to SAR 63 thousand in the financial year 2022G and SAR 76 thousand in the financial year 2023G.

Provision for Slow Moving Inventory

Provisions for slow-moving inventory relate to the provision made for inventory items that have not been sold during the year. The Group's policy is to record a provision of 50 per cent. during the first year for any specific inventory unit that has not had any movement, and to record a provision of 100 per cent. against any unit of inventory that has not had any movement over a two-year period. It is important to note that if a provision is made for a particular inventory unit and subsequent sales are recorded from that inventory, the item is no longer considered slow-moving inventory, and the provision is reversed accordingly.

Provisions for slow-moving inventory amounted to SAR 2.8 million in the financial year 2021G and increased to SAR 5.7 million in the financial year 2022G due to an increase in idle inventory within the Group's stock, necessitating the provision in line with the Group's policies. The provisions for slow-moving inventory were subsequently reclassified to be presented as part of the cost of revenues in the financial year 2023G, following the change in the Group's external auditor.

Consulting Fees

Consulting fees increased from SAR 1.3 million in the financial year 2021G to SAR 2.5 million in the financial year 2022G, due to the various advisory services received during the period from 2021G to 2022G as part of the preparations for the Group's anticipated public offering.

Consulting fees were subsequently reclassified to be presented under the "Government Expenses" section within general and administrative expenses during the financial year 2023G, following a change in the Group's external auditors in the financial year 2023G.

Marketing and Advertising

Marketing and advertising relate to the costs incurred for activating new showrooms and other advertising expenses. Marketing and advertising expenses increased from SAR 0.4 million in the financial year 2021G to SAR 1.1 million in the financial year 2022G due to the increased spending on activating new showrooms that were opened during the financial year 2021G-2022G.

Marketing and advertising expenses decreased to nil in the financial year 2023G, as these expenses were reclassified to be presented under marketing and sales expenses in the financial year 2023G, following a change in the Group's external auditors in the financial year 2023G.

Provision for Expected Credit Losses

Provision for expected credit losses decreased from SAR 0.5 million in the financial year 2021G to SAR 64 thousand in the financial year 2022G, due to improved credit management and accounts receivable, which required provisions according to the Group's assessment of expected credit losses.

Provision for expected credit losses were reclassified to be presented under cost of revenue in the financial year 2023G, following a change in the Group's external auditors in the financial year 2023G.

Licences for Computer Programmes and Supplies

Licences for computer programmes and supplies was SAR 1.2 million in the financial year 2021G. These were reclassified to be presented under the stationery and printing category in the financial years 2022G and 2023G, following a change in the Group's external auditors in the financial year 2023G.

Others

Other expenses mainly relate to employee bonuses and incentives, charitable donations, and various other miscellaneous expenses.

Other expenses increased from SAR 2.3 million in the financial year 2021G to SAR 2.7 million in the financial year 2022G. This increase was primarily due to director fees incurred by the Group in the financial year 2022G, amounting to SAR 0.3 million, for advisory services provided by Saeed AlNajjar, a related party, regarding the Group's subsidiary in the United Arab Emirates.

Other expenses further increased from SAR 2.7 million in the financial year 2022G to SAR 3.5 million in the financial year 2023G. This was due to the settlement of outstanding dues related to a VAT assessment conducted by the Zakat, Tax, and Customs Authority for the financial years 2019G and 2020G, along with minor adjustments in various other miscellaneous expenses.

6.8.1.8 Financing Costs

The table below summarises finance costs for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.12: Finance Costs for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Lease liability	2,420	2,330	3,363	(3.7%)	44.3%	17.9%
Employees' defined benefits obligation	167	202	588	21.0%	190.9%	87.6%
Currency exchange differences	-	10	-	NA	(100.0%)	NA
Other	-	1	-	NA	(100.0%)	NA
Total	2,587	2,543	3,951	(1.7%)	55.4%	23.6%

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G and management information.

Lease Liability

Finance costs on lease liabilities relate to the Group's leased assets that have been recognised in accordance with International Financial Reporting Standard (IFRS) 16 - Leases. Finance costs on lease liabilities decreased from SAR 2.4 million in the financial year 2021G to SAR 2.3 million in the financial year 2022G due to a slight reduction in financing costs imposed on lease liabilities upon recognition of lease obligations during the period from the financial year 2021G to the financial year 2022G.

Finance costs on lease liabilities then increased to SAR 3.4 million in the financial year 2023G, due to significant additions made to right-of-use assets, resulting in higher lease liabilities during the period from the financial year 2022G to the financial year 2023G, which led to an increase in financing costs.

Employees' Defined Benefits Obligation

Finance costs on employee defined benefits obligation are recorded based on an independent actuarial valuation conducted at the end of each year for the Group's obligations related to employee retirement benefits.

The finance cost on employee defined benefits obligation remained relatively stable at SAR 0.2 million during both the financial years 2021G and 2022G, before rising to SAR 0.6 million in the financial year 2023G. This increase was due to the Group's expansion and associated hiring throughout the historical period, as well as salary adjustments made for middle and senior management, which increased the estimated employee benefit obligations.

Currency Exchange Differences

The foreign exchange differences amounted to SAR ten thousand in the financial year 2022G, as recorded by the external auditor. These differences were later reclassified to become part of other income and expenses in the financial year 2023G.

Other

Other costs of SAR one thousand were recorded in the financial year 2022G as classified by the external auditor. These costs were later reclassified to become part of other income and expenses in the financial year 2023G.

6.8.1.9 Other (Losses) Income, Net

The table below summarises other (losses) income, net for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.13: Other (Losses) Income, Net for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Management information)	Financial year 2022G (Management information)	Financial year 2023G (Management information)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
(Losses) / gains on foreign currency differences	(437)	173	(576)	(139.6%)	(433.0%)	14.8%
(Losses) / gains on sale of property, plant and equipment	53	304	(2)	477.4%	(100.6%)	NA
Loss on disposals of right-of-use assets	-	-	-	NA	NA	NA
Others	239	452	172	88.9%	(61.9%)	(15.2%)
Total	(145)	929	(406)	(740.6%)	(143.7%)	67.2%

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G and management information.

(Losses) / Gains on Foreign Currency Differences

Losses and gains on foreign currency differences relates to both realised and unrealised losses on foreign currency exchange when the Group purchases ceramic products in euros. The group has favourable credit terms with its European suppliers, and therefore, it is affected by fluctuations in the euro exchange rate against the Saudi riyal. Trade payables related to its commitments for ceramic purchases are continuously recorded on the balance sheet.

The Group recorded a loss on foreign currency exchange of SAR 0.4 million in the financial year 2021G, which was reversed to a gain of SAR 0.2 million in the financial year 2022G. Subsequently, the Group recorded a new foreign exchange loss of SAR 0.6 million in the financial year 2023G, due to fluctuations in exchange rates from the date of booking payments in the accounting system to the settlement date.

(Losses) / Gains on Sale of Property, Plant and Equipment

Losses and gains on sale of property, plant, and equipment relate to the profits and losses arising from the disposal of vehicles. The gains from the sale of property, plant, and equipment increased from SAR 0.1 million in the financial year 2021G to SAR 0.3 million in the financial year 2022G, resulting from the disposal of vehicles that were previously part of the Group's delivery fleet. In the financial year 2023G, the Group recorded a loss from the sale of property, plant, and equipment amounting to SAR 2 thousand. Subsequently, the balances recorded under other items were mainly classified as profits from the sale of property and equipment.

The balance recorded was SAR 0.2 million in the financial year 2021G and increased to SAR 0.5 million in the financial year 2022G, and then further decreased to SAR 0.2 million in the financial year 2023G, based on the profits from the sale of property and equipment during the historical period.

6.8.1.10 Other Comprehensive Income

The table below summarises other comprehensive income for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.14: Other Comprehensive Income for the Financial Years 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G- 2023G
Profit before zakat for the year ⁽¹⁾	66,278	75,313	67,134	13.6%	(10.9%)	0.6%
Zakat	(3,492)	(2,385)	(6,220)	(31.7%)	160.9%	33.5%
Net profit for the year ⁽¹⁾	62,786	72,929	60,914	16.2%	(16.5%)	(1.5%)
Other comprehensive income items						
Items that will not subsequently be reclassified to profit or loss:						
Re-measurement of employees' defined benefits obligation	971	(3,457)	915	(456.2%)	(126.5%)	(2.9%)
Items that will subsequently be reclassified to profit or loss:						
(Losses) / gains on foreign currency translation	-	59	(82)	NA	(239.2%)	NA
Other comprehensive income for the year	971	(3,399)	833	(450.2%)	(124.5%)	(7.4%)
Total comprehensive income for the year ⁽¹⁾	63,757	69,530	61,747	9.1%	(11.2%)	(1.6%)

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G and 2023G and management information and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

(1) This caption has been adjusted for the financial year ended 31 December 2023G based on the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G to reflect the prior period adjustments made to the financial year ended 31 December 2023G. For further details on these adjustments see Section (6.9) (*Prior Period Adjustments*).

Net Profit for the Year

The net profit for the year increased from SAR 62.8 million in the financial year 2021G to SAR 72.9 million in the financial year 2022G, with a net profit margin of 25.0 per cent. and 22.5 per cent., respectively. The increase in net profit during the period from the financial year 2021G to 2022G was driven by a significant 29.0 per cent. increase in sales, along with an improvement in the gross profit margin, primarily from the lighting business segment. This was achieved despite an increase in both general and administrative expenses amounting to SAR 21.6 million and selling and marketing expenses of SAR 22.4 million, due to large-scale recruitment across the Group. The average number of employees increased from 355 to 500 employees, driven by the Group's expansion and operational improvements in product development, business excellence, customer support, and after-sales services, as well as additional functions to support the Group's growth and preparation for a potential initial public offering (IPO).

Re-Measurement of Employees' Defined Benefits Obligation

The remeasurement of the employee defined benefits obligation decreased by 456.2 per cent., from a gain of SAR 1.0 million in the financial year 2021G to a loss of SAR 3.5 million in the financial year 2022G. Consequently, the remeasurement of the employee benefits obligation increased to SAR 0.9 million in the financial year 2023G

(Losses) / Gains on Foreign Currency Translation

Foreign currency translation gains and losses relate to the Group's international purchases, which result in currency fluctuations either as a gain or loss. The value of foreign currency translation increased from nil in the financial year 2021G to a gain of SAR 59 thousand in the financial year 2022G and then decreased to a loss of SAR 82 thousand in the financial year 2023G.

6.8.2 Statement of Comprehensive Income for the Nine-Month Period Ended 30 September 2023G and 2024G

The table below summarises the statement of comprehensive income for the nine-month period ended 30 September 2023G and 2024G:

Table 6.15: Statement of Comprehensive Income for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
Revenue	266,082	282,326	6.1%
Cost of revenue	(112,913)	(124,038)	9.9%
Gross profit	153,169	158,288	3.3%
Selling and marketing expenses	(43,128)	(51,958)	20.5%
General and administrative expenses	(46,355)	(60,640)	30.8%
Loss allowance against investment advances	-	-	NA
Expected credit losses	(34)	283	(936.2%)
Profit from operations	63,652	45,974	(27.8%)
Other (expenses/ income)	138	2,117	1439.6%
Finance costs	(1,432)	(2,304)	61.0%
Profit before Zakat	62,358	45,787	(26.6%)
Zakat and income tax	(4,650)	(5,683)	22.2%
Profit for the period	57,708	40,104	(30.5%)
Re-measurement of employees' defined benefit obligation	-	-	NA
(Loss)/income from foreign currency exchange	(61)	(28)	(53.7%)
Total comprehensive income for the period	57,647	40,076	(30.5%)
Shareholders of the parent company	56,431	39,397	(30.2%)
Non-controlling interest	1,276	707	44.6%

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The table below summarises the key performance indicators for the nine-month period ended 30 September 2023G and 2024G:

Table 6.16: Key Performance Indicators for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
As a percentage of revenue		Percentage points	
Gross margin	57.6%	56.1%	(1.5)
Selling and marketing expenses	16.2%	18.4%	2.2

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
General and administrative expenses	17.4%	21.5%	4.1
Profit from operations	23.9%	16.3%	(7.6)
Profit before Zakat	23.4%	16.2%	(7.2)
Net profit margin	21.7%	14.2%	(7.5)
Operational KPIs		As a percentage	
Ceramic sales	122,966	139,942	13.8%
Lighting sales	107,033	108,577	1.4%
Other sales	2,615	(55)	(102.1%)
Subsidiary sales	33,467	33,862	1.2%
No. of ceramic showrooms	21	23	2
No. of lighting showrooms	21	23	2
Average sales per ceramic showroom	5,856	6,084	3.9%
Average sales per lighting showroom	5,097	4,721	(7.4%)
No. of units sold (ceramics)	948,435	1,060,525	11.8%
No. of units sold (lighting)	4,344,557	4,116,595	(5.2%)
Average price per unit sold (ceramics)	130	132	1.5%
Average price per unit sold (lighting)	25	26	4.0%

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G and management information.

1. Gross profit margin is calculated by dividing gross profit by revenue and is displayed as a percentage.
2. EBITDA margin is calculated by dividing EBITDA by revenue and is displayed as a percentage.
3. Net profit margin is calculated by dividing the profit for the year/period by revenue and is displayed as a percentage.
4. The average selling price is calculated by dividing the sales for the year/period by the units sold and is displayed in Saudi Riyals.

Revenue

The Group's revenues increased by 6.1 per cent. from SAR 266.1 million in the nine-month period ended 30 September 2023G to SAR 282.3 million in the nine-month period ended 30 September 2024G. This growth is attributed to an increase in the Group's ceramic product sales by SAR 17.0 million, following the opening of four new showrooms during the nine-month period ended 30 September 2023G and 30 September 2024G. Two showrooms were opened in the nine-month period ended 30 September 2023G, and two more were opened in the nine-month period ended 30 September 2024G. Additionally, revenue from the Group's subsidiary Build Station LLC increased during the nine-month period ended 30 September 2024G, reaching SAR 31.2 million.

Cost of Revenue

The cost of revenue grew at a faster pace than revenues, increasing by 9.9 per cent. from SAR 112.9 million in the nine-month period ended 30 September 2023G to SAR 124.0 million in the nine-month period ended 30 September 2024G. This increase was primarily driven by higher costs of sales for ceramic and lighting products, as well as other adjustments related to inventory impairment losses and expenses linked to product testing certification increased by SAR 1.6 million during the nine-month period ended 30 September 2024G compared to the same period in the previous year.

Gross Profit

The gross profit increased from SAR 153.2 million in the nine-month period ended 30 September 2023G to SAR 158.3 million in the nine-month period ended 30 September 2024G, with a gross profit margin of 57.6 per cent. and 56.1 per cent., respectively. This decline is partly attributed to higher inventory provisions recorded during the nine-month period ended 30 September 2024G, as well as a slight decrease in the gross profit margin on lighting revenue due to the change in revenue mix, along with lower margins for revenue from the Group's Subsidiaries, particularly Build Station LLC and Ice Bear Contracting Company, compared to the margins on the Group's ceramic and lighting revenue.

Selling and Marketing Expenses

Selling and marketing expenses increased by 20.5 per cent. from SAR 43.1 million in the nine-month period ended 30 September 2023G to SAR 52.0 million in the nine-month period ended 30 September 2024G, driven by an increase in all expenses following the Group's expansion. This includes a SAR 2.7 million increase in salaries, wages, and other personnel-related costs due to new hires, with the average number of employees increasing from 476 to 513 during the nine-month period ended 30 September 2024G.

This was accompanied by an increase in marketing and advertising expenses of SAR 2.2 million, which includes costs for events and brand repositioning in preparation for the potential initial public offering (IPO). Additionally, there were a decrease in the depreciation of property, plant, and equipment by SAR 2.0 million, impairment of right-of-use assets by SAR 0.7 million, logistics and distribution expenses by SAR 0.2 million, and other costs amounting to SAR 1.0 million.

General and Administrative Expenses

General and administrative expenses increased by 30.8 per cent. from SAR 46.3 million in the nine-month period ended 30 September 2023G to SAR 60.6 million in the nine-month period ended 30 September 2024G. This was primarily driven by a SAR 7.2 million increase in salaries, wages, and other personnel-related costs due to new hires in middle and senior management, with the average number of employees rising from 145 employees in the nine-month period ended 30 September 2023G to 306 employees in the nine-month period ended 30 September 2024G. Additionally, there were salary adjustments made across the Group during the 2023G financial year aimed at retaining employees ahead of the potential initial public offering. This was accompanied by various increases in other general and administrative expenses, consistent with the Group's expansion activities within Manzel Marketing Home Group and its acquisitions of Build Station LLC and Ice Bear Contracting Company, which led to an increase in the overall general and administrative expenses for the Group.

Provision for Expected Credit Loss for Accounts Receivables

The provision for expected credit losses of accounts receivables ("ECL") increased from a loss of SAR 34 thousand in the nine-month period ended 30 September 2023G to an income of SAR 0.3 million in the nine-month period ended 30 September 2024G. This increase was primarily due to the Group reversing provisions from previous periods.

Other (Expense) / Income

The Group recorded other income of SAR 0.1 million in the nine-month period ended 30 September 2023G, which included sales of fixed assets amounting to SAR 34 thousand and other income of SAR 97 thousand. In the nine-month period ended 30 September 2024G, the Group recorded other income of SAR 2.1 million, which included foreign exchange gains of SAR 0.9 million and other revenues of SAR 0.7 million. This was offset by other expenses, including a loss on the sale of right-of-use assets amounting to SAR 0.4 million.

Finance Costs

Finance costs increased from SAR 1.4 million in the nine-month period ended 30 September 2023G to SAR 2.3 million in the nine-month period ended 30 September 2024G, driven by an increase in lease liabilities financing costs of SAR 0.9 million during the period from the nine months ended 30 September 2023G to the nine months ended 30 September 2024G.

Zakat and Income Tax

Zakat and income tax increased from SAR 4.7 million in the nine-month period ended 30 September 2023G to SAR 5.7 million in the nine-month period ended 30 September 2024G, due to additional arrangements required because of the increase in the zakat base of the Group, driven by the capital increase during the historical period, along with higher retained earnings levels.

(Losses) / Gains on Foreign Currency Translation

Foreign currency translation increased by 53.7 per cent., from a loss of SAR 61 thousand in the nine-month period ended 30 September 2023G to a loss of SAR 28 thousand in the nine-month period ended 30 September 2024G.

6.8.2.1 Revenue by Company

The table below summarises revenue by company for the nine-month period ended 30 September 2023G and 2024G:

Table 6.17: Revenue by Company for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September (Reviewed) 2023G	Nine-month period ended 30 September (Reviewed) 2024G	Variance
Marketing Home Group	232,615	248,464	6.8%
Build Station LLC	29,283	31,163	6.4%
MHG International FZCO	-	309	NA
Ice Bear Contracting Company	4,185	2,009	(52.0%)
Engineer Musaad AlQafari Engineering Consultancy	-	58	NA
Illus Lighting Limited (Spain)	-	323	NA
Total	266,082	282,326	6.1%
As a percentage of revenue		As a percentage / point	
Marketing Home Group	87.4%	88.0%	0.6
Build Station LLC	11.0%	11.0%	0.0
MHG International FZCO	0.0%	0.1%	0.1
Ice Bear Contracting Company	1.6%	0.7%	(0.9)
Engineer Musaad AlQafari Engineering Consultancy	0.0%	0.0%	0.0
Illus Lighting Limited (Spain)	0.0%	0.1%	0.1

Source: Management information.

Marketing Home Group

Revenue from Marketing Home Group increased by 6.8 per cent. from SAR 232.6 million in the nine-month period ended 30 September 2023G to SAR 248.5 million in the nine-month period ended 30 September 2024G. This growth was driven by a SAR 17.0 million increase in ceramic sales, with a strong focus on sanitary ware being the main driver of ceramic sales growth. Additionally, the opening of four new showrooms during the period helped boost demand for sanitary ware products, which generated significant momentum, contributing SAR 21.5 million in sales. Furthermore, there was an increase in Hypnotek sales by SAR 0.6 million and an increase in indoor lighting sales by SAR 2.8 million, as a result of opening two new showrooms during the 2024G financial year.

Build Station LLC

Revenue from Build Station LLC increased by 6.4 per cent., from SAR 29.3 million in the nine-month period ended 30 September 2023G to SAR 31.2 million in the nine-month period ended 30 September 2024G. This growth was driven by continuous improvements in the product offerings displayed at the United Arab Emirates showrooms, following the impact of the Group's acquisition.

MHG International FZCO

MHG International FZCO was established in the financial year 2023G as the Group's international marketing and sales arm, along with the establishment of logistics networks to export the Group's sanitaryware and lighting products. MHG International FZCO recorded sales for the first time during the nine-month period ended 30 September 2024G, which were related to lighting products sold in connection with the Group's investment in Spain.

Ice Bear Contracting Company

Revenue from Ice Bear Contracting Company decreased by 52.0 per cent., from SAR 4.2 million in the nine-month period ended 30 September 2023G to SAR 2.0 million in the nine-month period ended 30 September 2024G. This decline was due to an increase in services provided to the Group's facilities, as the revenues are eliminated upon consolidation.

Engineer Musaad AlQafari Engineering Consultancy

The revenues from Engineer Musaad AlQafari Engineering Consultancy amounted to SAR 58 thousand during the nine-month period ended 30 September 2024G.

Illus Lighting Limited (Spain)

The revenues from Illus Lighting Limited (Spain) amounted to SAR 0.3 million during the nine-month period ended 30 September 2024G.

6.8.2.2 Revenue by Segment and Sub-Segment

The table below summarises revenue by segment and sub-segment for the nine-month period ended 30 September 2023G and 2024G:

Table 6.18: Revenue by Segment and Sub-Segment for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
Marketing Home Group			
Ceramics			
Porcelain	62,102	61,009	(1.8%)
Ceramic	7,235	4,896	(32.3%)
Sanitary	32,655	54,127	65.8%
Tiles adhesive and grout	7,072	5,311	(24.9%)
Others	13,902	14,600	5.0%
Total ceramics	122,966	139,942	13.8%
Lighting			
Indoor	74,166	77,012	3.8%
Wiring	14,201	12,290	(13.5%)
Outdoor	12,847	12,534	(2.4%)
Hypnotek	5,553	6,192	11.5%
Others	267	550	106.2%
Total lighting	107,033	108,577	1.4%
Other adjustments	2,615	(55)	(102.1%)
Unreconciling differences	-	-	NA
Total revenue from Marketing Home Group	232,615	248,464	6.8%
Revenue from Subsidiaries			
Build Station LLC	29,283	31,163	6.4%

SAR in thousands			Nine-month period ended 30 September (Reviewed) 2023G	Nine-month period ended 30 September (Reviewed) 2024G	Variance
MHG International FZCO			-	309	NA
Ice Bear Contracting Company			4,185	2,009	(52.0%)
Engineer	Musaad	AlQafari	-	58	NA
Engineering Consultancy					
Illus Lighting Limited (Spain)			-	323	NA
Total Group revenue			266,082	282,326	6.1%
Operational KPIs					As a percentage / point
Ceramics					
Number of units sold					
Porcelain			477,978	503,307	5.3%
Ceramic			72,097	53,233	(26.2%)
Sanitary			120,484	209,393	73.8%
Tiles adhesive and grout			86,050	64,805	(24.7%)
Others			191,826	229,787	19.8%
Average price per unit sold					
Porcelain			130	121	(6.7%)
Ceramic			100	92	(8.4%)
Sanitary			271	258	(4.6%)
Tiles adhesive and grout			82	82	(0.2%)
Others			72	64	(12.3%)
Operational KPIs					As a percentage / point
Lighting					
Number of units sold					
Indoor			3,452,891	3,251,066	(5.8%)
Wiring			735,025	705,677	(4.0%)
Outdoor			110,195	114,718	4.1%
Hypnotek			41,829	40,753	(2.6%)
Others			4,617	4,381	(5.1%)
Average price per unit sold					
Indoor			21	24	10.3%
Wiring			19	17	(9.9%)
Outdoor			117	109	(6.3%)
Hypnotek			133	152	14.4%
Others			58	125	117.3%

Source: Management information.

Ceramics Revenue

Ceramics revenue increased by 13.8 per cent. from SAR 123.0 million in the nine-month period ended 30 September 2023G to SAR 139.9 million in the nine-month period ended 30 September 2024G, driven by the continuous growth of sanitary ware products, which achieved significant success in the market due to their value for money and quality compared to other imported and locally produced sanitary ware products.

1) Porcelain

Porcelain revenue decreased by 1.8 per cent. from SAR 62.1 million in the nine-month period ended 30 September 2023G to SAR 61.0 million in the nine-month period ended 30 September 2024G, primarily due to a decrease in the average selling price per unit of porcelain products, from SAR 130 to SAR 121 per unit between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G. This change was driven by a shift in the sales mix, where the Group offered more competitively priced products within the porcelain category to maintain its sales and the volume of units sold. This was offset by the increase in quantities sold from 478.0 thousand in the nine-month period ended 30 September 2023G to 503.3 thousand units in the nine-month period ended 30 September 2024G.

2) Ceramic

Ceramic revenue decreased by 32.3 per cent. from SAR 7.2 million in the nine-month period ended 30 September 2023G to SAR 4.9 million in the nine-month period ended 30 September 2024G, due to a decrease in the quantities sold from 72.1 thousand units in the nine-month period ended 30 September 2023G to 53.2 thousand units in the nine-month period ended 30 September 2024G coupled with a decrease in the average selling price per unit of ceramic products from SAR 100 to SAR 92 between the nine-month period ended 30 September 2023G and 30 September 2024G, respectively, as a result of the ongoing shift in consumer preferences towards porcelain tiles in the market.

3) Sanitary

Sanitary revenue increased by 65.8 per cent. from SAR 32.7 million in the nine-month period ended 30 September 2023G to SAR 54.1 million in the nine-month period ended 30 September 2024G, due to an increase in quantities sold from 120.5 thousand units in the nine-month period ended 30 September 2023G to 209.4 thousand units in the nine-month period ended 30 September 2024G, along with a decrease in the average selling price per unit from SAR 271 to SAR 258 over the same periods. This is attributed to:

- the initiative to equip all ceramic showrooms with a comprehensive range of sanitary ware products;
- the opening of two new showrooms in the financial year 2023G and two additional showrooms during the nine-month period ended 30 September 2024G, with a strong focus on selling sanitary ware products for the Group;
- ongoing product development to improve quality and introduce new designs and collections; and
- competitive pricing and providing value for money for the quality of the Group's products in the sanitary ware categories compared to other competitors in the market.

4) Tiles Adhesives and Grout

Tiles adhesives and grout revenue decreased by 24.9 per cent. from SAR 7.1 million in the nine-month period ended 30 September 2023G to SAR 5.3 million in the nine-month period ended 30 September 2024G, due to a decrease in quantities sold from 86.1 thousand units to 64.8 thousand units over the same periods. This decline is attributed to intense competition, as many established competitors offer a wide range of competitive offers with attractive pricing options.

5) Others

Other revenue increased by 5.0 per cent. from SAR 13.9 million in the nine-month period ended 30 September 2023G to SAR 14.6 million in the nine-month period ended 30 September 2024G, due to an increase in quantities sold from 191.8 thousand units to 229.8 thousand units over the same periods. This growth is attributed to higher sales of construction products by SAR 1.5 million, spare parts by SAR 0.3 million, and other products by SAR 1.0 million. This was offset by a decline in sales of furniture products by SAR 0.7 million and stainless steel by SAR 0.5 million.

Lightning Revenue

Lighting revenue decreased by 1.4 per cent. from SAR 107.0 million in the nine-month period ended 30 September 2023G to SAR 108.6 million in the nine-month period ended 30 September 2024G.

1) Indoor

Indoor revenue increased by 3.8 per cent. from SAR 74.2 million in the nine-month period ended 30 September 2023G to SAR 77.0 million in the nine-month period ended 30 September 2024G, driven by an increase in the average selling price per unit from SAR 21 to SAR 24 per unit during the same period. This was attributed to:

- the Group's strategy of pricing its products at a higher value and maintaining a policy of no discounts to preserve its brand positioning;
- the strong presence of the Group's own brand "Illus"; and
- increased cross-selling efforts, as the Group enhances its sales staff training and customer service operations to clients in showrooms, benefiting from the wide product range.

This was offset by a decrease in quantities sold from 3.5 million units to 3.3 million units due to increased competition within the Kingdom of Saudi Arabia.

2) Wiring

Wiring revenue decreased by 13.5 per cent. from SAR 14.2 million in the nine-month period ended 30 September 2023G to SAR 12.3 million in the nine-month period ended 30 September 2024G, due to a decline in quantities sold from 735.0 thousand units to 705.7 thousand units, coupled with the decrease in the average selling price per unit from SAR19 to SAR17 during the same period. This decline was attributed to increased competition within the Kingdom of Saudi Arabia, driven by both new and existing competitors offering more competitive products.

3) Outdoor

Outdoor revenue decreased by 2.4 per cent. from SAR 12.8 million in the nine-month period ended 30 September 2023G to SAR 12.5 million in the nine-month period ended 30 September 2024G, due to a decline in the average selling price per unit from SAR 117 to SAR 109 per unit between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G. This decrease was primarily attributed to increased competition in this subcategory, with several established competitors offering a variety of competitive products at attractive prices. However, this decline was offset by an increase in quantities sold from 110.2 thousand to 114.7 thousand units between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

4) Hypnotek

Hypnotek revenue increased by 11.5 per cent. from SAR 5.6 million in the nine-month period ended 30 September 2023G to SAR 6.2 million in the nine-month period ended 30 September 2024G, due to an increase in the average selling price per unit from SAR 133 to SAR 152 per unit between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G. This was mainly attributed to the continuous development of products aimed at improving quality and offering new designs and collections that align with evolving market trends. This was offset by a decline in quantities sold from 41.8 thousand units to 40.8 thousand units during the same period, due to increased competition in this subcategory.

5) Others

Other revenue increased from SAR 0.3 million in the nine-month period ended 30 September 2023G to SAR 0.6 million in the nine-month period ended 30 September 2024G, due to an increase in the average selling price per unit from SAR 58 to SAR 125 per unit between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G. This increase was attributed to the introduction of new product offerings in the cleaning devices category within the "other" segment, in addition to the mix of products sold. This was offset by the decrease in quantities sold from 4.6 thousand units to 4.4 thousand units.

Other Adjustments

Other adjustments of SAR 2.6 million were recorded in the nine-month period ended 30 September 2023G, relating to adjustments made in the financial year 2023G regarding corrections of estimation errors that led to adjustments in inventory during the consolidation process in the financial year 2022G, which were then adjusted in revenues during the financial year 2023G.

6.8.2.3 Revenue by Showroom Portfolio

The table below summarises revenue by showroom portfolio for the nine-month period ended 30 September 2023G and 2024G:

Table 6.19: Revenue by Showroom Portfolio for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September (Reviewed) 2023G	Nine-month period ended 30 September (Reviewed) 2024G	Variance
Ceramics showrooms			
Core portfolio	92,171	82,090	(10.9%)
Opened in the financial year 2021G	12,642	14,482	14.6%
Opened in financial year 2022G	2,053	1,876	(8.6%)
Opened in the financial year 2023G	3,352	9,267	176.5%
Opened in the nine-month period ended 30 September 2024G	-	14,976	NA
Other revenue channels			
Projects, wholesale and exports	6,939	11,446	65.0%
E-commerce	5,809	5,805	(0.1%)
Total ceramics revenue	122,966	139,942	13.8%
Lighting showrooms			
Core portfolio	85,729	73,171	(14.6%)
Opened in the financial year 2021G	5,030	3,407	(32.3%)
Opened in the financial year 2022G	8,503	8,242	(3.1%)
Opened in the nine-month period ended 30 September 2024G	-	9,275	NA
Other revenue channels			
Projects, wholesale and exports	4,480	11,369	153.8%
E-commerce	3,291	3,113	(5.4%)
Total lighting revenue	107,033	108,577	1.4%
Other adjustments	2,615	(55)	(102.1%)
Unreconciling differences	-	-	NA
Total revenue from Marketing Home Group	232,615	248,464	6.8%
Subsidiaries			
Build Station LLC	29,283	31,163	6.4%
MHG International FZCO	-	309	NA
Ice Bear Contracting Company	4,185	2,009	(52.0%)
Engineer Musaad AlQafari Engineering Consultancy	-	58	NA
Illus Lighting Limited (Spain)	-	323	NA
Total	266,082	282,326	6.1%
Operational KPIs for ceramics			Aa a percentage / point

SAR in thousands	Nine-month period ended 30 September (Reviewed) 2023G	Nine-month period ended 30 September (Reviewed) 2024G	Variance
Number of showrooms			
Core portfolio	16	16	-
Opened in the financial year 2021G	2	2	-
Opened in the financial year 2022G	1	1	-
Opened in the financial year 2023G	2	2	-
Opened in the nine-month period ended 30 September 2024G	-	2	2
Average revenue per showroom			
Core portfolio	5,761	5,131	(10.9%)
Opened in the financial year 2021G	6,321	7,241	14.6%
Opened in the financial year 2022G	2,053	1,876	(8.6%)
Opened in the financial year 2023G	1,676	4,633	176.5%
Opened in the nine-month period ended 30 September 2024G	NA	7,488	NA
Operational KPIs for lightings			Aa a percentage / point
Number of showrooms			
Core portfolio	15	15	-
Opened in the financial year 2021G	4	4	-
Opened in the financial year 2022G	2	2	-
Opened in the nine-month period ended 30 September 2024G	-	2	2
Average revenue per showroom			
Core portfolio	5,715	4,878	(14.6%)
Opened in the financial year 2021G	1,257	852	(32.3%)
Opened in the financial year 2022G	4,252	4,121	(3.1%)
Opened in the nine-month period ended 30 September 2024G	NA	4,637	NA

Source: Management information.

Ceramics

Core Portfolio

Revenue from core portfolio showrooms decreased by 10.9 per cent. from SAR 92.2 million in the nine-month period ended 30 September 2023G to SAR 82.1 million in the nine-month period ended 30 September 2024G, primarily due to a decline in average sales per showroom from SAR 5.8 million to SAR 5.1 million. This decrease is mainly attributed to lower sales from the "AlTakhassusi" showroom by SAR 3.8 million, the "Abha" showroom by SAR 2.2 million, the "AlYasmin" showroom by SAR 2.0 million, and the "Buraydah" showroom by SAR 2.0 million, located in the central, southern, and Qassim regions, respectively.

Showrooms Opened in the Financial Year 2021G

Revenue from showrooms opened in the financial year 2021G increased by 14.6 per cent. from SAR 12.6 million in the nine-month period ended 30 September 2023G to SAR 14.5 million in the nine-month period ended 30 September 2024G, in line with the increase in average sales per showroom from SAR 6.3 million to SAR 7.2 million. This sales growth is attributed to the showroom opened in the Western region, contributing SAR 1.1 million.

Showrooms Opened in the Financial Year 2022G

Revenue from showrooms opened in the financial year 2022G decreased by 8.6 per cent. from SAR 2.1 million in the nine-month period ended 30 September 2023G to SAR 1.9 million in the nine-month period ended 30 September 2024G, due to the decline in sales from the "Jazan" showroom by SAR 177 thousand in the Southern region.

Showrooms Opened in the Financial Year 2023G

Revenue from showrooms opened in the financial year 2023G increased from SAR 3.4 million in the nine-month period ended 30 September 2023G to SAR 9.3 million in the nine-month period ended 30 September 2024G, in line with the increase in average sales per showroom from SAR 1.7 million to SAR 4.6 million. This growth was primarily driven by higher sales from the "Takhassusi sanitary" showroom, which increased by SAR 3.8 million in the central region, as well as higher sales from the showroom opened in the Qassim region, which increased by SAR 2.1 million.

Showrooms Opened in the Nine-Month Period Ended 30 September 2024G

Revenue from showrooms opened during the nine-month period ended 30 September 2024G recorded revenues of SAR 15.0 million, with SAR 12.1 million generated from the expansion in the central region through the opening of the "Takhassusi" branch, and SAR 2.9 million from the expansion in the Eastern region with the opening of an additional showroom in AlAhsa.

Projects, Wholesale and Export

Projects, wholesale and export revenue increased by 65.0 per cent. from SAR 6.9 million in the nine-month period ended 30 September 2023G to SAR 11.4 million in the nine-month period ended 30 September 2024G, driven primarily by the Group's increased efforts in building a customer base in the projects and wholesale sectors. During the same period, dedicated sales staff were employed to work as relationship managers to create sales opportunities in this sector.

E-commerce

E-commerce revenue remained steady at an average of SAR 5.8 million during both the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

Lighting

Core Portfolio

Revenue from core portfolio showrooms decreased by 14.6 per cent., from SAR 85.7 million in the nine-month period ended 30 September 2023G to SAR 73.2 million in the nine-month period ended 30 September 2024G. This was due to a decline in the average sales per showroom from SAR 5.7 million to SAR 4.9 million. The drop in sales was primarily attributed to a reduction of SAR 5.7 million from six showrooms in the Eastern region, including SAR 1.5 million from the "Emarah" showroom, SAR 1.3 million from the "Faisaliah" showroom, and SAR 1.5 million from the "Khaleej" showroom. Additionally, sales from showrooms in the Central region decreased by SAR 6.3 million, including SAR 3.6 million from the "Takhassusi" showroom, SAR 1.1 million from the "AlYasmin" showroom, and SAR 1.4 million from the "Imam Saud" showroom.

Showrooms Opened in the Financial Year 2021G

Revenue from showrooms opened in the financial year 2021G decreased by 32.3 per cent., from SAR 5.0 million in the nine-month period ended 30 September 2023G to SAR 3.4 million in the nine-month period ended 30 September 2024G. This was due to a decline in the average sales per showroom from SAR 1.3 million to SAR 0.9 million. The decrease was primarily attributed to a drop in sales of SAR 0.5 million from the "Al Jouf" showroom in the Northern region and SAR 0.5 million from the "Khamis Mushait" showroom in the Southern region.

Showrooms Opened in the Financial Year 2022G

Revenue from showrooms opened in the financial year 2022G decreased by 3.1 per cent., from SAR 8.5 million in the nine-month period ended 30 September 2023G to SAR 8.2 million in the nine-month period ended 30 September 2024G. This was due to a decline in the average sales per showroom from SAR 4.3 million to SAR 4.1 million. The decrease was primarily attributed to a drop in sales of SAR 0.4 million from the "Jazan" showroom in the Southern region.

Showrooms Opened in the Nine-Month Period Ended 30 September 2024G

Showrooms opened during the nine-month period ended 30 September 2024G recorded revenue of SAR 9.3 million in the same period. The showroom in the Central region achieved sales of SAR 8.1 million, while the showroom in the Eastern region recorded sales of SAR 1.2 million during the period.

Projects, Wholesale and Export

Projects, wholesale and export revenue increased by 153.8 per cent., from SAR 4.5 million in the nine-month period ended 30 September 2023G to SAR 11.4 million in the nine-month period ended 30 September 2024G. This was driven by the Group's efforts to build a customer base in the projects and wholesale sectors, with dedicated sales staff being appointed during the same period to work as relationship managers to create sales opportunities in this sector.

E-commerce

E-commerce revenue remained stable at SAR 3.2 million in the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

6.8.2.4 Revenue by Region and Channels

The table below summarises revenue by region and channels for the nine-month period ended 30 September 2023G and 2024G:

Table 6.20: Revenue by Region and Channels for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
Marketing Home Group			
Ceramics showrooms			
Central region	45,030	54,745	21.6%
Eastern region	35,510	38,836	9.4%
Western region	11,342	12,470	9.9%
Al Qassim	8,371	8,281	(1.1%)
Southern region	7,605	5,208	(31.5%)
Northern region	2,361	3,151	33.5%
Total ceramic showrooms revenue	110,218	122,691	11.3%
Other revenue channels			
Projects, wholesale and exports	6,939	11,446	65.0%
E-commerce	5,809	5,805	(0.1%)
Total other revenue channels for ceramics	12,748	17,251	35.3%
Total ceramics revenue	122,966	139,942	13.8%
Lighting showrooms			
Central region	39,560	41,339	4.5%
Eastern region	29,380	25,014	(14.9%)
Western region	15,599	14,769	(5.3%)
Al Qassim	3,416	3,003	(12.1%)
Southern region	8,041	7,797	(3.0%)
Northern region	3,266	2,173	(33.5%)
Total lighting showrooms revenue	99,262	94,095	(5.2%)
Other revenue channels			
Projects, wholesale and exports	4,480	11,369	153.8%

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
E-commerce	3,291	3,113	(5.4%)
Total other revenue channels for lighting	7,771	14,482	86.4%
Total lighting revenue	107,033	108,577	1.4%
Other adjustments	2,615	(55)	(102.1%)
Unreconciling differences	-	-	NA
Total revenue from Marketing Home Group	232,615	248,464	6.8%
Subsidiaries			
Build Station LLC	29,283	31,163	6.4%
MHG International FZCO	-	309	NA
Ice Bear Contracting Company	4,185	2,009	(52.0%)
Engineer Musaad AlQafari Engineering Consultancy	-	58	NA
Illus Lighting Limited (Spain)	-	323	NA
Total	266,082	282,326	6.1%

Source: Management information.

The majority of the Group's showrooms are located in the Central and Eastern regions, which benefit from high population density and strong market demand for the Group's products. However, these regions also experience the highest levels of competition. During the historical period, the Group continued its expansion into various regions across the Kingdom to establish a geographical presence, increase brand awareness, expand its market reach, and boost sales.

Ceramics showrooms revenue

Central Region

The central region had six showrooms, with two new showrooms opened during the historical period. Revenue in the central region increased by 21.6 per cent., from SAR 45.0 million in the nine-month period ended 30 September 2023G to SAR 54.7 million in the nine-month period ended 30 September 2024G. This was due to an increase in the volume of products sold, from 355.5 thousand units to 431.2 thousand units during the period from the nine-month period ended 30 September 2023G to the nine months ended 30 September 2024G. The increase was primarily driven by higher sales generated from the Takhassusi Showroom by SAR 12.1 million and an increase in units sold by 82.5 thousand units, as well as the Takhassusi Sanitary Showroom by SAR 3.8 million and an increase in units sold by 20.2 thousand units.

Eastern Region

The Eastern region had six main showrooms, with one new showroom openings during the historical period. Revenues in the Eastern region increased from SAR 35.5 million in the nine-month period ended 30 September 2023G to SAR 38.8 million in the nine-month period ended 30 September 2024G driven by the increase in quantities sold from 276.2 thousand units to 299.1 thousand units over the during the period from the nine-month period ended 30 September 2023G to the nine months ended 30 September 2024G, mainly stemming from the increase in sales generated from the expansion of Hasa showroom by SAR 2.9 million and an increase in units sold by 20.7 thousand units, and Khobar showroom by SAR 2.0 million and an increase in units sold by 15.4 thousand units.

Western Region

The Western region had one showroom in Jeddah during the historical period. Revenue in the Western region increased by 9.9 per cent. from SAR 11.3 million in the nine-month period ended 30 September 2023G to SAR 12.5 million in the nine-month period ended 30 September 2024G, coupled with increase in the quantities sold from 79.9 thousand units to 83.1 thousand units between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

Al Qassim Region

The Qassim region had two main showrooms, with one new showroom opening during the historical period. Revenue in the Qassim region remained stable at SAR 8.3 million in both the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

Southern Region

Revenue in the Southern region decreased by 31.5 per cent. from SAR 7.6 million in the nine-month period ended 30 September 2023G to SAR 5.2 million in the nine-month period ended 30 September 2024G, due to a decline in the quantities of products sold from 58.0 thousand units to 40.3 thousand units during the period from the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G. This decrease was primarily driven by a decline in sales from the Abha showroom by SAR 2.2 million and a reduction in units sold by 16.6 thousand units, along with a decrease in sales from the Jazan showroom by SAR 0.2 million and a reduction in units sold by 1.1 thousand units.

Northern Region

The Northern region had one main showroom, with a new showroom opened during the historical period. Revenues in the Northern region increased from SAR 2.4 million in the nine-month period ended 30 September 2023G to SAR 3.2 million in the nine-month period ended 30 September 2024G driven by the increase in quantities sold from 21.2 thousand units to 30.7 thousand units over the period from the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G, mainly stemming from the increase in sales generated from the Hail showroom by SAR 0.7 million and an increase in units sold by 6.7 thousand units.

Other Revenue Channels for Ceramics

Projects, Wholesale and Exports

Projects, wholesale and exports revenue are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

E-commerce

E-commerce revenues are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

Lighting Showrooms Revenue

Central Region

The Central region had four main showrooms, with one new showroom opening during the historical period. Revenue in the central region increased by 4.5 per cent. from SAR 39.6 million in the nine-month period ended 30 September 2023G to SAR 41.3 million in the nine-month period ended 30 September 2024G coupled with the increase in the quantity sold, from 1,519.5 thousand units to 1,531.7 thousand units during the same period, mainly stemming from the newly opened AlTakhassusi branch in in the nine-month period ended 30 September 2024G by SAR 8.1 million and an increase in units sold by 268.3 thousand units). This was offset by the decrease in AlTakhassusi showroom by SAR 3.6 million and a decrease in units sold by 153.6 thousand units, Imam Suad showroom by SAR 1.4 million and a decrease in units sold by 57.6 thousand units, and AlYasmin showroom by SAR 1.1 million and a decrease in units sold by 33.1 thousand units.

Eastern Region

The Eastern region had six main showrooms, with two new showrooms opening during the historical period. Revenue in the Eastern region decreased by 14.9 per cent. from SAR 29.4 million in the nine-month period ended 30 September 2023G to SAR 25.0 million in the nine-month period ended 30 September 2024G. This decline was due to a decrease in the quantity of products sold, from 1,256.8 thousand units to 1,011.9 thousand units during the same period. The majority of this decrease was attributed to lower sales generated from the following showrooms Emarah showroom by SAR 1.5 million with a drop of 83.9 thousand units, Faisaliah showroom by SAR 1.3 million with a drop of 58.5 thousand units, AlKhaleej showroom by SAR 1.5 million with a drop of 70.3 thousand units, and Khobar showroom by SAR 0.8 million with a drop of 16.2 thousand units.

Western Region

The Western region had one main showroom during the historical period. Revenue in the Western region decreased by 5.3 per cent. from SAR 15.6 million in the nine-month period ended 30 September 2023G to SAR 14.8 million in the nine-month period ended 30 September 2024G. This decline was due to a decrease in the quantity of products sold, from 610.7 thousand units to 531.3 thousand units during the same period.

Al Qassim Region

The Qassim region had two main showrooms during the historical period. Revenue in the Qassim region decreased from SAR 3.4 million in the nine-month period ended 30 September 2023G to SAR 3.0 million in the nine-month period ended 30 September 2024G driven by the decrease in quantities sold from 152.4 thousand units to 134.1 thousand units over the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G period.

Southern Region

The Southern region had two main showrooms, with two new showrooms opened during the historical period. Revenue in the Southern region decreased by 3.0 per cent. from SAR 8.0 million in the nine-month period ended 30 September 2023G to SAR 7.8 million in the nine-month period ended 30 September 2024G, due to a decrease in the quantity of products sold from 367.2 thousand units to 334.2 thousand units between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G. This decline was mainly driven by lower sales from the Jazan showroom by SAR 0.4 million and a decrease in units sold by 20.4 thousand units, the Khamis Mushait showroom by SAR 0.5 million and a decrease in units sold by 28.9 thousand units, and the Abha showroom by SAR 0.4 million and a decrease in units sold by 11.2 thousand units. This was partially offset by an increase in sales from the Najran showroom by SAR 1.0 million and an increase in units sold by 27.6 thousand units.

Northern Region

The Northern region had three main showrooms, all of which were opened during the historical period. Revenue in the Northern region decreased by 33.5 per cent. from SAR 3.3 million in the nine-month period ended 30 September 2023G to SAR 2.2 million in the nine-month period ended 30 September 2024G, due to a decrease in the quantity of products sold from 141.0 thousand units to 81.9 thousand units between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G. This decline was mainly driven by lower sales from the AlJouf showroom by SAR 0.5 million and a decrease in units sold by 28.0 thousand units, the Hail showroom by SAR 0.4 million and a decrease in units sold by 18.1 thousand units, and the Tabuk showroom by SAR 0.2 million and a decrease in units sold by 12.9 thousand units.

Projects, Wholesale and Exports

Projects, wholesale and exports revenue are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

E-commerce

E-commerce revenues are discussed in Section 6.8.1.3 (*Revenue by Showroom Portfolio*).

6.8.2.5 Cost of Revenue

The table below summarises cost of revenue for the nine-month period ended 30 September 2023G and 2024G:

Table 6.21: Cost of Revenue for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
Marketing Home Group			
Ceramics			
Porcelain	31,618	31,314	(1.0%)
Ceramic	3,875	2,597	(33.0%)
Sanitary	11,446	20,232	76.8%
Tiles adhesive and grout	3,118	2,468	(20.8%)
Others	4,531	4,810	6.2%
Total ceramics	54,589	61,422	12.5%
Lighting			
Indoor	20,600	23,942	16.2%
Wiring	4,670	4,144	(11.3%)

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
Outdoor	5,067	5,166	2.0%
Hypnotek	2,173	2,756	26.8%
Others	117	205	76.2%
Total lighting	32,626	36,213	11.0%
Other adjustments	6,428	7,511	16.8%
Total cost of revenue from Marketing Home Group	93,643	105,146	12.3%
Cost of revenue from Subsidiaries			
Build Station LLC	15,873	15,534	(2.1%)
MHG International FZCO	-	280	NA
Ice Bear Contracting Company	3,397	2,541	(25.2%)
Engineer Musaad AlQafari Engineering Consultancy	-	316	NA
Illus Lighting Limited (Spain)	-	222	NA
Total cost of revenue for the Group	112,913	124,038	9.9%

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G and management information.

Cost of Revenue

Cost of revenue increased by 9.9 per cent. from SAR 112.9 million in the nine-month period ended 30 September 2023G to SAR 124.0 million in the nine-month period ended 30 September 2024G, due to an increase in the cost of ceramic sales by SAR 6.8 million, lighting by SAR 3.6 million. in addition to the cost of sales reported under MHG International FZCO by SAR 0.3 million and Illus Lighting Limited (Spain) by SAR 0.2 million upon consolidation in the 2024G financial year.

Ceramics Cost of Revenue for Marketing Home Group

Ceramics cost of revenue for the Marketing Home Group increased by 12.5 per cent. from SAR 54.6 million in the nine-month period ended 30 September 2023G to SAR 61.4 million in the nine-month period ended 30 September 2024G, primarily due to an increase in the sanitary ware category by SAR 8.8 million, resulting from the increase in quantities sold from 120.5 thousand to 209.4 thousand units during the same period.

Lighting Cost of Revenue for Marketing Home Group

Lighting cost of revenue for the Marketing Home Group increased by 11.0 per cent. from SAR 32.6 million in the nine-month period ended 30 September 2023G to SAR 36.2 million in the nine-month period ended 30 September 2024G, due to an increase in indoor lighting sales by SAR 3.3 million as a result of the rise in the average cost per unit sold from SAR 6 to SAR 7, and an increase in Hypnotek sales by SAR 0.6 million due to the increase in the average cost per unit sold from SAR 52 to SAR 68. This was offset by a decrease in wire sales by SAR 0.5 million due to a slowdown in the quantities sold, dropping from 735.0 thousand units to 705.7 thousand units during the same period.

Other Adjustments

Other adjustments increased by 16.8 per cent. from SAR 6.4 million in the nine-month period ended 30 September 2023G to SAR 7.5 million in the nine-month period ended 30 September 2024G, primarily due to an increase in inventory impairment losses by SAR 1.3 million, as well as a slight increase in product certification costs by SAR 0.3 million.

Build Station LLC

The cost of revenue for Build Station LLC decreased by 2.1 per cent. from SAR 15.9 million in the nine-month period ended 30 September 2023G to SAR 15.5 million in the nine-month period ended 30 September 2024G, despite the sales growth between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

MHG International FZCO

The cost of revenue for MHG International FZCO was recorded at SAR 0.3 million in the nine-month period ended 30 September 2024G, related to the first-time sales recorded from the Group's investment in Spain.

Ice Bear Contracting Company

The cost of revenue for Ice Bear Contracting Company decreased by 25.2 per cent. from SAR 3.4 million in the nine-month period ended 30 September 2023G to SAR 2.5 million in the nine-month period ended 30 September 2024G, due to sales growth between the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G, which relies on sales of heating, ventilation, and air conditioning (HVAC) supplies that carry additional sales costs along with direct operating costs.

Engineer Musaad AlQafari Engineering Consultancy

The cost of revenue for Engineer Musaad AlQafari Engineering Consultancy was recorded at SAR 0.3 million in the nine-month period ended 30 September 2024G, primarily related to employee costs.

Illus Lighting Limited (Spain)

The cost of revenue for Illus Lighting Limited (Spain) was recorded at SAR 0.2 million in the nine-month period ended 30 September 2024G, primarily related to employee costs.

6.8.2.6 Selling and Marketing Expenses

The table below summarises selling and marketing expenses for the nine-month period ended 30 September 2023G and 2024G:

Table 6.22: Selling and Marketing Expenses for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September (Reviewed) 2023G	Nine-month period ended 30 September (Reviewed) 2024G	Variance
Salaries, wages and equivalents	18,698	21,446	14.7%
Depreciation of right-of-use assets	6,784	7,496	10.5%
Depreciation of property, plant and equipment	3,620	5,591	54.5%
Advertising	2,975	5,136	72.7%
Transportation and distribution	3,347	3,552	6.1%
Sales staff commissions	2,687	3,059	13.9%
Visas and accommodation	1,935	2,227	15.1%
GOSI	1,174	1,308	11.4%
Hospitality and cleanliness	464	345	(25.6%)
Packing materials	447	378	(15.4%)
Medical insurance and treatment	141	237	68.2%
Benefits and services	148	132	(11.1%)
Travel and transportation	104	97	(6.4%)
Insurance and maintenance	95	111	17.4%
Stationery and printings	28	48	73.8%
Rent	-	-	NA
Others	483	794	64.2%
Total	43,128	51,958	20.5%

Operational KPIs			
As a percentage of revenue		As a percentage / point	
Salaries, wages and equivalents	7.0%	7.6%	0.6
Depreciation of right-of-use assets	2.5%	2.7%	0.1
Depreciation of property, plant and equipment	1.4%	2.0%	0.6
Advertising	1.1%	1.8%	0.7
Transportation and distribution	1.3%	1.3%	0.0
Sales staff commissions	1.0%	1.1%	0.1
Visas and accommodation	0.7%	0.8%	0.1
Others	1.2%	1.3%	0.1
Total	16.2%	18.4%	2.2
Average number of employees	476	513	37
Average monthly staff costs employee (SAR)	4,365	4,645	6.4%

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G and management information.

Salaries, Wages and Equivalents

Salaries, wages and equivalents increased from SAR 18.7 million in the nine-month period ended 30 September 2023G to SAR 21.4 million in the nine-month period ended 30 September 2024G. This increase was driven by new hires in line with the Group's expansion and the opening of new showrooms, as well as additional facilities and support functions such as warehouses and logistics services. The number of employees increased from 476 to 513 during the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G, with the average monthly employee cost per head remaining relatively stable during the same period.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets increased from SAR 6.8 million in the nine-month period ended 30 September 2023G to SAR 7.5 million in the nine-month period ended 30 September 2024G, primarily due to the Group's expansion through leasing contracts for new showrooms.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant, and equipment increased from SAR 3.6 million in the nine-month period ended 30 September 2023G to SAR 5.6 million in the nine-month period ended 30 September 2024G, due to improvements made to the Group's office facilities in line with the increase in the number of employees.

Advertising

Advertising expenses increased from SAR 3.0 million in the nine-month period ended 30 September 2023G to SAR 5.1 million in the nine-month period ended 30 September 2024G, as the Group continued producing marketing materials to support the opening of new showrooms and expand customer reach. This was coupled with focused marketing efforts to showcase the Group's new brand and product offerings through participation in local and international events, ahead of the anticipated public offering.

Transportation and Distribution

Transportation and distribution expenses increased from SAR 3.3 million in the nine-month period ended 30 September 2023G to SAR 3.6 million in the nine-month period ended 30 September 2024G, primarily driven by an increase in its delivery fleet and a greater reliance on its internal logistics functions for in-store customer sales deliveries, reducing dependence on third-party logistics providers.

Sales Staff Commissions

Sales staff commission increased from SAR 2.7 million in the nine-month period ended 30 September 2023G to SAR 3.1 million in the nine-month period ended 30 September 2024G, due to the Group's proactive strategy to expand its workforce and operations during the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G.

Visas and Accommodation

Visas and accommodation expenses continued to increase during the historical period, increasing from SAR 1.9 million in the nine-month period ended 30 September 2023G to SAR 2.2 million in the nine-month period ended 30 September 2024G, primarily driven by the Group's recruitment during the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G, with the average number of employees increasing from 476 employees in the nine-month period ended 30 September 2023G to 513 employees in the nine-month period ended 30 September 2024G.

GOSI

GOSI remained relatively stable at an average of SAR 1.2 million in the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G.

Hospitality and Cleanliness

Hospitality and cleanliness expenses remained relatively stable at an average of SAR 0.4 million in the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G.

Packing Materials

Packing materials remained relatively stable at an average of SAR 0.4 million in the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G, despite the reported sales growth during this period. The Group improved its packaging costs, particularly within the lighting category, by securing packaging supplies at better prices.

Medical Insurance and Treatment

Medical insurance and treatment expenses increased from SAR 0.1 million in the nine-month period ended 30 September 2023G to SAR 0.2 million in the nine-month period ended 30 September 2024G, primarily due to the Group's increased hiring during the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G.

Benefits and Services

Benefits and services expenses remained stable at SAR 0.1 million in the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

Travel and Transportation

Travel and transportation expenses remained relatively stable at an average of SAR 0.1 million in the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

Insurance and Maintenance

Insurance and maintenance expenses increased from SAR 95 thousand in the nine-month period ended 30 September 2023G to SAR 111 thousand in the nine-month period ended 30 September 2024G, driven by the Group's expansion during the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G, along with additional increases in annual insurance premiums.

Stationery and Printings

Stationery and printings expenses increased from SAR 28 thousand in the nine-month period ended 30 September 2023G to SAR 48 thousand in the nine-month period ended 30 September 2024G, primarily due to the increase in the Group's operations during the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G.

Others

Other recruitment costs amounted to SAR 0.5 million in the nine-month period ended 30 September 2023G and increased to SAR 0.8 million in the nine-month period ended 30 September 2024G, as part of temporary promotion during the nine-month period ended 30 September 2024G where certain customers utilised coupons for discounts on purchases. It is worth noting that the Group plans to move forward with offering discounts directly on customer sales invoices as part of its marketing strategy.

6.8.2.7 General and Administrative Expenses

The table below summarises general and administrative expenses for the nine-month period ended 30 September 2023G and 2024G:

Table 6.23: General and Administrative Expenses for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September (Reviewed)	Nine-month period ended 30 September (Reviewed)	Variance
	2023G	2024G	
Salaries, wages and equivalents	21,518	28,677	33.3%
Legal, governmental and professional fees	4,541	5,887	29.7%
Stationery and printings	2,927	2,537	(13.3%)
Depreciation of right-of-use assets	3,013	4,390	45.7%
Depreciation of property, plant and equipment	2,456	2,884	17.4%
Vehicle insurance and maintenance	1,724	2,473	43.4%
Travel and transportation	1,224	2,075	69.5%
Hospitality and cleanliness	1,452	1,567	7.9%
Service contractor expenses	1,497	1,455	(2.8%)
Bank charges	1,005	1,123	11.7%
Rents	822	1,138	38.4%
Medical insurance and treatment	612	1,078	76.2%
GOSI	705	1,177	67.1%
Benefits and Services	481	428	(11.1%)
Amortisation of intangible assets	54	63	15.9%
Provision for slow moving inventory	NA	NA	NA
Consulting fees	NA	NA	NA
Marketing and advertising	199	1,214	510.3%
Provision for expected credit losses	NA	NA	NA
Licences for computer programmes and supplies	NA	NA	NA
Others	2,125	2,472	16.4%
Total	46,355	60,640	30.8%
As a percentage of revenue		As a percentage / point	
Salaries, wages and equivalents	8.1%	10.2%	2.1
Legal, governmental and professional fees	1.7%	2.1%	0.4
Stationery and printings	1.1%	0.9%	(0.2)
Depreciation of right-of-use assets	1.1%	1.6%	0.4
Others	4.5%	5.8%	1.3
Total	17.4%	21.5%	4.1
Average number of employees	145	306	161
Average monthly staff costs employee (SAR)	16,489	10,413	(36.8%)

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G and management information.

Salaries, Wages and Equivalents

Salaries, wages and equivalents increased from SAR 21.5 million in the nine-month period ended 30 September 2023G to SAR 28.7 million in the nine-month period ended 30 September 2024G, driven by significant new hires in line with the Group's expansion and the opening of several new showrooms, as well as additional facilities and support functions such as warehouses and logistics services. The average number of employees increased from 145 in the nine-month period ended 30 September 2023G to 306 in the nine-month period ended 30 September 2024G, while the average monthly employee cost per head decreased from SAR 16.5 thousand in the nine-month period ended 30 September 2023G to SAR 10.4 thousand in the nine-month period ended 30 September 2024G, due to the recruitment of new employees at relatively lower salaries in line with market rates, compared to long-serving employees within the Group.

Legal, Governmental and Professional Fees

Legal, government, and professional fees increased from SAR 4.5 million in the nine-month period ended 30 September 2023G to SAR 5.9 million in the nine-month period ended 30 September 2024G, in line with the increase in the Group's operations, along with higher government-related employee expenses.

Stationery and Printings

Stationery and printing expenses decreased from SAR 2.9 million in the nine-month period ended 30 September 2023G to SAR 2.5 million in the nine-month period ended 30 September 2024G, primarily due to a reduction in costs incurred for stationery, ink, and other consumables.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets increased from SAR 3.0 million in the nine-month period ended 30 September 2023G to SAR 4.4 million in the nine-month period ended 30 September 2024G, driven by the Group's continued expansion in showrooms and warehouses.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant, and equipment increased from SAR 2.5 million in the nine-month period ended 30 September 2023G to SAR 2.9 million in the nine-month period ended 30 September 2024G, driven by the Group's continued additions during the period.

Insurance and Maintenance

Insurance and maintenance expenses increased from SAR 1.7 million in the nine-month period ended 30 September 2023G to SAR 2.5 million in the nine-month period ended 30 September 2024G, driven by additional increases in insurance premiums during the nine-month period ended 30 September 2023G to 2024G, along with further expansion in the Group's operations.

Travel and Transportation

Travel and transportation expenses increased from SAR 1.2 million in the nine-month period ended 30 September 2023G to SAR 2.1 million in the nine-month period ended 30 September 2024G, due to frequent business trips, the Group's geographical expansion, participation in exhibitions, and increased travel and relocation costs for regional managers.

Hospitality and Cleanliness

Hospitality and cleanliness expenses remained stable at an average of SAR 1.5 million in the nine-month period ended 30 September 2023G and in the nine-month period ended 30 September 2024G.

Service Contractor Expenses

Service contractor expenses remained relatively stable at an average of SAR 1.5 million in the nine-month period ended 30 September 2023G and in the nine-month period ended 30 September 2024G.

Bank Charges

Bank charges remained relatively stable at an average of SAR 1.1 million in the nine-month period ended 30 September 2023G and in the nine-month period ended 30 September 2024G.

Rents

Rent increased from SAR 0.8 million in the nine-month period ended 30 September 2023G to SAR 1.1 million in the nine-month period ended 30 September 2024G, due to the increase in annual rent costs related to employee accommodation, in line with the increase in staffing.

Medical Insurance and Treatment

Medical insurance and treatment expenses increased from SAR 0.6 million in the nine-month period ended 30 September 2023G to SAR 1.1 million in the nine-month period ended 30 September 2024G, in line with the gradual increases in annual medical insurance premiums upon renewal, as well as the significant increase in the number of new employees and their dependents who are eligible for medical insurance under the Group's policies.

GOSI

GOSI amounted to SAR 0.9 million in the nine-month period ended 30 September 2023G and remained relatively stable during the nine-month period ended 30 September 2024G.

Benefits and Services

Benefits and services remained stable at SAR 0.5 million over the nine-month period ended 30 September 2024G.

Amortisation of Intangible Assets

Amortisation of intangible assets relates to the expense of capitalised software. Amortisation of intangible assets amounted to SAR 54 thousand in the nine-month period ended 30 September 2023G and SAR 63 thousand in the nine-month period ended 30 September 2024G.

Marketing and Advertising

Marketing and advertising expenses increased from SAR 0.2 million in the nine-month period ended 30 September 2023G to SAR 1.2 million in the nine-month period ended 30 September 2024G, due to higher spending on activating new exhibitions opened during the period from the 2023G to 2024G financial year.

Others

Other expenses increased from SAR 2.1 million in the nine-month period ended 30 September 2023G to SAR 2.5 million in the nine-month period ended 30 September 2024G, as a result of the Group's strategy to expand its workforce and operations during the nine-month period ended 30 September 2023G to the financial year 2024G, with gradual changes across various other miscellaneous expenses.

6.8.2.8 Financing Costs

The table below summarises finance costs for the nine-month period ended 30 September 2023G and 2024G:

Table 6.24: Finance Costs for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September (Reviewed)	Nine-month period ended 30 September (Reviewed)	Variance
Lease liability	1,432	2,304	61.0%
Employees' defined benefits obligation	-	-	NA
Currency exchange differences	-	-	NA
Other	-	-	NA
Total	1,432	2,304	61.0%

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Lease Liability

Finance costs on lease liabilities increased from SAR 1.4 million in the nine-month period ended 30 September 2023G to SAR 2.3 million in the nine-month period ended 30 September 2024G, due to the increase in finance costs imposed on lease liabilities, driven by higher discount rates applied to new lease contracts during the previous period when right-of-use assets and their corresponding lease liabilities were recognised.

6.8.2.9 Other Income, Net

The table below summarises other income for the nine-month period ended 30 September 2023G and 2024G:

Table 6.25: Finance Costs for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
(Losses) / gains on foreign currency differences	7	867	12095.2%
(Losses) / gains on sale of property, plant and equipment	34	906	2573.0%
Loss on disposals of right-of-use assets	-	(394)	NA
Others	97	738	665.0%
Total	138	2,117	1439.6%

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

(Losses) / Gains on Foreign Currency Differences

The Group recorded a profit of SAR 0.9 million in the nine-month period ended 30 September 2024G, driven by foreign currency differences gains on accounts payable in euros related to ceramic suppliers.

(Losses) / Gains on Sale of Property, Plant and Equipment

Gains from the sale of property, plant, and equipment increased from SAR 34 thousand in the nine-month period ended 30 September 2023G to SAR 0.9 million in the nine-month period ended 30 September 2024G, due to the disposal of previously recognised furniture and fixtures in the Group's showrooms and warehouses when relocating to new sites.

Loss on Disposals of Right-of-Use Assets

The Group recorded a loss of SAR 0.4 million due to the derecognition of lease contracts in the nine-month period ended 30 September 2024G, primarily related to cancellation fees paid for several lease contract terminations following showroom relocations and the cancellation of warehouse lease contracts during the nine-month period ended 30 September 2024G.

Others

The balance increased from SAR 0.1 million in the nine-month period ended 30 September 2023G to SAR 0.7 million in the nine-month period ended 30 September 2024G, related to the classification of gains from the sale of personal protective equipment during the nine-month period ended 30 September 2024G.

6.8.2.10 Other Comprehensive Income

The table below summarises Other comprehensive income for the nine-month period ended 30 September 2023G and 2024G:

Table 6.26: Other Comprehensive Income for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
Profit before zakat and income tax for the period	62,358	45,787	(26.6%)
Zakat and income tax	(4,650)	(5,683)	22.2%
Profit for the period	57,708	40,104	(30.5%)
Other comprehensive income items			
Items that will not subsequently be reclassified to profit or loss:			

Re-measurement of employees' defined benefits obligation	-	-	NA
Items that will subsequently be reclassified to profit or loss:			
(Losses) / gains on foreign currency translation	(61)	(28)	(53.7%)
Other comprehensive income for the period	(61)	(28)	(53.7%)
Total comprehensive income for the period	57,647	40,076	(30.5%)

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Profit for the period

Net profit decreased by 30.5 per cent. from SAR 57.7 million in the nine-month period ended 30 September 2023G to SAR 40.1 million in the nine-month period ended 30 September 2024G. The decrease in net profit from the nine-month period ended 30 September 2023G to the nine-month period ended 30 September 2024G was mainly due to a SAR 11.1 million increase in the cost of revenue, primarily driven by the higher cost of revenue reported on ceramic and lighting product revenue. Additionally, there was an increase in the cost of sales from MHG International FZCO and Ice Bear Contracting Company, as the portion of revenue realised by these entities from the Group was eliminated on consolidation. Other adjustments related to inventory impairment losses and expenses linked to product certification testing increased by SAR 1.6 million during the nine-month period ended 30 September 2023G compared to the nine-month period ended 30 September 2024G. Moreover, both general and administrative expenses increased by SAR 14.3 million, and selling and marketing expenses rose by SAR 8.8 million due to appointments made across the Group. The average number of employees increased from 621 to 819 as a result of the Group's expansions and improvements in areas such as product development, business excellence, customer support, after-sales services, and other functions to support the Group's growth and readiness for a potential public offering.

(Losses) / Gains on Foreign Currency Translation

Foreign currency translation increased by 53.7 per cent., from a loss of SAR 61 thousand in the nine-month period ended 30 September 2023G to a loss of SAR 28 thousand in the nine-month period ended 30 September 2024G.

6.8.3 Statement of Financial Position

The table below summarises statement of financial position as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.27: Statement of Financial Position as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Assets				
Non-current assets				
Property, plant and equipment	40,779	76,053	108,374	107,955
Intangible assets	-	435	379	354
Right-of-use assets	78,254	89,560	112,625	99,549
Capital work in progress	3,546	-	-	-
Advances for investments purchase	6,574	7,085	3,297	-
Total non-current assets	129,153	173,133	224,676	207,858
Current assets				
Due from related parties	13,610	3,665	2,177	1,200

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Inventory	138,237	174,325	175,287	196,829
Prepayments and other debit balances	32,058	21,495	31,351	33,404
Trade receivables	13,748	6,787	10,567	12,007
Cash and cash equivalents	38,573	53,830	37,301	29,908
Total current assets	236,226	260,103	256,683	273,348
Total assets	365,378	433,235	481,359	481,206
Equity and liabilities				
Equity				
Share capital	40,000	160,000	160,000	160,000
Additional paid in capital	15,082	-	-	-
General reserve	6,279	9,795	9,795	-
Foreign currency translation reserve	-	59	1	(27)
Actuarial reserve	(2,547)	-	-	-
Retained earnings	53,051	102,537	123,401	136,594
Equity attributable to the shareholders of the parent company	111,866	272,390	293,197	296,567
Non-controlling interests	-	783	1,119	347
Total equity	111,866	273,173	294,316	296,914
Liabilities				
Non-current liabilities				
Lease liabilities	70,395	79,943	101,903	85,188
Employees defined benefits obligations	7,476	13,139	15,482	17,654
Total non-current liabilities	77,871	93,082	117,385	102,842
Current liabilities				
Current portion of lease liabilities	8,329	11,298	12,302	17,113
Due to related parties	136,001	9,636	16,646	3,550
Accrued expenses and other liabilities	16,576	22,188	26,535	31,387
Trade payables	11,846	20,240	10,416	16,676
Zakat and income tax provision	2,890	3,618	3,757	4,876
Dividends due	-	-	-	7,848
Total current liabilities	175,642	66,980	69,657	81,450
Total liabilities	253,513	160,062	187,042	184,292
Total Liabilities and equity	365,378	433,235	481,359	481,206

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The table below summarises statement of financial position key performance indicators as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.28: Statement of Financial Position Key Performance Indicators as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G (Management information)	31 December 2022G (Management information)	31 December 2023G (Management information)	30 September 2024G (Management information)
Days inventory outstanding ⁽¹⁾	453	464	409	405
Days payable outstanding ⁽²⁾	74	48	36	29
Return on average assets ⁽³⁾	19.2%	18.5%	13.3%	11.1%
Return on equity ⁽⁴⁾	74.8%	37.9%	21.5%	18.1%

Source: Management information.

1. Days inventory outstanding was calculated using the average total inventory as of each period end reporting date for the previous and current periods divided by the total cost of revenue, multiplied by 365 days, for the financial years ended 31 December 2021G, 2022G, 2023G, and 30 September 2024G.
2. Days payables outstanding was calculated using the average of accounts payable as of each period end reporting date for the previous and current periods divided by total cost of revenue linked to accounts payables (excluding (a) overheads, (b) salaries and wages, (c) depreciation charges, (d) provisions, and (e) government subsidies earned) multiplied by 365 days, for the financial years ended 31 December 2021G, 2022G, 2023G, and 30 September 2024G.
3. The annual return on assets was calculated using profit / (loss) for the year / period divided by the average total assets as of each period end reporting date for the previous and current periods, for the financial years ended 31 December 2021G, 2022G, 2023G and 30 September 2024G.
4. The annual return on equity was calculated using (profit / (loss) for the year/period) divided by the average total equity as of each period end reporting date for the previous and current periods, for the financial years ended 31 December 2021G, 2022G, 2023G and 30 September 2024G.

Non-Current Assets

Property, Plant and Equipment

The balances of property, plant and equipment amounted to SAR 108.0 million as of 30 September 2024G, consisting mainly of land amounting to SAR 47.7 million, buildings and leasehold improvements at SAR 43.8 million, vehicles at SAR 4.4 million, electrical appliances and computers at SAR 5.5 million, plant and equipment at SAR 2.5 million, furniture and supplies at SAR 1.8 million, and work in progress amounting to SAR 2.3 million.

The balances of property, plant and equipment increased from SAR 40.8 million as of 31 December 2021G to SAR 76.1 million as of 31 December 2022G, due to the purchase of land amounting to SAR 19.4 million and additions made to leasehold improvements amounting to SAR 15.4 million, along with other various additions to different categories of fixed assets.

The balances of property, plant and equipment increased to SAR 108.4 million as of 31 December 2023G, due to the purchase of two warehouses. The Group recognised SAR 14.5 million as land and SAR 10.9 million as buildings, in addition to additions made to ongoing projects related to installations and work carried out on showrooms, warehouses, and the Group's main office, as part of its expansion in operations and facilities.

The balances of property, plant and equipment slightly decreased from SAR 108.4 million as of 31 December 2023G to SAR 108.0 million as of 30 September 2024G, driven by additions from ongoing capital work amounting to SAR 6.6 million, along with additional building and leasehold improvement expenditures of SAR 2.5 million made during the same period.

Right-of-Use Assets

The balances of right-of-use assets amounted to SAR 99.5 million as of 30 September 2024G, consisting of 48 lease contracts for showrooms amounting to SAR 90.7 million, 28 lease contracts for warehouses valued at SAR 8.9 million, and the Group's main office in Saudi Arabia valued at SAR 0.1 million.

The balance increased from SAR 78.3 million as of 31 December 2021G to SAR 89.6 million as of 31 December 2022G, due to additions of SAR 22.7 million related to new and renewed lease contracts for showrooms and warehouses, as the Group expanded its operations and geographic presence. This increase was partially offset by depreciation expenses for the year amounting to SAR 11.4 million.

The balances of right-of-use assets increased to SAR 112.6 million as of 31 December 2023G, due to two major lease contracts obtained by the Group, one located in Riyadh for the establishment of a large showroom under the Build Station LLC brand, valued at SAR 27.1 million, in addition to a main showroom located in AlAhsa, valued at SAR 4.4 million.

The balances of right-of-use assets decreased from SAR 112.6 million as of 31 December 2023G to SAR 99.5 million as of 30 September 2024G, due to the cancellation of some lease contracts totalling SAR 6.2 million, as a result of the Group's shift in showrooms in the central region, in addition to the cancellation of warehouse lease contracts following the acquisition of the warehouses by the Group during the previous period.

Capital Work in Progress

The capital work in progress relates to installations and work carried out on the Group's showrooms, warehouses, and main office. The Group continuously renovates its showrooms and facilities, updating its inventory with new products and displaying these products in the showrooms by equipping them with the new items, whether in the ceramic or lighting showrooms.

The balance of capital work in progress amounted to SAR 3.5 million as of 31 December 2021G, and then decreased to nil as the capital work in progress was reclassified under property, plant and equipment after the financial year 2021G.

Advances for Investments Purchase

The advances for investments purchase mainly consist of investments in Spain amounting to SAR 7.0 million and in China totalling SAR 3.3 million. The Group intends to open a lighting showroom in Spain to establish a local presence in Europe and enable the Group to showcase its lighting brand in the European market. Additionally, the Group plans to open a lighting showroom in China to sell lighting products, as well as establish an administrative office to manage the Group's dealings with its suppliers in China.

The balance of advances for investments purchase increased from SAR 6.6 million as of 31 December 2021G to SAR 7.1 million as of 31 December 2022G, due to additional payments made by the Group toward its investment in China during the 2022G financial year.

Subsequently, the balance decreased to SAR 6.6 million as of 31 December 2023G, as the Group made additional advance payments of SAR 1.6 million toward its investment in Spain during the 2023G financial year. This was partially offset by an impairment provision of SAR 2.0 million against its investment in Spain during the same year.

The balance of advances for investments purchase decreased to nil as of 30 September 2024G, due to the reclassification of advances for investments made to China, where the Group recorded an impairment loss of SAR 3.3 million on a retrospective basis. Additionally, the Spanish entity was consolidated upon its establishment, leading to the cancellation of the investment advances paid to Spain.

Current Assets

Due from Related Parties

The receivable balance from related parties amounted to SAR 1.2 million as of 30 September 2024G. This receivable is mainly related to amounts owed by Engineer Musaad AlQafari Engineering Consultancy's office, for engineering consultancy services rendered and expenses paid on behalf of the Group. The office was historically part of the Marketing Home Group and was established following the legal restructuring of the Group in 2021G in preparation for the public offering. Historically, the Group paid certain expenses on behalf of Engineer Musaad AlQafari Engineering Consultancy for administrative costs and employee-related expenses, and these amounts have been recorded as receivables from a related party.

Inventory

The inventory balance amounted to SAR 196.8 million as of 30 September 2024G. It is mainly related to lighting products such as indoor and outdoor lighting, wires, smart system products, and other accessories, in addition to ceramic products, which primarily include porcelain and ceramic tiles, sanitary ware, stainless steel products, tile adhesives, grout, sanitary tools, and others.

The inventory balance increased from SAR 138.2 million as of 31 December 2021G to SAR 174.3 million as of 31 December 2022G, due to an increase in ceramic products by SAR 23.1 million, as well as an increase in lighting products by SAR 19.8 million. This was partially offset by a provision for slow-moving inventory of SAR 5.7 million during the year.

The inventory balance slightly increased thereafter to SAR 175.3 million as of 31 December 2023G, due to an increase in ceramic products by SAR 10.1 million. This was partially offset by additional provisions for slow-moving inventory of SAR 6.9 million during the 2023G financial year.

The inventory increased from SAR 175.3 million as of 31 December 2023G to SAR 196.8 million as of 30 September 2024G, primarily due to an increase in ceramic products by SAR 11.8 million and lighting products by SAR 21.4 million. This was offset by a decrease in the provision for slow-moving inventory of SAR 5.9 million.

Prepayments and Other Debit Balances

The balances of prepayments and other debit balances amounted to SAR 33.4 million as of 30 September 2024G. This primarily consists of advance payments to suppliers amounting to SAR 25.4 million, prepaid expenses of SAR 2.1 million, employee receivables and advances of SAR 0.8 million, refundable guarantees of SAR 1.5 million, and other items totalling SAR 3.6 million.

The prepayments and other debit balances decreased from SAR 32.1 million as of 31 December 2021G, to SAR 21.5 million as of 31 December 2022G, due to a reduction in advance payments to suppliers by SAR 11.8 million, as these advances are reversed upon receipt of goods and inventory recognition.

The balance increased to SAR 31.4 million as of 31 December 2023G, due to an increase in advance payments to suppliers by SAR 9.9 million, as the Group continued to expand its lighting operations with the opening of new showrooms and the establishment of new Subsidiaries.

The balance further increased from SAR 31.4 million as of 31 December 2023G to SAR 33.4 million as of 30 September 2024G, mainly due to an increase in others by SAR 3.4 million, along with an increase in refundable guarantees, among other factors.

Trade Receivables

The trade receivables balance decreased from SAR 13.7 million as of 31 December 2021G to SAR 6.8 million as of 31 December 2022G. This was primarily due to the exclusion of the previously recorded balance from Build Station LLC, amounting to SAR 6.7 million, which became a subsidiary of the Group and was consolidated in the 2022G financial year.

The balance then increased to SAR 10.6 million as of 31 December 2023G, as the Group intensified its efforts to expand its projects and wholesale sales channels, leading to extended credit terms for key customers within these sales channels. As of 31 December 2023G, the expected credit losses on trade receivables amounted to SAR one million, representing 8.9 per cent. of the total balance as of that date.

Trade receivables increased from SAR 10.6 million as of 31 December 2023G to SAR 12.0 million as of 30 September 2024G. This was mainly due to the Group's heightened efforts to grow its projects and wholesale sales channels, which resulted in extended credit terms for key customers in this sector.

Additionally, the Group accelerated the collection of long-term receivables, which led to a reduction in the allowance for credit losses on trade receivables, which stood at SAR 0.7 million, representing 5.5 per cent. of total trade receivables as of 30 September 2024G.

Cash and Cash Equivalents

The cash and cash equivalents balance increased from SAR 38.6 million as of 31 December 2021G to SAR 53.8 million as of 31 December 2022G, due to improved profitability and increased operating cash flows during the period from 2021G to 2022G.

The balance then decreased to SAR 37.3 million as of 31 December 2023G, due to a slight decline in profitability and operating cash flows during the period from 2022G to 2023G, in addition to dividend distributions amounting to SAR 16.0 million during the 2023G financial year.

The balance further decreased from SAR 37.3 million as of 31 December 2023G to SAR 29.9 million as of 30 September 2024G. This was primarily driven by cash used in investing activities amounting to SAR 4.4 million related to the purchase of properties, plant, and equipment, as well as financing activities, which mainly included dividend payments amounting to SAR 29.6 million.

Equity

Share Capital

The share capital balance amounted to SAR 160.0 million as of 30 September 2024G and is composed of 16 million ordinary shares with a nominal value of SAR 10 per Share.

The share capital balance increased from SAR 40.0 million as of 31 December 2021G to SAR 160.0 million as of 31 December 2022G, due to the capital increase of the Group following the approval of the Group's shareholders, after the legal restructuring of the Group from a sole proprietorship to a limited liability company during the 2022G financial year. The capital remained unchanged at SAR 160.0 million as of 31 December 2023G, and as of 30 September 2024G.

Additional Paid in Capital

The additional paid-in capital amounted to SAR 15.1 million as of 31 December 2021G. This relates to an in-kind contribution made by Mr. Musaad AlQafari to the Group, in the form of land, which was subsequently used to increase the Group's capital.

General Reserve

The general reserve balance amounted to SAR 9.8 million as of 31 December 2023G. This reserve relates to a requirement under the Saudi Companies Law, which mandates the allocation of ten per cent. of annual net profits to statutory reserves until these reserves reach 30 per cent. of the Group's capital. According to the Group's audited financial statements for the 2023G financial year, this requirement is no longer applicable to the Group. Consequently, the entire balance previously recognised as statutory reserves was transferred to the general reserve.

Actuarial Reserve

The actuarial reserves were historically recorded under a separate line item within equity and amounted to SAR 2.5 million as of 31 December 2021G. These actuarial reserves subsequently decreased to nil as the balance was reclassified and adjusted into the Group's retained earnings.

Retained Earnings

The retained earnings balance increased from SAR 53.1 million as of 31 December 2021G to SAR 102.5 million as of 31 December 2022G, due to comprehensive income for the year amounting to SAR 69.5 million, offset by transfers to statutory reserves totalling SAR 3.5 million during the 2022G financial year, and the reclassification of actuarial reserves to retained earnings.

The balance then increased to SAR 123.4 million as of 31 December 2023G, due to the reported comprehensive income for the year of SAR 61.7 million, partially offset by declared dividend distributions of SAR 40.0 million during the same year.

The balance further increased from SAR 123.4 million as of 31 December 2023G to SAR 136.6 million as of 30 September 2024G, driven by total comprehensive income for the period of SAR 39.4 million, and the reclassification of the general reserve to retained earnings amounting to SAR 9.8 million, offset by declared dividend distributions of SAR 36.0 million.

Foreign Currency Translation Reserve

The foreign currency translation reserves were recorded at SAR 59 thousand as of 31 December 2022G, SAR one thousand as of 31 December 2023G, and SAR 27 thousand as of 30 September 2024G.

Non-Current Liabilities

Lease Liabilities

The lease liabilities balance amounted to SAR 102.3 million as of 30 September 2024G. These liabilities relate to showroom leases, warehouses, and the Group's headquarters. The lease liabilities are directly linked to additions made to the right-of-use assets, which amounted to SAR 78.7 million as of 31 December 2021G, SAR 91.2 million as of 31 December 2022G, and SAR 114.2 million as of 31 December 2023G, due to ongoing additions and the expansion of the Group's operations during the historical period.

The lease liabilities balance decreased to SAR 102.3 million as of 30 September 2024G, due to lease terminations amounting to SAR 5.9 million, related to the cancellation of lease contracts for showrooms and warehouses.

Employees Defined Benefits Obligations

The balance of employee benefits obligations increased from SAR 7.5 million as of 31 December 2021G to SAR 13.1 million as of 31 December 2022G. This increase is based on the actuarial valuation conducted at the year-end, reflecting higher current service costs for the Group following the consolidation of its operations, along with an increase in the Group's workforce and adjustments to the salary scales for senior management.

The balance increased to SAR 15.5 million as of 31 December 2023G and further increased to SAR 17.7 million as of 30 September 2024G, due to the Group's expansion and the hiring of several middle management positions in preparation for the Group's initial public offering.

Current Liabilities

Due to Related Parties

The balance due to related parties primarily relates to unpaid declared dividends. The balance decreased from SAR 136.0 million as of 31 December 2021G to SAR 9.6 million as of 31 December 2022G, due to the use of the outstanding amounts to increase the Group's capital.

The balance then increased to SAR 16.6 million as of 31 December 2023G, primarily due to unpaid dividends declared to Mr. Ali Mubarak AlDosari.

The balance due to related parties decreased to SAR 3.6 million as of 30 September 2024G, due to a reduction in the remaining amounts payable to shareholders, following partial payments made during the same period.

Accrued Expenses and Other Liabilities

The accrued expenses and other liabilities balance amounted to SAR 31.4 million as of 30 September 2024G. This primarily consists of customer advances of SAR 18.7 million, accrued expenses of SAR 3.9 million, accrued salaries of SAR 5.1 million, VAT payables of SAR 3.0 million, among other items.

The accrued expenses and other liabilities increased from SAR 16.6 million as of 31 December 2021G to SAR 22.2 million as of 31 December 2022G, due to an increase in customer advances by SAR 1.4 million and an increase in accrued expenses by SAR 1.0 million. Additionally, this increase includes the accrual of bonus entitlements reported as of 31 December 2022G, due to higher net profits during the 2022G financial year.

The balance further increased to SAR 26.5 million as of 31 December 2023G, due to an increase in customer advances by SAR 3.7 million and an increase in accrued expenses by SAR 1.3 million, in line with the Group's expansion and geographical presence.

The accrued expenses and other liabilities balance increased to SAR 31.4 million as of 30 September 2024G, mainly due to an increase in customer advances by SAR 8.6 million and accrued salaries by SAR 1.3 million, offset by the payment of bonuses, with the bonus payable decreasing from SAR 5.7 million as of 31 December 2023G to nil as of 30 September 2024G.

Trade Payables

The trade payables primarily consist of foreign suppliers for the Group's ceramic products, which are mainly sourced from Europe, except for sanitary ware, which is sourced from China. Typically, payments for products sourced from China, especially lighting products and sanitary ware, are made in advance.

It is worth noting that the Group has long credit periods (ranging from 60 to 150 days) with its ceramic suppliers due to long-standing relationships with these suppliers.

The trade payables balance increased from SAR 11.8 million as of 31 December 2021G to SAR 20.2 million as of 31 December 2022G, due to higher purchases at the end of the 2022G financial year, as the Group expanded its geographical presence through new showrooms.

The balance then decreased from SAR 20.2 million as of 31 December 2022G to SAR 10.4 million as of 31 December 2023G. This decrease was partly due to the settlement of various trade payables outstanding at the end of the previous year, as well as a reduction in purchases at the end of the 2023G financial year due to the Group's policy of controlling supply and demand levels and inventory levels.

The trade payables balance increased from SAR 10.4 million as of 31 December 2023G to SAR 16.7 million as of 30 September 2024G, due to higher purchases, along with the consolidation of Illus Lighting Limited (Spain), which contributed SAR 4.0 million in accounts payable as of 30 September 2024G.

Zakat and Income Tax Provision

The provision for Zakat and income tax increased from SAR 2.9 million as of 31 December 2021G, to SAR 3.6 million as of 31 December 2022G, and further increased to SAR 3.8 million as of 31 December 2023G. This increase was due to an increase in the Zakat base resulting from improved profitability and an increase in the Group's net assets during the historical period.

The Zakat provision increased to SAR 4.9 million as of 30 September 2024G, due to the accrual of the zakat provision for the partial period as of 30 September 2024G.

6.8.3.1 Non-Current Assets

The table below summarises non-current assets as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.29: Non-Current Assets as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Property, plant and equipment	40,779	76,053	108,374	107,955
Intangible assets	-	435	379	354
Right-of-use assets	78,254	89,560	112,625	99,549
Capital work in progress	3,546	-	-	-

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Advances for investments purchase	6,574	7,085	3,297	-
Total non-current assets	129,153	173,133	224,676	207,858

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

(a) Property & Equipment

The table below summarises the net book value for property and equipment as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.30: Net Book Value of Property and Equipment as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Lands	15,082	34,432	52,717	47,730
Leasehold improvements	17,127	28,155	38,072	43,792
Vehicles	3,134	4,593	4,471	4,427
Electrical appliances and computers	2,727	4,150	4,115	5,450
Plant and equipment	1,661	2,149	2,531	2,460
Furniture and supplies	1,047	1,402	1,483	1,786
Work in progress	-	1,171	4,985	2,309
Total	40,779	76,053	108,374	107,954

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The table below summarises the additions to property and equipment as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.31: Additions to Property and Equipment as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Lands	15,082	34,432	52,717	47,730
Leasehold improvements	38,903	54,495	70,408	81,132
Vehicles	7,005	9,044	9,671	10,098
Electrical appliances and computers	5,286	7,352	8,374	10,549
Plant and equipment	2,959	3,831	4,666	4,971
Furniture and supplies	1,703	2,641	2,968	3,459
Work in progress	-	1,171	4,985	2,309
Total	70,939	112,966	153,790	160,249

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The table below summarises the accumulated depreciation for property and equipment as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.32: Accumulated Depreciation for Property and Equipment as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Lands	-	-	-	-
Leasehold improvements	21,776	26,340	32,337	37,341
Vehicles	3,871	4,451	5,200	5,671
Electrical appliances and computers	2,560	3,202	4,258	5,099
Plant and equipment	1,298	1,682	2,136	2,511
Furniture and supplies	655	1,239	1,486	1,673
Work in progress	-	-	-	-
Total	30,159	36,914	45,416	52,294

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Property, plant, and equipment consist of land, leasehold improvements, vehicles, electrical appliances and computers, plant and equipment, furniture and supplies, and work in progress.

Property, plant, and equipment increased from SAR 40.8 million as of 31 December 2021G to SAR 76.1 million as of 31 December 2022G, driven by significant land acquisitions amounting to SAR 19.4 million and additions to leasehold improvements of SAR 15.4 million, along with various additions across other categories of fixed assets.

Property, plant, and equipment increased further from SAR 76.1 million as of 31 December 2022G to SAR 108.4 million as of 31 December 2023G, through the acquisition of two warehouses recognised at SAR 14.5 million under land and SAR 10.9 million under buildings, in addition to work carried out on capital projects in progress related to fixtures in the Group's showrooms, warehouses, and headquarters as part of the expansion of its operations and facilities.

Property, plant, and equipment increased from SAR 108.4 million as of 31 December 2023G to SAR 108.0 million as of 30 September 2024G, driven by additions to ongoing capital projects amounting to SAR 6.6 million, along with building and other improvements of SAR 2.5 million made during the same period.

Land

Land mainly consists of parcels owned by the Group, particularly within the Marketing Home Group, which includes its warehouses or the Group's plan to build additional warehouses on these plots, in addition to a piece of land purchased by the Group for constructing a factory during the historical period.

The balance of land increased from SAR 15.1 million as of 31 December 2021G to SAR 34.4 million as of 31 December 2022G. This increase was primarily due to acquisitions made during the financial year 2021G–2022G, which included two plots of land purchased for SAR 14.5 million, on which the Group intends to build its own warehouses. Additionally, another plot of land was purchased for SAR 4.8 million, where the Group plans to build its own factory and set up a comprehensive workshop that will provide its own furniture assembly services, along with other ceramic services.

The balance of land increased further from SAR 34.4 million as of 31 December 2022G to SAR 52.7 million as of 31 December 2023G and remained at SAR 52.7 million as of 30 September 2024G. This increase was due to the purchase of two warehouses, where the Group recognised SAR 14.5 million for the land on which the warehouses are situated. The Group continues its shift toward owning storage facilities rather than leasing, which drives additional acquisition activities. The balance further decreased to SAR 47.7m as of 30 September 2024G as a result of disposals of SAR 5.0m made during the period.

Leasehold Improvements

Leasehold improvements mainly relate to improvements and works carried out at the Group's headquarters, warehouses, showrooms, and administrative buildings. These improvements are ongoing due to the nature of the Group's business model, as new inventory requires continuous enhancements to showcase the Group's products at its showrooms and branches.

The balance of leasehold improvements increased from SAR 17.1 million as of 31 December 2021G to SAR 28.2 million as of 31 December 2022G. This increase was primarily due to various additions made across warehouses, branches, and administrative offices amounting to SAR 2.5 million, in addition to SAR 5.5 million that was transferred from work in progress related to improvements made across the Group's branches and the expansion of its headquarters. The Group also recognised improvements made to the buildings concerning Build Station LLC at SAR 7.5 million, as part of the merger during the financial year 2022G, which pertained to its current branches and administrative offices. This was offset by a reduction in depreciation expenses for the year, which amounted to SAR 4.3 million.

The balance of leasehold improvements increased from SAR 28.2 million as of 31 December 2022G to SAR 38.1 million as of 31 December 2023G. This was driven by the recognition of the building portion of warehouse acquisitions made during the financial year 2023G, amounting to SAR 10.9 million, as well as ongoing installations and works across the Group's showrooms, warehouses, and offices, totalling SAR 2.3 million during the financial year 2023G. Additionally, SAR 0.5 million was added as the Group expanded its headquarters to accommodate the Build Station LLC team in Saudi Arabia. This was offset by a reduction in depreciation expenses for the year, which amounted to SAR 5.9 million during the financial year 2023G.

The balance of leasehold improvements increased from SAR 38.1 million as of 31 December 2023G to SAR 43.8 million as of 30 September 2024G. This was driven by various additions carried out across warehouses, branches, and administrative offices, in addition to SAR 7.5 million transferred from projects under construction related to the opening of a new showroom for the Group. This was offset by depreciation expenses for the period, which amounted to SAR 4.0 million.

Vehicles

The vehicles primarily relate to the Group's delivery fleet used for transporting products to customers, between warehouses and showrooms, and for employee transportation and other administrative needs. It is worth noting that the Group also relies on third-party logistics services to deliver products between cities and for sales via e-commerce.

The vehicle balance increased from SAR 3.1 million as of 31 December 2021G to SAR 4.6 million as of 31 December 2022G, due to various additions to the Group's delivery fleet as operations expanded, including the opening of new showrooms during the financial year 2022G, amounting to SAR 1.6 million. Additionally, vehicles belonging to Build Station LLC were recognised at SAR 1.5 million upon the merger during the financial year 2022G. This increase was offset by depreciation expenses amounting to SAR 1.0 million, as well as the disposal of vehicles with a net book value of SAR 0.5 million during the same period.

The vehicle balance decreased from SAR 4.6 million as of 31 December 2022G to SAR 4.5 million as of 31 December 2023G. This decrease was primarily due to depreciation expenses for the year amounting to SAR 1.1 million, along with the disposal of vehicles with a net book value of SAR 0.1 million during the same period. However, this was partially offset by an increase in additions of SAR 1.1 million related to the Group's operational expansion, as well as the focus on wholesale projects and sales channels, which required sales employees to conduct more customer visits, thereby necessitating additional vehicles.

The balance slightly decreased to SAR 4.4 million as of 30 September 2024G, driven by additions of SAR 0.9 million, which were offset by depreciation expenses for the same period amounting to SAR 0.5 million.

Electrical Appliances and Computers

The electrical appliances and computers relate to the computers, smartphones, and other office devices used in operations and administrative offices.

The balance of electrical appliances and computers increased from SAR 2.7 million as of 31 December 2021G to SAR 4.2 million as of 31 December 2022G. This increase was primarily due to additions amounting to SAR 0.8 million, reflecting the growth in the number of branches and warehouses, along with the recognition of IT devices and software from Build Station LLC at SAR 0.2 million upon the merger during the financial year 2022G. Additionally, the external auditor reclassified assets from machinery and equipment to electrical appliances and computers, amounting to SAR 0.9 million, related to assets that were previously misclassified. This was offset by depreciation expenses for the year, amounting to SAR 0.5 million during the financial year 2022G.

The balance of electrical appliances and computers decreased from SAR 4.2 million as of 31 December 2022G, to SAR 4.1 million as of 31 December 2023G. This decrease was primarily due to additions of SAR 0.9 million in line with the Group's expansion, which was offset by an increase in depreciation expenses during the financial year 2023G, amounting to SAR 1.0 million.

The balance increased to SAR 5.5 million as of 30 September 2024G, driven by transfers from work in progress amounting to SAR 1.4 million, along with additions of SAR 0.5 million and software from Engineer Musaad AlQafari Engineering Consultancy Company in Egypt at SAR 0.4 million upon the merger in 2024G. This increase was partially offset by depreciation expenses for the year, amounting to SAR 0.9 million.

Plant and Equipment

The plant and equipment relate to the equipment used in the Group's business operations, such as water jet cutting equipment used for cutting ceramic and porcelain products, in addition to forklifts used at the Group's storage facilities.

The balance of plant and equipment increased from SAR 1.7 million as of 31 December 2021G to SAR 2.1 million as of 31 December 2022G. This increase was primarily due to the recognition of machinery and equipment from Build Station LLC at SAR 1.7 million upon the merger during the financial year 2022G, along with additions of SAR 0.1 million in the Group's warehouses, offset by depreciation expenses for the year amounting to SAR 0.5 million.

The balance of plant and equipment increased from SAR 2.1 million as of 31 December 2022G to SAR 2.5 million as of 31 December 2023G, due to additions during the year amounting to SAR 0.6 million. These additions were primarily related to equipment used in the Group's workshops and warehouses. This increase was offset by depreciation expenses for the year, which amounted to SAR 0.4 million.

The balance remained relatively stable at SAR 2.5 million as of 30 September 2024G, driven by minor additions, which were offset by depreciation expenses for the period since the beginning of 2024G.

Furniture and Supplies

The furniture and supplies are primarily located within the Group's branches and administrative offices.

The balance of furniture and supplies increased from SAR 1.0 million as of 31 December 2021G to SAR 1.4 million as of 31 December 2022G, due to additions amounting to SAR 1.2 million during the year. This increase was offset by depreciation expenses of SAR 0.8 million for the financial year 2022G.

The balance of furniture and supplies increased from SAR 1.4 million as of 31 December 2022G to SAR 1.5 million as of 31 December 2023G, due to additions amounting to SAR 0.3 million. This increase was partially offset by a decrease in depreciation of SAR 0.2 million in the financial year 2023G, as some assets reached full depreciation during the period.

The balance further increased to SAR 1.8 million as of 30 September 2024G, due to the furniture and supplies recognised under the merger of Engineer Musaad AlQafari Engineering Consultancy Company in Egypt, amounting to SAR 0.4 million, as well as additions and transfers from capital work in progress amounting to SAR 0.1 million. This was partially offset by depreciation expenses for the period, which amounted to SAR 0.1 million.

Work in Progress

Work in progress primarily relate to the installations and fittings carried out in the Group's administrative offices, showrooms, and warehouses.

The balance of work in progress increased from nil as of 31 December 2021G to SAR 1.2 million as of 31 December 2022G, as they were reclassified to be included under properties, plant, and equipment.

The balance of work in progress increased from SAR 1.2 million as of 31 December 2022G to SAR 5.0 million as of 31 December 2023G and further decreased to SAR 2.3 million as of 30 September 2024G, due to reclassification to property and equipment upon capitalisation.

(b) Right of Use Assets

The table below summarises right of use assets as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.33: Right of Use Assets as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Cost				
Balance at the beginning of the year/period	69,351	78,254	89,560	112,625
Additions during the year/period	16,221	22,677	35,756	5,056
Depreciation during the year/period	(7,317)	(11,371)	(12,628)	(11,886)
Differences on foreign currency translation	-	-	(1)	-
Adjustments	-	-	(62)	-
Exclusions	-	-	-	(6,246)
As at the end of the year / period	78,254	89,560	112,625	99,549

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The right-of-use assets primarily consist of 48 leased showrooms, 28 leased warehouses, and the lease of the Group's headquarters in Saudi Arabia.

The balance of right-of-use assets increased from SAR 78.3 million as of 31 December 2021G to SAR 89.6 million as of 31 December 2022G. This increase is primarily due to additions totalling SAR 22.7 million, partially related to four additional showroom lease contracts for the Marketing Home Group valued at SAR 8.2 million, as the Group continued to expand its presence in the Kingdom of Saudi Arabia. Additionally, two warehouse leases valued at SAR 1.1 million were added, with expected lease terms between four to five years, along with various renewals of existing contracts for showrooms and warehouses amounting to SAR 5.0 million. The Group also recognised right-of-use assets under Build Station LLC upon consolidation for SAR 8.3 million during the year, with expected lease terms ranging from four to eight years. This was offset by depreciation expenses for the year totalling SAR 11.4 million.

The balance of right-of-use assets increased from SAR 89.6 million as of 31 December 2022G to SAR 112.6 million as of 31 December 2023G. This increase is mainly due to two significant lease contracts signed during the financial year 2023G as part of the Group's efforts to strengthen and expand the Build Station LLC brand in the Kingdom of Saudi Arabia. The group leased a primary showroom in Riyadh for a term of nine years, recognising SAR 27.1 million under right-of-use assets, and another primary showroom in AlAhsa for a term of six years, recognising SAR 4.4 million under right-of-use assets. Additionally, three small showroom lease contracts for sanitary ware displays were entered into, totalling SAR 2.6 million, along with three warehouse lease contracts worth SAR 1.2 million, reflecting the Group's expansion of its distribution network. This was partially offset by depreciation expenses for the year totalling SAR 12.6 million.

The balance of right-of-use assets decreased to SAR 99.5 million as of 30 September 2024G, mainly due to depreciation charges of SAR 11.9 million, as well as disposals and adjustments amounting to SAR 6.2 million, primarily related to cancelled lease contracts. This includes the cancellation of four showroom leases worth SAR 4.3 million, as the Group moved to new showrooms in Riyadh for its branches on AlTakhasusi Street, along with the cancellation of four warehouse lease contracts worth SAR 1.9 million following the Group's purchase of its own warehouses during the previous period.

(c) Advances for Investments Purchase

The table below summarises advances for investments purchase as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.34: Advances for Investments Purchase as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Investments in the People's Republic of China	2,836	3,347	3,347	3,347
Investments in the Kingdom of Spain	3,738	3,738	5,342	-
Total advance payments for investments	6,574	7,085	8,689	3,347
Less: Impairment loss provisions	-	-	(5,391)	(3,347)
Balance at the end of the year/period	6,574	7,085	3,297	-

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The advances for investments purchase primarily relate to investments in Spain and China. The group intends to open a lighting showroom in Spain to establish a local presence in Europe and strengthen its relationships with ceramic and porcelain suppliers. The investment in China represents a manufacturing facility for lighting products in China, which also serves as an administrative office for the Group's dealings with its suppliers in China.

The balance of advances for investments purchase increased from SAR 6.6 million as of 31 December 2021G to SAR 7.1 million as of 31 December 2022G. This increase was due to additional payments made by the Group toward its investment in China during the financial year 2022G.

The balance of advances for investments purchase decreased from SAR 7.1 million as of 31 December 2022G to SAR 3.3 million as of 31 December 2023G. This decline occurred as the Group made additional payments for its investment in Spain amounting to SAR 1.6 million during the financial year 2023G and recognised an impairment provision of SAR 2.0 million for its investment in Spain during the same year.

The balance of advances for investments purchase decreased to nil as of 30 September 2024G, as the Group recorded impairment provisions of SAR 3.3 million for the total amount of advances made for its investments in China.

Investments in the People's Republic of China

The advances for investments purchase in China relate to payments made for the establishment of a lighting showroom in China, where the Group sells its products under its own brand.

The balance of advance payments for investments in China increased from SAR 2.8 million as of 31 December 2021G to SAR 3.3 million as of 31 December 2022G and remained the same as of 31 December 2023G and 30 September 2024G. This increase was due to additional advance payments of SAR 0.5 million made by the Group in August 2022G.

The balance of advance payments for investments in China remained stable at SAR 3.3 million as of 31 December 2023G. Subsequently, the Group recorded an impairment provision of SAR 3.3 million against its investments in the People's Republic of China during the nine-month period ending 30 September 2024G, after the Group had performed an assessment of the net recoverable amounts of the advance payments for its investments in the People's Republic of China and made a restatement retrospectively of the provision as of 31 December 2023G.

Investments in the Kingdom of Spain

The advances for investments purchase in Spain relate to payments made for the Group's plans to establish a subsidiary in Spain aimed at opening and operating lighting showrooms to serve the local market, as well as creating a local presence in Europe, enabling the Group to expand its reach in the European market.

The balance of advances for investments purchases in Spain increased from SAR 3.7 million as of 31 December 2021G, and 31 December 2022G to SAR 5.3 million as of 31 December 2023G, due to additional advance payments of SAR 1.6 million made by the Group in October 2023G.

During the nine months period ended 30 September 2024G, the Group reclassified the balance retroactively as the entity in Spain was consolidated into the Group's financial statements. This reclassification resulted in the balance being reduced to nil.

Impairment Loss Provision

The balance of impairment losses provision decreased from nil as of 31 December 2021G, and 31 December 2022G, to SAR 5.4 million as of 31 December 2023G. This was due to the Group recording an impairment provision of SAR 2.0 million for the advance payments related to its investments in Spain. The provision was made after the Group assessed the net recoverable amounts from its advance payments as of the review date of the financial statements on 31 December 2023G. Subsequently, the Group recorded an impairment provision of SAR 3.3 million against its investments in the People's Republic of China during the nine-month period ending 30 September 2024G, after the Group had performed an assessment of the net recoverable amounts of the advance payments for its investments in the People's Republic of China and made a restatement retrospectively of the provision as of 31 December 2023G.

6.8.3.2 Current Assets

The table below summarises current assets as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.35: Current Assets as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Inventory	138,237	174,325	175,287	196,829
Cash and cash equivalents	38,573	53,830	37,301	29,908
Prepayments and other debit balances	32,058	21,495	31,351	33,404
Trade receivables	13,748	6,787	10,567	12,007
Due from related parties	13,610	3,665	2,177	1,200
Total current assets	236,226	260,103	256,683	273,348

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The current assets primarily consist of inventory, cash and cash equivalents, prepayments and other debit balances, trade receivables, and amounts due from related parties. Current assets accounted for 64.7 per cent., 60.0 per cent., 53.0 per cent., and 56.8 per cent. of total assets as of 31 December 2021G, 2022G, 2023G and 30 September 2024G, respectively.

Current assets increased from SAR 236.2 million as of 31 December 2021G, to SAR 260.1 million as of 31 December 2022G, primarily due to increases in:

Inventory by SAR 36.1 million, driven by an increase in ceramic products by SAR 23.1 million, along with an increase in lighting products by SAR 19.8 million. This increase was partially offset by a provision for slow-moving and obsolete inventory of SAR 5.7 million.

Cash and cash equivalents by SAR 15.3 million, owing to improved profitability and higher operating cash flows.

This increase was partially offset by declines in:

Prepayments and other debit balances by SAR 10.6 million, primarily due to a decrease in advance payments to suppliers of SAR 11.8 million, as these advances are reversed when goods are received, and inventory is recognised.

Trade receivables by SAR 7.0 million, primarily due to the cancellation of trade receivables previously reported from Build Station LLC, a subsidiary consolidated in the 2022G financial year, amounting to SAR 6.7 million.

Current assets decreased from SAR 260.1 million as of 31 December 2022G to SAR 256.7 million as of 31 December 2023G, primarily due to a decrease in cash and cash equivalents by SAR 16.5 million, due to a slight reduction in profitability and operating cash flows during the 2022G–2023G financial period, along with dividend distributions during the 2023G financial year of SAR 16.0 million.

This decrease was partially offset by increases in:

Prepayments and other debit balances by SAR 9.9 million, mainly due to higher advance payments to suppliers as the Group continued to expand its lighting division through new showrooms and newly consolidated Subsidiaries.

Trade receivables by SAR 3.8 million, as the Group extended credit terms to key customers within its wholesale distribution channels to support its project expansion efforts.

Current assets increased from SAR 256.7 million as of 31 December 2023G to SAR 273.3 million as of 30 September 2024G, primarily due to increases in:

Inventory by SAR 21.5 million, driven by a rise in ceramic products by SAR 11.8 million, as well as an increase in lighting products by SAR 21.4 million. This was partially offset by a provision for slow-moving and obsolete inventory during the year of SAR 5.9 million.

(a) Inventory

The table below summarises inventory as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.36: Inventory as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Ceramic inventory	72,490	95,573	105,679	117,429
Lighting inventory	59,438	79,244	80,396	101,829
Goods in transit	11,271	9,208	6,071	-
Air conditioners	-	987	577	1,041
General inventory	42	-	133	-
Total inventory	143,242	185,012	192,856	220,299
Less: Provision for slow moving inventories	(5,005)	(10,687)	(17,568)	(23,469)
Net inventory	138,237	174,325	175,287	196,829
Key Performance Indicators				
Provision as a percentage of total available inventory	3.8%	6.1%	9.4%	10.7%
Days inventory outstanding	453	464	409	405
Inventory turnover ratio (times)	0.83	0.79	0.89	0.89

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G, and management information.

Inventory primarily consists of lighting products such as indoor and outdoor lighting fixtures, wiring, Hypnotek products, along with other accessories, and ceramic products, which mainly include porcelain and ceramic tiles, sanitary ware, stainless steel products, tile adhesives, grouts, and others.

Due to the nature of non-perishable inventory, provisions are only recorded against inventory when there has been no movement in any specific Stock Keeping Unit (SKU) across inventory categories. The Group then records a provision based on its assessment of the net realizable value of those specific units.

Inventory increased from SAR 138.2 million as of 31 December 2021G to SAR 174.3 million as of 31 December 2022G, mainly due to an increase in ceramic products by SAR 23.1 million, coupled with an increase in lighting products by SAR 19.8 million. This was offset by a provision for slow-moving inventory of SAR 5.7 million recorded during the year.

Inventory increased from SAR 174.3 million as of 31 December 2022G to SAR 175.3 million as of 31 December 2023G, primarily due to an increase in ceramic products by SAR 7.4 million. This was offset by additional provisions for slow-moving inventory of SAR 6.9 million during the 2023G financial year.

Inventory increased from SAR 175.3 million as of 31 December 2023G to SAR 196.8 million as of 30 September 2024G, driven by an increase in inventory by SAR 11.8 million during the period, primarily due to the expansion of indoor product offerings. This was offset by a decrease in provision charges of SAR 6.0 million as of 30 September 2024G.

Ceramic Inventory

Inventory increased from SAR 72.5 million as of 31 December 2021G to SAR 95.6 million as of 31 December 2022G. This was primarily due to an increase in sanitary ware by SAR 18.8 million, driven by the Group's expansion and continuous development of its local sanitary ware product offerings. Additionally, there was an increase in porcelain products by SAR 17.8 million, reflecting the ongoing increase in porcelain stock as customer preferences shifted towards porcelain products, which offer greater variety and superior appeal in terms of design and finish quality. This increase was partially offset by a decrease in ceramic products by SAR 15.9 million, as demand in the market for the ceramic subcategory continued to shift towards more attractive products in the porcelain subcategory.

Inventory increased from SAR 95.6 million as of 31 December 2022G to SAR 105.7 million as of 31 December 2023G. This was primarily due to an increase in sanitary ware by SAR 9.7 million, driven by higher demand for the Group's sanitary ware products. This led to the opening of new branches focused on expanding the Group's sanitary ware offerings. Furthermore, the brand's growing recognition in both the Kingdom of Saudi Arabia and the United Arab Emirates required higher inventory levels to meet the anticipated demand.

Inventory increased from SAR 105.7 million as of 31 December 2023G to SAR 117.4 million as of 30 September 2024G. This was primarily due to an increase in sanitary ware by SAR 7.0 million, as the Group continued to expand and develop its local sanitary ware product range. There was also an increase in other products by SAR 4.4 million, due to a variety of increases in furniture and home decor items, as the Group continued to develop additional products to complement its existing offerings. This was partially offset by a decrease in ceramic products by SAR 2.4 million, as the market demand continued to shift towards more attractive porcelain products.

Lighting Inventory

The lighting inventory increased from SAR 59.4 million as of 31 December 2021G to SAR 79.2 million as of 31 December 2022G. This was primarily due to an increase in indoor lighting products by SAR 10.6 million, driven by the growing demand for the Group's local lighting brand, "Illus". Additionally, there was an increase in wiring products by SAR 4.4 million, in line with the increase in sales of both indoor and outdoor lighting products.

Lighting inventory increased from SAR 79.2 million as of 31 December 2022G to SAR 80.4 million as of 31 December 2023G. This was mainly due to an increase in indoor lighting products by SAR 4.4 million, as the Group continued to update and develop its offerings in this key revenue-generating category in lighting stores.

This increase was partially offset by a decrease in outdoor lighting products by SAR 2.6 million, as demand for outdoor lights declined slightly following a slowdown in the market, which was aligned with rising interest rates and a reduction in residential real estate activity. Additionally, wiring products decreased by SAR 1.5 million, which are complementary to indoor lighting products and thus directly related to the increase in indoor lighting inventory.

Lighting inventory increased from SAR 80.4 million as of 31 December 2023G to SAR 101.8 million as of 30 September 2024G. This was mainly due to an increase in indoor lighting products by SAR 6.4 million, as the Group continued to update and develop its offerings in the key revenue-generating subcategory for lighting stores. There was also an increase in outdoor lighting products by SAR 5.8 million, as the Group restocked outdoor lighting products in response to the anticipated demand.

Goods in Transit

The goods in transit decreased from SAR 11.3 million as of 31 December 2021G to SAR 9.2 million as of 31 December 2022G and further decreased to SAR 6.1 million as of 31 December 2023G. The goods in transit primarily related to orders for ceramic and lighting showrooms during transportation. The balance then dropped to nil as of 30 September 2024G, as all goods in transit recorded after the end of the 2023G financial year were received.

Air Conditioners

The balance of air conditioners decreased from SAR 1.0 million as of 31 December 2022G to SAR 0.6 million as of 31 December 2023G, this decrease is primarily related to the inventory of the subsidiary, Ice Bear Contracting Company. The balance subsequently increased to SAR1.0m as of 30 September 2024G.

Supplies Stock

Supplies stock decreased from SAR 42 thousand as of 31 December 2021G to nil as of 31 December 2022G, then increased to SAR 0.1 million as of 31 December 2023G, and further to nil as of 30 September 2024G. This inventory primarily includes various consumable materials that are not intended for sale.

Provision for Slow Moving Inventories

The table below summarises provisions for slow moving inventory as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.37: Provision for Slow Moving Inventory as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Balance at the beginning of the year/period	2,208	5,005	10,687	17,568
Provision for slow-moving inventory	2,797	5,682	6,881	5,901
Differences on foreign currency translation	-	-	(40)	-
Balance at the end of the year/period	5,005	10,687	17,568	23,469

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The provision for slow-moving inventory continued to increase over the historical period, driven by the Group's expansion and the continuous updating of its offerings and products.

The provision for slow-moving inventory increased from SAR 5.0 million as of 31 December 2021G to SAR 10.7 million as of 31 December 2022G, primarily due to older ceramic products, sanitaryware, and porcelain.

The provision for slow-moving inventory increased from SAR 10.7 million as of 31 December 2022G to SAR 17.6 million as of 31 December 2023G, due to additional provisions taken for ceramic and porcelain inventory, as well as provisions against stagnant sanitaryware stock.

The provision for slow-moving inventory increased further from SAR 17.6 million as of 31 December 2023G to SAR 23.5 million as of 30 September 2024G, due to additional provisions for ceramic and porcelain inventory, along with provisions taken against stagnant sanitaryware.

(b) Cash and Cash Equivalents

The table below summarises cash and cash equivalents as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.38: Cash and Cash Equivalents as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Cash at banks	38,455	53,486	37,291	29,722
Cash on hand	119	323	10	186
Cheques under collection	-	22	-	-
Total	38,573	53,830	37,301	29,908

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Cash and cash equivalents increased from SAR 38.6 million as of 31 December 2021G to SAR 53.8 million as of 31 December 2022G, primarily due to improved profitability and increased operating cash flows during the financial year 2021–2022G.

Cash and cash equivalents decreased from SAR 53.8 million as of 31 December 2022G to SAR 37.3 million as of 31 December 2023G, due to a slight decline in profitability and operating cash flows during the 2022G–2023G financial period, along with dividend payments of SAR 16.0 million during the 2023G financial year.

Cash and cash equivalents further decreased from SAR 37.3 million as of 31 December 2023G to SAR 29.9 million as of 30 September 2024G, driven by cash used in investing activities amounting to SAR 4.4 million, primarily related to the purchase of personal protective equipment, and financing activities related mainly to dividend payments of SAR 29.6 million.

(c) Prepayments and Other Debit Balances

The table below summarises prepayments and other debit balances as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.39: Prepayments and Other Debit Balances as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Advances to suppliers	30,435	18,663	28,579	25,443
Prepaid expenses	1,172	1,395	1,718	2,108
Receivables and advances to employees	449	648	806	832
Refundable guarantees	-	102	104	1,450
Other	2	686	144	3,570
Total	32,058	21,495	31,351	33,404

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G, and management information.

Prepayments and other debit balances mainly consist of advances to suppliers, prepaid expenses, receivables and advances to employees, refundable guarantees, and other items.

Prepayments and other debit balances decreased from SAR 32.1 million as of 31 December 2021G to SAR 21.5 million as of 31 December 2022G, primarily due to a decrease in advances to suppliers by SAR 11.8 million, as these payments are reversed upon receipt of goods and the inventory is recorded accordingly.

Prepayments and other debit balances increased from SAR 21.5 million as of 31 December 2022G to SAR 31.3 million as of 31 December 2023G, mainly due to an increase in advances to suppliers by SAR 9.9 million, as the Group continued to expand its lighting operations with the opening of new showrooms and the inclusion of newly consolidated Subsidiaries.

The balance further increased to SAR 33.4 million as of 30 September 2024G, primarily due to an increase in others by SAR 3.4 million, along with an increase in refundable guarantees, among other factors.

Advances to Suppliers

Advances to suppliers primarily consist of amounts paid to suppliers in China, due to the nature of the purchasing process. The Group places large orders for lighting products, Hypnotek products, and sanitary ware from China, known as bulk orders, with an upfront payment of 30 per cent. the remaining 70 per cent. is paid in instalments based on the quantities produced and delivered by the suppliers. The balance also includes minor payments to ceramic suppliers in Europe, specifically in Spain and Italy. It is noteworthy that once goods are shipped and cleared through customs, these amounts are reclassified to goods in transit and reported under inventory.

The balance decreased from SAR 30.4 million as of 31 December 2021G to SAR 18.7 million as of 31 December 2022G, mainly due to relatively higher advance payments made at the end of the 2021G financial year, when the Group had large orders for sanitary ware inventory as the sector was gaining momentum with high demand in the market, along with the restocking of lighting inventory. Large advance payments were recorded as of 31 December 2021G, to "major suppliers in China" amounting to SAR 21.5 million and "another supplier in China" for SAR 4.6 million.

The balance decreased to more normal levels by 31 December 2022G at SAR 18.7 million, with the majority of the advance payments directed towards sanitary ware and lighting supplies made to a group of key suppliers in China.

The balance then increased to SAR 28.6 million as of 31 December 2023G, with advances primarily made to major suppliers for SAR 8.7 million, another supplier for SAR 2.2 million, and a further supplier for SAR 1.9 million, in addition to advance payments made by the Group's subsidiary in the United Arab Emirates for lighting inventory, amounting to SAR 1.7 million.

The balance of advances to suppliers decreased to SAR 25.4 million as of 30 September 2024G, with advances mainly paid to Foshan Sanhe Furniture Co. Ltd. for SAR 8.2 million, London Industry for SAR 3.8 million, Duravit AG for SAR 3.4 million, and Seeker Co. for SAR 1.9 million, in addition to advances from the Group's subsidiary in the UAE for lighting inventory amounting to SAR 4.2 million.

Prepaid Expenses

Prepaid expenses primarily include annual government fees paid, such as residency fees, licences, and other regulatory charges, as well as advances for employee housing and prepaid insurance premiums.

Prepaid expenses increased from SAR 1.2 million as of 31 December 2021G to SAR 1.4 million as of 31 December 2022G, in line with the increase in the number of employees following the expansion of the Group and the addition of new showrooms.

Prepaid expenses increased from SAR 1.4 million as of 31 December 2022G to SAR 1.7 million as of 31 December 2023G. This increase was mainly due to an increase in prepaid insurance premiums for medical insurance and general property insurance, amounting to SAR 0.5 million and SAR 0.1 million, respectively, as a result of the growth in the number of employees and the further expansion of the Group's operations. This was partially offset by a slight decrease in advance payments for government fees, amounting to SAR 0.3 million, as the Group chose to expense minor fees upfront rather than amortise them over the year for annual payments.

The balance further increased to SAR 2.1 million as of 30 September 2024G, mainly due to an increase in advances for customs and shipping, amounting to SAR 0.7 million, related to goods in transit that have not yet been allocated to inventory.

Receivables and Advances to Employees

Receivables and advances to employees relate to short-term salary advances provided to employees in accordance with management's decisions.

Receivables and advances to employees increased from SAR 0.4 million as of 31 December 2021G to SAR 0.6 million as of 31 December 2022G, primarily driven by the increase in the number of employees as the Group continued to expand its operations and workforce during the historical period.

Receivables and advances to employees rose from SAR 0.6 million as of 31 December 2022G to SAR 0.8 million as of 31 December 2023G and remained relatively stable as of 30 September 2024G, mainly due to the continued increase in the number of employees as the Group further expanded its operations and workforce during the historical period.

Refundable Guarantees

Refundable guarantees primarily relate to refundable insurance fees, which amounted to SAR 0.1 million as of 31 December 2022G, 31 December 2023G, and increased to SAR 1.5 million as of 30 September 2024G primarily due to the increase in business activity and accordingly transactions with the Group's suppliers.

Other

Others primarily include amounts due from point-of-sale (POS) device sales and other payment service providers. The balance was SAR two thousand as of 31 December 2021G, SAR 0.7 million as of 31 December 2022G, and SAR 0.1 million as of 31 December 2023G. This is directly related to the number of transactions processed on the day before the end of the financial year.

The balance increased to SAR 3.6 million as of 30 September 2024G, primarily due to (i) receivables from POS device sales and other payment service providers amounting to SAR 0.3 million, and (ii) VAT receivables amounting to SAR 1.9 million from Illus Lighting Limited (Spain) upon its consolidation on 30 September 2024G. This VAT receivable has not been offset by the VAT payable due to differences in tax laws and jurisdictions between the Kingdom of Saudi Arabia and the Kingdom of Spain.

(d) Trade Receivables

The table below summarises trade receivables as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.40: Trade Receivables as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Trade receivables	14,674	7,778	11,602	12,760
less: provision for ECL	(927)	(991)	(1,036)	(752)
Net receivables	13,748	6,787	10,567	12,007

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Movement of Provision for Expected Credit Losses

The table below the movement of provision for expected credit losses as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.41: Movement of Provision for Expected Credit Losses as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Balance at the beginning of the year/period	417	927	991	1,036
Charge during the year/period	509	64	45	(284)
Balance at the end of the year/period	927	991	1,036	752

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Trade Receivables

Trade receivables primarily relate to customers in wholesale and project sales channels. The Group uses these channels to test untapped markets, monitoring sales to assess whether there is a need to open dedicated showrooms in these specific markets. The Group has also focused its efforts on expanding the project sales channel to shift its focus from retail customers to those generating larger revenues.

The balance of trade receivables decreased from SAR 14.7 million as of 31 December 2021G to SAR 7.8 million as of 31 December 2022G, partly due to the elimination of intercompany balances upon the consolidation of Build Station LLC, as the Group reported receivables of SAR 6.7 million from Build Station LLC in the prior period.

The balance then increased to SAR 11.6 million as of 31 December 2023G, due to an increase in receivables from wholesale customers, notably SAR 4.2 million from Build Station LLC (United Arab Emirates), which was recorded under trade receivables instead of receivables from related parties, and SAR 4.0 million from The Address Group SPC, as the Group focused on expanding its export sales channel in Gulf markets, including Oman.

The balance further increased to SAR 12.8 million as of 30 September 2024G, primarily due to an increase in receivables from Illus Lighting Ltd (Spain) amounting to SAR 2.4 million, upon its consolidation as of 30 September 2024G. Additionally, the Group intensified its efforts to grow its project sales and wholesale channels, leading to the extension of credit terms for key customers within this sales sector. Given that the Group consolidated Illus Lighting Ltd (Spain) into its financial statements as of 30 September 2024G, receivables amounting to SAR 2.4 million should have been eliminated.

Provision for Expected Credit Losses

The expected credit loss provision is recognised according to the "Expected Credit Loss" model as defined under International Financial Reporting Standard (IFRS) 9. The Group follows a specific calculation policy based on estimated credit loss rates for each period, which is derived from the historical claims recovery flow. This is then applied to the exposure in the aging category of the outstanding balances.

The expected credit loss provision increased from SAR 0.9 million as of 31 December 2021G, to SAR 1.0 million as of 31 December 2022G, in line with the Group's assessment of expected credit losses. The balance remained relatively stable at SAR 1.0 million as of 31 December 2023G. It is worth noting that, as of 31 December 2023G, receivables exceeding 180 days amounted to SAR 3.6 million.

The expected credit loss provision decreased from SAR 1.0 million as of 31 December 2023G to SAR 0.8 million as of 30 September 2024G, in accordance with the Group's assessment of expected credit losses. It is important to highlight that, as of 30 September 2024G, receivables exceeding 180 days amounted to SAR 0.5 million.

(e) Due From Related Parties

The table below summarises due from related parties as of 31 December 2021G, 2022G, 2023G and 30 September 2024G:

Table 6.42: Due from Related Parties as of 31 December 2021G, 2022G, 2023G and 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Engineer Musaad AlQafari Engineering Consultancy	2,894	2,919	2,143	294
Saeed Youssef AlNajjar	-	335	33	835
Mohammed Youssef AlNajjar	-	51	-	-
Nayef Mohammed Yousef AlDeghaither	-	361	-	-
Ashwaq Abdulrahman Abdulaziz AlQafari	301	-	-	-
Suad Suliman Mohammed AlSawadi	252	-	-	-
Mohammed Hisham Abdulrahman AlZamil	4,482	-	-	-
Sulaiman Abdulkarim Jarbo' AlQafari	1,706	-	-	36
Omar Saad Abdulaziz AlMogren	1,609	-	-	-
Meshal Abdulrahman Abdulaziz AlGafari	1,153	-	-	-
Haila Abdulkarim Jarbo' AlQafari	738	-	-	-
Saleh Rasheed Mohammed AlRasheed	375	-	-	-
Abdullah Khalil Abdullah AlSaba	74	-	-	34
Muneera Abdulkarim Jarbo' AlQafari	26	-	-	-
Total receivables from related parties	13,610	3,665	2,177	1,200

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The balance of receivables from related parties primarily represents amounts due from the office of Engineer Musaad AlQafari Engineering Consultancy, relating to received engineering consultancy services and expenses paid on behalf of the entity. The office was historically part of the Marketing Home Group and was established following the restructuring of the Group's legal structure in 2021G in preparation for the public offering. Historically, the Group has paid expenses on behalf of Engineer Musaad AlQafari Engineering Consultancy for certain administrative costs and employee-related expenses, which were then recorded as receivables from related parties.

The receivables from related parties primarily included amounts due from:

The balance from Engineer Musaad AlQafari Engineering Consultancy was recorded at SAR 2.1 million as of 31 December 2023G, primarily relating to received engineering consultancy services and expenses paid on behalf of the entity. This entity was historically part of the Marketing Home Group and was separated during the legal restructuring of the Group in June 2021G, in preparation for the public offering. Historically, the Group had paid certain administrative and employee costs on behalf of Engineer Musaad AlQafari Engineering Consultancy, which were recorded as receivables from related parties. The balance was recorded at SAR 2.9 million as of 31 December 2021G and 31 December 2022G and decreased to SAR 2.1 million as of 31 December 2023G, with a further decrease to SAR 0.3 million as of 30 September 2024G, reflecting minimal operations with the office of Engineer Musaad AlQafari Engineering Consultancy and the continuous settlement of outstanding balances by the Group.

The balance from Saeed Yousef AlNajjar was recorded at SAR 0.3 million as of 31 December 2022G, SAR 33 thousand as of 31 December 2023G, and SAR 0.8 million as of 30 September 2024G, primarily relating to expenses paid on behalf of this related party.

The balance from Nayef Mohammed Youssef AlDeghaither was recorded at SAR 0.4 million as of 31 December 2022G and was settled during the 2023G financial year.

The balance from Mohammed Youssef AlNajjar was recorded at SAR 51 thousand as of 31 December 2022G and was settled during the 2023G financial year.

The balance from Mohammed Hisham AlZamil was recorded at SAR 4.5 million as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year.

The balance from Sulaiman Abdulkarim AlQfari was recorded at SAR 1.7 million as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year. The balance was SAR 34 thousand as of 30 September 2024G.

The balance from Omar Saad AlMogren was recorded at SAR 1.6 million as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year.

The balance from Meshal Abdulrahman AlGafari was recorded at SAR 1.2 million as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year. The balance was subsequently settled as of 30 September 2024G.

The balance from Haila Abdulkarim AlQfari was recorded at SAR 0.7 million as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year.

The balance from Saleh Rasheed AlRasheed was recorded at SAR 0.4 million as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year.

The balance from Ashwaq Abdulrahman AlQfari was recorded at SAR 0.3 million as of 31 December 2021G and was settled during the 2022G financial year.

The balance from Suad Suliman Mohammed AlSawadi was recorded at SAR 0.3 million as of 31 December 2021G and was settled during the 2022G financial year.

The balance from Abdullah Khalil AlSaba was recorded at SAR 74 thousand as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year. The balance was SAR 34 thousand as of 30 September 2024G.

The balance from Muneera Abdulkarim AlQfari was recorded at SAR 26 thousand as of 31 December 2021G and decreased to nil due to the use of the receivable for capital increase in the 2022G financial year.

6.8.3.3 Equity

The table below summarises equity as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.43: Equity as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Share capital	40,000	160,000	160,000	160,000
Additional paid in capital	15,082	-	-	-
General reserve	6,279	9,795	9,795	-
Actuarial reserve	(2,547)	-	-	-
Retained earnings	53,051	102,537	123,401	136,594
Foreign currency translation reserve	-	59	1	(27)
Non-controlling interests	-	783	1,119	347
Total equity	111,866	273,173	294,316	296,914

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

(a) Share Capital

The table below summarises share capital as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.44: Share Capital as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Musaed Abdulrahman Abdulaziz AlQfari	33,279	133,198	63,973	63,973
Ali Mubarak Mohammed AlDosari	-	-	54,181	54,181
Mohammed Hisham Abdulrahman AlZamil	3,250	13,613	13,301	13,301
Omar Saad Abdulaziz AlMogren	1,147	5,070	4,954	4,954
Meshal Abdulrahman Abdulaziz AlGafari	781	3,768	4,842	4,842
Abdullah Mubarak Mohammed AlDosari	-	-	4,744	4,744
Haila Abdulkarim Jarbo' AlQfari	469	1,224	2,682	2,682
Sulaiman Abdulkarim Jarbo' AlQfari	454	1,954	1,909	1,909
Noweir Mubarak Mohammed AlDosari	-	-	1,898	1,898
Haya Mubarak Mohammed AlDosari	-	-	1,898	1,898
Saleh Othman Mohammed AlGhamdi	-	-	1,627	1,627
Saleh Rasheed Mohammed AlRasheed	272	475	1,539	1,539
Suad Suliman Mohammed AlSawadi	183	253	726	726
Mousa Hamad Mousa AlQadhib	-	-	458	458
Hussain Ali Saleh AlMassad	-	-	428	428
Ashwaq Abdulrahman Abdulaziz AlQfari	53	73	303	303
Nora Nasser Rashid AlTamami	39	115	222	222
Abdullah Khalil Abdullah AlSaba	54	214	209	209
Muneera Abdulkarim Jarbo' AlQfari	19	43	106	106
Total share capital	40,000	160,000	160,000	160,000

Source: Management information

Share Capital

The share capital balance amounted to SAR 160.0 million as of 31 December 2023G and 30 September 2024G, consisting of 16 million ordinary shares with a nominal value of SAR ten per share. The capital balance increased from SAR 40.0 million as of 31 December 2021G to SAR 160.0 million as of 31 December 2022G, following the share capital increase approved by the shareholders after the legal restructuring of the Group from a sole proprietorship to a limited liability company during the 2022G financial year. The capital remained unchanged at SAR 160.0 million as of 31 December 2023G, with the ownership percentages of the shareholders adjusted during the 2023G financial year.

Additional Paid in Capital

The additional paid in capital decreased from SAR 15.1 million as of 31 December 2021G to nil as of 31 December 2022G, 31 December 2023G, and 30 September 2024G. This related to a non-cash contribution by a shareholder (Mr. Musaed AlQfari) in the form of land, which was subsequently used to increase the Group's capital.

General Reserve

The general reserve increased from SAR 6.3 million as of 31 December 2021G to SAR 9.8 million as of 31 December 2022G, 31 December 2023G. This increase is in accordance with the requirement under the Saudi Companies Law, which mandates the allocation of ten per cent. of annual net profits to statutory reserves until they reach 30 per cent. of the entity's capital. The balance subsequently decreased to nil as of 30 September 2024G following the reclass to retained earnings, since the Group is no longer to set aside a reserve according to the new Companies Law. According to the audited financial statements for the financial year 2023G, this requirement no longer applies to the Group, and the entire previously reported balance under statutory reserves was transferred to the general reserve.

Actuarial Reserve

The actuarial reserve was recorded as a separate line item under equity, amounting to SAR 2.5 million as of 31 December 2021G. Subsequently, the actuarial reserve decreased to nil as the balance was reclassified and adjusted within the Group's retained earnings.

Retained Earnings

The retained earnings increased from SAR 53.1 million as of 31 December 2021G to SAR 102.5 million as of 31 December 2022G, primarily due to comprehensive income for the financial year amounting to SAR 69.5 million. This was partially offset by transfers to statutory reserves of SAR 3.5 million during the financial year 2022G, as well as the reclassification of actuarial reserves to retained earnings.

The retained earnings increased further from SAR 102.5 million as of 31 December 2022G to SAR 123.4 million as of 31 December 2023G, driven by comprehensive income for the financial year of SAR 61.7 million, which was partially offset by dividend distributions of SAR 40.0 million during the same year.

The balance increased from SAR 123.4 million as of 31 December 2023G to SAR 136.6 million as of 30 September 2024G, driven by total comprehensive income for the period of SAR 39.4 million and the reclassification of the general reserve to retained earnings of SAR 9.8 million. This was partially offset by dividend distributions of SAR 36.0 million.

Foreign Currency Translation Reserve

The foreign currency translation reserves were recorded at SAR 59 thousand as of 31 December 2022G, SAR one thousand as of 31 December 2023G, and negative SAR 27 thousand as of 30 September 2024G.

Non-Controlling Interests

The non-controlling interests increased from nil as of 31 December 2021G to SAR 0.8 million as of 31 December 2022G. Subsequently, the non-controlling interests increased from SAR 0.8 million as of 31 December 2022G to SAR 1.1 million as of 31 December 2023G, before decreasing to SAR 0.3 million as of 30 September 2024G.

6.8.3.4 Non-Current Liabilities

The table below summarises non-current liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.45: Non-Current Liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Lease liabilities	70,395	79,943	101,903	85,188
Employees defined benefits obligation	7,476	13,139	15,482	17,654
Total non-current liabilities	77,871	93,082	117,385	102,842

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G, and management information.

The non-current liabilities primarily consist of lease liabilities and employees' defined benefits obligation. These liabilities accounted for 32.1 per cent., 58.2 per cent., 60.4 per cent., and 55.8 per cent. of total liabilities as of 31 December 2021G, 2022G, 2023G and 30 September 2024G, respectively.

Non-current liabilities increased from SAR 77.9 million as of 31 December 2021G to SAR 93.1 million as of 31 December 2022G, primarily due to an increase in lease liabilities by SAR 9.5 million, driven by ongoing additions and the Group's expansion over the historical period. Additionally, employee benefit obligations increased by SAR 5.7 million, based on the actuarial valuation performed at year-end. This increase was due to higher current service costs post-consolidation, an increase in the Group's workforce, and salary adjustments for senior management.

Non-current liabilities further increased from SAR 93.1 million as of 31 December 2022G to SAR 117.4 million as of 31 December 2023G, mainly due to an increase in lease liabilities by SAR 22.0 million, driven by ongoing additions and the Group's expansion during the period. Employees' defined benefits obligation also increased by SAR 2.3 million, driven by the Group's expansion and its recruitment of mid-management positions in preparation for the Group's initial public offering.

Non-current liabilities decreased from SAR 117.4 million as of 31 December 2023G to SAR 102.8 million as of 30 September 2024G, mainly due to a decrease in lease liabilities by SAR 16.7 million, as a result of the cancellation of lease contracts for showrooms and warehouses.

(a) Lease Liabilities

The table below summarises the lease liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.46: Lease Liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Current portion	8,329	11,298	12,302	17,113
Non-current portion	70,395	79,943	101,903	85,188
Total lease liabilities	78,724	91,241	114,206	102,302

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G, and management information.

The lease liabilities primarily relate to the rental obligations for showrooms, warehouses, and the Group's headquarters.

Lease liabilities increased from SAR 78.7 million as of 31 December 2021G to SAR 91.2 million as of 31 December 2022G, due to ongoing additions and the Group's expansion during the historical period.

Lease liabilities further increased from SAR 91.2 million as of 31 December 2022G to SAR 114.2 million as of 31 December 2023G, driven by continued additions and the Group's expansion over the period.

Lease liabilities decreased to SAR 102.3 million as of 30 September 2024G, due to exclusions totalling SAR 5.9 million, related to the cancellation of lease contracts for showrooms and warehouses.

(b) Employees' Defined Benefits Obligations

The table below summarises employees' defined benefits obligations as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.47: Employees' Defined Benefits Obligations as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Balance at the beginning of the year/period	6,071	7,476	13,139	15,482
Addition of the consolidated subsidiary balance on the acquisition date	-	42	-	-
Service costs	2,497	2,850	3,672	2,427
Gains (loss) on actuarial remeasurement	(971)	3,457	(915)	-
Paid benefits	(121)	(687)	(414)	(255)
Differences on foreign currency translation	-	-	-	-
Balance at the end of the year/period	7,476	13,139	15,482	17,654

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G, and management information.

The table below summarises the key actuarial assumptions as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.48: Key Actuarial Assumptions as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Expected salary increase rate	5% - 12%	6% - 7%	4.7%	4.7%
Discount rate	3.6%	4.6%	6.0%	6.0%
Employees' turnover	5.7%	18.4%	8.0%	8.0%
Retirement age (years)	60	60	60	60

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Employees' defined benefits obligation increased from SAR 7.5 million as of 31 December 2021G to SAR 13.1 million as of 31 December 2022G, based on the actuarial assessment conducted at the end of the year. The increase was primarily due to higher current service costs following the merger, as well as the growth in the number of employees within the Group and adjustments to the executive salaries.

Employees' defined benefits obligation increased further from SAR 13.1 million as of 31 December 2022G to SAR 15.5 million as of 31 December 2023G, driven by the Group's expansion and its hiring of various mid-level management positions in preparation for the Group's initial public offering. The balance increased to 17.7 million as of 30 September 2024G.

6.8.3.5 Current Liabilities

The table below summarises current liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.49: Current Liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Accrued expenses and other credit balances	16,576	22,188	26,535	31,387
Current portion of lease liabilities	8,329	11,298	12,302	17,113
Due to related parties	136,001	9,636	16,646	3,550
Trade payables	11,846	20,240	10,416	16,676
Dividends payable	-	-	-	7,848
Zakat and income tax provision	2,890	3,618	3,757	4,876
Total current liabilities	175,642	66,980	69,657	81,450

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Current liabilities primarily consist of accrued expenses and other credit balances, the current portion of lease liabilities, amounts due to related parties, trade payables, among other obligations. Current liabilities represented 67.9 per cent., 41.8 per cent., 39.6 per cent., and 44.2 per cent. of total liabilities as of 31 December 2021G, 2022G, 2023G and 30 September 2024G, respectively.

Current liabilities decreased from SAR 175.6 million as of 31 December 2021G to SAR 67.0 million as of 31 December 2022G, primarily due to a decrease in amounts due to related parties by SAR 126.4 million. This decrease resulted from the use of amounts due to related parties for the capital increase of the Group during the financial year 2022G.

This decrease was partially offset by an increase in trade payables by SAR 8.4 million, driven by higher orders for ceramic and porcelain products following the merger of the Group with Build Station LLC in the financial year 2022G, as well as the expansion of the Group's ceramic showrooms during the 2021G–2022G financial period. Additionally, accrued expenses and other payables increased by SAR 5.6 million, driven by higher advances from customers amounting to SAR 1.4 million and an increase in accrued expenses amounting to SAR 1.0 million, along with reported liabilities for bonus payments as of 31 December 2022G due to the higher net profits recorded during the financial year 2022G.

Current liabilities increased from SAR 67.0 million as of 31 December 2022G to SAR 69.7 million as of 31 December 2023G, primarily due to an increase in amounts due to related parties by SAR 7.0 million, relating to unpaid declared dividends to two of the Group's shareholders. Additionally, the current portion of lease liabilities increased by SAR 1.0 million due to ongoing additions and the expansion of the Group's operations during the historical period. Accrued expenses and other credit balances also increased by SAR 4.3 million, driven by an increase in customer advances by SAR 3.7 million and accrued expenses by SAR 1.3 million following the Group's expansion and geographic presence.

This increase was offset by a decrease in trade payables by SAR 9.8 million, primarily driven by supply and demand conditions for ceramic and porcelain products at the end of the financial year 2023G, where the Group held relatively high inventory levels. Historically, the Group has adopted a strategy of updating and diversifying ceramic and porcelain product designs in its showrooms.

Current liabilities increased from SAR 69.7 million as of 31 December 2023G to SAR 81.5 million as of 30 September 2024G, primarily due to an increase in dividends payable by SAR 7.8 million.

(a) Accrued Expenses and Other Credit Balances

The table below summarises accrued expenses and other credit balances as of 31 December 2021G, 2022G, 2023G and 30 September 2024G:

Table 6.50: Accrued Expenses and Other Credit Balances as of 31 December 2021G, 2022G, 2023G and 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Advances from customers	5,066	6,510	10,173	18,723
Accrued employee bonuses	-	6,697	5,688	-
Accrued expenses	1,676	2,654	3,915	3,857
Employees' salaries and benefits	6,996	2,995	3,743	5,054
Value added tax ("VAT")	2,529	2,844	2,933	3,012
Payable to employees	-	175	5	-
Employee travel and vacations accruals	-	208	-	-
Others	309	105	78	741
Total	16,576	22,188	26,535	31,387

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The accrued expenses and other credit balances mainly consist of customer advances, employee bonuses payable, accrued expenses, salaries and employee benefits payable, VAT, and other payable balances.

The accrued expenses and other credit balances increased from SAR 16.6 million as of 31 December 2021G to SAR 22.2 million as of 31 December 2022G, primarily due to the following increases:

Advances from customers increased by SAR 1.4 million, partly due to the expansion of the Group's operations and marketing campaigns carried out by the Group.

Accrued expenses increased by SAR 1.0 million, mainly due to accrued expenses recorded by the Group's Subsidiaries as of 31 December 2022G, amounting to SAR 0.3 million, related to employee bonuses and other expenses, as well as an increase in utility bill payables due to the growth in the Group's operations.

Additionally, employee bonuses payable as of 31 December 2022G, were approved by senior management at the end of the 2022G financial year for expected performance bonuses. The Group had previously recorded these payable bonuses under salaries and employee benefits payable.

The accrued expenses and other credit balances increased from SAR 22.2 million as of 31 December 2022G to SAR 26.5 million as of 31 December 2023G, mainly due to the following increases:

Advances from customers increased by SAR 3.7 million due to the marketing efforts undertaken by the Group at the end of the 2023G financial year to boost sales, which led to an increase in customer advances.

Accrued expenses increased by SAR 1.3 million, mainly due to a significant increase in audit fees payable of SAR 0.6 million after changing the external auditor during the 2023G financial year, as well as increases in vacation pay and employee bonuses payable amounting to SAR 0.4 million.

The accrued expenses and other credit balances increased from SAR 26.5 million as of 31 December 2023G, to SAR 31.4 million as of 30 September 2024G, mainly due to the payment of accrued bonuses during the same period.

Advances from Customers

Advances from customers primarily consist of amounts paid in advance by customers, credit notes issued for sales returns, and unearned income. The Group issues credit notes based on customer requests when sales are returned to branches, which customers can use for future purchases.

Advances from customers increased from SAR 5.1 million as of 31 December 2021G to SAR 6.5 million as of 31 December 2022G, in line with sales growth resulting from the expansion of the Group's operations.

Advances from customers increased from SAR 6.5 million as of 31 December 2022G to SAR 10.2 million as of 31 December 2023G, due to the continued expansion of the Group and sales growth. These efforts resulted in an increase of SAR 2.5 million in customer advances within the Group. Additionally, similar marketing campaigns at Build Station LLC led to an increase in customer advances by SAR 1.2 million.

Advances from customers increased from SAR 10.2 million as of 31 December 2023G to SAR 18.7 million as of 30 September 2024G, in line with sales growth driven by the expansion of the Group's operations. It is a common business practice for customers to pay in advance to ensure the reservation of the requested products until they are ready to receive and install them in their homes.

Accrued Employee Bonuses

Accrued employee bonuses are determined based on policies approved by senior management at the end of each year for expected performance bonuses for the respective financial year.

Accrued employee bonuses increased from nil as of 31 December 2021G to SAR 6.7 million as of 31 December 2022G, with the balance being recorded under accrued salaries.

Accrued employee bonuses decreased from SAR 6.7 million as of 31 December 2022G to SAR 5.7 million as of 31 December 2023G, as senior management decided to reduce bonus payments in line with the decrease in profitability during the financial year 2023G compared to the financial year 2022G.

Accrued employee bonuses balance of SAR 5.7 million as of 31 December 2023G, was fully paid as of 30 September 2024G.

Accrued Expenses

Accrued expenses relate to various outstanding liabilities, such as service bill payables, bonus payables to Build Station LLC, audit fees payable, and other miscellaneous expenses.

Accrued expenses increased from SAR 1.7 million as of 31 December 2021G to SAR 2.7 million as of 31 December 2022G. This increase was mainly due to accrued expenses reported by the Group's Subsidiaries as of 31 December 2022G, amounting to SAR 0.3 million, related to bonus payables and other expenses, as well as an increase in service bill payables driven by the growth in the Group's operations.

Accrued expenses increased from SAR 2.7 million as of 31 December 2022G to SAR 3.9 million as of 31 December 2023G. This increase was primarily due to an increase in audit fee payables, which increased by SAR 0.6 million following the change in the external auditor during the financial year 2023G, along with an increase in vacation and bonus accruals from the Group's Subsidiaries amounting to SAR 0.4 million.

Accrued expenses remained relatively stable at SAR 3.9 million as of 30 September 2024G, mainly due to the payment of bonuses related to the construction station amounting to SAR 0.3 million, which were reclassified under accrued expenses instead of bonus payables, as well as a decrease in vacation accruals from Subsidiaries by SAR 0.2 million, among other factors as of 30 September 2024G.

Employees' Salaries and Benefits

Employees' salaries and benefits relate to annual leave accruals and air ticket entitlements.

Employees' salaries and benefits decreased from SAR 7.0 million as of 31 December 2021G to SAR 3.0 million as of 31 December 2022G. This decrease was primarily due to the bonus entitlements for the financial year 2021G, which were initially recorded under accrued salaries and later reclassified to a separate line item in the financial year 2022G.

Employees' salaries and benefits increased from SAR 3.0 million as of 31 December 2022G to SAR 3.7 million as of 31 December 2023G. This increase was mainly due to an increase in air ticket entitlements, which increased by SAR 0.6 million, relating to annual air tickets provided to foreign employees as required by local labour laws in the Kingdom. Additionally, annual leave entitlements increased by SAR 0.2 million.

Employees' salaries and benefits increased further from SAR 3.7 million as of 31 December 2023G to SAR 5.1 million as of 30 September 2024G. This increase was due to an increase in annual leave entitlements by SAR 1.0 million and air ticket entitlements by SAR 0.3 million.

Value Added Tax (VAT)

Value Added Tax (VAT) is presented on a net basis and settled on a monthly basis in accordance with the regulations imposed by the relevant authorities, taking into account the reported sales of the Group.

VAT increased from SAR 2.5 million as of 31 December 2021G to SAR 2.8 million as of 31 December 2022G, and then to SAR 2.9 million as of 31 December 2023G. This increase was primarily due to the increase in sales reported during the month of December across the historical periods, as well as a decrease in purchases during the same period, which led to an increase in the VAT payable by the Group at the end of each reporting period. The balance then increased to SAR 3.0 million as of 30 September 2024G.

Payable to Employees

Payables to employees relate to amounts due to employees and amounted to SAR 0.2 million as of 31 December 2022G, and SAR five thousand as of 31 December 2023G.

Employee Travel and Creditors' Vacations

The employee travel and creditors' vacations balance increased from nil as of 31 December 2021G to SAR 0.2 million as of 31 December 2022G. This increase was due to the classification of employee travel and vacation liabilities related to annual leave entitlements under a separate line item for one of the Group's Subsidiaries during the 2022G financial year.

The employee travel and creditors' vacations balance decreased from SAR 0.2 million as of 31 December 2022G, to nil as of 31 December 2023G, and remained nil as of 30 September 2024G. This decrease was due to the reclassification of these liabilities to the "Employees' salaries and benefits" line item.

Others

The other balances relate to outstanding invoices on the Group's credit cards.

The other balances decreased from SAR 0.3 million as of 31 December 2021G to SAR 0.1 million as of 31 December 2022G, and further to SAR 78 thousand as of 31 December 2023G. This decrease was due to lower spending during the historical period and the implementation of stricter controls on credit card purchases.

The other balances increased from SAR 78 thousand as of 31 December 2023G to SAR 0.7 million as of 30 September 2024G. This increase is primarily related to goods received, valued at SAR 0.7 million, for which invoices had not yet been received and, therefore, had not been recorded under trade payables.

(b) Current Portion of Lease Liabilities

The table below summarises the current portion of lease liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.51: Current Portion of Lease Liabilities as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Current portion	8,329	11,298	12,302	17,113
Non-current portion	70,395	79,943	101,903	85,188
Total lease liabilities	78,724	91,241	114,206	102,302

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The lease liabilities primarily relate to rental obligations for showrooms, warehouses, and the Group's headquarters.

The current portion of lease liabilities increased from SAR 8.3 million as of 31 December 2021G to SAR 11.3 million as of 31 December 2022G, driven by continuous additions and the expansion of the Group's operations during the historical period.

The current portion of lease liabilities further increased from SAR 11.3 million as of 31 December 2022G to SAR 12.3 million as of 31 December 2023G, due to ongoing additions and the continued expansion of the Group's operations during the historical period.

The current portion of lease liabilities increased from SAR 12.3 million as of 31 December 2023G to SAR 17.1 million as of 30 September 2024G, due to the continued additions and expansion in the Group's operations during the historical period.

(c) Amounts Due to Related Parties

The table below summarises amounts due to related parties as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.52: Amounts Due to Related Parties as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Musaad Abdulrahman Abdulaziz AlQfari	121,941	9,489	8,627	3,550
Ali Mubarak Mohammed AlDosari	-	-	8,019	-
Nora Nasser Rashid AlTamami	13,913	146	-	-
Abdulrahman Almuhsin AlQfari	146	-	-	-
Mohammed Yousef Mirza AlNajjar	-	-	-	-
Total	136,001	9,636	16,646	3,550

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The balance due to related parties primarily relates to unpaid declared profits. The balance decreased from SAR 136.0 million as of 31 December 2021G to SAR 9.6 million as of 31 December 2022G, due to the use of the outstanding balances to increase the Group's capital.

The balance was subsequently recorded at SAR 16.6 million as of 31 December 2023G, mainly due to the unpaid declared profits for Mr. Ali Mubarak AlDosari. The balance then decreased to SAR 3.6 million as of 30 September 2024G, due to payments made to shareholders regarding their outstanding balances.

The amounts due to related parties included:

Mr. Musaad Abdulrahman Abdulaziz AlQfari, where the balance was recorded at SAR 121.9 million as of 31 December 2021G and decreased to SAR 9.5 million as of 31 December 2022G, driven by the capital increase in the financial year 2022G, with the Group's shareholders agreeing to use the outstanding amounts to increase the Group's capital.

The balance further decreased from SAR 9.5 million as of 31 December 2022G to SAR 8.6 million as of 31 December 2023G, due to the settlement of previously declared profits, and the declaration of profits in the financial year 2023G amounting to SAR 8.6 million, which were later settled in the financial year 2024G. The balance declined from SAR 8.6 million as of 31 December 2023G to SAR 3.6 million as of 30 September 2024G, driven by the settlement of previously declared profits.

Mr. Ali Mubarak Mohammed AlDosari had a balance of SAR 8.0 million as of 31 December 2023G, due to the unpaid declared profits in the financial year 2023G. This balance then decreased to nil as of 30 September 2024G, after the outstanding amounts were paid.

Ms. Nora Nasser Rashid AlTamami had a balance of SAR 13.9 million as of 31 December 2021G, which was used for the capital increase in the financial year 2022G. The balance was later recorded at SAR 0.1 million as of 31 December 2022G, relating to the unpaid declared profits, which were settled later.

Mr. Abdulrahman Almuhsin AlQfari had a balance of SAR 0.1 million as of 31 December 2021G and decreased to nil due to the use of the outstanding balance for the capital increase in the financial year 2022G.

(d) Zakat and income tax provision

The table below summarises zakat and income tax provision as of 31 December 2021G, 2022G, 2023G, and as of 30 September 2024G:

Table 6.53: Zakat and Income Tax Provision as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Balance at the beginning of the year/period	1,105	2,890	3,618	3,757
Addition of subsidiary balance on the acquisition date upon consolidation	-	17	12	-
Provision during the year/period	3,492	2,385	6,220	5,683
Paid during the year/period	(1,707)	(1,674)	(6,093)	(4,564)
Balance at the end of the year/period	2,890	3,618	3,757	4,876

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G (where information for the comparative financial year 2021G was extracted), 2023G, and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The zakat and income tax provision increased from SAR 2.9 million as of 31 December 2021G to SAR 3.6 million as of 31 December 2022G, then to SAR 3.8 million as of 31 December 2023G. This increase is primarily due to the growth of the taxable zakat base, driven by improved profitability and the increase in the Group's net assets during the historical period. The zakat provision later increased to SAR 4.9 million as of 30 September 2024G, due to the accrual of the zakat provision for the partial period ended 30 September 2024G.

6.8.4 Statement of Cash Flows for the Financial Years Ended as of 31 December 2021G, 2022G and 2023G

The table below summarises the consolidated statement of cash flows for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.54: Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)
Operating activities:			
Profit before zakat and income tax ⁽¹⁾	66,278	75,313	67,134
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	4,391	7,078	8,637
Gain on sale of property, plant and equipment	(53)	(304)	-
Depreciation of right of use assets	7,317	11,371	12,628
Amortisation of intangible assets	-	63	76
Provision for expected credit losses	509	64	45
Provision for slow-moving inventory	2,797	5,682	6,881
Impairment ⁽¹⁾ provision for advances for investment purchase	-	-	5,391
Losses on disposal of capital work in progress	-	1,786	155
Service costs related to employees' defined benefits obligations	2,497	2,850	3,084
Finance costs	2,420	2,341	3,951
Adjustment to lease contracts	-	-	167
Changes in working capital:			
Inventory	(26,034)	32,562	(7,843)
Trade receivables	(8,235)	6,896	(3,824)
Due from / to related parties	(9,083)	(26,080)	(16,175)
Prepayments and other debit balances	(5,619)	1,355	(9,849)
Trade payables	(17,378)	8,395	(9,825)
Accrued expenses and other credit balances	1,879	5,612	4,266
Paid employees defined benefits obligation	(121)	(687)	(414)
Zakat paid	(1,707)	(1,674)	(6,093)
Net cash generated from operating activities	19,860	67,501	58,394
Cash flows from investing activities:			
Purchase of property, plant and equipment	(13,559)	(34,656)	(40,911)
Additions to advances for investment	(1,177)	(511)	(1,604)
Proceeds from disposal of property, plant and equipment	161	787	138
Purchase of intangible assets	-	(482)	(21)

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)
Additions to capital work in progress	(2,591)	(4,880)	-
Net cash used in investing activities	(17,165)	(39,742)	(42,397)
Cash flows from financing activities			
Lease liabilities paid	(7,874)	(12,490)	(16,259)
Dividends paid	-	-	(15,959)
Dividends to non-controlling interests	-	-	(603)
Finance cost paid	-	(11)	-
Net cash used in financing activities	(7,874)	(12,501)	(32,821)
Net change in cash and cash equivalents			
Net change in cash and cash equivalents	(5,180)	15,257	(16,825)
Cash on date of acquisition of Subsidiaries	-	-	376
Foreign currencies translation, net	-	-	(81)
Cash and cash equivalent at the beginning of the year	43,754	35,573	53,830
Cash and cash equivalent at the end of the year	38,573	53,830	37,301
Non - cash items			
Right-of-use assets against of lease liabilities	-	-	35,756
Dividends unpaid through shareholders current account	-	-	24,041
Net book value as at the acquisition date of a subsidiary	-	-	211
Additions to lease contracts	16,221	22,677	-
Transferred from capital work in progress to property, plant, and equipment	4,309	5,469	-
Consolidation of results of joint control entity with a related party	-	634	-
Increase of additional paid-in capital to equity capital	39,310	104,917	-
Transferred from share capital	-	15,082	-
Transferred to statutory reserve	6,279	3,516	-
Dividends declared	62,214	13,263	-
Re-measurement of employees' defined benefits obligation	(970)	3,457	-
Transferred from related parties to property, plant and equipment	-	1,555	-
Transferred from related parties to re-measurement of employees' defined benefits obligation	-	42	-
Transferred from related parties to zakat provision	-	17	-
Foreign currency translation reserve	-	59	-
Movement in the balance of non-controlling interests	-	123	-

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)
Transferred from related parties to additional capital	15,082	-	-

Source: Consolidated audited financial statements for the financial years ended 31 December 2022G and 2023G and management information and the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

(1) This caption has been adjusted for the financial year ended 31 December 2023G based on the reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G to reflect the prior period adjustments made to the financial year ended 31 December 2023G. For further details on these adjustments see Section (6.9) (*Prior Period Adjustments*).

Net Cash from Operating Activities

Operating cash flow increased from SAR 19.9 million in the 2021G financial year to SAR 67.5 million in the 2022G financial year, partly due to an increase in net profit of SAR 10.5 million, along with a positive increase in working capital of SAR 28.1 million in 2022G compared to 2021G. This was primarily driven by an increase in trade payables of SAR 25.8 million and an increase in trade receivables of SAR 15.1 million, which was offset by a decrease in amounts due from related parties of SAR 17.0 million and an increase in inventory of SAR 6.5 million. The improvement in cash flows from operating activities was also influenced by an increase in non-cash adjustments of SAR 9.5 million during the 2021G-2022G financial period, mainly due to depreciation and provisions, because of the Group's expansion in showrooms and warehouses during this period.

Operating cash flow subsequently decreased to SAR 58.4 million in the 2023G financial year, due to changes in working capital amounting to SAR 6.9 million. This was primarily due to a decrease in trade payables of SAR 18.2 million, an increase in prepayments and other debit balances of SAR 11.2 million, and an increase in trade receivables of SAR 10.7 million, offset by a decrease in inventory of SAR 24.7 million, as well as an increase in amounts due from related parties of SAR 9.9 million.

Net Cash Used in Investing Activities

Cash flows used in investing activities amounted to SAR 17.2 million in the 2021G financial year and increased to SAR 39.7 million used in investing activities in the 2022G financial year. This was partly due to the Group's expansion in showrooms and warehouses, as well as the impact of recognising property, plant, and equipment from Build Station LLC upon its recognition during the 2022G financial year, leading to an increase in property, plant, and equipment purchases by SAR 21.1 million during the 2021G-2022G financial period.

Cash flows used in investing activities increased to SAR 42.4 million in the 2023G financial year, as the Group made significant investments in its warehouses due to the Group's decision to own the warehouses rather than lease them. This led to an increase in purchases of property, plant, and equipment by SAR 6.3 million, which was offset by a decrease in capital expenditures under construction for the Group's showrooms, warehouses, and headquarters by SAR 4.9 million, as the Group capitalised all work completed during the 2023G financial year.

Net Cash from Used in Financing Activities

Cash flows used in financing activities increased from SAR 7.9 million in the 2021G financial year to SAR 12.5 million in the 2022G financial year, due to an increase in lease liabilities payments amounting to SAR 4.6 million. This increase was a result of the Group's expansion in showrooms and warehouses, as the Group leases almost all its showrooms, in addition to the recognition and payment of lease liabilities from Build Station LLC upon its merger during the 2022G financial year, which led to higher lease payments during the 2021G-2022G financial period.

Cash flows used in financing activities further increased to SAR 32.8 million in the 2023G financial year, primarily due to dividend distributions paid during the 2023G financial year, amounting to SAR 16.0 million, along with the continued increase in lease liabilities payments, which increased by SAR 3.8 million following the Group's expansion.

6.8.5 Statement of Cash Flows for the Nine-Month Period Ended 30 September 2023G and 2024G

The table below summarises the consolidated statement of cash flows for the nine-month period ended 30 September 2023G and 2024G:

Table 6.55: Statement of Cash Flows for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)
Cash flows from operating activities		
Profit before zakat and income tax	62,358	45,787
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	6,076	8,475
Depreciation of right of use assets	9,797	11,886
Gains from disposal of property, plant and equipment	(34)	(906)
Amortisation of intangible assets	54	63
Provision for expected credit losses	34	(283)
Provision for slow-moving inventory	4,593	5,900
Service costs related to employees' defined benefits obligations	1,539	2,427
Finance costs	1,432	2,304
Adjustment to lease contracts	-	394
Changes in working capital:		
Inventory	(5,562)	(21,368)
Trade receivables	(3,003)	(1,084)
Due from / to related parties	(16,668)	(13,500)
Prepayments and other debit balances	(13,784)	(166)
Trade payables	(7,410)	21
Accrued expenses and other credit balances	880	4,845
Employees defined benefits obligation paid	(282)	(255)
Zakat paid	(6,093)	(4,564)
Net cash generated from operating activities	33,925	39,976
Cash flows from investing activities:		
Purchase of property, plant and equipment	(35,824)	(11,245)
Additions to advances for investment	(211)	-
Proceeds from disposal of property, plant and equipment	87	6,805
Purchase of intangible assets	-	-
Additions to capital work in progress	-	-
Net cash used in investing activities	(35,737)	(4,439)
Cash flows from financing activities		

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)
Lease liabilities paid	(13,223)	(13,413)
Dividends paid	-	(28,152)
Dividends to non-controlling interests	(627)	(1,479)
Finance cost paid	-	-
Net cash used in financing activities	(13,850)	(43,043)
Net change in cash and cash equivalents	(15,662)	(7,507)
Cash on date of acquisition of Subsidiaries	376	141
Foreign currencies translation, net	(61)	(28)
Cash and cash equivalent at the beginning of the period	53,830	37,301
Cash and cash equivalent at the end of the period	38,486	29,908

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

Net Cash from Operating Activities

Operating cash flows increased from SAR 33.9 million in the nine-month period ended 30 September 2023G to SAR 40.0 million in the nine-month period ended 30 September 2024G, primarily driven by a decrease in net profit of SAR 16.6 million, along with non-favourable movements in working capital amounting to SAR 14.3 million. This was partly offset by an increase in non-cash adjustments of SAR 6.8 million, mainly driven by provisions for depreciation and inventory, due to the Group's expansion in its showrooms and warehouses during the period.

Net Cash Used in Investing Activities

Cash flows used in investing activities were recorded at SAR 35.7 million in the nine-month period ended 30 September 2023G and SAR 4.4 million in the nine-month period ended 30 September 2024G, primarily driven by the Group's investments in its warehouses, following management's decision to shift from leasing to owning the Group's warehouses.

Net Cash Used in Financing Activities

Cash flows used in financing activities increased from SAR 13.9 million in the nine-month period ended 30 September 2023G to SAR 43.0 million in the nine-month period ended 30 September 2024G, primarily driven by an increase in dividend distributions paid amounting to SAR 28.2 million coupled with an increase in lease liability payments of SAR 0.2 million related to the Group's lease contracts.

6.8.6 Material Subsidiary Analysis – Build Station LLC

6.8.6.1 Statement of Comprehensive Income for the Financial Years Ended as of 31 December 2021G, 2022G and 2023G

The table below summarises the comprehensive income statement for the for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.56: Statement of Comprehensive Income for the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Var. 2021G-2022G	Var. 2022G-2023G	CAGR 2021G-2023G
Revenue	-	20,073	37,569	-	87.2%	-
Cost of revenues	-	(9,861)	(20,046)	-	103.3%	-
Gross profit	-	10,212	17,523	-	71.6%	-

General and administrative expenses	-	(8,178)	(12,743)	-	55.8%	-
Operating profit	-	19	-	-	(100.0%)	-
Finance cost	-	(625)	(1,004)	-	60.6%	-
Other income	-	225	1	-	(99.7%)	-
Corporate tax	-	-	-	-	NA	-
Profit for the year	-	1,653	3,777	-	128.5%	-
Other comprehensive losses						
Recognised actuarial losses	-	(3)	(9)	-	229.0%	-
Total comprehensive income for the year	-	1,650	3,768	-	128.4%	-

Source: Audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Build Station LLC was acquired in March 2022G, and therefore the income statement for the financial year 2022G includes only a partial period, which may affect comparability since the financial year 2023G includes the full year's results. Therefore, the impact of the full year on Build Station LLC's financial performance should be considered, and the income statement should be analysed accordingly.

Revenue

Revenue of SAR 20.1 million were recorded in the financial year 2022G, increasing to SAR 37.6 million in the financial year 2023G. This increase is partly attributed to the revenue impact across the entire Company following the acquisition and consolidation of Build Station LLC on 22 March 2022G. Additionally, the Group intensified its efforts to expand its market share in the UAE by increasing inventory levels and broadening its product offerings at the current Build Station LLC branches. Furthermore, the Group's share of sanitaryware products in the UAE market was increased. It is worth mentioning that SAR 8.8 million of the revenue during the financial year 2023G were intercompany revenue and were excluded upon consolidation.

Build Station LLC operates three different showrooms in the UAE, offering a full range of the Group's products, including ceramics, sanitaryware, and lighting, along with other support services at the Company's main showroom. This allows customers to access everything they need for their homes. In addition, the Company has a showroom dedicated to lighting products and another dedicated to sanitaryware.

Cost of Revenues

The cost of revenue primarily consists of the cost of goods sold, which amounted to SAR 9.9 million in the financial year 2022G. This cost increased to SAR 20.0 million in line with the growth in revenue during the financial period from 2022G to 2023G.

The cost of revenue increased from SAR 9.9 million in the financial year 2022G (approximately SAR 11.9 million annually) to SAR 20.0 million in the financial year 2023G. This increase is attributed to the product mix sold during the financial period from 2022G to 2023G, where the Group expanded its inventory levels of ceramics and lighting products, in addition to the continuous development and introduction of new collections within the sanitaryware product category.

Gross Profit

The gross profit margin was 50.9 per cent. in the financial year 2022G and decreased slightly to 46.6 per cent. in the financial year 2023G. This change is primarily attributed to the product subcategory sales mix. However, Build Station LLC continued to maintain similar gross margins across the Group's product categories.

General and Administrative Expenses

General and administrative expenses amounted to SAR 12.7 million in the financial year 2023G. These expenses primarily include salaries and wages and similar items amounting to SAR 5.0 million, along with contractor service expenses of SAR 1.9 million and depreciation expenses of SAR 2.7 million. This also includes other expenses such as board of directors' fees, legal fees, rental expenses, stationery, and other general and administrative costs. General and administrative expenses increased from SAR 8.2 million in the financial year 2022G to SAR 12.7 million

in the financial year 2023G, due to the full-year impact of expenses recognised in the financial statements for the year 2023G. The increase was mainly in salaries and wages and similar expenses, which increased by SAR 3.1 million during the 2022G-2023G period. This was partly due to adjustments made to the salaries of senior management at the end of the financial year 2022G.

Operating profit

Related to the revenue of certain property and equipment with a value of SAR 19 thousand in the financial year 2022G.

Finance costs

Finance costs amounted to SAR 1.0 million in the financial year 2023G and mainly related to finance costs on lease liabilities amounting to SAR 0.2 million and bank and payment gateway charges incurred from Build Station's various sales channels amounting to SAR 0.7 million.

Finance cost increased from SAR 0.6 million in the financial year 2022G to SAR 1.0 million in the financial year 2023G primarily driven by the full-year effect of the expenses being recognised on the financial statements in the financial year 2023G, coupled with an increased in Build Station's sales over the historical period, driving bank & payment gateways charges higher over the 2022G-2023G historical period.

Other income

Other income mainly includes gain on sale of property and equipment. Other income was reported at SAR 0.2 million in the financial year 2022G and reduced to SAR one thousand in the financial year 2023G.

Actuarial Gains and Losses

This primarily relates to the remeasurement of actuarial gains and losses on defined benefit employee obligations. The loss amounted to SAR 3 thousand in the financial year 2022G and SAR 9 thousand in the financial year 2023G.

6.8.6.2 Statement of Comprehensive Income for the Nine-Month Period Ended 30 September 2023G and 2024G

The table below summarises the comprehensive income statement for the period ended 30 September 2023G and 2024G

Table 6.57: Statement of Comprehensive Income for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)	Variance
Revenue	29,282	31,163	6.4%
Cost of revenues	(15,873)	(15,534)	(2.1%)
Gross profit	13,409	15,629	16.6%
General and administrative expenses	(8,558)	(12,137)	41.8%
Finance cost	(641)	(848)	32.2%
Other income	-	5	NA
Corporate tax	-	(129)	NA
Profit for the period	4,211	2,520	(40.1%)
Other comprehensive losses			
Recognised actuarial losses	-	-	NA
Total comprehensive income for the period	4,211	2,520	(40.1%)

Source: Reviewed unaudited condensed financial statements for the nine-month period ended 30 September 2024G.

Build Station LLC was acquired in March 2022G, and therefore the income statement for the financial year 2022G includes only a partial period, which may affect comparability since the financial year 2023G includes the full year's results. Therefore, the impact of the full year on Build Station LLC's financial performance should be considered, and the income statement should be analysed accordingly.

Revenue

Revenue was recorded at SAR 29.3 million for the nine-month period ended 30 September 2023G and increased to SAR 31.2 million for the nine-month period ended 30 September 2024G, following operational improvements post-acquisition. The Group's collaboration with Build Station LLC helped reduce costs and improve revenue through Build Station LLC's showrooms, in addition to increasing brand awareness

Cost of Revenues

The cost of revenue primarily consists of the cost of goods sold and amounted to SAR 15.9 million for the nine-month period ended 30 September 2023G. It decreased to SAR 15.5 million for the nine-month period ended 30 September 2024G, in line with the improvement in landing costs of inventories post-acquisition, as the Group continued to improve its logistics.

Gross Profit

The gross profit margin was 45.8 per cent. for the nine-month period ended 30 September 2023G and increased to 50.2 per cent. for the nine-month period ended 30 September 2024G primarily driven by the product subcategory revenue mix, with Build Station maintaining similar gross margins across the Group's product categories.

General and Administrative Expenses

General and administrative expenses increased from SAR 8.6 million for the nine-month period ended 30 September 2023G, to SAR 12.1 million for the nine-month period ended 30 September 2024G, driven by increased operations at Build Station LLC, leading to the hiring of administrative staff, as well as increasing salaries, wages, and other related expenses. This represented an increase of SAR 2.2 million during the nine-month period ended 30 September 2023G and the nine-month period ended 30 September 2024G. The increase was also partially driven by fees related to outsourcing recruitment agencies for staffing, in addition to salary increases for existing employees.

Finance Cost

Finance costs increased from SAR 0.6 million for the nine-month period ended 30 September 2023G, to SAR 0.8 million for the nine-month period ended 30 September 2024G, primarily driven by the increase in Build Station LLC's revenue during the nine-month period from 30 September 2023G to 30 September 2024G, leading to higher bank fees and payment gateway charges during the same period.

Other Income

Other income amounted to SAR 5 thousand for the nine-month period ended 30 September 2024G.

Corporate Tax

The current income tax amounted to SAR 0.1 million for the nine-month period ended 30 September 2024G.

6.8.6.3 Statement of Financial Position

The table below summarises statement of financial position as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G:

Table 6.58: Statement of Financial Position as of 31 December 2021G, 2022G, 2023G and as of 30 September 2024G

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Assets				
Non-current assets				
Property, plant and equipment	-	8,985	8,411	7,564
Intangible assets	-	8,564	7,002	6,319
Right-of-use assets	-	16	32	27
Total non-current assets	-	17,565	15,445	13,910
Current assets				
Inventory	-	18,045	13,574	13,325
Trade receivables	-	567	1,299	3,186
Due from related parties	-	385	33	835
Cash and cash equivalents	-	1,915	2,610	5,963
Total current assets	-	20,912	17,517	23,310
Total assets	-	38,477	32,962	37,220
Equity and liabilities				
Equity				
Share capital	-	306	306	306
Additional paid in capital	-	11,013	11,013	11,013

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
General reserve	-	83	153	153
Retained earnings	-	1,567	3,697	2,417
Total equity	-	12,970	15,170	13,890
Liabilities				
Non-current liabilities				
Employees defined benefits liabilities	-	63	162	230
Lease liabilities	-	6,962	5,586	4,912
Non-current portion of short-term loans	-	-	-	650
Total non-current liabilities	-	7,024	5,748	5,792
Current liabilities				
Current portion of lease liabilities	-	1,401	1,472	1,549
Due to related parties	-	14,673	7,354	7,918
Trade payables	-	2,024	3,184	7,894
Current portion of short-term loans	-	-	-	177
Total current liabilities	-	18,483	12,044	17,538
Total liabilities	-	25,508	17,792	23,330
Total Liabilities and equity	-	38,477	32,962	37,220

Source: Audited financial statements for the financial years ended 31 December 2022G, 2023G, and the reviewed unaudited condensed financial statements for the nine-month period ended 30 September 2024G.

Non-Current Assets

The non-current assets amounted to SAR 17.6 million as of 31 December 2022G, decreasing to SAR 13.9 million as of 30 September 2024G. These are primarily composed of:

Property, Plant and Equipment

The value of properties, plant, and equipment was SAR 7.6 million as of 30 September 2024G. This consists of buildings and improvements valued at SAR 6.0 million, furniture and fixtures valued at SAR 52 thousand, household and entertainment appliances valued at SAR 0.6 million, vehicles valued at SAR 36 thousand, and machinery valued at SAR 0.5 million.

Right-of-Use Assets

The right-of-use assets amounted to SAR 6.3 million as of 30 September 2024G. These included three leased showrooms valued at SAR 5.9 million and two leased warehouses valued at SAR 0.3 million. The balance decreased from SAR 8.6 million as of 31 December 2022G to SAR 7.0 million as of 31 December 2023G, and then to SAR 6.2 million as of 30 September 2024G, due to depreciation expenses recognised during the 2024G financial period, as no additional right-of-use assets were added during this period.

Intangible Assets

The intangible assets relate to computer software, with a value of SAR 16 thousand as of 31 December 2022G. This amount increased to SAR 32 thousand as of 31 December 2023G and then decreased to SAR 27 thousand as of 30 September 2024G.

Current Assets**Inventory**

The value of inventory was SAR 13.6 million as of 31 December 2023G. It primarily consists of lighting items, such as indoor lighting, wiring, and outdoor lighting, as well as ceramic products including porcelain tiles, sanitary ware, stainless steel products, and others. The balance decreased from SAR 18.0 million as of 31 December 2022G to SAR 13.6 million as of 31 December 2023G and remained relatively stable at SAR 13.3 million as of 30 September 2024G. Build Station LLC is not required to maintain high inventory levels, as any required products can be purchased from the inventory held at the Group level.

Trade Receivables

The balance of trade receivables increased from SAR 0.6 million as of 31 December 2022G, to SAR 1.3 million as of 31 December 2023G. This increase was primarily due to higher revenue during the 2022G-2023G financial year. The balance of trade receivables further increased to SAR 3.2 million as of 30 September 2024G, due to increasing sales in the same period.

Cash and Cash Equivalents

The cash and cash equivalents amounted to SAR 2.6 million as of 31 December 2023G, consisting of cash at banks and cash on hand. Cash and cash equivalents increased from SAR 1.9 million as of 31 December 2022G, to SAR 2.6 million as of 31 December 2023G, due to cash inflows from operating activities during the 2023G financial year amounting to SAR 4.5 million, partially offset by dividend payments made to the Group totalling SAR 1.6 million. The balance of cash and cash equivalents then increased to SAR 6.0 million as of 30 September 2024G.

Equity**Share Capital**

The share capital amounted to SAR 0.3 million as of 30 September 2024G and remained unchanged during the historical period. The capital is owned 60 per cent. by the Group, with the remaining 40 per cent. equally owned by two individual shareholders of the United Arab Emirates nationality.

Additional Paid in Capital

The additional paid-in capital amounted to SAR 11.0 million as of 30 September 2024G and was recognised in the financial statements of Build Station LLC at the time of acquisition. It has remained unchanged during the historical period.

General Reserve

The general reserves amounted to SAR 0.2 million as of 30 September 2024G and relate to the requirements under the United Arab Emirates Companies Law for limited liability companies. According to the law, five per cent. of net profits must be allocated annually to the statutory reserves until the reserves reach 50 per cent. of the Company's share capital.

Retained Earnings

The retained earnings amounted to SAR 1.6 million as of 31 December 2022G and increased to SAR 3.7 million as of 31 December 2023G. However, they then decreased to SAR 2.4 million as of 30 September 2024G, due to the net profits recorded during the 2023G financial year, which were partially offset by dividend distributions during the same year.

Non-Current Liabilities**Employees Defined Benefits Liabilities**

The employee benefits liabilities increased from SAR 0.1 million as of 31 December 2022G, to SAR 0.2 million as of 31 December 2023G, and remained at SAR 0.2 million as of 30 September 2024G, as required according to the Company's actuarial valuation.

Lease Liabilities

The lease liabilities amounted to SAR 6.5 million as of 30 September 2024G and relate to showrooms and warehouses. Lease liabilities decreased from SAR 8.4 million as of 31 December 2022G, to SAR 7.1 million as of 31 December 2023G, and then to SAR 6.5 million as of 30 September 2024G, as no additional right-of-use assets were added during the period.

Current Liabilities

Due to Related Parties

It consists of the net amounts due to related parties. The balance significantly decreased from SAR 14.7 million as of 31 December 2022G, to SAR 7.4 million as of 31 December 2023G, and then to SAR 7.9 million as of 30 September 2024G, due to the settlement of amounts due to related parties as of 31 December 2022G, 31 December 2023G and 30 September 2024G.

Trade Payables

The balance of trade payables amounted to SAR 7.9 million as of 30 September 2024G, and relates to ceramic suppliers, which are purchased collectively at the Group level. The balance increased from SAR 2.0 million as of 31 December 2022G, to SAR 3.2 million as of 31 December 2023G, and then to SAR 7.9 million as of 30 September 2024G, due to better credit terms offered by the Group's suppliers.

6.8.6.4 Statement of Cash Flows for the Financial Years Ended as of 31 December 2021G, 2022G and 2023G

The table below summarises the cash flow statement for the for the financial years ended 31 December 2021G, 2022G and 2023G:

Table 6.59: Statement of Cash Flow for the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in thousands	Financial year 2021G (Reviewed)	Financial year 2022G (Reviewed)	Financial year 2023G (Reviewed)
Operating activities:			
Profit before zakat and income tax	-	1,653	3,777
Adjustments for non-cash items:			
Gain / loss from the sale of property, plant, and equipment	-	(1)	-
Depreciation of property, plant and equipment	-	889	1,160
Depreciation of right of use assets	-	1,156	1,501
Amortisation of intangible assets	-	2	4
Provision for slow-moving inventory	-	412	758
Service costs related to employees' defined benefits obligations	-	59	97
Interest costs on employee benefit obligations	-	1	3
Interest expense on lease liabilities	-	276	222
Adjustment to right-of-use assets	-	-	62
Adjustment to lease contracts	-	-	106
Provision during the year	-	199	439
Changes in working capital:	-		
Inventory	-	(18,457)	3,713
Trade receivables	-	(567)	(732)
Due from related parties	-	(385)	352
Due to related parties	-	15,058	(7,671)
Paid employees defined benefits obligation	-	-	(10)
Trade receivables (excluding provisions)	-	1,868	1,229

SAR in thousands	Financial year 2021G (Reviewed)	Financial year 2022G (Reviewed)	Financial year 2023G (Reviewed)
Paid employees defined benefits obligation	-	(44)	(509)
Net cash generated from operating activities	-	2,121	4,500
Cash flows from investing activities:			
Purchase of property, plant and equipment	-	(9,876)	(586)
Proceeds from disposal of property, plant and equipment	-	3	-
Purchase of intangible assets	-	(17)	(21)
Share capital	-	306	-
Additional capital	-	11,013	-
Dividends	-	-	(1,567)
Net cash used in investing activities	-	1,429	(2,174)
Cash flows from financing activities:			
Lease liabilities paid	-	(1,634)	(1,631)
Net cash used in financing activities	-	(1,634)	(1,631)
Net change in cash and cash equivalents	-	1,915	695
Cash and cash equivalent at the beginning of the year	-	-	1,915
Cash and cash equivalent at the end of the year	-	1,915	2,610

Source: Audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Cash Flows from Operating Activities

The operating cash flow increased from SAR 2.1 million in the 2022G financial year to SAR 4.5 million in the 2023G financial year, primarily due to an increase in net profit of SAR 2.1 million, along with an increase in non-cash adjustments of SAR 1.4 million, mainly from depreciation and provisions. This was a result of additions to properties, plant, and equipment during the previous period. This increase was partially offset by changes in working capital, particularly a significant reduction in amounts due to related parties, amounting to SAR 22.7 million, which was partially countered by an increase in inventory of SAR 22.2 million during the 2022G-2023G period.

Cash Flows from Investing Activities

Cash flows from investing activities amounted to SAR 1.4 million in the 2022G financial year, primarily due to an increase in capital through the acquisition by Marketing Home Group during the 2022G financial year. This was offset by additions to properties, plant, and equipment totalling SAR 9.9 million during the same year.

In the 2023G financial year, Build Station LLC reported cash outflows from investing activities of SAR 2.2 million, mainly due to dividend distributions of SAR 1.6 million during the 2023G financial year, along with additional investments in properties, plant, and equipment during the same period.

Cash Flows from Financing Activities

The cash flow used in financing activities amounted to SAR 1.6 million in both the 2022G and 2023G financial years, as there were no significant changes in right-of-use assets during the 2022G-2023G financial period.

6.8.6.5 Statement of Cash Flows for the Nine-Month Period Ended 30 September 2023G and 2024G

The table below summarises cash flow statement for the period ended 30 September 2023G and 2024G:

Table 6.60: Statement of Cash Flow for the Nine-Month Period Ended 30 September 2023G and 2024G

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)
Cash flows from operating activities		
Profit before zakat and income tax	4,211	2,417
Adjustments for non-cash items:		
Gain / loss from the sale of property, plant, and equipment	-	-
Depreciation of property, plant and equipment	859	917
Depreciation of right of use assets	1,110	1,127
Amortisation of intangible assets	-	-
Provision for slow-moving inventory	-	-
Service costs related to employees' defined benefits obligations	-	-
Interest costs on employee benefit obligations	-	-
Interest expense on lease liabilities	168	151
Adjustment to right-of-use assets	-	-
Adjustment to lease contracts	-	-
Provision during the period	-	-
Changes in working capital:		
Inventory	3,422	249
Trade receivables	(3,294)	(1,887)
Due from related parties	379	(802)
Due to related parties	(15,058)	530
Paid employees defined benefits obligation	57	68
Trade receivables (excluding provisions)	-	-
Paid employees defined benefits obligation	-	-
Trade payables	12,975	4,711
Net cash generated from operating activities	4,829	7,480
Cash flows from investing activities:		
Purchase of property, plant and equipment	(170)	(64)
Proceeds from disposal of property, plant and equipment	-	-
Purchase of intangible assets	-	-
Share capital	-	-
Additional paid in capital	-	-
Dividends	-	-

SAR in thousands	Nine-month period ended 30 September 2023G (Reviewed)	Nine-month period ended 30 September 2024G (Reviewed)
Net cash used in investing activities	(170)	(64)
Cash flows from financing activities		
Lease liabilities paid	(1,198)	(1,193)
Loans	-	827
Dividends paid	(1,567)	(3,697)
Net cash used in financing activities	(2,766)	(4,063)
Net change in cash and cash equivalents	1,893	3,353
Cash and cash equivalent at the beginning of the period	1,915	2,610
Cash and cash equivalent at the end of the period	3,808	5,963

Source: Reviewed unaudited condensed financial statements for the nine-month period ended 30 September 2024G.

Cash Flows from Operating Activities

Cash generated from operating activities increased from SAR 4.8 million in the nine-month period ended 30 September 2023G to SAR 7.5 million in the nine-month period ended 30 September 2024G. This increase was primarily driven by a rise in working capital of SAR 4.4 million, mainly due to a significant increase in amounts due from related parties of SAR 15.6 million, which was partially offset by a decrease in inventory of SAR 3.2 million during the period.

Cash Flows from Investing Activities

Cash generated from investing activities decreased from SAR 0.2 million in the nine-month period ended 30 September 2023G to SAR 64 thousand in the nine-month period ended 30 September 2024G, due to a reduction in additions made to properties, plant, and equipment.

Cash Flows from Financing Activities

Cash flows used in financing activities increased from SAR 2.8 million in the nine-month period ended 30 September 2023G, to SAR 4.1 million in the nine-month period ended 30 September 2024G. This increase was driven by dividend distributions of SAR 2.1 million, which were partially offset by an increase in borrowings of SAR 0.8 million.

6.8.7 Capitalisation and Indebtedness

The Current Shareholders own 100 per cent. of the Company's Shares prior to the Offering. After the completion of the Offering, they will own 70 per cent. of the Company's shares.

The following table outlines the Group's capitalisation as reflected in the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G, as well as the unaudited condensed consolidated financial statements for the nine-month period ended 30 September 2024G. Please note that the table should be read in conjunction with the relevant financial statements, including the accompanying notes, as outlined in Section 19 (*Financial Statements and Auditors' Report*).

Table 6.61: Capitalisation and Indebtedness

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Long-term lease liabilities	70,395	79,943	97,540	17,113
Short-term lease liabilities	8,329	11,298	16,666	85,188
Total loans and liabilities	78,724	91,241	114,206	102,302
Share capital	40,000	160,000	160,000	160,000

SAR in thousands	31 December 2021G	31 December 2022G	31 December 2023G	30 September 2024G
Additional paid in capital	15,082	-	-	-
General reserve	6,279	9,795	9,795	-
Foreign currency translation reserve	-	59	1	(27)
Actuarial reserve	(2,547)	-	-	-
Retained earnings	53,051	102,537	123,401	121,029
Equity attributable to the shareholders of the parent company	111,866	272,390	296,544	281,064
Non-controlling interests	-	783	1,119	347
Total equity	111,866	273,173	294,316	296,914
Total liabilities / Total equity	190,590	364,414	408,522	399,216
Debt-to-Equity Ratio	70.4%	33.4%	38.8%	25.6%

The Board of Directors acknowledges the following:

- a) the Group does not have any debt instruments as of the date of this Prospectus; and
- b) none of the Group's shares are subject to any option rights.

The Group's balance and cash flows are sufficient to cover its expected cash needs for working capital and capital expenditures for at least twelve (12) months after the date of this Prospectus, taking into account any material adverse changes in the Group's business.

6.9 Prior Period Adjustments

In accordance with the requirements of International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors, management has restated the comparative figures of the consolidated financial statements for prior periods.

The impact of the restatement on the consolidated statement of financial position as of 31 December 2023G is as follows:

Table 6.62: Adjustments to the consolidated statement of financial position

SAR in thousands	31 December 2023G	Remeasurement	31 December 2023G
Impact of the Adjustments on the Consolidated Statement of Financial Position as at 31 December 2023G			
	(Before adjustment)		(Adjusted)
Non-current assets			
Advances for investments purchase	6,645	(3,347)	3,297
Equity			
Retained earnings	126,749	(3,347)	123,401

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

The impact of the restatement on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023G is as follows:

Table 6.63: Adjustments to the statement of profit or loss and other comprehensive income

SAR in thousands	31 December 2023G	Remeasurement	31 December 2023G
Impact of the adjustments on the consolidated statement of profit or loss and other comprehensive income for the financial year 2023G			
	(Before adjustment)		(Adjusted)
Provision for impairment loss on advances for investment purchase	(2,044)	(3,347)	(5,391)
Profit for the year	64,261	(3,347)	60,914
Basic and diluted earnings per share	3.96	(0.21)	3.75

Source: Reviewed consolidated condensed unaudited financial statements for the nine-month period ended 30 September 2024G.

During the nine-month period ended 30 September 2024G, the Company's management determined that the legal procedures for establishing the subsidiary "Illus Lighting Limited- Zhongshan" were completed on 24 Jumada Al-Awwal 1445H, corresponding to 8 December 2023G. Accordingly, management reassessed the balance of advance payments for investments related to the establishment of the subsidiary and the recoverability of this balance. As a result, a provision was recorded for the full amount of SAR 3,347,298. The impact of this adjustment was reflected in the retained earnings balance as of 31 December 2023G and in the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023G.

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DIVIDEND DISTRIBUTION POLICY



7. DIVIDEND DISTRIBUTION POLICY

Pursuant to Article 107 of the Companies Law, each Shareholder is entitled to the rights attached to each of its Shares, including in particular the right to receive a portion of the declared dividends. With the exception of the distribution of interim dividends by the Board of Directors following authorisation to do so by the Shareholders at a General Assembly meeting, the declaration and distribution of dividends is generally recommended by the Board of Directors to the Shareholders at a General Assembly meeting for approval. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flows, financing and capital requirements and market and general economic conditions, the Company's Zakat position and legal and regulatory considerations. The distribution of dividend is subject to certain limitations set out in the Company's Bylaws. Dividends will be distributed in Saudi Arabian Riyals.

The shareholder is entitled to their share of the profits in accordance with the decision issued by the General Assembly, which specifies the entitlement date and the distribution date. The right to dividends is for shareholders registered in the company's shareholder records at the end of the entitlement date. The Board of Directors must implement the General Assembly's decision regarding the distribution of profits to shareholders within the legally specified period.

The following is a summary of the dividends that the Company has announced and distributed for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 7.1: Dividends Declared and Distributed in the Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

SAR '000	Financial Year Ended 31 December			Nine-Month Period Ended 30 September
	2021G ⁽¹⁾	2022G ⁽²⁾	2023G ⁽³⁾	2024G
Declared Dividends for the Year	62,214	53,263	36,000	-
Paid Dividends Throughout the Year	62,214	13,263	40,000	28,152
Net Profit for the Year After Zakat	62,786	72,928	64,261	40,104
Ratio of Net Income Declared Dividends	99.1%	73.0%	56.0%	-

Source: The Company.

- (1) The profits were distributed by the owner of the institution, Musaad Abdulrahman Abdulaziz AlQfari, by decision during the year 2021G.
- (2) Interim profits were distributed during the financial year ended 31 December 2022G, amounting to 13.3 million Saudi Arabian Riyals, under the partners' resolution dated 26 Rabi' al-Thani 1444H (corresponding to 20 November 2022G). Profits for the financial year ended 31 December 2022G, amounting to 40 million Saudi Arabian Riyals, were distributed under the ordinary General Assembly's resolution dated 15 Jumada al-Ula 1445H (corresponding to 29 November 2023G).
- (3) The distribution of profits for the financial year ended 31 December 2023G, amounting to 36 million Saudi Arabian Riyals, held under the resolution of the General Assembly issued on 14 Shawwal 1445H (corresponding to 23 April 2024G).

Offer Shares are not entitled to any dividends announced prior to the date of this Prospectus, as the first entitlement of Offer Shares shall be dividends announced by the Company from the date of this Prospectus and the subsequent financial years. As of the date of this Prospectus, the Directors undertake that there are no declared or outstanding dividends for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, except as otherwise specified above.

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USE OF PROCEEDS



8. USE OF PROCEEDS

The total Offering Proceeds are estimated at four hundred eight million (SAR 408,000,000), of which approximately twenty-one million Saudi Arabian Riyals (SAR 21,000,000) will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Receiving Agents, the Market Consultant and the Exchange, as well as regulatory fees, marketing, printing and distribution fees and other costs and expenses related to the Offering.

The Net Offering Proceeds of approximately three hundred eighty-seven million (SAR 387,000,000) will be distributed to the Selling Shareholders. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholders will bear all fees, costs and expenses in relation to the Offering.

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STATEMENTS BY EXPERTS



9. STATEMENTS BY EXPERTS

All Advisors and Auditors, whose names are listed starting on pages from (ix) to (x), have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, addresses, logos and statements attributed to each of them in this Prospectus, and neither they, nor their employees forming part of the team serving the Company, or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence. This Prospectus does not contain any statements prepared by an expert.

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DECLARATIONS



10. DECLARATIONS

As of the date of this Prospectus, the Directors declare that:

- (1) they have not at any time been declared bankrupt or been subject to bankruptcy proceedings;
- (2) none of the companies in which any of the Directors, Senior Executives or the Board Secretary has been employed, in a managerial or supervisory capacity, was declared bankrupt or insolvent during the past five years;
- (3) except as disclosed in Section 11.10 (*Related Party Contracts and Transactions*), none of the Directors, Senior Executives, Board Secretary, or any of their relatives or affiliates is interested in any contract or arrangement in effect whether verbal or written or contemplated at the time of submission of this Prospectus in relation to the business of the Issuer, up until the date of this Prospectus;
- (4) all of the terms and conditions that may affect the decisions of the investors in the Offer Shares have been disclosed;
- (5) except as disclosed in Section 5.2.1 (*Composition of the Board of Directors*) and Section 11.10 (*Related Party Contracts and Transactions*), none of the members of the Board of Directors, any of the Senior Executives, the Board Secretary or any of their relatives have any Shares or interest of any kind in the Company or any of its Subsidiaries. The Company may not provide a cash loan of any kind to any member of the Board of Directors or guarantee any loan entered into by any of them;
- (6) all transactions with Related Parties described in Section 11.10 (*Related Party Contracts and Transactions*), including the determination of the financial consideration for contracts, have been carried out in a systematic and legal manner and on appropriate and fair commercial principles used in transactions with third parties;
- (7) no commissions, discounts, brokerages or other non-cash compensation have been granted within the three years immediately preceding the application for the registration and offer of securities that are the subject of this Prospectus in connection with the issue or offer of any securities by the Issuer or any of the Issuer's Subsidiaries;
- (8) there has not been any interruption in the business of the Issuer or any of the Issuer's Subsidiaries which may have or has had a significant effect on the financial position during the last twelve (12) months;
- (9) no material change to the nature of the business is contemplated;
- (10) the Directors or the CEO shall not participate in voting on resolutions related to businesses and contracts in which they have a direct or indirect interest;
- (11) there has not been any material adverse change in the financial or trading position of the Issuer or its Subsidiaries during the three years ended 31 December 2021G, 2022G and 2023G, immediately preceding the application for registration and offer of securities that are the subject of this Prospectus and during the period from the end of the period covered in the Auditors' report up to and including the date of approval of this Prospectus;
- (12) the Issuer does not have any employee share schemes in place prior to the application for registration and offer of securities that are subject to this Prospectus or any other similar arrangement involving the employees in the capital of the Issuer;
- (13) the Issuer does not have any contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the Issuer's financial position;
- (14) except as disclosed in Section 2 (*Risk Factors*), the Issuer is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected, or could materially affect, directly or indirectly, its operations;
- (15) except as disclosed in Section 2 (*Risk Factors*), the Issuer is not aware of any material seasonal or business cycles which affect the business or financial position;
- (16) the statistical information used in Section 3 (*Market Overview*) obtained from third party sources represents the latest information available from each respective source;
- (17) except as disclosed in Section 2.1.31 (*Risks Related to Inadequate Insurance Coverage*), the Issuer has insurance policies with sufficient insurance coverage to carry out its activities and it renews its insurance policies regularly to ensure continued insurance coverage;
- (18) except as disclosed in Section 11.13 (*Litigation*), the Company and its Subsidiaries are not party to any existing disputes, claims, cases, or investigative proceedings that could have a material effect on the Group's operations or financial position;
- (19) all of the contracts and agreements which the Issuer considers to be material or significant or which may have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed;
- (20) except as disclosed in Section 11.10 (*Related Party Contracts and Transactions*), there are no material transactions or contracts in effect, as of the date of this Prospectus and the Company is not contemplating concluding any new agreements with Related Parties;

- (21) the Selling Shareholders will incur all of the expenses and costs related to the Offering, and such costs will be deducted from the Offering Proceeds, including the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Market Consultant, the Receiving Agents and the Exchange, as well as regulatory fees, marketing, printing and distribution costs and other expenses related to the Offering;
- (22) except the ongoing dispute with ZATCA (which has been disclosed in Section 2.1.33 (*Risks Related to Litigation*)), the Company is not involved in any material disputes or objections related to ZATCA. The Selling Shareholders shall, each according to its relevant shares, incur any additional claims that may be filed by ZATCA against the Issuer for the preceding years until the date of Admission. Relevant Shareholders' Undertakings have been given;
- (23) they have developed procedures, controls and systems that would enable the Issuer to meet all the requirements of the relevant laws and regulations, including the Companies Law, the CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations), and the Listing Rules;
- (24) all of the Issuer's non-Saudi employees are under its sponsorship;
- (25) the Shareholders whose names appear in Section 4.3.2 (*Ownership Structure*) are the legal and beneficial owners, whether direct or indirect owners, of the Shares;
- (26) all increases in the share capital of the Issuer are in compliance with the applicable laws and regulations of the Kingdom;
- (27) except as disclosed in Section 2 (*Risk Factors*), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares;
- (28) except as disclosed in Section 2.1.32 (*Risks Related to Licences and Approvals*), the Issuer has obtained all necessary licences and permits to carry out its business activities;
- (29) except as disclosed in Section 11.13 (*Litigation*), the Issuer is not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position;
- (30) the Issuer has not issued any debt instruments, nor does it have any term loans or any other outstanding loans or indebtedness (including bank overdrafts, financial liabilities under acceptance, acceptance credits or purchase commitments);
- (31) as of the date of this Prospectus, none of the Company's assets are under mortgage, right or charge;
- (32) the Issuer, individually, has working capital sufficient for at least twelve (12) months immediately following the date of publication of this Prospectus;
- (33) no capital of the Issuer are under option;
- (34) the audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed interim financial statements for the nine-month period ended 30 September 2024G and the accompanying notes thereto have been prepared in compliance with IFRS as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA;
- (35) the financial information appearing in this Prospectus has been extracted from the Issuer's audited consolidated special purpose financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the reviewed interim financial statements for the nine-month period ended 30 September 2024G, without any material modifications;
- (36) the financial information appearing in Section 6 (Management's Discussion and Analysis of Financial Position and Results of Operations) has been extracted without any material modifications from the audited consolidated special purpose financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the reviewed interim financial statements for the nine-month period ended 30 September 2024G. Furthermore, the financial information is presented consistently with the Company's audited annual financial statements;
- (37) as of the date of this Prospectus, the Company does not have a policy on the research and development, additionally, the Company doesn't produce any products;
- (38) the Issuer is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA;
- (39) all of the material facts regarding the Issuer and its financial performance have been disclosed in this Prospectus, and there are no other facts the omission of which would make any statement herein misleading;
- (40) the Directors acknowledge that the Company does not own any assets outside the Kingdom, other than through its Subsidiaries;
- (41) the Offering does not violate the relevant laws and regulations in Saudi Arabia;
- (42) the Offering does not violate any contract or agreement entered into by the Issuer;
- (43) all material legal issues concerning the Issuer have been disclosed in this Prospectus;

- (44) the Directors are not to be subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its financial position; and
- (45) the Directors and the CEO do not have the right to vote on a contract or proposal in which they have an interest.

In addition to the above, the Directors further declare that:

- (1) this Prospectus contains all of the information required to be included under the Rules on the Offer of Securities and Continuing Obligations, and no facts that may affect the application for registration and offer of securities were omitted from this Prospectus;
- (2) they have submitted, and will submit, to the CMA all of the documents required under CML and the Rules on the Offer of Securities and Continuing Obligations;
- (3) the Issuer has prepared its internal control policies on sound principles where the Issuer has implemented a written policy regulating and resolving possible conflicts of interest issues, which include the misuse of the Issuer's assets and misfeasance due to Related Party transactions. The Issuer has ensured that its operational and financial policies are sound and that control procedures appropriate for risk management are implemented in accordance with Part 5 of the Corporate Governance Regulations. The Directors review the Issuer's internal controls on an annual basis;
- (4) the internal control, accounting, and information technology systems of the Issuer are sufficient and adequate;
- (5) the information and data contained in this Prospectus that were obtained from third parties, including information obtained from the Market Report prepared by the Market Consultant, is reliable and there is no reason for the Issuer to believe that such information is materially inaccurate;
- (6) except as disclosed in Section 11.10 (*Related Party Contracts and Transactions*), there are no conflicts of interest related to the Directors with respect to contracts or transactions entered into with the Issuer;
- (7) except as disclosed in 5.7 (*Conflicts of Interest*) as of the date of this Prospectus, none of the Directors has engaged in any activities similar to or competitive with the activities of the Issuer or its Subsidiaries. The Directors undertake to fulfil this regulatory requirement in the future as per Article 27 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- (8) unless otherwise approved by the General Assembly, a Director may not have a direct or indirect interest in the transactions and contracts entered into by the Issuer;
- (9) the Directors shall notify the Board of Directors of any direct or indirect interest they may have in the transactions and contracts entered into by the Issuer, and this notification will be recorded in the minutes of the Board of Directors meeting;
- (10) all transactions with Related Parties shall be entered into on an arm's-length basis and all works and contracts with Related Parties shall be subject to a vote in meetings of the Board of Directors and, if required by the Companies Law, the General Assembly. Directors may not vote on any decision related to transactions or contracts with the Issuer in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- (11) the Directors and the CEO do not have the right to vote on remuneration to themselves under the Issuer's Bylaws; and
- (12) the Directors and the Senior Executives do not have the right to borrow from the Issuer, or for the Company to guarantee any loan obtained by Directors.

The Directors undertake to:

- (1) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;
- (2) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations;
- (3) comply with the provisions of Articles 27, 71 and 72 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations;
- (4) if applicable, amend the Issuer's Bylaws after listing in accordance with the Corporate Governance Regulations issued by the CMA and other applicable laws and regulations; and
- (5) the Company undertakes to submit the latest annual/interim statements to the CMA (as applicable), provided that such statements are included in either the preliminary Prospectus prior to the commencement of the Offering, the final Prospectus or announcing it prior to the listing of the Shares (as applicable), in accordance with the time periods stipulated in the continuing obligations of listed companies.


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LEGAL INFORMATION



11. LEGAL INFORMATION

11.1 Declarations Related to Legal Information

The Directors acknowledge the following:

- the issuance does not constitute a breach of the relevant laws and regulations in the Kingdom;
- the issuance does not breach any contracts/agreements entered into by the Issuer;
- all material legal issues concerning the Issuer has been disclosed in the Prospectus;
- except as disclosed in Section 11.13 (Litigation) of this Prospectus, the Issuer and its Subsidiaries are not subject to any claims, litigation cases or any type of legal proceedings that could individually or collectively have a material adverse effect not on the Issuer or its Subsidiaries' business, financial condition, or results of operations; and
- the Directors are not subject to any claims, litigation cases or any type of legal proceedings that could individually or collectively have a material adverse effect not on the Issuer or its Subsidiaries' business, financial condition, or results of operations.

11.2 The Company

Marketing Home Group for Trading Company is a closed joint stock company with commercial registration no. 1010205534 dated 3 Muharram 1426H (corresponding to 12 February 2005G), issued in Riyadh, the Kingdom. The Company's headquarters and registered head office are at Al Aziziyah District, P.O. Box 8305, 14511 Riyadh, Kingdom of Saudi Arabia. The current capital of the Company is one hundred sixty million Saudi Arabian Riyals (SAR 160,000,000) divided into sixteen million (16,000,000) ordinary shares with a fully paid nominal value of ten Saudi Arabian Riyals (SAR 10) per Share (for further information, please see Section 4.10 (*Evolution of Capital*)). According to its main commercial registration certificate, the Company's main activities include erection of prefabricated constructions on the site, remodelling or renovating existing residential and non-residential structures, marble cutting and sawing, manufacture of marble products such as kitchens, washbasins, antiques, basins, statues, sculpture, painting, etc., manufacture of air-conditioning ducts and their appendices, operation of storage facilities for all types of goods except food, public storages with a variety of goods, wholesale of brick, block, tile, stone, marble, ceramic, and porcelain, wholesale of sanitary installation equipment and hot water heaters, retail sale of sanitary equipment and fittings (washbasins, toilets, bathtubs, etc) and sauna equipment, retail sale of electrical equipment and installations, retail sale of marble, natural and artificial stone, ceramic, and porcelain and retail sale of articles for lighting.

11.3 Ownership Structure

The following table summarises the shareholding structure of the Company pre-and post-Offering:

Table 11.1: Shareholding Structure of the Company Pre-and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)
Musaad Abdulrahman Abdulaziz AlQfari	6,397,313	39.98%	63,973,130	4,478,119	27.99%	44,781,190
Ali Mubarak Mohammed AlDosari	5,418,100	33.86%	54,181,000	3,792,677	23.70%	37,926,770
Mohammed Hisham Abdulrahman AlZamil	1,330,084	8.31%	13,300,840	931,058	5.82%	9,310,580
Omar Saad Abdulaziz AlMogren	495,383	3.10%	4,953,830	346,768	2.17%	3,467,680
Meshaal Abdulrahman Abdulaziz AlGafari	484,236	3.03%	4,842,360	338,965	2.12%	3,389,650
Abdullah Mubarak Mohammed AlDosari	474,430	2.97%	4,744,300	332,101	2.08%	3,321,010
Haila Abdulkarim Jarbo' AlQfari	268,182	1.68%	2,681,820	187,727	1.17%	1,877,270
Sulaiman Abdulkarim Jarbo' AlQfari	190,909	1.19%	1,909,090	133,636	0.84%	1,336,360

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)	Number of Shares	Ownership (%) ⁽¹⁾	Nominal Value (SAR)
Haya Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Noweir Mubarak Mohammed AlDosari	189,772	1.19%	1,897,720	132,840	0.83%	1,328,400
Saleh Othman Mohammed AlGhamdi	162,695	1.02%	1,626,950	113,886	0.71%	1,138,860
Saleh Rasheed Mohammed AlRasheed	153,877	0.96%	1,538,770	107,713	0.67%	1,077,130
Suad Suliman Mohammed AlSawadi	72,583	0.45%	725,830	50,808	0.32%	508,080
Mousa Hamad Mousa AlQadhib	45,766	0.29%	457,660	32,036	0.20%	320,360
Hussain Ali Saleh AlMassad	42,840	0.27%	428,400	29,988	0.19%	299,880
Ashwaq Abdulrahman Abdulaziz AlQfari	30,274	0.19%	302,740	21,191	0.13%	211,910
Nora Nasser Rashid AlTamami	22,231	0.14%	222,310	15,561	0.10%	155,610
Abdullah Khalil Abdullah AlSaba	20,392	0.13%	209,320	14,652	0.09%	146,520
Muneera Abdulkarim Jarbo' AlQfari	10,621	0.07%	106,210	7,434	0.05%	74,340
Public	-	-	-	4,800,000	30.0%	48,000,000
Total	16,000,000	100.00%	160,000,000	16,000,000	100.00%	160,000,000

Source: The Company.

(1) The ownership percentages are rounded to the nearest two decimal point.

For further details regarding the Shareholders and the shareholding structure of the Company, see Section 4.3.2 (*Ownership Structure*).

11.4 The Subsidiaries

The following table sets out the ownership structure of the Company's Subsidiaries:

Table 11.2: The Subsidiaries

Name of Subsidiary	Country	Direct Ownership (%)	Indirect Ownership (%)	Remaining Ownership
Ice Bear Contracting Company	Kingdom of Saudi Arabia	100%	-	-
Build Station LLC	United Arab Emirates	60%	-	Saeed Youssef Merza Ali Hassan owns 20.0% and Mohamed Youssef Merza Ali Hassan owns 20.0%
Engineer Musaad AlQafari Engineering Consultancy	Arab Republic of Egypt	100%	-	-
Illus Lighting Limited	Kingdom of Spain	100%	-	-
MHG International FZCO	United Arab Emirates	100%	-	-
Illus Lighting Limited	People's Republic of China	-	100% ⁽¹⁾	-

Source: The Company.

(1) Illus Lightning Limited is 100 per cent. owned by MHG International FZCO, which is owned 100 per cent. owned by the Company.

For further details regarding the Company's Subsidiaries, see Section 4.3.1 (*Overview of Subsidiaries*).

11.5 Government Consents, Licences and Certificates

The Company and its Subsidiaries hold several operational and regulatory licences and certificates issued by the relevant competent authorities, which are periodically renewed. The Directors declare that the Company and its Subsidiaries have obtained all of the licences and certificates necessary to carry out operations and engage in the relevant activities, except for certain operational licences expired or not obtained, as disclosed in the tables below. The following tables list licences and certificates held by the Company and its Subsidiaries as of the date of this Prospectus:

Table 11.3: Details of Commercial Registration Certificates Obtained by the Company and its Subsidiaries

#	Entity	Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
1.	The Company	Riyadh, Kingdom of Saudi Arabia	Main	1010205534	3 Muharram 1426H (corresponding to 12 February 2005G)	25 Safar 1447H (corresponding to 19 August 2025G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010526362	30 Jumada al-Akhirah 1436H (corresponding to 19 April 2015G)	23 Thul-Hijjah 1446H (corresponding to 19 June 2025G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1009087497	16 Safar 1446H (corresponding to 20 August 2024G)	16 Safar 1447H (corresponding to 10 August 2025G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010345061	25 Sha'ban 1433H (corresponding to 15 July 2012G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010599447	16 Safar 1441H (corresponding to 15 October 2019G)	23 Thul-Hijjah 1446H (corresponding to 19 June 2025G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010270857	13 Rajab 1430H (corresponding to 6 July 2009G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010671405	16 Rabi' al-Thani 1442H (corresponding to 1 December 2020G)	23 Thul-Hijjah 1447H (corresponding to 9 June 2026G)
		Riyadh, Kingdom of Saudi Arabia	Branch	1010863607	1 Sha'ban 1444H (corresponding to 21 February 2023G)	1 Sha'ban 1449H (corresponding to 29 December 2027G)
		Dammam, Kingdom of Saudi Arabia	Branch	2050088106	20 Safar 1434H (corresponding to 2 January 2013G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Dammam, Kingdom of Saudi Arabia	Branch	2050212501	21 Rajab 1437H (corresponding to 28 April 2016G)	23 Thul-Hijjah 1447H (corresponding to 9 June 2026G)
		Dammam, Kingdom of Saudi Arabia	Branch	2050231550	7 Jumada al-Akhirah 1438H (corresponding to 6 March 2017G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Khobar, Kingdom of Saudi Arabia	Branch	2051051222	20 Safar 1434H (corresponding to 2 January 2013G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Khobar, Kingdom of Saudi Arabia	Branch	2051164257	21 Rajab 1437H (corresponding to 28 April 2016G)	23 Thul-Hijjah 1447H (corresponding to 9 June 2026G)
		Al Mubarraz, Kingdom of Saudi Arabia	Branch	2252100946	10 Muharram 1438H (corresponding to 11 October 2016G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Al Ahsa, Kingdom of Saudi Arabia	Branch	2031111647	1 Sha'ban 1444H (corresponding to 21 February 2023G)	1 Sha'ban 1449H (corresponding to 29 December 2027G)
		Al Ahsa, Kingdom of Saudi Arabia	Branch	2252054449	1 Thul-Hijjah 1434H (corresponding to 6 October 2013G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Najran, Kingdom of Saudi Arabia	Branch	5950119431	7 Muharram 1442H (corresponding to 26 August 2020G)	10 Safar 1447H (corresponding to 4 August 2025G)
		Unaizah, Kingdom of Saudi Arabia	Branch	1128119234	6 Rabi' al-Awwal 1436H (corresponding to 18 January 2013G)	4 Muharram 1447H (corresponding to 29 June 2025G)

#	Entity	Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
1.	The Company	Unaizah, Kingdom of Saudi Arabia	Branch	1128017374	23 Muharram 1435H (corresponding to 26 November 2013G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Buraidah, Kingdom of Saudi Arabia	Branch	1131054364	18 Thul-Hijjah 1435H (corresponding to 12 October 2014G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Buraidah, Kingdom of Saudi Arabia	Branch	1131326973	1 Sha'ban 1444H (corresponding to 21 February 2023G)	23 Sha'ban 1447H (corresponding to 11 February 2026G)
		Buraidah, Kingdom of Saudi Arabia	Branch	1131026154	24 Rabi' al-Thani 1429H (corresponding to 30 April 2008G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Skaka, Kingdom of Saudi Arabia	Branch	3400119823	23 Thul-Hijjah 1441H (corresponding to 13 August 2020G)	4 Muharram 1447H (corresponding to 29 June 2025G)
		Jeddah, Kingdom of Saudi Arabia	Branch	4030303103	22 Sha'ban 1439H (corresponding to 8 May 2018G)	23 Thul-Hijjah 1446H (corresponding to 19 June 2025G)
		Jeddah, Kingdom of Saudi Arabia	Branch	4030377783	30 Jumada al-Akhirah 1441H (corresponding to 24 February 2021G)	23 Thul-Hijjah 1446H (corresponding to 19 June 2025G)
		Abha, Kingdom of Saudi Arabia	Branch	5850125597	25 Safar 1441H (corresponding to 24 October 2019G)	10 Safar 1447H (corresponding to 4 August 2025G)
		Tabuk, Kingdom of Saudi Arabia	Branch	3550105589	9 Sha'ban 1437H (corresponding to 16 May 2016G)	23 Thul-Hijjah 1446H (corresponding to 19 June 2026G)
		Hail, Kingdom of Saudi Arabia	Branch	3350159559	26 Sha'ban 1443H (corresponding to 26 November 2021G)	18 Ramadan 1447H (corresponding to 7 March 2026G)
2.	Ice Bear Contracting Company	Jizan, Kingdom of Saudi Arabia	Branch	5900131016	12 Rabi' al-Thani 1443H (corresponding to 17 November 2021G)	5 Jumada al-Ula 1447H (corresponding to 27 October 2025G)
		Khamis Mushait, Kingdom of Saudi Arabia	Branch	5855345553	28 Safar 1441H (corresponding to 27 October 2019G)	23 Thul-Hijjah 1446H (corresponding to 19 June 2025G)
3.	Build Station LLC	Riyadh, Kingdom of Saudi Arabia	Main	1010500497	18 Rabi' al-Thani 1440H (corresponding to 25 December 2018G)	7 Safar 1447H (corresponding to 1 August 2025G)
		Dubai, United Arab Emirates	Main	1028881	29 Rajab 1443H (corresponding to 2 March 2022G)	12 Ramadan 1447H (corresponding to 1 March 2026G)
		Sharjah, United Arab Emirates	Branch	790283	2 Jumada al-Ula 1443H (corresponding to 6 December 2021G)	15 Jumada al-Akhirah 1447H (corresponding to 16 December 2025G)
		Sharja, United Arab Emirates	Branch	763518	6 Muharram 1440H (corresponding to 16 September 2018G)	24 Rabi' al-Awwal 1447H (corresponding to 16 September 2025G)

Source: The Company.

Table 11.4: Details of Regulatory Licences and Certificates Obtained by the Company and its Subsidiaries

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiration Date
1.	The Company	Ministry of Human Resource and Social Development	181630-17981485	Certificate of compliance with Saudisation requirements	20 Jumada al-Akhirah 1445H (corresponding to 2 January 2024G)	13 Thul-Qi'dah 1446H (corresponding to 11 May 2025G)
			209481-30428312	Certificate of compliance with Saudisation requirements	18 Thul-Hijjah 1445H (corresponding to 24 June 2024G)	13 Thul-Qi'dah 1446H (corresponding to 11 May 2025G)
			641392-57671970	Wage protection certificate	11 Ramadan 1446H (corresponding to 11 March 2025G)	13 Shawwal 1446H (corresponding to 11 April 2025G)
			114559-15963053	Wage protection certificate	11 Ramadan 1446H (corresponding to 11 March 2025G)	13 Shawwal 1446H (corresponding to 11 April 2025G)
		ZATCA	1062208506	Certificate enabling the Company to finalise all processes	16 Shawwal 1445H (corresponding to 25 April 2024G)	2 Thul-Qi'dah 1446H (corresponding to 30 April 2025G)
			100211044851983	VAT registration certificate	29 Rabi' al-Awwal 1433H (corresponding to 4 November 2021G)	N/A
		GOSI	92765349	Certificate of fulfilment of the GOSI obligations	2 Ramadan 1446H (corresponding to 2 March 2025G)	2 Shawwal 1446H (corresponding to 31 March 2025G)
			92765240	Certificate of fulfilment of the GOSI obligations	2 Ramadan 1446H (corresponding to 2 March 2025G)	2 Shawwal 1446H (corresponding to 31 March 2025G)
2.	Ice Bear Contracting Company	Ministry of Human Resources and Social Development	286728-99565290	Certificate of compliance with Saudisation requirements	20 Jumada al-Akhirah 1445H (corresponding to 2 January 2024G)	13 Thul-Qi'dah 1446H (corresponding to 11 May 2025G)
			161755-65124941	Certificate of wage protection	11 Ramadan 1446H (corresponding to 11 March 2024G)	13 Shawwal 1446H (corresponding to 11 April 2025G)
		ZATCA	1022207453	Certificate enabling the Company to finalise all processes	16 Shawwal 1445H (corresponding to 25 April 2024G)	2 Thul-Qi'dah 1446H (corresponding to 30 April 2025G)
			10021027526963	VAT registration certificate	29 Jumada al-Ula 1442H (corresponding to 13 January 2021G)	N/A.
		GOSI	92765441	Certificate of fulfilment of the GOSI obligations	2 Ramadan 1446H (corresponding to 2 March 2025G)	2 Shawwal 1446H (corresponding to 31 March 2025G)
		Dubai Chamber of Commerce & Industry	1028881	Dubai Chamber of Commerce & Industry membership	29 Rajab 1443H (corresponding to 2 March 2022G)	12 Ramadan 1447H (corresponding to 1 March 2026G)
3.	Build Station LLC	UAE Corporate Tax Registration	104026784900003	UAE Corporate Tax Registration	27 Rajab 1445H (corresponding to 8 February 2024G)	N/A.
		UAE VAT Registration	104026784900003	UAE VAT Registration	7 Ramadan 1445H (corresponding to 17 March 2024G)	N/A.

Source: The Company.

(1) The certificate has expired and is in the process of renewal.

Table 11.5: Summary of Operational Licences Obtained by the Company and its Subsidiaries

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	The Company	Riyadh Municipality, Kingdom of Saudi Arabia	440711492211	Engaging in commercial activity	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440711602936	Engaging in commercial activity	30 Sha'ban 1444H (corresponding to 22 March 2023G)	30 Sha'ban 1449H (corresponding to 27 January 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440811731603	Engaging in commercial activity	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440711610323	Engaging in commercial activity	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440811731961	Engaging in commercial activity	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440811732229	Engaging in commercial activity	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440811733002	Engaging in commercial activity	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440811749976	Engaging in commercial activity	7 Ramadan 1444H (corresponding to 29 March 2023G)	7 Ramadan 1449H (corresponding to 1 February 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40031755744	Engaging in commercial activity	18 Rabi' al-Thani 1427H (corresponding to 16 May 2004G)	18 Rabi' al-Thani 1450H (corresponding to 8 September 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	41052646411	Engaging in commercial activity	12 Jumada al-Ula 1441H (corresponding to 7 January 2020G)	12 Jumada al-Ula 1446H (corresponding to 14 November 2024G) ⁽¹⁾
		Riyadh Municipality, Kingdom of Saudi Arabia	40031762582	Engaging in commercial activity	24 Rabi' al-Awwal 1429H (corresponding to 1 April 2008G)	24 Rabi' al-Awwal 1450H (corresponding to 15 August 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40031784930	Engaging in commercial activity	3 Rabi' al-Thani 1433H (corresponding to 25 February 2012G)	3 Rabi' al-Thani 1449H (corresponding to 4 September 2027G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40031857320	Engaging in commercial activity	5 Ramadan 1435H (corresponding to 2 July 2014G)	5 Ramadan 1447H (corresponding to 22 February 2026G)
		Riyadh Municipality, Kingdom of Saudi Arabia	41103559353	Engaging in commercial activity	17 Shawwal 1441H (corresponding to 9 June 2020G)	17 Shawwal 1449H (corresponding to 13 March 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450413519988	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450413520065	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450413540134	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	The Company	Riyadh Municipality, Kingdom of Saudi Arabia	450413540409	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450413552604	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450413571615	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450413598151	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450413621028	Engaging in commercial activity	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	441012201435	Engaging in commercial activity	18 Safar 1445H (corresponding to 3 September 2023G)	18 Safar 1450H (corresponding to 11 July 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	4411122314738	Engaging in commercial activity	18 Safar 1445H (corresponding to 3 September 2023G)	18 Safar 1450H (corresponding to 11 July 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	441112235025	Engaging in commercial activity	13 Safar 1445H (corresponding to 29 August 2023G)	13 Safar 1450H (corresponding to 6 July 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	450714379238	Engaging in commercial activity	8 Ramadan 1445H (corresponding to 18 March 2024G)	8 Ramadan 1446H (corresponding to 8 March 2025G) ⁽²⁾
		Riyadh Municipality, Kingdom of Saudi Arabia	441112235078	Engaging in commercial activity	13 Safar 1445H (corresponding to 29 August 2023G)	13 Safar 1450H (corresponding to 6 July 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	441112235179	Engaging in commercial activity	29 Thul-Hijjah 1444H (corresponding to 17 July 2023G)	29 Thul-Hijjah 1449H (corresponding to 24 May 2028G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40031753861	Engaging in commercial activity	15 Sha'ban 1426H (corresponding to 19 September 2005G)	15 Sha'ban 1447H (corresponding to 3 February 2026G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40031839845	Engaging in commercial activity	1 Thul-Hijjah 1433H (corresponding to 17 October 2012G)	1 Thul-Hijjah 1451H (corresponding to 4 April 2030G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40021719495	Engaging in commercial activity	6 Muharram 1418H (corresponding to 13 May 1997G)	6 Muharram 1448H (corresponding to 21 June 2026G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40031857272	Engaging in commercial activity	5 Ramadan 1435H (corresponding to 2 July 2014G)	5 Ramadan 1449H (corresponding to 1 February 2028G)

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	The Company	Riyadh Municipality, Kingdom of Saudi Arabia	41103575560	Engaging in commercial activity	11 Thul-Qi'dah 1441H (corresponding to 2 July 2020G)	15 Muharram 1447H (corresponding to 10 July 2025G)
		Riyadh Municipality, Kingdom of Saudi Arabia	42013688685	Engaging in commercial activity	15 Muharram 1442H (corresponding to 3 September 2020G)	15 Muharram 1447H (corresponding to 10 July 2025G)
		Riyadh Municipality, Kingdom of Saudi Arabia	40102413491	Engaging in commercial activity	23 Rabi' al-Thani 1440H (corresponding to 30 Thul-Hijjah 2018G)	23 Rabi' al-Thani 1452H (corresponding to 23 August 2030G)
		Riyadh Municipality, Kingdom of Saudi Arabia	440711412931	Engaging in commercial activity	18 Ramadan 1444H (corresponding to 9 April 2023G)	18 Ramadan 1449H (corresponding to 14 February 2029G)
		Riyadh Municipality, Kingdom of Saudi Arabia	460517762135	Engaging in commercial activity	14 Jumada al-Akhirah 1446H (corresponding to 15 December 2024G)	14 Jumada al-Akhirah 1447H (corresponding to 5 December 2025G)
		Al Qassim Municipality, Kingdom of Saudi Arabia	3909347170	Engaging in commercial activity	13 Muharram 1439H (corresponding to 3 October 2017G)	13 Muharram 1449H (corresponding to 18 June 2027G)
		Al Qassim Municipality, Kingdom of Saudi Arabia	40112493820	Engaging in commercial activity	6 Thul-Qi'dah 1434H (corresponding to 12 September 2013G)	6 Thul-Qi'dah 1449H (corresponding to 1 April 2028G)
		Al Qassim Municipality, Kingdom of Saudi Arabia	450112923762	Engaging in commercial activity	15 Safar 1445H (corresponding to 31 August 2023G)	15 Safar 1450H (corresponding to 8 July 2028G)
		Al Qassim Municipality, Kingdom of Saudi Arabia	3909363302	Engaging in commercial activity	15 Shawwal 1438H (corresponding to 9 July 2017G)	15 Shawwal 1446H (corresponding to 13 April 2025G)
		Al Qassim Municipality, Kingdom of Saudi Arabia	42024011558	Engaging in commercial activity	9 Rabi' al-Awwal 1436H (corresponding to 31 December 2014G)	9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G)
		Eastern Municipality, Kingdom of Saudi Arabia	3909266015	Engaging in commercial activity	27 Jumada al-Akhirah 1437H (corresponding to 5 April 2016G)	26 Jumada al-Akhirah 1447H (corresponding to 17 December 2025G)
		Eastern Municipality, Kingdom of Saudi Arabia	3909110705	Engaging in commercial activity	23 Rajab 1437H (corresponding to 30 April 2016G)	20 Sha'ban 1450H (corresponding to 5 January 2029G)
		Eastern Municipality, Kingdom of Saudi Arabia	441012119764	Engaging in commercial activity	11 Rabi' al-Awwal 1445H (corresponding to 26 September 2023G)	11 Rabi' al-Awwal 1450H (corresponding to 2 August 2028G)
		Eastern Municipality, Kingdom of Saudi Arabia	39121564172	Engaging in commercial activity	18 Thul-Hijjah 1439H (corresponding to 9 September 2018G)	29 Thul-Hijjah 1446H (corresponding to 25 June 2025G)
		Al Ahsa Municipality, Kingdom of Saudi Arabia	3909482079	Engaging in commercial activity	13 Jumada al-Akhirah 1435H (corresponding to 13 April 2014G)	12 Jumada al-Akhirah 1449H (corresponding to 11 November 2027G)
		Al Ahsa Municipality, Kingdom of Saudi Arabia	3909477911	Engaging in commercial activity	9 Jumada al-Akhirah 1435H (corresponding to 9 April 2014G)	8 Jumada al-Akhirah 1447H (corresponding to 29 November 2025G)
		Al Ahsa Municipality, Kingdom of Saudi Arabia	451115763449	Engaging in commercial activity	3 Thul-Hijjah 1445H (corresponding to 9 June 2024G)	3 Thul-Hijjah 1450H (corresponding to 17 April 2029G)
		Al Ahsa Municipality, Kingdom of Saudi Arabia	451015517538	Engaging in commercial activity	2 Muharram 1446H (corresponding to 8 July 2024G)	2 Muharram 1451H (corresponding to 15 May 2029G)

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	The Company	Al Ahsa Municipality, Kingdom of Saudi Arabia	39121533304	Engaging in commercial activity	18 Thul-Qi'dah 1439H (corresponding to 30 July 2018G)	17 Thul-Qi'dah 1446H (corresponding to 15 May 2025G)
		Eastern Municipality, Kingdom of Saudi Arabia	40112512140	Engaging in commercial activity	27 Thul-Qi'dah 1439H (corresponding to 9 August 2018G)	26 Thul-Qi'dah 1446H (corresponding to 24 May 2025G)
		Eastern Municipality, Kingdom of Saudi Arabia	43079272549	Engaging in commercial activity	16 Sha'ban 1443H (corresponding to 19 March 2022G)	16 Sha'ban 1448H (corresponding to 24 January 2027G)
		Jazan Municipality, Kingdom of Saudi Arabia	440210471137	Engaging in commercial activity	2 Jumada al-Akhirah 1444H (corresponding to 26 December 2022G)	2 Jumada al-Akhirah 1449H (corresponding to 1 November 2027G)
		Tabuk Municipality, Kingdom of Saudi Arabia	3909299629	Engaging in commercial activity	22 Jumada al-Akhirah 1438H (corresponding to 21 March 2017G)	22 Jumada al-Akhirah 1449H (corresponding to 21 November 2027G)
		Jeddah Municipality, Kingdom of Saudi Arabia	43047996835	Engaging in commercial activity	8 Jumada al-Ula 1443H (corresponding to 12 December 2021G)	8 Jumada al-Ula 1450H (corresponding to 27 September 2028G)
		Jeddah Municipality, Kingdom of Saudi Arabia	40102466912	Engaging in commercial activity	18 Thul-Hijjah 1439H (corresponding to 29 August 2018G)	18 Thul-Hijjah 1447H (corresponding to 4 June 2026G)
		Al Jouf Municipality, Kingdom of Saudi Arabia	42115853237	Engaging in commercial activity	18 Thul-Qi'dah 1442H (corresponding to 28 June 2021G)	18 Thul-Qi'dah 1447H (corresponding to 5 May 2026G)
		Asir Municipality, Kingdom of Saudi Arabia	43099611358	Engaging in commercial activity	9 Shawwal 1443H (corresponding to 10 May 2022G)	9 Shawwal 1446H (corresponding to 7 April 2025G)
		Asir Municipality, Kingdom of Saudi Arabia	42044800766	Engaging in commercial activity	22 Jumada al-Akhirah 1442H (corresponding to 4 February 2021G)	22 Jumada al-Akhirah 1447H (corresponding to 13 December 2025G)
		Asir Municipality, Kingdom of Saudi Arabia	460618124778	Engaging in commercial activity	12 Rajab 1446H (corresponding to 12 January 2025G)	12 Rajab 1451H (corresponding to 19 November 2029G)
		Hail Municipality, Kingdom of Saudi Arabia	40011610809	Engaging in commercial activity	2 Muharram 1438H (corresponding to 3 October 2016G)	2 Muharram 1452H (corresponding to 5 May 2030G)
		Najran Municipality, Kingdom of Saudi Arabia	42023997102	Engaging in commercial activity	5 Rabi' al-Awwal 1442H (corresponding to 22 October 2020G)	5 Rabi' al-Awwal 1448H (corresponding to 18 August 2026G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001331441- 45	Civil defence licence	25 Jumada al-Akhirah 1445H (corresponding to 7 January 2024G)	25 Jumada al-Akhirah 1446H (corresponding to 26 December 2024G) ⁽¹⁾
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001128838-44	Civil defence licence	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001131538-44	Civil defence licence	6 Ramadan 1444H (corresponding to 28 March 2023G)	6 Ramadan 1449H (corresponding to 2 February 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001128843-44	Civil defence licence	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	The Company	General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001128842-44	Civil defence licence	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001128840-44	Civil defence licence	5 Ramadan 1444H (corresponding to 27 March 2023G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001565999-46	Civil defence licence	11 Safar 1446H (corresponding to 15 August 2024G)	5 Ramadan 1449H (corresponding to 1 February 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001566006-46	Civil defence licence	9 Safar 1446H (corresponding to 13 August 2024G)	30 Sha'ban 1449H (corresponding to 27 January 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001287532-45	Civil defence licence	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001286532-45	Civil defence licence	9 Jumada al-Ula 1445H (corresponding to 23 November 2023G)	9 Jumada al-Ula 1450H (corresponding to 28 September 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001285638-45	Civil defence licence	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001285635-45	Civil defence licence	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001281198-45	Civil defence licence	9 Jumada al-Ula 1445H (corresponding to 23 November 2023G)	9 Jumada al-Ula 1450H (corresponding to 28 September 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001281197-45	Civil defence licence	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001281196-45	Civil defence licence	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001281195-45	Civil defence licence	13 Jumada al-Ula 1445H (corresponding to 27 November 2023G)	13 Jumada al-Ula 1450H (corresponding to 2 October 2028G)
2	The Company	General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001349067-45	Civil defence licence	8 Ramadan 1445H (corresponding to 18 March 2024G)	8 Ramadan 1446H (corresponding to 8 March 2025G) ⁽²⁾
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001177200-44	Civil defence licence	18 Safar 1445H (corresponding to 3 September 2023G)	18 Safar 1450H (corresponding to 11 July 2028G)

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	The Company	General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001185099-44	Civil defence licence	18 Safar (corresponding to 1445H to 3 September 2023G)	18 Safar 1450H (corresponding to 11 July 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001185101-44	Civil defence licence	13 Safar (corresponding to 1445H to 29 August 2023G)	13 Safar 1450H (corresponding to 6 July 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001185104-44	Civil defence licence	13 Safar (corresponding to 1445H to 29 August 2023G)	13 Safar 1450H (corresponding to 6 July 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001185106-44	Civil defence licence	29 Thul-Hijjah (corresponding to 1444H to 17 July 2023G)	29 Thul-Hijjah 1449H (corresponding to 24 May 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	2-001156456-45	Civil defence licence	14 Thul-Qi'dah (corresponding to 1445H to 22 May 2024G)	20 Sha'ban 1450H (corresponding to 5 January 2029G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001590394-46	Civil defence licence	21 Rabi' al-Thani (corresponding to 1446H to 24 October 2024G)	2 Jumada al-Akhirah 1449H (corresponding to 1 November 2027G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001167980-44	Civil defence licence	11 Rabi' al-Awwal (corresponding to 1445H to 26 September 2023G)	11 Rabi' al-Awwal 1450H (corresponding to 2 August 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001486938-45	Civil defence licence	3 Thul-Hijjah (corresponding to 1445H to 9 June 2024G)	3 Thul-Hijjah 1450H (corresponding to 17 April 2029G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001459327-45	Civil defence licence	2 Muharram (corresponding to 1446H to 8 July 2024G)	2 Muharram 1451H (corresponding to 15 May 2029G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001229211-45	Civil defence licence	15 Safar (corresponding to 1445H to 31 August 2023G)	18 Safar 1450H (corresponding to 8 July 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-001026482-46	Civil defence licence	3 Jumada al-Akhirah 1446H (corresponding to 4 December 2024G)	17 Thul-Qi'dah 1446H (corresponding to 15 May 2025G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001483046-45	Civil defence licence	13 Thul-Qi'dah (corresponding to 1445H to 21 May 2024G)	29 Thul-Hijjah 1446H (corresponding to 25 June 2025G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	2-000951999-45	Civil defence licence	27 Shawwal (corresponding to 1445H to 6 May 2024G)	27 Shawwal 1446H (corresponding to 25 April 2025G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	2-001647341-46	Civil defence licence	25 Rabi' al-Thani (corresponding to 1446H to 28 October 2024G)	23 Rabi' al-Thani 1451H (corresponding to 23 August 2030G)

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
1	The Company	General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001645629-46	Civil defence licence	19 Rabi' al-Thani 1446H (corresponding to 22 October 2024G)	19 Rabi' al-Thani 1451H (corresponding to 30 August 2029G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001105782-45	Civil defence licence	6 Rabi' al-Awwal 1446H (corresponding to 9 September 2024G)	18 Ramadan 1449H (corresponding to 14 February 2029G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001499880-45	Civil defence licence	21 Safar 1446H (corresponding to 25 August 2024G)	15 Muharram 1451H (corresponding to 28 May 2029G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-000861841-45	Civil defence licence	16 Muharram 1446H (corresponding to 22 July 2024G)	16 Sha'ban 1448H (corresponding to 24 January 2027G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	2-001316762-46	Civil defence licence	22 Jumada al-Akhirah 1446H (corresponding to 23 December 2024G)	9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-000911423-45	Civil defence licence	9 Shawwal 1443H (corresponding to 10 May 2022G)	9 Shawwal 1446H (corresponding to 7 April 2025G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	3-000608720-46	Civil defence licence	4 Rabi' al-Thani 1446H (corresponding to 7 October 2024G)	5 Rabi' al-Awwal 1448H (corresponding to 18 August 2026G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001758190-46	Civil defence licence	12 Rajab 1446H (corresponding to 12 January 2025G)	12 Rajab 1451H (corresponding to 19 November 2029G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001664499-46	Civil defence licence	11 Jumada al-Akhirah 1446H (corresponding to 12 December 2024G)	15 Shawwal 1446H (corresponding to 13 April 2025G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001677646-46	Civil defence licence	11 Jumada al-Akhirah 1446H (corresponding to 12 December 2024G)	13 Muharram 1449H (corresponding to 18 June 2027G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001696041-46	Civil defence licence	14 Thul-Qi'dah 1445H (corresponding to 22 May 2024G)	7 Jumada al-Ula 1449H (corresponding to 7 October 2027G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001748015-46	Civil defence licence	22 Jumada al-Akhirah 1446H (corresponding to 23 December 2024G)	2 Muharram 1452H (corresponding to 5 May 2030G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001722547-46	Civil defence licence	14 Jumada al-Akhirah 1446H (corresponding to 15 December 2024G)	14 Jumada al-Akhirah 1447H (corresponding to 5 December 2025G)
	Transport Authority	General	00076945/11	Freight transportation by road	7 Rajab 1446H (corresponding to 7 January 2025G)	10 Sha'ban 1449H (corresponding to 7 January 2028G)

#	Entity	Issuing Authority	Licence Number	Purpose	Issue Date	Expiry Date
2	Ice Bear Contracting Company	Riyadh Municipality, Kingdom of Saudi Arabia	450112933400	Engaging in commercial activity	20 Jumada al-Ula 1445H (corresponding to 4 December 2023G)	20 Jumada al-Ula 1450H (corresponding to 9 October 2028G)
		General Directorate of Civil Defence, Kingdom of Saudi Arabia	1-001238751-45	Civil defence licence	20 Jumada al-Ula 1445H (corresponding to 4 December 2023G)	20 Jumada al-Ula 1450H (corresponding to 9 October 2028G)
3	Build Station LLC	Government of Sharjah — Economic Development Department	339915	Main board permit	2 Jumada al-Ula 1443H (corresponding to 6 December 2021G)	15 Jumada al-Akhirah 1447H (corresponding to 6 December 2025G)
		Government of Sharjah — Economic Development Department	361196	Main board permit	6 Muharram 1440H (corresponding to 16 September 2018G)	24 Rabi' al-Awwal 1447H (corresponding to 16 September 2025G)
		Government of Sharjah — Economic Development Department	303094	Main board permit	6 Muharram 1440H (corresponding to 16 September 2018G)	24 Rabi' al-Awwal 1447H (corresponding to 16 September 2025G)
		Government of Sharjah — Economic Development Department	803954	Warehouse permit	6 Muharram 1444H (corresponding to 4 August 2022G)	24 Rabi' al-Awwal 1447H (corresponding to 16 September 2025G)
		Government of Sharjah — Economic Development Department	803955	Warehouse permit	6 Muharram 1444H (corresponding to 4 August 2022G)	24 Rabi' al-Awwal 1447H (corresponding to 16 September 2025G)

Source: The Company.

- (1) The licence has expired and the building will be demolished. The licence will be renewed thereafter.
(2) The licence has expired and is in the process of renewal.

11.6 Material Agreements

The Company and its Subsidiaries have entered into a number of agreements for business-related purposes. Below is a summary of the agreements that the Company considers to be material, significant, or likely to influence investors' decisions regarding investment in Offer Shares. The Company believes that all such material agreements, including their key terms and conditions, have been disclosed in this section, and that there are no other material agreements related to the Company's business that have not been disclosed, except for lease agreements and insurance policies, which are included in Section 11.9.2 (*Lease Agreements for Leased Properties Inside the Kingdom*), Section 11.9.3 (*Lease Agreements for Leased Properties Outside the Kingdom*) and Section 11.8 (*Insurance Policies*).

As of the date of this Prospectus, the Company and its Subsidiaries have not breached any of the terms and conditions set forth in these agreements. Furthermore, the Company and its Subsidiaries are not aware of any event which, with the passing of time (if not remedied or if it occurs over time), may become a breach or default under any such agreements.

The following tables sets out the material agreements entered into by the Group for its business. These summaries are not intended to describe all of the terms and conditions applicable to these agreements:

Table 11.6: Summary of Agreements with Key Customers

Name of Agreement	
Sub-Contract Agreement between Build Station LLC (as "Sub-Contractor") and Bu Haleeba Contracting LLC (as "Main Contractor") for supply of sanitaryware	
Date	27 Ramadan 1445H (corresponding to 6 April 2024G).
Purpose and Scope	This agreement has been executed between Build Station LLC and Bu Haleeba Contracting LLC pursuant to a main contract entered into between Bu Haleeba Contracting LLC and Sunrise Valley LLC. Build Station LLC, as a supplier under this agreement, is responsible for supplying and delivering certain specified sanitary ware products to Bu Haleeba Contracting LLC. The terms and conditions of the main contract apply to this agreement on a back-to-back basis, with necessary changes to reflect Build Station LLC's obligation towards Bu Haleeba Contracting LLC.
Term and Renewal Mechanism	There are no clear provisions for the duration of the Sub-Contract Agreement. The Sub-Contract Agreement may be terminated by Main Contractor for convenience and for cause. The Main Contractor is entitled to terminate the Sub-Contract Agreement for default of Build Station LLC to deliver the materials within the period specified (or any extended time period agreed), if Build Station LLC fails to perform any other obligation under the Sub-Contract Agreement, if Build Station LLC has engaged in fraud and corruption in executing the subcontract work, or if Build Station LLC becomes bankrupt or insolvent. Once the maximum of the liquidated damages (as explained below) is reached, the Main Contractor may terminate the sub-contract agreement.
Financial Obligations	- The tentative value of the Sub-Contract Agreement is AED 1,593,896.30 (equivalent to SAR 1,627,272.4885) based on approximate quantities. 30 per cent. of the amount above would be released as an advance payment against a bank guarantee, with the remaining amount payable on a monthly basis, accordingly to the materials delivered to the site, subject to meeting certain specified conditions. - Build Station LLC is required to obtain a performance security to secure proper performance of the subcontract, through an undated security cheque for an amount of 10 per cent. of the subcontract contract, which shall be returned following the successful completion of any "defects notification period" and issuance of "performance certificate" as per the Main Contract. - Liquidated Damages: If Build Station LLC fails to delivery any or all of the materials by the date of delivery or perform the services within the period agreed, the Main Contractor may deduct from the price, or set off against due amount to Build Station LLC, as actual damages, a sum equivalent to 0.1 per cent. of the delivered price of the delayed material or unperformed services, up to a maximum deduction of 10 per cent. of subcontract price.
Confidentiality Obligations	N/A.
Change of Control	N/A.
Governing Law and Disputes	This agreement's governing law and jurisdiction shall be as per the Main Contract, which has not been entered into by Build Station LLC.

Table 11.7: Summary of Agreements with Key Suppliers

Name of Agreement ⁽¹⁾	
Supply Agreement between the Company (as customer) and Supplier 3	
Date	25 Ramadan 1445H (corresponding to 4 April 2024G).
Purpose and Scope	The Company has entered into an agreement for the purpose of purchasing materials and goods required by the Company in the agreed form.
Term and Renewal Mechanism	The agreement will take effect upon 3 Ramadan 1443H (corresponding to 4 April 2022G) and will automatically renew for one year unless either party provides prior written notice of termination at least 90 calendar days in advance.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 7.0 million. - Payment shall be made either through an open account with a maximum term of 150 days from the bill of lading date or by advance payment, with a discount percentage mutually agreed upon by the parties.
Confidentiality Obligations	All information related to the agreement is confidential, each party must maintain this information confidential and may not disclose it to third parties without the other party's written consent, except for information that: (a) is or becomes public or will be in the public domain other than through the receiving party's; (b) is required to be disclosed by law, stock exchange rules, or court orders; or (c) is disclosed to shareholders, investors, legal counsel, or financial advisors under confidentiality obligations similar to those in this agreement.

Name of Agreement ⁽¹⁾	
Change of Control	N/A.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claims arising out from the agreement shall be referred to arbitration, arbitrator's decision shall be final, binding, and conclusive on all parties, with judgment enforceable in any court of competent jurisdiction. The agreement is silent on the governing law.
Supply Agreement between the Company (as customer) and Supplier 12	
Date	25 Ramadan 1445H (corresponding to 4 April 2024G).
Purpose and Scope	The Company has entered into an agreement for the purpose of purchasing materials and goods required by the Company in the agreed form.
Term and Renewal Mechanism	The agreement will take effect upon 4 April 2022G and will automatically renew for another year unless either party provides written notice of termination at least 90 calendar days in advance.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 2.3 million. - Payment shall be made either through an open account with a maximum term of 150 days from the bill of lading date or by advance payment, with a discount percentage mutually agreed upon by the parties.
Confidentiality Obligations	All information related to the agreement is confidential, each party must maintain this information confidential and may not disclose it to third parties without the other party's written consent, except for information that: (a) is or becomes public or will be in the public domain other than through the receiving party's; (b) is required to be disclosed by law, stock exchange rules, or court orders; or (c) is disclosed to shareholders, investors, legal counsel, or financial advisors under confidentiality obligations similar to those in this agreement.
Change of Control	N/A.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute arising out from the agreement shall be referred to the court of Castellon de la Plana, Spain.
Supply Agreement between the Company (as purchaser) and Supplier 13	
Date	20 Shawwal 1445H (corresponding to 29 April 2024G).
Purpose and Scope	The Company has entered into a supply agreement for the purpose of purchasing materials and goods required by the Company in the agreed form.
Term and Renewal Mechanism	The agreement is valid for one year and will automatically renew for another year unless either party provides written notice of termination at least 90 calendar days in advance.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 2.4 million. - Payment shall be made either through an open account with a maximum term of 120 days from the bill of lading date or by advance payment, with a discount percentage mutually agreed upon by the parties.
Confidentiality Obligations	All information related to the agreement is confidential, each party must maintain this information confidential and may not disclose it to third parties without the other party's written consent, except for information that: (a) is or becomes public or will be in the public domain other than through the receiving party's; (b) is required to be disclosed by law, stock exchange rules, or court orders; or (c) is disclosed to shareholders, investors, legal counsel, or financial advisors under confidentiality obligations similar to those in this agreement.
Change of Control	N/A.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claims arising out from the agreement shall be referred to arbitration. The arbitrator's decision shall be final with judgment enforceable in any court of competent jurisdiction. The agreement is silent on the governing law.
Supply Agreement between the Company (as purchaser) and Supplier 7	
Date	19 Rabi' al-Thani 1446H (corresponding to 22 October 2024G).
Purpose and Scope	The Company has entered into a supply agreement for the purpose of supplying ceramic tiles.

Name of Agreement ⁽¹⁾	
Term and Renewal Mechanism	- The agreement is valid for one year from the date of signing and will automatically renew for additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; (b) the other party initiates or is subject to dissolution or liquidation proceeding; (c) the other party sells a substantial portion of its assets to a third party, except where the sale is to a related party under Kingdom laws; (d) more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law; or (f) the other party undergoes amalgamation with one or more corporations, unless all entities are related parties under the laws of the Kingdom.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 3.1 million. - The payment shall be made at the specified address within ninety 90 calendar days following receipt of the purchased products.
Confidentiality Obligations	N/A.
Change of Control	N/A.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claims arising out from the agreement shall be governed by and construed in accordance with the laws of the kingdom of Saudi Arabia.

Supply Agreement between the Company (as purchaser) and Supplier 14	
Date	The agreement is undated.
Purpose and Scope	The Company has entered into a supply agreement for the purpose of supplying lighting products.
Term and Renewal Mechanism	- The agreement effective from the date of confirming first order, being 19 Thul-Hijjah 1444H (corresponding to 7 July 2023G). - The agreement is valid for one year from the date of signing and will automatically renew for additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; (b) the other party initiates or is subject to dissolution or liquidation proceeding; (c) the other party sells a substantial portion of its assets to a third party, except where the sale is to a related party under Kingdom laws; (d) more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law; or (f) the other party undergoes amalgamation with one or more corporations, unless all entities are related parties under the laws of the Kingdom.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 3.1 million. - The Company shall pay 30 per cent. of the total order amount before production and the remaining 70 per cent. before shipment.
Confidentiality Obligations	N/A.
Change of Control	Either party may terminate the agreement if more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claims arising out from the agreement shall be governed by and construed in accordance with the laws of the kingdom of Saudi Arabia.

Name of Agreement ⁽¹⁾	
Supply Agreement between the Company (as purchaser) and Supplier 15	
Date	19 Rabi' al-Thani 1446H (corresponding to 22 October 2024G).
Purpose and Scope	The Company has entered into a supply agreement for the purpose of supplying ceramic tiles.
Term and Renewal Mechanism	- The agreement is valid for one year from the date of signing and will automatically renew for additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term or any subsequent terms. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; (b) the other party initiates or is subject to dissolution or liquidation proceeding; (c) the other party sells a substantial portion of its assets to a third party, except where the sale is to a related party under Kingdom laws; (d) more than 50 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law; or (f) the other party undergoes amalgamation with one or more corporations, unless all entities are related parties under the laws of the Kingdom.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 3.1 million. - Each party shall pay the other party at the address specified in the agreement, within 120 calendar days of receiving the products, the price for such products, the price will be reduced by 20 per cent. if full payment is made within 120 calendar days of receipt.
Confidentiality Obligations	N/A.
Change of Control	Either party may terminate the agreement by notice if more than 50 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claims arising out from the agreement shall be governed by and construed in accordance with the laws of the kingdom of Saudi Arabia.
Supply Agreement between the Company (as purchaser) and Supplier 16	
Date	21 Rabi' al-Thani 1446H (corresponding to 24 October 2024G).
Purpose and Scope	The Company has entered into a supply agreement for the purpose of supplying ceramic tiles.
Term and Renewal Mechanism	- The agreement is valid for an initial term of one year from the date of signing and will automatically renew for additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; (b) the other party initiates or is subject to dissolution or liquidation proceeding; (c) the other party sells a substantial portion of its assets to a third party, except where the sale is to a related party under Kingdom laws; (d) more than 51 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law; or (f) the other party undergoes amalgamation with one or more corporations, unless all entities are related parties under the laws of the Kingdom.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 3.3 million. - The payment shall be made at the specified address within ninety 90 calendar days following receipt of the purchased products.
Confidentiality Obligations	N/A.
Change of control	Either party may terminate by notice if more than 51 per cent. of the voting shares of the either party are sold to a third party, unless sold to a related person under Saudi law.

Name of Agreement ⁽¹⁾	
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claim arising out from the agreement including non-contractual disputes or claims shall be governed by and construed in accordance with the laws of Kingdom of Saudi Arabia.
Supply Agreement between the Company (as purchaser) and Supplier 6	
Date	24 Thul-Qi'dah 1445H (corresponding to 1 June 2024G).
Purpose and Scope	The Company has entered into a supply agreement for the purpose of supplying lighting products to the Company.
Term and Renewal Mechanism	- The agreement is valid for one year from the date of signing and will automatically renew for additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; or (b) the other party initiates or is subject to dissolution or liquidation proceeding.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 3.0 million. - The Company should pay 30 per cent. of the total order amount to the supplier before the new order is officially produced. Upon completion of production, the purchaser shall pay the balance 70 per cent. of the total order amount before the goods are ready to ship.
Confidentiality Obligations	The agreement does not contain a confidentiality clause.
Change of control	The agreement does not contain a change of control clause.
Exclusivity	The agreement does not contain an exclusivity clause.
Governing Law and Disputes	In case of any dispute or claim arising out from the agreement non-contractual disputes or claims shall be governed by and construed in accordance with the laws of China.
Supply Agreement between the Company (as distributor) and Supplier 5	
Date	22 Shawwal 1445H (corresponding to 1 May 2024G).
Purpose and Scope	The Company has entered into a supply agreement to purchase the materials and goods required by the Company in the agreed form.
Term and Renewal Mechanism	The agreement will take effect upon 1 May 2022G and will automatically renew for one year unless either party provides written notice of termination at least 90 calendar days in advance.
Financial Obligations	Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 1.2 million.
Confidentiality Obligations	All information related to the preparation and performance of this agreement is confidential, each party must maintain this information confidential and may not disclose it to third parties without the other party's written consent, except for information that: (a) is or becomes public through no fault of the receiving party; (b) is required to be disclosed by law, stock exchange rules, or court orders; or (c) is disclosed to shareholders, investors, legal counsel, or financial advisors under confidentiality obligations similar to those in this agreement.
Change of control	N/A.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claim arising out from the agreement shall be referred to arbitration, decision made by the arbitrator shall be final, binding and conclusive on all parties for all purposes, and judgment shall be entered thereon in any court having jurisdiction. The agreement is silent on the governing law.

Name of Agreement ⁽¹⁾	
Supply Agreement between the Company (as distributor) and Supplier 17	
Date	25 Ramadan 1445H (corresponding to 4 April 2024G).
Purpose and Scope	The Company has entered into a supply agreement to purchase materials and goods required by the Company in the agreed form.
Term and Renewal Mechanism	The agreement will take effect upon 4 April 2023G and will automatically renew for one year unless either party provides written notice of termination at least 90 calendar days in advance.
Financial Obligations	Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 3.1 million.
Confidentiality Obligations	All information related to the preparation and performance of this agreement is confidential, each party must maintain this information confidential and may not disclose it to third parties without the other party's written consent, except for information that: (a) is or becomes public through no fault of the receiving party; (b) is required to be disclosed by law, stock exchange rules, or court orders; or (c) is disclosed to shareholders, investors, legal counsel, or financial advisors under confidentiality obligations similar to those in this agreement.
Change of Control	N/A.
Exclusivity	N/A.
Governing Law and Disputes	In case of any dispute or claim arising out from the agreement shall be referred to arbitration, decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment shall be entered thereon in any court having jurisdiction. The agreement is silent on the governing law.
Supply Agreement between the Company (as distributor) and Supplier 9	
Date	On or about 25 Sha'ban 1444H (corresponding to 1 March 2023G).
Purpose and Scope	The Company has entered into a supply agreement to purchase lighting products.
Term and Renewal Mechanism	- The agreement is valid for one year from the date of signing and will automatically renew for an additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; (b) the other party initiates or is subject to dissolution or liquidation proceeding; (c) other party sells a substantial portion of its assets to a third party, except where the sale is to a related party under Kingdom laws; (d) more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law; or (f) the other party undergoes amalgamation with one or more corporations, unless all entities are related parties under Kingdom law.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 10.4 million. - The Company should pay 30 per cent. of the total order amount to the supplier before the new order is officially produced. Upon completion of production, the purchaser shall pay the balance 70 per cent. of the total order amount before the goods are ready to ship.
Confidentiality Obligations	The agreement does not contain a confidentiality clause.
Change of Control	Either party may terminate this agreement by notice if more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law.
Exclusivity	The agreement does not contain an exclusivity clause.
Governing Law and Disputes	In case of any dispute or claim arising out from the agreement including non-contractual disputes or claims shall be governed by and construed in accordance with the laws of Kingdom.

Name of Agreement ⁽¹⁾	
Supply Agreement between the Company (as distributor) and Supplier 8	
Date	19 Jumada al-Akhirah 1444H (corresponding to 1 January 2024G).
Purpose and Scope	The Company has entered into a supply agreement to purchase mixers, bathroom and washroom accessories with related spare parts.
Term and Renewal Mechanism	- The agreement is valid for one year from the date of signing and will automatically renew for additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; (b) the other party initiates or is subject to dissolution or liquidation proceeding; (c) the other party sells a substantial portion of its assets to a third party, except where the sale is to a related party under Kingdom laws ; (d) more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law; or (f) the other party undergoes amalgamation with one or more corporations, unless all entities are related parties under the laws of the Kingdom.
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 8.2 million. - The Company should pay 30 per cent. of the total order amount to the supplier before the new order is officially produced. Upon completion of production, the purchaser shall pay the balance 70 per cent. of the total order amount before the goods are ready to ship.
Confidentiality Obligations	The agreement does not contain a confidentiality clause.
Change of Control	Either party may terminate the agreement by notice if more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law.
Exclusivity	The agreement does not contain an exclusivity clause.
Governing Law and Disputes	In case of any dispute or claim arising out from the agreement including non-contractual disputes or claims shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia.
Supply Agreement between the Company (as purchaser) and Supplier 10	
Date	19 Rabi' al-Thani 1446H (corresponding to 22 October 2024G).
Purpose and Scope	The Company has entered into a supply agreement for the purpose of supplying lighting products.
Term and Renewal Mechanism	- The agreement is valid for one year from the date of signing and will automatically renew for additional one-year terms unless either party provides written notice of termination at least 30 days prior to the end of the initial term. - The agreement will automatically terminate if the parties fail to agree in writing on the product prices for any subsequent term by the 30th day before the term begins. - Either party may terminate this agreement prior to its expiration if the other party fails to fulfil any obligations, termination shall be effective 30 calendar days after sending a written notice of default, unless the defaulting party remedies the issue within 7 calendar days of receiving such notice. - Either party shall be entitled to terminate this agreement at any time, upon simple notice to that effect, in the event: (a) the other party commits an act of bankruptcy; (b) the other party initiates or is subject to dissolution or liquidation proceeding; (c) the other party sells a substantial portion of its assets to a third party, except where the sale is to a related party under Kingdom laws; (d) more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law; or (f) the other party undergoes amalgamation with one or more corporations, unless all entities involved are related parties under Kingdom law
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 87.0 thousand. - The Company will pay 30 per cent. of the total order amount before production and the remaining 70 per cent. before shipment.
Confidentiality Obligations	N/A.
Change of Control	Either party may terminate the agreement by notice if more than 80 per cent. of the voting shares of the other party are sold to a third party, unless sold to a related person under Saudi law.
Exclusivity	N/A.

Name of Agreement ⁽¹⁾		
Governing Law and Disputes		In case of any dispute or claims arising out from the agreement shall be governed by and construed in accordance with the Kingdom of Saudi Arabia.

Table 11.8: Summary of Other Agreements

Name of Agreement ⁽¹⁾		
Amendment Print Services Agreement between the Company (as client) and the Service Provider		
Date	4 Rajab 1445H (corresponding to 16 January 2024G).	
Purpose and Scope	The Company has entered into an agreement with the service provider in relation to the Managed Print Services Agreement dated 11 February 2021G for the purpose of requesting a change to the services delivered by the services provider.	
Term and Renewal Mechanism	- The agreement will remain in force for five years, after it shall expire. - The parties agree that the Managed Print Services Agreement shall be amendment as of 16 January 2024 to reflect the changes as set as the impact statement.	
Financial Obligations	- Expenses paid under this agreement for and the nine-month period ended 30 September 2024G amounted to SAR 87.0 thousand. - Fixed minimum monthly charges SAR 5,589 inclusive of VAT.	
Confidentiality Obligations	The Company and the service provider agrees on that after termination of this agreement to keep confidential all information of confidential nature relating to other party which is obtained or received as a result of this agreement, which includes, business secrets, business methodology, financial or technical information (including the content of the this completed this Managed Print Services Agreement, which shall be confidential information of the service provider or its group). This clause shall not apply to the extent that the information is: (a) already or comes to public domain through no fault of the recipient, its officers, employees, agents or contractors; (b) already in the receiving party's possession other than as a result of a breach of this clause; (c) lawfully received from a third-party free of any obligation of confidence at the time of its disclosure; (d) in the case of information provided to the service provider, information which is dependently under development by the service provider (including the service provider officers, employees, agents or contractors) or any of its subsidiary companies; or (f) is provided by either party professional advisors provided always that such third parties have entered into equivalent confidential obligations with respect to such information.	
Change of Control	N/A.	
Exclusivity	N/A.	
Governing Law and Disputes	- The agreement is governed by the laws of the Kingdom. - In case of any controversy arises between two parties resulting from the construction or compliance with the agreement, the parties shall submit to the jurisdiction of the courts of the kingdom.	

Source: The Company.

- (1) All material information regarding the contracts and transactions between the Company and its key suppliers has been disclosed in the Prospectus, except for their names due to the sensitive nature of such information. Disclosing their names could harm the Company's operations and competitive advantage. Additionally, the Company is prohibited from disclosing the names of certain suppliers under the confidentiality clause in some of these contracts.

11.7 Financing Agreements

The Company has confirmed that neither it nor any of its Subsidiaries is party to any financing agreement, as of the date of this Prospectus.

11.8 Insurance Policies

The Company and its Subsidiaries maintain insurance policies covering different types of risks they may be exposed to. These insurance policies have been concluded with several insurers. The following table sets out the key particulars of the insurance policies held by the Company and its Subsidiaries:

Table 11.9: Details of Insurance Policies

Policy No.	Type of Insurance Coverage	Insurer	Validity	Maximum Insurance Coverage
45803300	Medical Insurance	Bupa Arabia for Cooperative Insurance (as insurer) and the Company (as the insured)	19 Rabi' al-Thani 1446H (corresponding to 22 October 2024G) to 29 Rabi' al-Thani 1447H (corresponding to 21 October 2025G)	SAR 500,000
P/102/24/5021/2024/501/228	Commercial Motor Policy	Saudi Arabian Cooperative Insurance Company (SAICO) (as insurer) and the Company (as the insured)	24 Thul-Qi'dah 1445H (corresponding to 1 June 2024G) to 4 Thul-Hijjah 1446H (corresponding to 31 May 2025G)	SAR 10,000,000
P/300/3402/24/000116	Property All Risk	Gulf Union Al Ahlia Cooperative Insurance (as the insurer) and the Company (as the insured)	24 Thul-Qi'dah 1445H (corresponding to 1 June 2024G) to 4 Thul-Hijjah 1446H (corresponding to 31 May 2025G)	SAR 1,000,000 in aggregate
5644800	Medical Insurance	Bupa Arabia for Cooperative Insurance (as the insurer) and Ice Bear Contracting Company (as the insured)	16 Sha'ban 1445H (corresponding to 26 February 2024G) to 8 Ramadan 1447H (corresponding to 25 June 2026G)	SAR 500,000
39083729	Comprehensive Insurance Policy for Commercial Vehicle	Tawuniya Insurance Company (as insurer) and Ice Bear Contracting Company (as the insured)	19 Thul-Hijjah 1445H (corresponding to 26 June 2024G) to 28 Thul-Hijjah 1446H (corresponding to 25 June 2025G)	SAR 10,000,000
DXB-PAR-2024-00592	Property All Risks	Al Ittihad Al Watani (as insurer) and Build Station LLC (as the insured)	1 Safar 1446H (corresponding to 5 August 2024G) to 10 Safar 1447H (corresponding to 4 August 2025G)	AED 14,515,033 (equivalent to SAR 14,818,977.791)
DXB-PAR-2024-00652	Third Party Liability	Al Ittihad Al Watani (as insurer) and Build Station LLC (as the insured)	1 Safar 1446H (corresponding to 5 August 2024G) to 10 Safar 1447H (corresponding to 4 August 2025G)	AED 1,000,000 (equivalent to SAR 1,020,940)

Source: The Company.

11.9 Real Estate

11.9.1 Title Deeds

As of the date of this Prospectus, the Company holds the following the title deeds:

Table 11.10: Details of Title Deeds Owned by the Company

Title Deed Particulars	Location	Purpose	Book (SAR) as of 30 September 2024G	Value of 30 September 2024G	Rights of Third Parties/ Disputes
Title deed no. 317806002975 dated 16 Thul-Hijjah 1442H (corresponding to 26 July 2021G)	Taiba District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with a total size of 5,400 sqm allocated for warehouse usage.	SAR 2,426,500 as of 30 September 2024G.		N/A.
Title deed no. 399634003763 dated 10 Rabi' al-Awwal 1444H (corresponding to 6 October 2022G)	Al Mansoria District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with a total size of 4,000 sqm allocated for warehouse usage.	SAR 7,256,250 as of 30 September 2024G.		N/A.
Title deed no. 714009013233 dated 25 Safar 1445H (corresponding to 10 September 2023G)	Taiba District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with a total size of 4,250 sqm allocated for warehouse usage.	SAR 13,297,331 as of 30 September 2024G.		N/A.
Title deed no. 699661005720 dated 26 Jumadaal-Akhirah 1444H (corresponding to 19 January 2023G)	Al Misfah District, Riyadh, Kingdom of Saudi Arabia.	A plot of land a total size of 5,000 sqm upon which a factory will be established in the future.	SAR 4,837,500 as of 30 September 2024G.		N/A.
Title deed no. 362507016633 dated 2 Thul-Hijjah 1442H (corresponding to 12 July 2021G)	Al Ma'arth District, Buraydah, Al Qassim, Kingdom of Saudi Arabia.	A plot of land with total size of 2,505 sqm allocated for warehouse usage.	SAR 460,000 as of 30 September 2024G.		N/A.
Title deed no. 717806002979 dated 16 Thul-Hijjah 1442H (corresponding to 26 July 2021G)	Al Mansoria District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with total size of 4,000 sqm upon which a warehouse will be developed.	SAR 3,200,000 as of 30 September 2024G.		N/A.
Title deed no. 317806002976 dated 16 Thul-Hijjah 1442H (corresponding to 26 July 2021G)	Al Mansoria District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with total size of 4,000 sqm upon which a warehouse will be developed.	SAR 3,420,000 as of 30 September 2024G.		N/A.
Title deed no. 31782402322 dated 16 Thul-Hijjah 1442H (corresponding to 26 July 2021G)	Taiba District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with total size of 5,400 sqm upon which a warehouse will be developed.	SAR 5,575,167 as of 30 September 2024G.		N/A.
Title deed no. 399634003764 dated 10 Rabi' al-Awwal 1444H (corresponding to 6 October 2022G)	Al Mansoria District, Riyadh, Kingdom of Saudi Arabia.	A plot of land with total size of 4,000 sqm allocated for warehouse usage.	SAR 7,256,250 as of 30 September 2024G.		N/A.

Source: The Company.

11.9.2 Lease Agreements for Leased Properties Inside the Kingdom

As of the date of this Prospectus, the Company and its Subsidiaries have entered into a number of lease agreements in connection with its business. The Company and its Subsidiaries, as lessees in these agreements, are responsible for the payment of the annual rental amount specified under each agreement. The lease term varies in each agreement, but it usually ranges from one to twenty years and some agreements provide for automatic renewal.

Most lease agreements include provisions that allow one party to terminate the agreement by providing a notice of no less than fifteen days to one month before the end of the agreement. As of the date of this Prospectus, the Group has registered all lease agreements on the Ejar platform. The following table shows the details of the lease agreements concluded by the Company and its Subsidiaries inside the Kingdom:

Table 11.11: Lease Agreements for Leased Properties Inside the Kingdom

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
1	Fahad Musa'ad Abdulaziz Al Saud	The Company	Al Takhassusi Street, Riyadh, Kingdom of Saudi Arabia.	2,315 sqm.	SAR 1,150,000 semi-annually.	Twenty years, starting from 16 Rabi' al-Awwal 1445H (corresponding to 1 October 2023G) to 27 Shawwal 1465H (corresponding to 30 September 2043G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
2	Abdullah Nasser Fahad Al Shuaibi	The Company	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	2,100 sqm.	Year 1 to 5: SAR 300,000 annually. Year 6 to 10: SAR 350,000 annually. Year 11 to 15: SAR 400,000 annually. Year 16 to 20: SAR 450,000 annually.	Twenty years, starting from 23 Rajab 1445H (corresponding to 4 February 2024G) to 4 Rabi' al-Awwal 1466H (corresponding to 3 February 2044G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
3	Salem Saleh Babqi	The Company	King Faisal Road, Jizan, Kingdom of Saudi Arabia.	1,680 sqm.	SAR 140,000 semi-annually, for the first six instalments. SAR 175,000 semi-annually, for the remaining instalments.	Five years, starting from 13 Thul-Hijjah 1444H (corresponding to 1 July 2023G) to 7 Safar 1450H (corresponding to 30 June 2028G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
4	Saleh Mohammed Saleh AlKhulaifi	The Company	Hail, Kingdom of Saudi Arabia.	1,400 sqm.	SAR 200,000 annually.	Five years, starting from 29 Sha'ban 1443H (corresponding to 1 April 2022G) to 23 Shawwal 1448H (corresponding to 31 March 2027G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
5	Rana Ali Saleh Bosbait	The Company	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	800 sqm.	SAR 400,000 annually.	Five years, starting from 5 Sha'ban 1445H (corresponding to 15 February 2024G) to 1 Shawwal 1450H (corresponding to 14 February 2029G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
6	AlZamil Real Estate Group Company Limited	The Company	King Khalid Road, Al Khobar, Eastern Province, Kingdom of Saudi Arabia.	1,500 sqm.	SAR 175,000 semi-annually.	Five years, starting from 5 Rabi' al-Thani 1443H (corresponding to 10 November 2021G) to 29 Jumada al-Ula 1448H (corresponding to 9 November 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
7	Saleh Othman Mohammed AlGhamdi	The Company	Imam Mohammed Bin Saud, Khamis Mushait Street, Kingdom of Saudi Arabia.	1,380 sqm.	SAR 200,000 for the first instalment. SAR 400,000 semi-annually, for the remaining instalments.	3,378 days, starting from 28 Rabi' al-Awwal 1446H (corresponding to 1 October 2024G) to 9 Shawwal 1455H (corresponding to 31 December 2033G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
8	Hesham Abdulrahman Abdullah AlZamil	The Company	Al Dhahran - Al Jubail Road, Dammam, Eastern Province, Kingdom of Saudi Arabia.	1,400 sqm.	SAR 385,000 semi-annually.	Five years, starting from 16 Sha'ban 1443H (corresponding to 19 March 2022G) to 10 Sha'ban 1448H (corresponding to 18 August 2027G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
9	Saleh Othman Mohammed AlGhamdi	The Company	King Fahad Road, Abha, Asir, Kingdom of Saudi Arabia.	900 sqm.	SAR 200,000 semi-annually.	Five years, starting from 17 Jumada al-Ula 1442G (corresponding to 1 January 2021G) to 11 Rajab 1447G (corresponding to 31 December 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
10	Reem Saleh Mohammed AlSulaim	The Company	Unaizah, Al Qassim, Kingdom of Saudi Arabia.	360 sqm.	SAR 80,000 lump-sum.	364 days, starting from 9 Safar 1446H (corresponding to 13 August 2024G) to 18 Safar 1448H (corresponding to 12 August 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
11	Fahad Mohammed Fahad AlRidhani	The Company	Imam Saud Bin Abdulaziz Road, Riyadh, Kingdom of Saudi Arabia.	216 sqm.	SAR 175,000 semi-annually.	Five years, starting from 27 Sha'ban 1445H (corresponding to 8 March 2024G) to 22 Shawwal 1450H (corresponding to 7 March 2029G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
12	Salman Abdulrahman Nasser AlShuwair	The Company	King Abdulaziz Road, Riyadh, Kingdom of Saudi Arabia.	363 sqm.	SAR 100,100 semi-annually.	Three years, starting from 6 Safar 1444H (corresponding to 2 September 2022G) to 9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

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13	Abdullah Fahad Abdullah AlFutaimani	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	392 sqm.	SAR 90,000 semi-annually.	Ten years, starting from 19 Jumada al-Ula 1445H (corresponding to 1 January 2024G) to 9 Shawwal 1455H (corresponding to 31 December 2033G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
14	Al Dhleia Investment Company	The Company	Al Waleed Bin Salma, Dammam, Eastern Province, Kingdom of Saudi Arabia.	440 sqm.	SAR 93,555 semi-annually.	364, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 11 Rajab 1447H (corresponding to 31 December 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least sixty days prior to the expiry of the agreement.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
15	Turki Saleh AlEnezi	Nazal The Company	King Fahad Road, Tabuk, Kingdom of Saudi Arabia.	500 sqm.	SAR 135,000 semi-annually.	One year, starting from 26 Rabi' al-Thani 1446H (corresponding to 29 October 2023G) to 6 Jumada al-Ula 1447H (corresponding to 28 October 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

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16	Abdullah Fahad Abdullah AlFutaimani	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	895 sqm.	SAR 100,000 semi-annually.	Ten years, starting from 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 9 Shawwal 1455H (corresponding to 31 December 2033G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
17	Shifaa Mohammed Alkhalid Subhi	The Company	Al Haramain Road, Jeddah, Makkah Al Mukarramah, Kingdom of Saudi Arabia.	1227 sqm.	SAR 500,000 semi-annually.	Five years, starting from 28 Jumada al-Ula 1443H (corresponding to 1 January 2022G) to 22 Rajab 1448H (corresponding to 31 December 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
18	Homoud Abdulrahman Mohammed AlEqab	The Company	Omar Bin Al Kattab Road, Buraidah, Al Qassim, Kingdom of Saudi Arabia.	480 sqm.	SAR 200,000 annually.	Two years, starting from 23 Thul-Hijjah 1445H (corresponding to 29 June 2024G) to 13 Muharram 1448H (corresponding to 28 June 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

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19	Abeer Abdulrahman Sulaiman AlHamad	The Company	Al Jafr, Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	186 sqm.	SAR 40,000 semi-annually.	One year, starting from 16 Rajab 1445H (corresponding to 28 January 2024G) to 27 Rajab 1446H (corresponding to 27 January 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
20	Abdulrahman Saleh Ali AlRasi	The Company	Omar Bin Al Kattab Road, Buraidah, Al Qassim, Kingdom of Saudi Arabia.	384 sqm.	SAR 125,000 semi-annually.	Three years, starting from 11 Shawwal 1444H (corresponding to 1 May 2023G) to 13 Thul-Qi'dah 1447H (corresponding to 30 April 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
21	Munera Mohammad Abdulaziz AlSaud and Hessah Mohammed Al Saud	The Company	Al Takhassusi Street, Riyadh, Kingdom of Saudi Arabia.	320 sqm.	SAR 150,600 semi-annually.	364 days, starting from 13 Jumada al-Akhirah 1446H (corresponding to 14 December 2024G) to 22 Jumada al-Akhirah 1447H (corresponding to 13 December 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

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22	Nouf Hamad Rashid AlNuaimi	The Company	King Abdulaziz Road, Dammam, Kingdom of Saudi Arabia.	126 sqm.	SAR 75,000 semi-annually.	One year, starting from 23 Rabi' al-Thani 1446H (corresponding to 26 October 2024G) to 3 Jumada al-Ula 1447H (corresponding to 25 October 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
23	Salman Abdulrahman Nasser AlShuwair	The Company	King Abdulaziz Road, Al Yasmin, Riyadh, Kingdom of Saudi Arabia.	363 sqm.	SAR 100,100 semi-annually.	Three years, starting from 6 Safar 1444H (corresponding to 2 September 2022G) to 9 Rabi' al-Awwal 1447H (corresponding to 1 September 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
24	Abdulaziz Mohammed Abdulaziz AlRayes	The Company	Al Takhassusi Street, Riyadh, Kingdom of Saudi Arabia.	180 sqm.	SAR 225,000 semi-annually.	364 days, starting from 22 Sha'ban 1445H (corresponding to 3 March 2024G) to 2 Ramadan 1446H (corresponding to 2 March 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

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25	AlNama AlWafiqiya Establishment	The Company	Omar Bin Al Khattab Road, Buraidah, Al Qassim, Kingdom of Saudi Arabia.	400 sqm.	SAR 120,000 lump-sum.	364 days, starting from 3 Rabi' al-Thani 1446H (corresponding to 6 October 2024G) to 13 Rabi' al-Thani 1447H (corresponding to 5 October 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least sixty days prior to the expiry of the agreement.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
26	Hamad Mohammed Abdullah Bin Saedan	The Company	Imam Saud Bin Abdulaziz Bin Mohammad Road, Riyadh, Kingdom of Saudi Arabia.	666.48 sqm.	SAR 619,361 Annually.	Three years, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 3 Sha'ban 1449H (corresponding to 31 December 2027G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Shop.	N/A.
27	Sons of Saleh Mohammed AlHweiriny Company	The Company	Prince Abdulmohsin Bin Abdulaziz Road, Al Malaz District, Riyadh, Kingdom of Saudi Arabia.	285 sqm.	SAR 150,000 semi-annually.	364 days, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 11 Rajab 1447H (corresponding to 31 December 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

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28	Obaid Sulaiman Marzouq AlOtaibi	The Company	Said Bin Zagar, Jeddah, Kingdom of Saudi Arabia.	672 sqm.	SAR 620,000 annually.	Five years, starting from 19 Jumada al-Akhirah 1445H (corresponding to 1 January 2024G) to 15 Sha'ban 1450H (corresponding to 31 December 2028G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
29	Mohammad Hammoud Abdullah AlSubaie	The Company	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	96 sqm.	SAR 145,385 for the first year. SAR 114,615 for the second year. SAR 130,000 for the third year. SAR 150,000 for the remaining years.	Thirteen years, starting from 2 Muharram 1445H (corresponding to 20 July 2023G) to 25 Jumada al-Ula 1458H (corresponding to 19 July 2036G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
30	Hawazin Abdulaziz Ali AlAbdulkareem	The Company	Al Faisaliyah District, Dammam, Eastern Province, Kingdom of Saudi Arabia.	200 sqm.	SAR 320,000 for the first year. SAR 160,000 semi-annually, for the remaining years.	Four years, starting from 19 Rajab 1443H (corresponding to 20 February 2022G) to 2 Ramadan 1447H (corresponding to 19 February 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.

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31	Saad Hasan Ibrahim AlHassan	The Company	Anas Bin Malik Road, Riyadh, Kingdom of Saudi Arabia.	460 sqm.	SAR 300,000 semi-annually, for the first five years. SAR 335,010 semi-annually, for the remaining five years.	Ten years, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 20 Shawwal 1456G (corresponding to 31 December 2034G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
32	Hana Abdulaziz Abdullah AlSalehi	The Company	King Abdulaziz Road, Dammam, Eastern Province, Kingdom of Saudi Arabia.	630 sqm.	SAR 225,000 semi-annually.	Five years, starting from 26 Rabi' al-Thani 1443H (corresponding to 1 December 2021G) to 20 Jumada al-Akhirah 1448H (corresponding to 30 November 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
33	Yamas Real Estate Company	The Company	Najran, Kingdom of Saudi Arabia.	475 sqm.	SAR 218,500 annually.	729 days, starting from 8 Rajab 1446H (corresponding to 8 January 2025G) to 29 Rajab 1448H (corresponding to 7 January 2027G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Showroom.	N/A.

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34	Abdulhadi Hasan Hamad AlHaizan	The Company	King Abdulaziz Road, Sakakah, Al Jouf, Kingdom of Saudi Arabia.	700 sqm.	SAR 30,000 semi-annually.	Five years, starting from 19 Jumada al-Akhirah 1442H (corresponding to 1 February 2021G) to 12 Sha'ban 1447H (corresponding to 31 January 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Showroom.	N/A.
35	Rana Ali Saleh Bosbait	The Company	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	200 sqm.	SAR 28,000 lump-sum.	364 days, starting from 22 Ramadan 1445H (corresponding to 1 April 2024G) to 2 Shawwal 1446H (corresponding to 31 March 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
36	Bahiah Abdulrahman Abdullatif Bodi	The Company	AlAhsa, Eastern Province, Kingdom of Saudi Arabia.	350 sqm.	SAR 31,000 lump-sum.	364 days, starting from 22 Ramadan 1445H (corresponding to 1 April 2024G) to 2 Shawwal 1446H (corresponding to 31 March 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Employee Accommodation.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
37	Fahad Mohammad Fahad AlRedaini	The Company	Imam Saud Bin Abdulaziz Bin Mohammad Road, Riyadh, Kingdom of Saudi Arabia.	173 sqm.	SAR 31,000 lump-sum.	One year, starting from 8 Jumada al-Ula 1446H (corresponding to 10 November 2024G) to 18 Jumada al-Ula 1447H (corresponding to 9 November 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
38	Abdulwahab Mosab Abdulwahab Abukwaik	The Company	Salma Al Laithi, Jeddah, Kingdom of Saudi Arabia.	65 sqm.	SAR 26,000 semi-annually.	One year, starting from 16 Rabi' al-Thani 1446H (corresponding to 19 October 2024G) to 26 Rabi' al-Thani 1447H (corresponding to 18 October 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least sixty days prior to the expiry of the agreement.	The agreement is automatically terminated, without the need for a notice, or judicial ruling, if the lessor or the lessee breaches any of their obligations arising from this agreement, after the breaching party has been notified in writing by the affected party. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party.	Accommodation.	The lessee may not sublease or assign any portion of the property.
39	Hashem Ahmed Hussain AlYousef	The Company	Safwan Bin Aseed, Dammam, Eastern Province, Kingdom of Saudi Arabia.	248 sqm	SAR 90,000 annually.	Five years, starting from 28 Rajab 1443H (corresponding to 1 March 2022G) to 21 Ramadan 1448H (corresponding to 28 February 2028G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The agreement is automatically terminated, without the need for a notice, or judicial ruling, if the lessor or the lessee breaches any of their obligations arising from this agreement, after the breaching party has been notified in writing by the affected party. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party.	Accommodation.	The lessee may not sublease or assign any portion of the property.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
40	Redha Mohammad Shaye AlQahtani	The Company	Jeddah, Kingdom of Saudi Arabia.	100 sqm.	SAR 36,000 annually.	364 days, starting from 12 Sha'ban 1446H (corresponding to 11 February 2025G) to 22 Sha'ban 1447H (corresponding to 10 February 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	accommodation.	N/A.
41	Khalid Abdulrahman Abdullatif AlOmair and Mona Abdulrahman Abdullatif AlOmair	The Company	Prince Bandar Bin Abdulaziz, Al Khobar, Eastern Province, Kingdom of Saudi Arabia.	80 sqm.	SAR 14,000 sum.	One year, starting from 1 Rajab 1446H (corresponding to 1 January 2025G) to 11 Rajab 1447H (corresponding to 31 December 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least sixty days prior to the expiry of the agreement.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
42	Abdullah Rashid Abdullah AlTamimi	The Company	Ibn Hajar, Riyadh, Kingdom of Saudi Arabia.	550 sqm.	SAR 200,000 for the first instalment. SAR 220,000 for the second instalment.	729 days, starting from 28 Safar 1446H (corresponding to 1 September 2024G) to 18 Rabi' al-Awwal 1448H (corresponding to 31 August 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
43	Ahmed Shaker Majli AlShammari	The Company	Al Jouf, Kingdom of Saudi Arabia.	100 sqm.	SAR 1,100 monthly.	One year, starting from 29 Rabi' al-Thani 1446H (corresponding to 1 November 2024G) to 9 Jumada al-Ula 1447H (corresponding to 31 October 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
44	Abdullah Mufreh Mubarak AlOtaibi	The Company	Riyadh, Kingdom of Saudi Arabia.	150 sqm.	SAR 35,002 annually.	364 days, starting from 28 Jumada al-Ula 1446H (corresponding to 30 November 2024G) to 8 Jumada al-Akhirah 1447H (corresponding to 29 November 2025G). ⁽¹⁾ The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
45	Khalid Abdullah Ibrahim AlHawas	The Company	Hail, Kingdom of Saudi Arabia.	140 sqm.	SAR 6,900 semi-annually.	One year, starting from 8 Jumada al-Ula 1446H (corresponding to 10 November 2024G) to 18 Jumada al-Ula 1447G (corresponding to 9 November 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The agreement is automatically terminated, without the need for a notice, or judicial ruling, if the lessor or the lessee breaches any of their obligations arising from this agreement, after the breaching party has been notified in writing by the affected party. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party.	Accommodation.	The lessee may not sublease or assign any portion of the property.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
46	Nasser Abdulrahman Nasser AIOqailli	The Company	Al Takhassusi Street, Riyadh, Kingdom of Saudi Arabia.	165 sqm.	SAR 104,000 lump-sum.	364 days, starting from 18 Rajab 1446H (corresponding to 18 January 2025G) to 28 Rajab 1447H (corresponding to 17 January 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
47	Mosab Abdulwahab Adeeb Abukwaik	The Company	Al Taraifi, Jeddah, Kingdom of Saudi Arabia.	110 sqm.	SAR 28,000 lump-sum.	364 days, starting from 21 Safar 1446H (corresponding to 25 August 2024G) to 1 Rabi' al-Awwal 1447H (corresponding to 24 August 2025G). Automatically renewable, unless either party notifies the other of its intention not to renew at least sixty days prior to the expiry of the agreement.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
48	Mohammed Hanas Khalaf AIOtaibi	The Company	King Fahad Road, Tabuk, Kingdom of Saudi Arabia.	60 sqm.	SAR 20,000 annually.	three years, starting from 28 Rabi' al-Awwal 1446H (corresponding to 1 October 2024G) to 29 Rabi' al-Thani 1449H (corresponding to 30 September 2027G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	Both parties have the right to terminate the agreement if any of the following situations occur: proof of the property being at risk of collapse; governmental decisions requiring modifications to building regulations rendering the units unusable; The government acquiring ownership of a property or part of it, thereby prohibiting the use of rental units; or in the case of a fortuitous event.	Accommodation.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
49	Saeed Saeed AlRafeeda	Ali The Company	Khamis Mushait, Abha, Kingdom of Saudi Arabia.	200 sqm.	SAR 8,000 semi-annually.	One year, starting from 28 Rabi' al-Thani 1446H (corresponding to 31 October 2024G) to 8 Jumada al-Ula 1447H (corresponding to 30 October 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Accommodation.	N/A.
50	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	480 sqm.	SAR 72,000 lump-sum.	364 days, starting from 13 Ramadan 1445H (corresponding to 23 March 2024G) to 22 Ramadan 1446H (corresponding to 22 March 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Accommodation.	N/A.
51	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	120 sqm.	SAR 23,000 lump-sum.	One year, starting from 13 Jumada al-Ula 1446H (corresponding to 15 November 2024G) to 23 Jumada al-Ula 1447H (corresponding to 14 November 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Accommodation.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/ Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
52	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	120 sqm.	SAR 26,450 lump-sum.	364 days, starting from 20 Sha'ban 1446H (corresponding to 19 February 2025G) to 1 Ramadan 1447H (corresponding to 18 February 2026G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Accommodation.	N/A.
53	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	120 sqm.	SAR 18,000 lump-sum.	364 days, starting from 24 Thul-Qi'dah 1445H (corresponding to 1 June 2024G) to 4 Thul-Hijjah 1446H (corresponding to 31 May 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Accommodation.	N/A.
54	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	760 sqm.	SAR 72,000 lump-sum.	364 days, starting from 13 Ramadan 1445H (corresponding to 23 March 2024G) to 22 Ramadan 1446H (corresponding to 23 March 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
55	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	844 sqm.	SAR 79,000 lump-sum.	364 days, starting from 26 Muharram 1446H (corresponding to 1 August 2024G) to 6 Safar 1447H (corresponding to 31 July 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.
56	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	845 sqm.	SAR 79,000 lump-sum.	364 days, starting from 19 Thul-Hijjah 1445H (corresponding to 25 June 2024G) to 28 Thul-Hijjah 1446H (corresponding to 24 June 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.
57	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	3,376 sqm.	SAR 288,000 lump-sum.	364 days, starting from 13 Ramadan 1445H (corresponding to 23 March 2024G) to 22 Ramadan 1446H (corresponding to 22 March 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/ Assignment
58	Wrraqoon for Publishing and Distribution Company	The Company	Al Ahsa, Eastern Province, Kingdom of Saudi Arabia.	650 sqm.	SAR 77,500 semi-annually, for the first three years. SAR 512,42 for the last instalment.	1,400 days, starting from 20 Sha'ban 1445H (corresponding to 1 March 2024G) to 3 Sha'ban 1449H (corresponding to 31 December 2027G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.
59	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	1,722 sqm.	SAR 158,000 lump-sum.	364 days, starting from 29 Jumada al-Ula 1446H (corresponding to 1 December 2024G) to 9 Jumada al-Akhirah 1447H (corresponding to 30 November 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.
60	Hamad Mohammad Habais AlKurbi	The Company	Riyadh, Kingdom of Saudi Arabia.	2587.5 s q m .	SAR 225,000 semi-annually.	One year, starting from 17 Rabi' al-Awwal 1446H (corresponding to 20 September 2024G) to 27 Rabi' al-Awwal 1447H (corresponding to 19 September 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
61	Hait Estate Company	Real The Company	Riyadh, Kingdom of Saudi Arabia.	3,450 sqm.	SAR 300,000 semi-annually.	364 days, starting from 21 Thul-Qi'dah 1445H (corresponding to 29 May 2024G) to 1 Thul-Hijjah 1446H (corresponding to 28 May 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Warehouse.	N/A.
62	Salem Saleh Babqi	Saeed The Company	Jizan, Kingdom of Saudi Arabia.	50 sqm.	SAR 1,200 monthly.	364 days, starting from 28 Safar 1446H (corresponding to 1 September 2024G) to 8 Rabi' al-Awwal 1447H (corresponding to 31 August 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.
63	Salem Saleh Babqi	Saeed The Company	Jizan, Kingdom of Saudi Arabia.	60 sqm.	SAR 1,200 monthly.	364 days, starting from 28 Safar 1446H (corresponding to 1 September 2024G) to 8 Rabi' al-Awwal 1447H (corresponding to 31 August 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The lessor has the right to terminate the agreement if the lessee fails to pay the rent within thirty or sixty days after the grace period granted by the lessor. The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within thirty days of receiving a notice by the affected party.	Accommodation.	N/A.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
64	Haif Trading and Contracting Company	The Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	138 sqm.	SAR 23,000 lump-sum.	364 days, starting from 10 Muharram 1446H (corresponding to 16 July 2024G) to 20 Muharram 1447H (corresponding to 15 July 2025G).	The affected party has the right to terminate the agreement if the other party has breached its obligations under the agreement and fails to remedy it within fifteen days of receiving a notice by the affected party. In the event of the lessee's insolvency, bankruptcy, or liquidation for any reason whatsoever, this agreement shall be deemed terminated as of the date of the lessor's acknowledgment thereof, or upon the expiration of the original or any renewed term, whichever is earlier. Such termination shall not prejudice the lessor's right to demand payment for the period preceding said termination.	Accommodation.	N/A.
65	Haif Trading and Contracting Company	Ice Bear Contracting Company	Al Kharj Road, Riyadh, Kingdom of Saudi Arabia.	852 sqm.	SAR 72,000 lump-sum.	364 days, starting from 5 Ramadan 1445H (corresponding to 15 March 2024G) to 14 Ramadan 1446H (corresponding to 14 March 2025G). The agreement is terminated at the end of the initial term. If the parties wish to renew, a new agreement shall be signed.	The affected party has the right to terminate the lease agreement if the other party breaches any of its obligations under the agreement and fails to remedy the breach within 15 days of receiving written notice. In the event of the lessee's default, bankruptcy, or liquidation, this contract shall be considered terminated as of the date the lessor becomes aware, or upon the expiration of the original or renewed term, whichever comes first, without prejudice to the lessor's right to obtain his dues for the previous period before the termination of the contract.	Warehouse.	N/A.

Source: The Company.

(1) The lease agreement has expired and is currently in the process of renewal.

11.9.3 Lease Agreements for Leased Properties Outside the Kingdom

As of the date of this Prospectus, the Subsidiaries have entered into a number of lease agreements related to their operations. The relevant Subsidiary, as lessees under these agreements, is responsible for the payment of the annual rent specified under such agreement. The lease terms vary for each agreement. As of the date of this Prospectus, the following table provides details of the lease agreements entered into by the Subsidiaries:

Table 11.12: Details of Lease Agreements for Leased Properties Outside the Kingdom

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
1	Liberty Real Estate Investments L.L.C-Single Owner	Build Station LLC	Al Wahda Street, Al Nahda, Sharjah, United Arab Emirates.	6,588 sqm.	Each warehouse rent is AED 75,000 (equivalent to SAR 76,570) annually.	Term of the lease is one year, starting from 4 Thul-Hijjah 1445H (corresponding to 10 June 2024G) to 13 Thul-Hijjah 1446H (corresponding to 9 June 2025G). There is no specific renewal mechanism set out.	N/A.	Commercial, Industrial, or Freelance Professions.	The lessee may not assign or sublease the property for investment purposes unless they obtain a licence from the Sharjah Economic Development Department and written approval from the lessor.

#	Lessor	Lessee	Property Location	Size of Leased Premises (sqm)	Rent	Term of Lease/Renewal Mechanism	Right to Terminate/Post Termination Procedures	Purpose	Subleasing/Assignment
2	Gamal Ahmed Bin Baghlaif	Build Station LLC	Fourth Industrial Area, Sharjah, United Arab Emirates.	190 sqm.	AED 275,000 (equivalent to SAR 280,758.50) annually.	Term of the lease is one year, starting from 9 Thul-Hijjah 1445H (corresponding to 15 June 2024G) to 18 Thul-Hijjah 1446H (corresponding to 14 June 2025G). There is no specific renewal mechanism set out.	N/A.	Commercial, Industrial, or Freelance Professions.	The lessee may not assign or sublease the property for investment purposes unless they obtain a licence from the Sharjah Economic Development Department and written approval from the lessor.
3	Sakr Rashed Sakr Kassimi	Build Station LLC	Al Wahda Street, Al Nahda, Sharjah, United Arab Emirates.	240 sqm.	AED 220,000 (equivalent to SAR 224,606.80) annually.	Term of the lease is one year starting from 19 Rabi' al-Awwal 1445H (corresponding to 4 October 2023G) to 30 Rabi' al-Awwal 1446H (corresponding to 3 October 2025G). As on date, the agreement has expired and not renewed. That said, we understand that Build Station LLC/UAE Branch 2 and the lessor are in the process of negotiating the renewal of this lease.	N/A.	Commercial, Industrial, or Freelance Professions.	The lessee may not assign or sublease the property for investment purposes unless they obtain a licence from the Sharjah Economic Development Department and written approval from the lessor.
4	Arencos Real Estate Est	Build Station LLC	Al Quoz First Industrial Area, Dubai, United Arab Emirates.	2370,8 sqm.	Approximately AED 1,015,032.48 (equivalent to SAR 1,036,286) annually.	14 Thul-Qi'dah 1442H (corresponding to 24 June 2021G) for a term of lease beginning from 15 Thul-Qi'dah 1442H (corresponding to 25 June 2021G) and ending on 18 Sha'ban 1451H (corresponding to 24 December 2029G). The underlying lease agreement would not be construed as a long-term lease as the total period of lease is less than 10 years and therefore, not required to be registered with the Dubai Land Department. It appears that the commercial arrangement between the parties is to register the ejari on an annual basis. The lessee must give 60 days' prior written notice before the expiry of the lease agreement to renew the agreement. The lessee would need to follow the same process for any non-renewal. Failing to comply with the above written notice requirements results in the lessee to pay 2 months' rent as a penalty to the landlord.	The lessee doesn't have a right to terminate during the first five years of the lease agreement (until 24 December 2024). The lessee has the right to terminate the lease at: the end of the year of the 5th or 6th year by giving a six-month prior written notice and paying a six months' rent as a penalty; or the end of the year of 7th/8th/9th year by giving a four months prior written notice and paying a 4 months' rent as a penalty.	Commercial, Industrial, or Freelance Professions.	N/A

11.10 Related Party Contracts and Transactions

This section provides a summary of the Company's and its Subsidiaries' contracts and transactions with related parties. The members of the Board of Directors acknowledge that all contracts with related parties described in this section do not include any preferential terms and are concluded on appropriate commercial grounds. In compliance with Article 71 of the Companies Law, the General Assembly's approval has been obtained for all these transactions for the relevant years and ongoing transactions.

The following table shows the related party transactions entered into by the Company and its Subsidiaries:

Table 11.13: Details of Related Party Contracts and Transactions

Parties	Nature of Agreement/ Transaction	Effective Date of Agreement	Total Revenue from the Contract/ Transaction	Interest	Approval
The Company (as customer) and Engineer Musaad AlQafari Engineering Consultancy (as service provider)	Design Agreement	The agreement was concluded on 17 Jumada al-Ula 1445H (corresponding to 1 December 2023G) and is for a term of 30 days.	SAR 2,143,271.	The Shareholder and CEO, Musaad Abdulrahman Abdulaziz AlQafari has an indirect interest.	This transaction and interests were submitted to the Company's General Assembly held on 13 Rabi' al-Thani 1446H (corresponding to 16 October 2024G) and they were approved.
The Company (as customer) and Engineer Musaad AlQafari Engineering Consultancy (as service provider)	Expenses Agreement	The agreement was concluded on 7 Jumada al-Akhirah 1444H (corresponding to 31 December 2022G).	SAR 2,918,531.	The Shareholder and CEO, Musaad Abdulrahman Abdulaziz AlQafari has an indirect interest.	This transaction and interests were submitted to the Company's General Assembly held on 13 Rabi' al-Thani 1446H (corresponding to 16 October 2024G) and they were approved.
The Company (as buyer) and Musaad Abdulrahman Abdulaziz AlQafari (as seller)	Share Purchase Agreement	The agreement was concluded on 9 Rabi' al-Awwal 1445H (corresponding to 24 September 2023G).	EGP 50,000 (equivalent to SAR 6,069.07).	The Shareholder and CEO, Musaad Abdulrahman Abdulaziz AlQafari has an indirect interest.	This transaction and interests were submitted to the Company's General Assembly held on 13 Rabi' al-Thani 1446H (corresponding to 16 October 2024G) and they were approved.
Build Station LLC (as lender) and Saeed AlNaggar (as borrower)	Request for Financing Car Loan	Application date: 6 Shawwal 1445H (corresponding to 15 April 2024G) Approval date: 20 Sha'ban 1445H (corresponding to 1 March 2024G).	AED 882,000 (equivalent to SAR 900,469.08).	The shareholder, chief executive officer and director of Build Station LLC Saeed AlNaggar has an interest.	This transaction and interests were submitted to Build Station LLC General Assembly held on 27 Rabi' al-Thani 1446H (corresponding to 30 October 2024G) and they were approved.

Source: The Company.

11.11 Conflicts of Interest

As of the date of this Prospectus, the Directors confirm that they do not have any conflicts of interest in relation to contracts and/or transactions entered into with the Company and its Subsidiaries except as disclosed in Section 11.10 (*Related Party Contracts and Transactions*), and none of them has been engaged in any activities similar to, or competing with, the activities of the Company or its Subsidiaries.

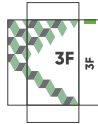
11.12 Intellectual Property

11.12.1 Trademarks

The Company and its Subsidiaries have registered a number of trademarks on which it relies as a brand for its businesses. The Company and its Subsidiaries rely on these trademarks to ensure the success of their businesses and to support their competitive position in the market. Therefore, if the Company and its Subsidiaries fail to protect their trademarks or if any of them are forced to take legal action to protect the same, this could adversely affect their ability to use such trademarks, which would affect their businesses and results of operations (for further details on risks related to the trademarks, see Section 2.1.29 (*Risks Related to the Protection of the Group's Trademarks and Intellectual Rights*)).

The trademarks for the Company and its Subsidiaries are registered under their respective names. The following table sets out certain key particulars of such trademarks:

Table 11.14: Details of Registered Trademarks

#	Trademark Owner	Country of Registration	Registration Number	Validity/ Expiration Date	Category	Logo
1		The Kingdom	1441004243	Registered on 24 Rabi' al-Thani 1441H (corresponding to 21 December 2019G) valid until 9 Safar 1451H (corresponding to 21 June 2029G).	19	
2		The Kingdom	1442038426	Registered on 23 Safar 1443H (corresponding to 30 September 2021G) valid until 16 Thul-Hijjah 1452H (corresponding to 8 April 2031G).	9	
3		The Kingdom	1441019154	Registered on 29 Ramadan 1441H (corresponding to 30 September 2021G) valid until 29 Jumada al-Akhirah 1451H (corresponding to 6 November 2029G).	11	
4	The Company	The Kingdom	1445004083	Registered on 27 Rabi' al-Thani 1445H (corresponding to 11 November 2023G) valid until 28 Muharram 1455H (corresponding to 28 April 2033G).	11	
5		The Kingdom	1436006158	Registered on 30 Jumada al-Akhirah 1436H (corresponding to 19 April 2015G) valid until 15 Rabi' al-Awwal 1456H (corresponding to 2 June 2034G).	35	
6		The Kingdom	1444004806	Registered on 6 Rabi' al-Thani 1444H (corresponding to 31 October 2022G) valid until 2 Safar 1454H (corresponding to 12 May 2032G).	19	
7		The Kingdom	1439013469	Registered on 17 Sha'ban 1439H (corresponding to 3 May 2018G) valid until 12 Jumada al-Akhirah 1449H (corresponding to 11 November 2027G).	19	

#	Trademark Owner	Country of Registration	Registration Number	Validity/ Expiration Date	Category	Logo
8		The Kingdom	1444004808	Registered on 6 Rabi' al-Thani 1444H (corresponding to 31 October 2022G) valid until 2 Safar 1454H (corresponding to 21 May 2032G).	19	
9		The Kingdom	1441030665	Registered on 15 Rabi' al-Thani 1442H (corresponding to 30 November 2020G) valid until 30 Thul-Qi'dah 1451H (corresponding to 4 April 2030G).	19	
10		The Kingdom	1445001639	Registered on 8 Rabi' al-Thani 1445H (corresponding to 23 October 2023G) valid until 14 Muharram 1455H (corresponding to 14 April 2033G).	9	
11		The Kingdom	1445001641	Registered on 8 Rabi' al-Thani 1445H (corresponding to 23 October 2023G) valid until 14 Muharram 1455H (corresponding to 14 April 2033G).	11	
The Company						
12		The Kingdom	1445001636	Registered on 8 Rabi' al-Thani 1445H (corresponding to 23 October 2023G) valid until 14 Muharram 1455H (corresponding to 14 April 2033G).	35	
13		The Kingdom	1440013144	Registered on 28 Rajab 1440H (corresponding to 4 April 2019G) valid until 21 Jumada al-Ula 1450H (corresponding to 10 October 2028G).	11	
14		The Kingdom	1445002157	Registered on 21 Rabi' al-Thani 1445H (corresponding to 5 November 2023G) valid until 14 Muharram 1455H (corresponding to 14 April 2033G).	35	
15		The Kingdom	1442035346	Registered on 16 Muharram 1443H (corresponding to 24 August 2021G) valid until 12 Thul-Qi'dah 1452H (corresponding to 6 March 2031G).	35	

#	Trademark Owner	Country of Registration	Registration Number	Validity/ Expiration Date	Category	Logo
16		The Kingdom	1442035348	Registered on 16 Muharram 1443H (corresponding to 24 August 2021G) valid until 12 Thul-Qi'dah 1452H (corresponding to 6 March 2031G).	19	
17		The Kingdom	1442027745	Registered on 5 Thul-Qi'dah 1442H (corresponding to 15 June 2021G) valid until 29 Sha'ban 1452H (corresponding to 1 August 2030G).	21	
18		The Kingdom	1442027747	Registered on 5 Thul-Qi'dah 1442H (corresponding to 15 June 2021G) valid until 29 Sha'ban 1452H (corresponding to 1 August 2030G).	20	
19		The Kingdom	1442027749	Registered on 5 Thul-Qi'dah 1442H (corresponding to 15 June 2021G) valid until 29 Sha'ban 1452H (corresponding to 1 August 2030G).	19	
The Company						
20		The Kingdom	1441004241	Registered on 18 Rabi' al-Thani 1441H (corresponding to 15 December 2019G) valid until 9 Safar 1451H (corresponding to 21 June 2029G).	19	
21		United Arab Emirates	324716	Registered on 3 Jumada al-Akhirah 1441H (corresponding to 28 January 2020G) valid until 3 Jumada al-Akhirah 1451H (corresponding to 28 January 2030G).	19	
22		United Arab Emirates	340356	Registered on 15 Rabi' al-Thani 1442H (corresponding to 30 November 2020G) valid until 5 Rabi' al-Thani 1452H (corresponding to 30 November 2030G).	11	
23		United Arab Emirates	324717	Registered on 3 Jumada al-Akhirah 1441H (corresponding to 28 January 2020G) valid until 3 Jumada al-Akhirah 1451H (corresponding to 28 January 2030G).	11	
24		United Arab Emirates	324721	Registered on 3 Jumada al-Akhirah 1441H (corresponding to 28 January 2020G) valid until 3 Jumada al-Akhirah 1451H (corresponding to 28 January 2030G).	19	

#	Trademark Owner	Country of Registration	Registration Number	Validity/ Expiration Date	Category	Logo
25		United Arab Emirates	340363	Registered on 15 Rabi' al-Thani 1442H (corresponding to 30 November 2020G) valid until 5 Rabi' al-Thani 1452H (corresponding to 30 November 2030G)	19	محطة البناء BUILD STATION 
26		United Arab Emirates	324714	Registered on 3 Jumada al-Akhirah 1441H (corresponding to 28 January 2020G) valid until 3 Jumada al-Akhirah 1451H (corresponding to 28 January 2030G).	11	مخازن الإضاءة LIGHTING STORES 
27	The Company	United Arab Emirates	324719	Registered on 3 Jumada al-Akhirah 1441H (corresponding to 28 January 2020G) valid until 3 Jumada al-Akhirah 1451H (corresponding to 28 January 2030G).	42	
28		United Arab Emirates	324718	Registered on 3 Jumada al-Akhirah 1441H (corresponding to 28 January 2020G) valid until 3 Jumada al-Akhirah 1451H (corresponding to 28 January 2030G).	19	HYPNOTEK 
29		Kuwait	KW1666094	Registered on 20 Rabi' al-Awwal 1446H (corresponding to 23 September 2024G) valid until 10 Rajab 1456H (corresponding to 23 September 2034G).	35	محطة البناء BUILD STATION 
30	Ice Bear Contracting Company	The Kingdom	1439009066	Registered on 25 Jumada al-Akhirah 1439H (corresponding to 3 April 2018G) valid until 15 Rabi' al-Thani 1449H (corresponding to 16 September 2027G).	37	

Source: The Company.

11.12.2 Other Intellectual Properties

The Company and its Subsidiaries own a number of internet domains. The following table sets out the details of the internet domains registered under the name of the Company and its Subsidiaries:

Table 11.15: Details of Internet Domain Names

#	Company	Internet Domain Name	Expiration Date
1	The Company	www.lightingstores.com.sa	2 Sha'ban 1449H (corresponding to 30 December 2027G).
2	The Company	www.ceramichome.com.sa	26 Thul-Hijjah 1448H (corresponding to 1 June 2027G).
3	The Company	www.build-station.com	26 Thul-Hijjah 1448H (corresponding to 1 June 2027G).
4	Ice Bear Contracting Company	www.icebear.com.sa	2 Sha'ban 1449H (corresponding to 30 December 2027G).

Source: The Company.

11.13 Litigation

As of the date of this Prospectus, the Company is involved in one non-material case of SAR 80,000 relating to financial compensation, in addition to an ongoing dispute with ZATCA regarding customs differences amounting to SAR 1,165,367.09. ZATCA has issued a decision to collect such amount and in response, the Company has issued a financial guarantee for the disputed amount in favour of ZATCA. The Company submitted its objection to the decision on 26 Rabi' al-Awwal 1446H (corresponding to 29 September 2024G) and hearing was held before the Customs Disputes and Settlement Committee on 4 Sha'ban 1446H (corresponding to 3 February 2025G). As of the date of this Prospectus, the Customs Disputes and Settlement Committee remains in the process of reviewing the matter and will thereafter set a date to issue its decision.

Except as disclosed above, the Company and its Subsidiaries have confirmed that they are not party to any pending or potential lawsuits, claims or investigations that could individually or collectively have a material adverse effect on them. For the purposes of this Section, a lawsuit or claim is considered material if it has a value equivalent to five per cent. or more of the Company's revenue for the nine-month period ended 30 September 2024G or if the Company otherwise deems it material by its nature.

11.14 Summary of Bylaws

11.14.1 Name of the Company

The name of the Company is "Marketing Home Group for Trading Company", a closed joint stock company.

11.14.2 Head Office of the Company

The head office of the Company is in the city of Riyadh, Kingdom of Saudi Arabia. The Company may establish branches, offices or agencies for the Company within or outside the Kingdom by a resolution of the Board of Directors.

11.14.3 Objectives of the Company

The Company's objectives are:

- manufacturing of concrete, cement and plaster;
- manufacture of structural metal products;
- building construction;
- wholesale of solid, liquid and gaseous fuels and related products;
- wholesale of metal tools, paint, and glass in specialised stores;
- wholesale of household electrical appliances, furniture, lighting equipment and other household items in specialised stores;
- freight transportation by road; and
- storage.

The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licences from the competent authorities, if any.

11.14.4 Duration of the Company

The term of the Company shall be ninety-nine years commencing from the date of its due registration in the commercial register. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

11.14.5 Capital of the Company

The Company's share capital shall be one hundred and sixty million Saudi Arabian Riyals (SAR 160,000,000), divided into sixteen million (16,000,000) Shares, with an equal nominal value of ten Saudi Arabian Riyals (SAR 10) each, all of which are ordinary shares.

11.14.6 Share Subscription

The Shareholders have subscribed to all of the Company's Shares, amounting to one hundred and sixty million Saudi Arabian Riyals (SAR 160,000,000) Shares fully paid.

11.14.7 Shareholders' Register

- (a) The Company shall prepare a Shareholders' register which shall contain the Shareholders' names, nationalities, domiciles, occupations and numbers of the Shares and the paid-up value of such Shares and said register shall be kept in the Kingdom.
- (b) The Company shall provide the commercial register with the information referred to in paragraph (1) of this article and any amendment thereto within fifteen days from the date of the Company's registration in the commercial register or from the date of the amendment, as the case may be.

11.14.8 Trading of Shares

The Company's Shares shall be traded by registration in the Shareholders' register, and the transfer of ownership of shares vis-à-vis the Company or third parties shall not be considered except from the date of such registration.

11.14.9 Increase of Share Capital

- (a) The Board of Directors may resolve to increase the Company's capital within the limits of the authorised capital, provided that the issued capital has been paid in full.
- (b) 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.

11.14.10 Decrease of Share Capital

- (a) The Extraordinary General Assembly may resolve to decrease the Company's capital if it exceeds the Company's needs or if the Company suffers losses. The capital may, in the latter case alone, be decreased to less than the limit stipulated in Article 59 of the Companies Law. Such resolution shall be issued only after receiving a special report prepared by the auditor on the reasons for such reduction, the obligations to be fulfilled by the Company, and the impact of the reduction on such obligations.
- (b) If the reason for the capital reduction is that the capital is in excess of the Company's needs, the Company's creditors must be invited to express their objection to such a reduction within forty-five days from the date of publication of the resolution relating to the reduction in a daily newspaper published in the locality of the head office of the Company. Should any creditor object and present to the Company evidentiary documents within the period set above; then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is payable at a future date.
- (c) In the event of a capital reduction, Shareholders that own shares of the same type and class shall be treated as an equal.

11.14.11 Board of Directors

- (a) The Company shall be managed by a Board of Directors composed of five members, who shall be natural persons, to be appointed by the Ordinary General Assembly for a term not exceeding four years.
- (b) The method of work in the Board of Directors is determined as follows: The meeting shall be held in the main headquarters in Riyadh. The correct quorum for the meeting shall be attended by fifty per cent. (50%) of the members of the Board of Directors. The correct quorum for making decisions shall be the approval of fifty-one per cent. (51%) of the members. Council members may be authorised to attend sessions. Members of the board communicate via social media, email or phone calls. The termination rule for the memberships is as follows, according to the legal system of joint stock companies.

11.14.12 Membership Termination or Expiry

Board membership shall expire upon the expiration of the Board's term, or the expiration of the Board member's term, in accordance with any law or directives applicable in the Kingdom. The Ordinary General Assembly may, at the recommendation of the Board, terminate the membership of Board members that fail to attend three consecutive meetings, or a total of five meetings during their term, without a valid excuse which is satisfactory to the Board.

11.14.13 Membership Termination or Expiry or Vacancy of Director's Position

- (a) Before the end of its term, the Board of Directors must call for an ordinary General Assembly to appoint a new Board for the next term. If the appointment is not possible and the current Board's term ends, its members continue to perform their duties until a new Board is appointed, provided that the duration of the continuing members does not exceed ninety days from the date of the end of their term. The Board of Directors must take necessary actions to elect a new Board to replace it before the expiration of this specified period.
- (b) If the Chairman and members of the Board of Directors resigned, they shall convene the Ordinary General Assembly to elect a new Board of Directors, and retirement shall not take effect until the election of the new Board, provided that it does not exceed the duration of the retirement board based on the period specified in the Companies Law and its implementing regulations.
- (c) A member of the Board of Directors is allowed to resign from their membership by submitting a written notice to the Chairman of the Board. If the Chairman resigns, the notice must be delivered to the remaining members of the Board and the Board Secretary. The resignation is effective immediately in both cases from the date specified in the notice.
- (d) If a position in the Board of Directors becomes vacant due to the death or resignation of any of its members, and this vacancy does not result in the violation of the necessary conditions for the validity of the Board's formation due to a shortage in the number of members below the minimum required, the Board can temporarily appoint a qualified individual to fill the vacant position. The appointment must be notified to the commercial register within fifteen days from the date of appointment, and the appointment should be presented to the ordinary General Assembly for the appointment of a member to the vacant seat.
- (e) If the necessary conditions for the valid formation of the Board of Directors are not met due to a shortage of the number of members below the minimum required, as stipulated in the Companies Law or in this regulation, the remaining members are required to call for an ordinary General Assembly to convene within sixty days to elect the necessary number of members.

11.14.14 Powers of the Board

Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with the widest powers to manage the Company, to accomplish its purposes, such powers may include:

- **In relation to commercial registrations:** main and branch: issue, renew and cancel.
- **In relation to companies that the Company enters as a partner:** signing companies' contracts, buying equities, liquidating the company, selling equities and representing the Company before the subsidiary.
- **In relation to incorporating companies by the Company's name:** registering it at the ministry, representing before the notary, signing on the company's articles of association, signing on the Shareholders' decisions.
- **In relation to banks:** opening accounts, opening credits, depositing, withdrawing, issuing cheque books, updating accounts, issuing accounts statements, requesting facilities, requesting guarantees, signing loans contracts, signing commercial papers, signing promissory notes, applying for any application or service from the applications or the services under Communications Space and Technology Commission's scope and the right to delegate for anyone -as per the Applicable Laws- to apply for any application or service from the applications or the services under Communications Space and Technology Commission's scope.

- **In relation to managing properties:** buying, selling and title registration of property and pledging property.
- **In relation to amending the contracts of the companies that the Company enters as a partner:** signing on the Shareholders' decisions, liquidating the company and converting the company into an establishment.
- **In relation to the judiciary:** representing before courts, appointing arbitrators, appointing lawyers, representing before notaries, using and executing all Ministry of Justice electronic services, delegating and authorising others on executing Ministry of Justice electronic services, signing loan agreement and its addendums and all related documents, signing following agreements, signing advisory agreements, signing before the notary in relation to the industrial mortgage regarding pledging on the Company's properties, receiving loans, assigning a loan, requesting a loan waiver, paying the loan, signing documentary credit agreement, signing guarantee of legal capacity, signing transfer of liabilities and amending loan agreement, signing on behalf of the Company and the Shareholders on debt arrangement agreement, issuing, amending and cancelling waivers.
- **In relation to the following other powers:** buying establishment, signing all documents at the commercial chamber, selling establishment, following up with the department of commercial registration, extracting records, transferring commercial registration, managing records, cancelling records, supervising records, opening subscriptions at the Chamber of Commerce, approving signature at the Chamber of Commerce, cancelling signature at the Chamber of Commerce, entering tenders and receiving forms, converting the Company's branch establishment, following up with the GOSI, following up with the ZATCA, opening branches for the commercial registrations, managing the commercial registration, cancelling the commercial registration, following up with the Civil Defence, amending registrations, adding activity, reserving commercial name, renewing the Chamber of Commerce subscription, amending the commercial registration, transferring the commercial registration, issuing replacement for damaged or lost records, registering trademark, waving trademark, waving commercial name, issuing permits, buying boats, issuing replacement for damaged or lost hunting permit, importing boats, cancelling boats licences, renewing licences, amending licences, adding activity, reserving commercial name, cancelling licence, opening branches, issuing hunting permits, issuing boat licence, renewing boat licence, transferring boat licence, selling the boat, renewing hunting permit, cancelling hunting permit, issuing replacement for damaged or lost boat licence, opening branch for the licence, transferring the licence, incorporating a company, signing on articles of association and amendment addendums, cancelling articles of association and amendment addendums, signing shareholders decisions, appointing and removing managers, amending company's activities, liquidating the company, converting the company from joint stock company to limited liability company, converting the Company from limited liability company to joint stock company, converting the Company from general partnership to limited liability company, increasing capital, decreasing capital, entry and exit of Shareholders, joining established companies, transferring equities, shares and bonds, determining capital, receiving allocation surplus, selling equities and shares and receiving value, assigning equities and shares from capital, selling Company branch, amending a Shareholder's nationality in the contract, approving the waiver of equities shares and capital, buying equities and shares and paying cost, closing accounts with the Company's name in banks, opening accounts with the Company's name in banks, signing deals, registering the Company, registering power of attorneys and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing articles of association and amendment addendums in the notary, issuing commercial registrations and renewing it for the Company, subscribing to the Chamber of Commerce, and renewing the membership, following up with the Ministry of Investment and signing before it, following up with the quality management and the Saudi Standards, Metrology and Quality Organisation, following up with the CMA, issuing and renewing licences for the Company, converting the establishment to a Company, converting the Company's branch to establishment, converting the Company's branch to a company, publishing the articles of association, the amendment addendums and its abstracts and the bylaws in the official newspaper, following up with the telecommunication companies and the establishment of landlines or mobile phones in the name of the Company, signing the Company's contract with others, waiving the trademark or cancelling it, amending the Company's name, issuing visas, receiving visas' compensations, updating workers' information, opening main and sub files, renewing and cancelling them, filtering workers and cancelling them, reporting fleeing workers, cancelling workers' fleeing reports, transferring sponsorships, amending professions, transferring the ownership of establishments, liquidating them and cancelling them, following up with the private recruitment agencies, following up with the computer management in the manpower, issuing work permits and renewing them, receiving Saudisation certifications, issuing data statement (print), adding and removing Saudis, recruitment, opening file, activating the Saudi gate, recruiting workers abroad, finalising workers procedures at the GOSI, cancelling visas, refunding visas amounts, amending nationalities, issuing family visits visas, issuing family recruiting visas, following up with the embassy, extending entry and re-entry visas, extending visitors visas, issuing data statement (print), refunding visa fees, amending arrival destination, issuing iqamas, renewing iqamas, issuing exit and re-entry, issuing final exit, issuing replacement for damaged or lost iqamas, finalising deceased labour procedures, transferring information and updating data, settling and waiving workers, following up with the general department of expatriate, issuing labour data statement (print),

dropping labour, managing A'maly, transferring labour's sponsorship to the labour, adding a newborn, department of borders affaires, issuing replay scenes, adding dependents, adding children to parents' passports, separating children from parents' passports, cancelling exit and re-entry visas, cancelling final exit visas, issuing lost or damaged travelling visas replacement, issuing visitor visas extension, issuing hajj permits, amending professions, following up with house maids centre, registering in the electronic service, following up with the Ministry of Environment, Water and Agriculture, following up with the notary or the court to approve title registration, assigning agricultural report, transferring agricultural report, receiving salaries, receiving retirement salaries, receiving indemnity and vacations compensation, transferring the salary, receiving the compensation, issuing salary certificate, receiving dues, opening Shari'ah compliant accounts, closing and settling accounts, withdrawing from accounts, issuing ATM cards, issuing Shari'ah compliant credit cards, receiving and spending transfers, cashing cheques, issuing certified cheques, issuing cheque books, issuing account statement, transferring from accounts, applying for Shari'ah compliant bank loans, opening Shari'ah compliant account, depositing in the accounts, resubscribing in safe deposit boxes, opening deposit boxes, subscribing in safe deposit boxes, applying for a loans waiver, reject cheques, updating data, activating accounts, receiving cheques, recovering safe deposit boxes, following up, rescheduling instalments, requesting points of sales, requesting bank credit, requesting bank guarantee, subscribing in joint stock companies, receiving subscription certificates, buying Shari'ah compliant shares, selling Shari'ah compliant shares, receiving shares value, receiving dividends, receiving surplus, opening Shari'ah compliant investment portfolios editing and amending and cancelling orders, subscribing to stocks, buying stocks, selling stocks, recovering investment funds units, transferring shares from the portfolio, subscribing in Shari'ah compliant investment funds units, managing investment portfolios, issuing obligation letter, liquidating portfolios, opening shops, issuing health certifications, dividing agricultural lands into residential, following up with the general administration for urban planning, opening shops, issuing licence, updating licence, cancelling licence, transferring licence, issuing building and restoration permits, planning lands, issuing a building completion certificate, issuing fencing licences, issuing a demolition permit, signing lease agreement, waving the contract, planning owned property, following up with a municipality, dividing agricultural lands into residential, supervising the construction, signing contract with construction establishments and contractors, selling and registering the title to the buyer, buying, accepting the title registration and pay it, receiving title deeds, leasing, receiving the rent, signing rent agreements, renewing rent agreements, terminating lease agreements, pledging, mortgage redemption, segmenting and sorting, amending borders, lengths, areas, parts numbers, schemes numbers, title deeds and their numbers and districts' names, selling, accepting mortgage, updating title deeds and uploading it into the comprehensive system, selling share from, buying, buying share from, renting, amending the owner's name and the ID number, giveaway and title registration, accepting giveaway and title registration, waiving the lack of space, merging title deeds, accepting waiving and title registration, issuing lost replacement for a group of title deeds, issuing damaged replacement for a group of title deeds, selling and title registration for heirs, waiving the share of, building proof, issuing a damaged replacement title deed, that is for real estates located in, dividing agricultural lands into residential or industrial, entering into estate contributions, buying estate contributions shares, selling estate contributions shares, waiving a leased land, updating title deeds and uploading it into the comprehensive system, issuing a lost replacement title deed, building the land, leasing the land, changing the Company's legal entity, converting the company from a limited partnership company into a limited liability company, dividing shares between heirs and transferring it to their portfolios.

The Board of Directors must obtain the approval of the General Assembly for the sale of Company assets the value of which exceeds fifty per cent. (50%) of the value of its total assets, whether the sale is made through one transaction, or more. In such case, the transaction which leads to the sale of more than fifty per cent. (50%) of the value of assets shall require the General Assembly's approval. Said percentage shall be calculated from the date the first transaction is concluded within the previous twelve months.

The Board of Directors may also, within its powers, delegate one or more of its Directors or others to carry out certain acts.

11.14.15 Remuneration of the Directors

- (a) The Board of Directors' remuneration shall consist of a percentage of a fixed amount or what the Ordinary General Assembly decides.
- (b) The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the amounts received by Directors during the financial year as remuneration, expenses, and other benefits, as well as of all the amounts received by the Directors in their capacity as officers or executives of the Company, or in consideration of technical, administrative or advisory services. It must also include the number of sessions of the Board and the number of meetings each Director attended.

11.14.16 The Authorities of the Chairman, Deputy Chairman and Board Secretary

- (a) The Board of Director shall appoint from among its members in its first meeting a Chairman and it may appoint from among of its members a Managing Director or a Deputy Chairman.
- (b) The Board of Directors appoints a Chief Executive Officer from among its members or others.
- (c) The Chairman and the Vice Chairman shall be responsible for commercial registrations management.
- (d) The Managing Director shall have the following authorities:
 - **In relation to commercial registrations:** main and branch: issue, renew and cancel.
 - **In relation to companies that the Company enters as a partner:** signing companies' contracts, buying equities, liquidating the company, selling equities and representing the Company before the subsidiary.
 - **In relation to incorporating companies by the Company's name:** registering it at the ministry, representing before the notary, signing on the company's articles of association, signing on the Shareholders' decisions.
 - **In relation to banks:** opening accounts, opening credits, depositing, withdrawing, issuing cheque books, updating accounts, issuing accounts statements, requesting facilities, requesting guarantees, signing loans contracts, signing commercial papers, signing promissory notes, applying for any application or service from the applications or the services under Communications Space and Technology Commission's scope and the right to delegate for anyone -as per the Applicable Laws- to apply for any application or service from the applications or the services under Communications Space and Technology Commission's scope.
 - **In relation to managing properties:** buying, selling and title registration of property and pledging property.
 - **In relation to amending the contracts of the companies that the Company enters as a partner:** signing on the Shareholders' decisions, liquidating the company and converting the company into an establishment.
 - **In relation to the judiciary:** representing before courts, appointing arbitrators, appointing lawyers, representing before notaries, using and executing all Ministry of Justice electronic services, delegating and authorising others on executing Ministry of Justice electronic services, signing loan agreement and its addendums and all related documents, signing following agreements, signing advisory agreements, signing before the notary in relation to the industrial mortgage regarding pledging on the Company's properties, receiving loans, assigning a loan, requesting a loan waiver, paying the loan, signing documentary credit agreement, signing guarantee of legal capacity, signing transfer of liabilities and amending loan agreement, signing on behalf of the Company and the Shareholders on debt arrangement agreement, issuing, amending and cancelling waivers.
 - **In relation to the following other powers:** buying the establishment, signing all documents at the commercial chamber, selling establishment, following up with the Department of Commercial Register, extracting records, transferring commercial records, managing records, cancelling records, supervising records, opening subscriptions at the Chamber of Commerce, approving signature at the Chamber of Commerce, cancelling signature at the Chamber of Commerce, entering tenders and receiving forms, converting an establishment branch, following up with the GOSI, following up with the ZATCA, following up with the Civil Defence, opening files for the Company, managing the commercial registration, cancelling the commercial registration, amending registrations, adding activity, reserving commercial name, renewing the Chamber of Commerce subscription, amending the commercial registration, transferring the commercial registration, issuing replacement for damaged or lost records, registering trademark, waving trademark, waving commercial name, issuing permits, buying boats, issuing replacement for damaged or lost boat licence, importing boats, cancelling boats permits, renewing licences, amending licences, renewing the Chamber of Commerce subscription, opening branches for the commercial registrations, cancelling licence, issuing hunting permits, issuing boat licence, renewing boat licence, transferring boat licence, selling the boat, renewing hunting licence, cancelling hunting licence, issuing replacement for damaged or lost boat licence, opening branch for the licence, transferring the licence, incorporating a company, signing on articles of association and amendment addendums, cancelling articles of association and amendment addendums, signing on the Shareholders decisions, appointing and removing managers, amending objectives of the Company, liquidating the Company, converting the Company from joint stock company to limited liability company, converting the Company from limited liability company to joint stock company, converting the Company from general partnership to limited liability company, increasing capital, decreasing capital, entry and exit of Shareholders, joining established companies, transferring equities, shares and bonds, determining capital, receiving allocation surplus, selling equities and shares and receiving value, assigning equities and shares from capital, selling

Company branch, amending a Shareholder's nationality in the contract, approving the waiver of equities shares and capital, buying equities and shares and paying cost, closing accounts with the Company's name in banks, opening accounts with the Company's name in banks, signing deals, registering the Company, registering power of attorneys and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing articles of association and amendment addendums in the notary, issuing commercial registrations and renewing it for the Company, subscribing to the Chamber of Commerce, and renewing the membership, following up with the Ministry of Investment and signing before it, following up with the quality management and the Saudi Standards, Metrology and Quality Organisation, following up with the CMA, issuing and renewing licences for the Company, converting the establishment to a Company, converting the Company's branch to establishment, converting the Company's branch to a company, publishing the articles of association, the amendment addendums and its abstracts and the bylaws in the official newspaper, following up with the telecommunication companies and the establishment of landlines or mobile phones in the name of the Company, entering trends and receiving forms, signing the Company's contract with others, waiving the trademark or cancelling it, amending the Company's name, issuing visas, receiving visas' compensations, updating workers' information, opening main and sub files, renewing and cancelling them, filtering workers and cancelling them, reporting fleeing workers, cancelling workers' fleeing reports, transferring sponsorships, amending professions, transferring the ownership of establishments, liquidating them and cancelling them, following up with the private recruitment agencies, following up with the computer management in the manpower, issuing work permits and renewing them, receiving Saudisation certifications, issuing data statement (print), adding and removing Saudis, recruitment, opening file, activating the Saudi gate, recruiting workers abroad, finalising workers procedures at the GOSI, cancelling visas, refunding visas amounts, amending nationalities, issuing family visits visas, issuing family recruiting visas, following up with the embassy, extending entry and re-entry visas, extending visitors visas, issuing data statement (print), cancelling the visa, refunding visa fees, amending arrival destination, issuing iqamas, renewing iqamas, issuing exit and re-entry, issuing final exit, transferring sponsorships, issuing replacement for damaged or lost iqamas, finalising deceased labour procedures, transferring information and updating data, settling and waiving workers, following up with the general department of expatriate, issuing labour data statement (print), dropping labour, managing A'maly, adding a newborn, finalising deceased labour procedures, department of borders affaires, issuing replay scenes, adding dependents, adding children to parents' passports, separating children from parents' passports, cancelling exit and re-entry visas, cancelling final exit visas, issuing lost or damaged travelling visas replacement, issuing visitor visas extension, issuing hajj permits, amending professions, following up with house maids centre, registering in the electronic service, following up with the Ministry of Environment, Water and Agriculture, following up with the notary or the court to approve title registration, assigning agricultural report, transferring agricultural report, receiving salaries, receiving retirement salaries, receiving indemnity and vacations compensation, transferring the salary, receiving the compensation, issuing salary certificate, receiving dues, opening Shari'ah compliant accounts, closing and settling accounts, withdrawing from accounts, issuing ATM cards, issuing Shari'ah compliant credit cards, receiving and spending 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the portfolio, subscribing in Shari'ah compliant investment funds units, managing investment portfolios, issuing obligation letter, liquidating portfolios, opening shops, issuing health certifications, dividing agricultural lands into residential, following up with the general administration for urban planning, issuing licence, updating licence, cancelling licence, transferring licence, issuing building and restoration permits, planning lands, issuing a building completion certificate, issuing fencing licences, issuing a demolition permit, signing lease agreement, waving the contract, planning owned property, following up with a municipality, dividing agricultural lands into residential, supervising the construction, signing contract with construction establishments and contractors, selling and registering the title to the buyer, buying, accepting the title registration and pay it, receiving title deeds, leasing, receiving the rent, signing rent agreements, renewing rent agreements, terminating lease agreements, pledging, mortgage redemption, segmenting and sorting, amending borders, lengths, areas, parts numbers, schemes

numbers, title deeds and their numbers and districts' names, selling, accepting mortgage, updating title deeds and uploading it into the comprehensive system, selling share from, buying, buying share from, renting, amending the owner's name and the ID number, giveaway and title registration, accepting giveaway and title registration, waiving the lack of space, merging title deeds, accepting waiving and title registration, issuing lost replacement for a group of title deeds, issuing damaged replacement for a group of title deeds, selling and title registration for heirs, waiving the share of, building proof, issuing a damaged replacement title deed, that is for real estates located in, dividing agricultural lands into residential or industrial, entering into estate contributions, buying estate contributions shares, selling estate contributions shares, waiving a leased land, updating title deeds and uploading it into the comprehensive system, issuing a lost replacement title deed, building lands, leasing the land, changing the Company's legal entity, converting the company from a limited partnership company into a limited liability company, dividing shares between heirs and transferring it to their portfolios.

- (e) The Board of Directors appoints a secretary from among its members or from outside.
- (f) The Chairman of the Board of Directors may delegate (by a written resolution) some of his powers to other members or directly to others to carry out certain acts.

11.14.17 Board Meetings

- (a) The Board of Directors shall be convened no less than four times a year upon a written invitation given by the Chairman. The invitation shall also include an agenda of the meeting.
- (b) The Board of Directors shall decide the place of its meetings, it may be held using modern technologies.

11.14.18 Board Meeting and Decisions

- (a) The Board meeting shall not be valid unless attended by fifty per cent. members in person or on behalf of the attendees.
- (b) The decisions of the Board shall be issued by the majority vote of the members present or represented, provided that the voting shall not be representatives of one shareholder and when equal the votes outweigh the side with which the Chairman voted.
- (c) The decision of the Board of Directors is effective from the date of its issuance, unless it specifies a different effective date, or certain conditions must be met.

11.14.19 Board Decisions on Urgent Matters

The Board may issue decisions in urgent cases - without holding a meeting - by approving them in writing through presenting them to the members by circulation unless a member requests a Board meeting to deliberate on them. These decisions will not be valid unless signed by a majority of members, and these decisions shall be presented to the Board of Directors at its first subsequent meeting to be recorded in the minutes of that meeting.

11.14.20 Board of Directors

The Company shall be managed by a Board of Directors composed of five members, who shall be natural persons, to be appointed by the Ordinary General Assembly for a term not exceeding four years and two independent members are appointed by the Board of Directors.

11.14.21 Shareholders General Assembly Meetings

- (a) Shall be chaired by the chairman of the Board of Directors, the Vice-Chairman in case of the Chairman's absence, or any member designated by the Board of Directors in the absence of both the Chairman and Vice-Chairman.
- (b) Minutes of assembly meetings shall indicate the number of shareholders in attendance, whether in person or by proxy; the number of shares held by each attendee, whether personally or by proxy; the number of votes designated thereto; the decisions made; the number of consenting and dissenting votes; and a summary of meeting discussions.
- (c) Means of modern technology may be used for signature, to record deliberations and resolutions, and to prepare meeting minutes.

11.14.22 Convening Assemblies

- (a) General Assemblies whether general or extraordinary 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 days from the date on which it is requested to do so by the Auditor or by a number of Shareholders representing at least ten per cent. (10%) of the Company's voting shares. The Auditor may also call for the General Assembly to convene if the Board fails to do so within thirty days from the date of the Auditor's request.
- (b) The request specified in paragraph 1 of this article must specify the matters on which the shareholders are required to vote.
- (c) The call for a General Assembly meeting shall be made at least twenty-one days prior to the date set for the meeting, in accordance with the provisions of the Companies Law, after taking the following into consideration:
 - Notifying the shareholders via registered letters sent to the addresses present in the shareholders' register, or the announcement of the call via means of modern technology.
 - A copy of the invitation and the meeting's agenda shall be sent to the commercial register, and to the CMA.
- (d) The invitation for the General Assembly meeting must contain the following at least:
 - 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.
 - The place, date, and time of the meeting.
 - Type of assembly (general or extraordinary).
 - The agenda of the meeting containing the items which the Shareholders are required to vote on.

11.14.23 Quorum of the Ordinary General Assembly

- (a) An Ordinary General Assembly meeting is only valid if attended by Shareholders representing at least one-quarter of the Company's Shares with voting rights.
- (b) If the quorum required for an Ordinary General Assembly meeting as stipulated in paragraph (1) of this article is not met, a second meeting should be called under the same conditions specified in Article 91 of the Companies Law within thirty days following the originally scheduled date of the first meeting. However, the second meeting may be held one hour after the expiration of the time set for the first meeting, provided that the invitation to the second meeting includes this information.

11.14.24 Quorum of the Extraordinary General Assembly

- (a) An Extraordinary General Assembly meeting is not valid unless attended by shareholders representing at least half of the Company's Shares with voting rights.
- (b) If the quorum required for holding the Extraordinary General Assembly meeting according to paragraph (1) of this article is not met, a second meeting shall be called under the same conditions stipulated in Article 91 of the Companies Law. However, the second meeting may be held an hour after the end of the time period specified for the first meeting, provided that the invitation to the first meeting indicates the possibility of holding the second meeting. In all cases, the second meeting is valid if attended by Shareholders representing at least one-quarter of the Company's Shares with voting rights.
- (c) If the quorum for the second meeting is not met, a third meeting shall be called under the same conditions stipulated in Article 91 of the Companies Law, and the third meeting shall be valid regardless of the number of shares with voting rights represented at it.

11.14.25 Voting in Assemblies

The election of members of the Board of Directors shall be by cumulative vote. Board members shall not participate in vote on decisions of the assembly that relate to transactions and contracts in which they have a direct or indirect interest, or that involve a conflict of interest.

11.14.26 Decisions of the General Assembly

- (a) Decisions of the Ordinary General Assembly are made with the approval of the majority of the voting rights represented at the meeting.
- (b) Decisions of the Extraordinary General Assembly are made with the approval of two-thirds of the voting rights represented at the meeting, unless the decision pertains to increasing or reducing the capital, extending the company's duration, dissolving the company before the end of the term specified in its Articles of Association, merging with another company, or splitting into two or more companies. In these cases, the decision is valid only if approved by three-quarters of the voting rights represented at the meeting.

11.14.27 Discussion at General Meetings

Each shareholder has the right to discuss the items listed on the agenda of the general meeting and to pose questions regarding these items to the members of the Board of Directors and the auditors. The Board of Directors or the auditors shall respond to the shareholders' questions to the extent that does not harm the interests of the company. If a shareholder finds the response to their question unsatisfactory, they may appeal to the general meeting, and the decision made by the meeting in this regard shall be final and binding.

11.14.28 Preparation of Assembly Minutes

A record shall be drawn up by the Assembly meeting containing the number of shareholders present at the original or the prosecutor's office, the number of shares in their possession at the original or the prosecutor's office, the number of votes cast, the decisions taken, the number of votes approved or opposed, and a compendium of discussions held at the meeting. The records are regularly recorded after each meeting in a special register signed by the assembly's president, secretary of the assembly and the collectors.

11.14.29 Financial Year

- (a) The Company's financial year shall be twelve Gregorian months and shall commence on 1 January and end on 31 December of each year.
- (b) An independent budget is prepared for the transitional period resulting from the adjustment of the financial year.

11.14.30 Financial Documents

- (a) **At** the end of each financial 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 financial 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 days prior to the date set for convening the General Assembly.
- (b) The Chairman of the Board, the Chief Executive Officer and the Chief Financial Manager 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.
- (c) 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 days prior to the date set for the General Assembly meeting. The Chairman shall also deposit said documents, in accordance with the Implementing Regulations of the Companies Law.

11.14.31 Creation of Reserves

- (a) The Ordinary General Assembly may, when determining dividends from the net profit, 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.
- (b) The General Assembly shall determine the percentage of net profits to be distributed to the Shareholders after deducting reserves (if any).

11.14.32 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.

11.14.33 Dissolution and Windingup of the 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.

11.14.34 Final Provisions

- (a) The Company is subject to the Laws of the Kingdom of Saudi Arabia.
- (b) Any article that contradicts the provisions of the Companies Law in these Bylaws shall not be considered valid, and the provisions of the Companies Law shall apply to it. Whatever is not mentioned in these bylaws, the Companies Law and its executive regulations shall be applied.
- (c) The provisions and information included in these bylaws are acknowledged by the founders to be accurate and in compliance with the regulations of the Companies Law issued by the Royal Decree No. (M/132) dated 1 Thul-Hijjah 1443H (corresponding to 30 June 2022G) and its Implementing Regulation, and its fulfillment with all requirements and instructions issued by the Ministry of Commerce as per the law. The founders bear responsibility for any legal and financial consequences that may arise from this compliance. Additionally, the founders are aware of the Ministry's right to take necessary regulatory actions in the event of any violation or contradiction in the provisions of the Bylaws.

11.14.35 Publication

These Bylaws shall be filed and published in accordance with the Companies and its Implementing Regulation.

11.15 Share Description

11.15.1 Ordinary Shares

The Shares shall be nominal Shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if such reserve has reached its maximum limit. Each Share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst themselves to exercise, on their behalf, the rights pertaining to such Share, and they shall be jointly responsible for the obligations arising from the ownership of such Share.

11.15.2 Repurchase of Shares

Pursuant to Article 114 of the Companies Law, a company may purchase or pledge its shares if its bylaws permit it, and the shares purchased by the company shall have no voting rights in shareholders' assemblies.

11.15.3 Rights of Ordinary Shareholders

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 shall have the right to discuss the matters stated in the agenda of the General Assembly and direct related questions to the Directors and the external auditors. The Board of Directors or the external auditors shall answer the questions of the Shareholders to the extent that it does not put the interests of the Company at risk. If a Shareholder is not satisfied with the answer, he/she may refer the issue to the General Assembly whose resolution shall be binding in this regard.

11.15.4 Voting Rights

A General Assembly duly convened shall be deemed to represent all of the Shareholders and shall be held in the city where the Company's Head Office is located. Each Subscriber, regardless of the number of his/her shares, shall have the right to attend the Constituent Assembly, whether in person or by proxy.

Each Shareholder shall have a vote for every Share represented by him/her in the constituent General Assembly, and each Shareholder shall have a vote for every Share represented by him/her in the General Assemblies. The cumulative voting method shall be used in electing the Directors in accordance with the Corporate Governance Regulations issued by the CMA and any amendments thereto made from time to time.

11.15.5 Necessary Approvals for Amending Voting Rights

The Company's Bylaws must be amended to modify the rights and mechanisms governing voting in the Company's general assemblies. The responsibility for amending the Articles of Association lies with the Extraordinary General Assembly, in accordance with the provisions of Article 85 of the Companies Law. The Extraordinary General Assembly shall convene only if shareholders representing at least half of the Company's capital are present. If this quorum is not met at the first meeting, a second meeting shall be convened one hour after the scheduled time of the first meeting, provided that the invitation to the first meeting includes a statement indicating the possibility of holding the second meeting. If the initial invitation does not indicate the possibility of a second meeting and a separate invitation is issued, the second meeting shall be held under the same conditions stipulated in Article 25 of the Company's Bylaws. In all cases, the meeting shall be deemed valid if shareholders representing at least one-quarter of the voting shares are present.


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UNDERWRITING



12. UNDERWRITING

The Underwriter, Alinma Capital Company has undertaken to fully underwrite the Offering of four million eight hundred thousand (4,800,000) Offer Shares pursuant to the underwriting agreement entered into with the Company and the Selling Shareholders (the **"Underwriting Agreement"**), subject to certain conditions. The name and address of the Underwriter are set out below:

12.1 Underwriter

Alinma Capital Company

Al Anoud Tower 2, King Fahd Road

P.O. Box 55560

Riyadh 11544

Saudi Arabia

Tel: +966 (11) 218 5999

Fax: +966 (11) 218 5970

Website: www.alinmacapital.com

Email: info@alinmacapital.com



The principal terms of the Underwriting Agreement are set out below:

12.2 Summary of Underwriting Arrangements

Under the terms of, and subject to the conditions contained, in the Underwriting Agreement:

- (1) The Selling Shareholders undertakes to the Underwriter that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, they shall:
 - (i) sell and allocate the Offer Shares to any Individual Subscriber or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents; and
 - (ii) sell and allocate to the Underwriter the Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties pursuant to the Offering.
- (2) The Underwriter undertakes to the Selling Shareholders that at the date of allocation, it will purchase any Offer Shares that have not been subscribed by the Individual Subscribers or Participating Parties, in accordance with that mentioned below:

Table 12.1: Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
Alinma Capital Company	4,800,000	100%

Source: The Company.

The Company and the Selling Shareholders has committed to satisfying all the provisions of the Underwriting Agreement.

12.3 Underwriting Costs

The Selling Shareholders will pay the Underwriter an underwriting fee based on the total value of the Offering, as well as the Underwriter's costs and expenses in connection with the Offering.

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EXPENSES



13. EXPENSES

The Selling Shareholders will be responsible for all costs and expenses associated with the Offering, which are estimated at approximately twenty-one million Saudi Arabian Riyals (SAR 21,000,000). This amount includes the fees of the Financial Advisor, the Lead Manager, the Bookrunner, the Underwriter, the Legal Advisor, the Financial Due Diligence Advisor, the Auditors, the Receiving Agents, the Market Consultant and the Exchange, as well as regulatory fees, marketing, printing and distribution fees and other costs and expenses related to the Offering. The Offering expenses will be deducted from the Offering Proceeds and will be apportioned to the Selling Shareholders on a pro rata basis according to the number of Offer Shares being sold by each of them.

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UNDERTAKINGS FOLLOWING ADMISSION



14. UNDERTAKINGS FOLLOWING ADMISSION

Following Admission, the Company undertakes to:

- (1) complete Form 8 (related to compliance with the Corporate Governance Regulations) and, in the event that the Company does not comply with any of the requirements of the Corporate Governance Regulations, to present justification for such non-compliance;
- (2) provide the CMA with the date on which the first General Assembly will be held following Admission so that a representative thereof may attend;
- (3) submit transactions and contracts in which a Director has a direct or indirect interest for authorisation by the General Assembly (in accordance with the Companies Law and Corporate Governance Regulations), provided that the interested Director is prohibited from voting on the relevant resolution (whether in the Board or the General Assembly) (for further details regarding Related Party contracts and transactions, see Section 11.10 (*Related Party Contracts and Transactions*));
- (4) comply with all mandatory provisions set out in the Corporate Governance Regulations immediately upon Admission;
- (5) comply with all the mandatory provisions of the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules and the Corporate Governance Regulations immediately upon Admission; and
- (6) update the legal entity of the Company in the constitutional documents (including the commercial registration and the Bylaws) to a public joint stock company, upon the convening of the first General Assembly after the Admission.

Similarly, following Admission, the Directors undertake to:

- (1) record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Chairman and the Board Secretary; and
- (2) disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

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WAIVERS



15. WAIVERS

The Company has not applied to the CMA for any waivers from any of its regulatory requirements.

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SUBSCRIPTION TERMS AND CONDITIONS



16. SUBSCRIPTION TERMS AND CONDITIONS

The Company has made an application to the CMA for the registration and offer of the Shares under the Rules on the Offer of Securities and Continuing Obligations, and an application for the listing of the Shares on the Exchange in accordance with the Listing Rules.

All Subscribers must carefully read the subscription terms and conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Bookrunner or to the Receiving Agent, as applicable, is deemed as acceptance and approval of the subscription terms and conditions.

16.1 Subscription to Offer Shares

The Offering will consist of four million eight hundred thousand (4,800,000) ordinary shares at an offer price of eighty-five (SAR 85) per Share, including a nominal value of ten Saudi Arabian Riyals (SAR 10) per Share, fully paid. The Offer Shares represent thirty per cent. (30%) of the Company's share capital, with a total value of Four hundred eight million (SAR 408,000,000). The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before the registration of and Admission, a material adverse change occurs in respect of the Company's operations.

The Offering is restricted to the following two tranches of Investors:

Tranche (A): Participating Parties

Comprising the parties entitled to participate in the book-building process as specified under the Book-Building Instructions. including investment funds, companies, Qualified Foreign Investors, GCC Corporate Investors and certain other foreign investors pursuant to SWAP Agreements. Participating Entities will provisionally be allocated four million eight hundred thousand (4,800,000) Offer Shares, representing one hundred per cent. (100%) of Offer Shares. The final allocation will be made after the individual subscribers' subscription period ends, using the optional allocation mechanism. Therefore, none of the Offer Shares may be allocated to certain participating categories. It should be noted that if there is sufficient demand from individual subscribers, the Financial Advisor, in coordination with the company, has the right to reduce the number of Offer Shares initially allocated to participating categories to three million eight hundred forty thousand (3,840,000) Shares, representing eighty per cent. (80%) of the Offer Shares. As a preliminary matter, one million four hundred forty thousand (1,440,000) ordinary shares, representing thirty per cent. (30%) of the total Offer Shares, will be allocated to the public funds category, subject to sufficient demand from this category. If there is sufficient demand from individual subscribers for the Offer Shares, the Financial Advisor has the right to reduce the number of Shares allocated to public funds to a minimum of one million two hundred ninety-six thousand (1,296,000) ordinary shares, representing twenty-seven per cent. (3627 of the total Offer Shares after the completion of the individual subscription process.

Tranche (B): Individual Subscribers

Comprising Saudi Arabian natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, as well as any non-Saudi natural persons resident in the Kingdom or GCC natural persons. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of nine hundred sixty thousand (960,000) Offer Shares, representing twenty per cent. (20%) of the total Offer Shares shall be allocated to Individual Subscribers. If the Individual Subscribers do not subscribe in full to the Offer Shares allocated to them, the Financial Advisor in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed by them.

16.2 Book-Building and Subscription by Participating Parties

- (a) The Company, the Selling Shareholders and the Financial Advisor shall determine the price range for the purposes of book-building, which will be made available to all Participating Parties.
- (b) Each of the Participating Parties shall submit a Bidding Participation Application during the book-building period. The Participating Entities may change or cancel their Bidding Participation Application at any time during the book-building period, provided that such change is made by submitting an amended or additional Bidding Participation Application, where applicable, prior to the conclusion of fixing the Offer Price, which precedes the commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall be no less than fifty thousand (50,000) Offer Shares and no more than seven hundred

ninety-nine thousand nine hundred ninety (799,990) Offer Shares, and in relation only to public investment funds, without exceeding the maximum amount specified for each participating fund that is determined in accordance with Book-Building Instructions. The number of requested shares shall be subject to allocation. The Bookrunner will inform the Participating Entities of the Offer Price and the number of Offer Shares provisionally allocated to them, using the discretionary allocation mechanism. As a result, some of the Participating Entities may not be allocated any Offer Shares. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Subscribers, according to the subscription terms and conditions set out in the Subscription Application Forms.

- (c) After book-building for the Participating Entities is completed, the Bookrunner will announce the coverage percentage for the Participating Entities.
- (d) The Financial Advisor, in coordination with the Company, shall determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the Underwriting Agreement and provided that the Offer Price is in accordance with the tick size applied by the Exchange.

16.3 Subscription by Individual Subscribers

Each Individual Subscriber shall subscribe for a minimum of (10) Offer Shares and a maximum of two hundred fifty thousand (250,000) ordinary shares. Changes to or withdrawals of the subscription application shall not be permitted once the Subscription Application Form has been submitted.

Individual Subscribers who intend to subscribe for the Offer Shares shall submit a Subscription 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 Subscriber will be able to subscribe to the Offer Shares during the Offering Period provided that:

- (a) the Individual Subscriber has an investment account and an active investment portfolio with a Receiving Agent; and
- (b) no changes in the personal information or data of the Individual Subscriber have occurred since his/her subscription in a recent initial public offering.

A signed Subscription Application Form represents a legally binding agreement between the Company the Selling Shareholders and the relevant Individual Subscriber submitting the application to the Receiving Agents.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the Company (www.mhg-int.com), the CMA (www.cma.org.sa) or the Financial Advisor (www.alinmacapital.com), and the Subscription Application Forms are available from the Receiving Agents whose details are below:

Table 16.1: Receiving Agents

Receiving Agents

Alinma Capital Company

Al Anoud Tower 2, King Fahd Road

P.O. Box 55560

Riyadh 11544

Saudi Arabia

Telephone: +966 (11) 218 5999

Fax: +966 (11) 218 5970

Website: www.alinmacapital.com

Email: info@alinmacapital.com

الإنماء المالية
alinma capital



AlRajhi Capital

Head Office, King Fahd Road, Al Murouj District

P.O. Box 5561

Riyadh 12263

Kingdom of Saudi Arabia

Phone: +966 92 000 5856

Fax: +966 (11) 460 0625

Website: www.alrajhi-capital.com

Email: arcipo@alrajhibank.com.sa

**SNB Capital**

King Saud Road, Al Murabba District, Building 7347

P.O. Box 2216

Riyadh 11495

Kingdom of Saudi Arabia

Phone: +966 (92) 000 0232

Fax: +966 (11) 4060052

Website: www.alahlicapital.com

Email: snbc.cm@alahlicapital.com

**Saudi Fransi Capital (BSF Capital)**

King Fahd Road – 8092, Fourth Floor, Legend Tower

P.O. Box 23454

Riyadh 12313-3735

Kingdom of Saudi Arabia

Tel: +966 (11) 282 6666

Fax: +966 (11) 282 6823

Website: www.bsfcapital.sa

E-mail: IPO_BSFC@bsfcapital.sa

**Riyad Capital**

2414 - Al Shahada District, Unit No. 69

P.O. Box 13241

Riyadh 7279

Kingdom of Saudi Arabia

Phone: +966 (11) 486 5649

Fax: +966 (11) 486 5908

Website: www.riyadcapital.com

Email: ask@riyadcapital.com



AlBilad Investment Company

King Fahd Road - Al Olaya
P.O. Box 140
Riyadh 11411
Kingdom of Saudi Arabia
Phone: +966 (92) 000 3636
Fax: +966 (11) 290 6299
Website: www.albilad-capital.com
Email: investmentbanking@albilad-capital.com



AlJazira Capital Company

King Fahd Street, Al Rahmaniya
P.O. Box 20438
Riyadh 11455
Kingdom of Saudi Arabia
Phone: 8001169999
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: IPO-RB@aljaziracapital.com.sa



Alistithmar for Financial Securities and Brokerage Company (Alistithmar Capital)

King Fahd Road
P.O. Box 6888
Riyadh 11452
Kingdom of Saudi Arabia
Phone: +966 (11) 254 7666
Fax: +966 (11) 489 6253
Website: www.icap.com.sa
Email: WebEcare@icap.com.sa



Derayah Financial Company

Al Takhasusi Street - Prestige Centre - Third Floor

P.O. Box 28654

Riyadh 12331

Kingdom of Saudi Arabia

Phone: +966 (11) 299 8000

Fax: +966 (11) 419 5498

Website: www.derayah.com

Email: support@derayah.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) 406 2500

Fax: +966 (11) 406 4548

Website: www.anbcapital.com.sa

Email: investment.banking@anbcapital.com.sa

**Yaqeen Financial Company (Yaqeen Capital)**

Al Wurud District – Al Olaya Street

P.O. Box 884

Riyadh 11421

Kingdom of Saudi Arabia

Phone: 800 122 2992

Fax: +966 (11) 205 4819

Website: www.yaqeen.sa

Email: addingvalue@yaqeen.sa



Al Khabeer Capital

Madinah Road, Al Nuzhah District

P.O. Box 128289

Jeddah 21362

Kingdom of Saudi Arabia

Phone: 800 124 7555

Fax: +966 (12) 685 6663

Website: www.alkhabeer.com

Email: info@alkhabeer.com

الخبير المالية
Alkhabeer Capital

**AlAwwal Invest Company (SAB Invest)**

King Fahd Branch Road, Al Yasmeen District, Building 7383.

P.O. Box 13325

Riyadh

Kingdom of Saudi Arabia

Phone: 8001242442

Fax: +966 (12) 216 9102

Website: www.sabinvest.com

Email: customercare@sabinvest.com

الأول للاستثمار
SAB Invest

**Sahm Capital Financial Company**

KAFD, Fifth Floor, Building 305

Riyadh 13519

Kingdom of Saudi Arabia

Phone: +966 (92) 0007889

Website: www.sahmcapital.com

Email: cs@sahmcapital.com

**GIB Capital Company**

Low Rise Building (B1), Granada Business & Residential Park Eastern Ring Road

P.O Box 89589

Riyadh 11692

Kingdom of Saudi Arabia

Tel: 8001240121

Fax: +966 (11) 83484

Website: www.gibcapital.com

Email: GIBC.IB@gibcapital.com

GIB | جي آي بي كابيتال
CAPITAL

EFG Hermes KSA Company

Sky Towers, North Tower
8899 King Fahd Road, Al Olaya District
P.O. Box 300189
Riyadh 12214
Kingdom of Saudi Arabia
Tel: +966 (11) 293 8048
Fax: +966 (11) 293 8032
Website: www.efghermesksa.com
Email: contact-ksa@efg-hermes.com

**Musharaka Capital**

Prince Turki Street, Corniche District
P.O. Box 712 Al Khobar 31952
Kingdom of Saudi Arabia
Tel: +966 92000 6811
Fax: +966 (13) 881 8412
Website: www.musharaka.sa
Email: receiving-entity@musharaka.sa

**Awaed Alosool Capital**

AlUrubah Road 2163, AlMathar Ash Shamali, Home
Offices
Riyadh 12334
Kingdom of Saudi Arabia
Tel: 8001111870
Fax: +966 (11) 4455598
Website: www.awaed.capital
Email: ipo_awaed@awaed.co



The Receiving Agents will commence receiving Subscription Application Forms electronically through the Receiving Agents' websites and platforms that provide this service or through any other means provided by the Receiving Agents, beginning on 25 Safar 1447H (corresponding to 19 August 2025G) until 26 Safar 1447H (corresponding to 20 August 2025G). Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Subscriber with a copy of the completed Subscription Application Form (if applicable). If the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the relevant Receiving Agent, it will be deemed void. Individual Subscribers will not be entitled to claim any compensation for damages resulting from such cancellation.

Each Individual Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of eighty-five (SAR 85) per Offer Share.

Subscriptions by Individual Subscribers for less than ten Offer Shares or fractional Shares will not be accepted. Increments are to be made in multiples of such minimum number, while the maximum number of Offer Shares to be applied for is two hundred fifty thousand (250,000) Offer Shares.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject it in full or in part. The Individual Subscriber shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he/she has applied for.

16.4 Allocation and Refunds

The Lead Manager shall open and operate an escrow account for the purpose of depositing and keeping subscription monies collected from Participating Entities and Receiving Agents (on behalf of Individual Subscribers). Each of the Receiving Agents shall deposit all amounts received from the Subscribers into escrow accounts, the details of which shall be specified in the Subscription Application Forms.

The announcement of final allocation shall be made on 1 Rabi' al-Awwal 1447H (corresponding to 24 August 2025G) and the excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and deposited into the Subscribers' accounts specified in the Subscription Application Forms. The refunds shall be processed no later than 4 Rabi' al-Awwal 1447H (corresponding to 27 August 2025G) (for further details, see "*Key Dates and Subscription Procedures*", page (xxv) and Section 16 (*Subscription Terms and Conditions*)).

16.4.1 Allocation of Offer Shares to Participating Entities

The final allocation of the Offer Shares to the Participating Entities will be made as deemed appropriate by the Financial Advisor, in coordination with the Company, after the completion of the allocation to the Individual Subscribers using the discretionary allocation mechanism. Accordingly, some of the Participating Entities may not be allocated any Offer Shares. A total of four million eight hundred thousand (4,800,000) ordinary shares, representing one hundred per cent. (100%) of the Offer Shares, shall initially be allocated to the Participating Entities, provided that at least thirty per cent. (30%) of the Offer Shares are allocated to public funds, subject to sufficient demand from public funds. The Offer Shares will be allocated to each public fund on a proportional basis, based on the percentage of Shares requested by each fund in relation to the total number of Shares allocated to all public funds. Notably, if there is sufficient demand from Individual Subscribers, the Financial Advisor, in coordination with the Company, may reduce the number of Offer Shares allocated to the Participating Entities to three million eight hundred forty thousand (3,840,000) ordinary shares, representing eighty per cent. (80%) of the Offer Shares, following the completion of the individual subscription process. Initially, one million four hundred forty thousand (1,440,000) ordinary shares will be allocated to public funds, representing thirty per cent. (30%) of the total Offer Shares, provided there is sufficient demand from public funds. If there is sufficient demand from Individual Subscribers for the Offer Shares, the Financial Advisor may reduce the number of Shares allocated to public funds to a minimum of one million two hundred ninety-six thousand (1,296,000) ordinary shares, representing twenty-seven per cent. (27%) of the total Offer Shares, after the completion of the Individual Subscription process.

16.4.2 Allocation of Offer Shares to Individual Subscribers

There will be an allocation of a maximum of nine hundred sixty thousand (960,000) ordinary shares of the Offer Shares, representing twenty per cent. (20%) of the total Offer Shares, to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) Shares and the maximum allocation per Individual Subscriber is two hundred fifty thousand (250,000) ordinary shares. Any remaining Offer Shares, if available, will be allocated on a proportional basis according to the percentage requested by each Individual Subscriber relative to the total number of Shares subscribed. In the event that the number of Individual Subscribers exceeds ninety-six thousand (96,000), the Company does not guarantee the minimum allocation, and the final allocation will be determined at the discretion of the Financial Advisor in coordination with the Company. Any excess subscription monies, if any, will be refunded to the Individual Subscribers without any deductions or fees by the Receiving Agents.

16.5 Circumstances Where Trading and Listing May be Suspended or Cancelled

16.5.1 Power to Suspend Trading or Cancel Listing

- (1) The CMA may suspend trading in listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:
 - (i) the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;
 - (ii) the Issuer fails, in a manner which the CMA considers material, to comply with the CML, its implementing regulations or the Listing Rules;
 - (iii) the Issuer fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA;
 - (iv) if it considers that the Issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange;

- (v) if a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Issuer announces sufficient information regarding the target and the CMA is satisfied, following the Issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;
- (vi) if information about the proposed transaction of the reverse takeover is leaked, and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly;
- (vii).if an application for the financial restructuring of the Issuer in the event of its accumulated losses reaching fifty per cent. (50%) or more of its capital is registered with the court in accordance with the Bankruptcy Law;
- (viii).if a request for liquidation procedure or the administrative liquidation of the Issuer is registered with the court in accordance with the Bankruptcy Law;
- (ix) upon the final decision issued by the court to terminate the financial restructuring procedure and the commencement of the liquidation procedure or the administrative liquidation procedure of the Issuer in accordance with the Bankruptcy Law; or
- (x) upon the final decision issued by the court to commence the liquidation procedure or the administrative liquidation procedure of the Issuer in accordance with the Bankruptcy Law; or
- (2) The suspension of trading pursuant to paragraph (1) may be lifted by considering:
 - (i) whether the events which led to the suspension have been sufficiently remedied, and whether the suspension is no longer necessary for the protection of investors;
 - (ii) whether the lifting of the suspension is not likely to interrupt the normal operation of the Exchange;
 - (iii) the Issuer's compliance with any other conditions imposed by the CMA;
 - (iv) upon the final decision issued by the court to commence the financial restructuring procedure of the Issuer in accordance with the Bankruptcy Law, unless the Issuer was suspended from exercising of its activities by the relevant competent authority, in case the suspension was in accordance with subparagraph (1)((vii)) above; and
 - (v) upon the final decision issued by the court rejecting the commencement of the liquidation or the administrative liquidation procedure in accordance with the Bankruptcy Law, unless if the Issuer was suspended from exercising of its activities by the relevant competent authority, in case the suspension was in accordance with subparagraph (1)((viii)) above.
- (3) The Exchange will suspend the trading of securities of the Company in any of the following circumstances:
 - (i) upon the Issuer's non-compliance with the disclosure of its periodic financial information within the specified period pursuant to the relevant implementing regulations;
 - (ii) when the auditor's report on the financial statements of the Issuer includes an adverse opinion or a disclaimer of opinion;
 - (iii) if the liquidity requirements set out in Part 2 and Part 8 of the Listing Rules are not satisfied after the lapse of the period determined by the Exchange to the Issuer to rectify its position, unless the CMA agrees otherwise; or
 - (iv) upon a resolution entered into force by the extraordinary general assembly of the Issuer reducing the Issuer's capital for the two trading days following the entry into force of the resolution.
- (4) The Exchange will lift the suspension referred to in subparagraphs (i) and (ii) of paragraph (3) above after one trading session following the end of the suspension circumstances. If the trading of the Issuer's shares are made available for trading over-the-counter, the Exchange will lift the suspension within a period not exceeding five trading sessions following the end of the suspension circumstances.
- (5) The Exchange may at any time propose to the CMA the suspension of trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the circumstances set out in paragraph (1) above were to occur.
- (6) The Issuer whose securities are subject to a trading suspension must continue to comply with the CML, its implementing regulations and the Listing Rules.
- (7) Where the suspension of an Issuer continues for six (6) months without the Issuer taking appropriate action to resolve the reasons that lead to the suspension, the Authority may cancel that Issuer's listed securities.
- (8) Upon completion of a reverse takeover by the Issuer, the listing of the Issuer's shares shall be cancelled. Should it wish to re-list its shares, the Issuer must submit a new application for listing in accordance with the Listing Rules and comply with applicable requirements under the Rules on the Offer of Securities and Continuing Obligations.
- (9) This paragraph shall not prejudice the suspension of trading and the cancellation of listing resulting from the losses of the Issuer pursuant to the relevant implementing regulations of the CML and the Listing Rules.

16.5.2 Voluntary Cancellation of Listing

- (1) An issuer whose securities have been listed may not cancel the listing of its securities on the Exchange without the prior approval of the Authority. In order to obtain the Authority's approval, the Issuer must submit a request of the cancellation to the Authority with a simultaneous notification to the Exchange and include in its request the following information:
 - (i) the specific reasons for the request for cancellation;
 - (ii) a copy of the form of the disclosure described in paragraph (d) below;
 - (iii) if the cancellation is to take place as a result of an acquisition or other corporate action by the Issuer, a copy of the relevant documentation and a copy of each related communication to shareholders; and
 - (iv) the names and contact information of the financial advisor and legal advisor appointed pursuant to the relevant implementing regulations.
- (2) The CMA may, at its discretion, approve or reject the cancellation request.
- (3) An issuer must only obtain the consent of its extraordinary general assembly to cancel a listing after the CMA has approved that cancellation.
- (4) Where cancellation is made at the Issuer's request, it must disclose this to the public as soon as possible. This disclosure must include at least the reason for the cancellation, the nature of the event resulting in the cancellation and the extent to which it affects the Issuer's activities.

16.5.3 Temporary Trading Halt

- (1) An issuer may request from the Exchange a temporary trading halt upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CML, its implementing regulations and the Listing Rules and the Issuer cannot maintain the confidentiality of this information until the end of the trading period, the trading halt of that issuer's securities will be made by the Exchange immediately upon receiving the request.
- (2) Where a trading halt is made at the Issuer's request, the Issuer must disclose to the public as soon as possible the reason for the trading halt, the anticipated period of the trading halt and the event that has led to it and the extent to which it affects the Issuer's activities.
- (3) The CMA may impose a trading halt without a request from the Issuer where the CMA becomes aware of information or circumstances affecting the Issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to a trading halt must continue to comply with the CML, its implementing regulations or the Listing Rules.
- (4) The Exchange may propose that the CMA exercise its powers in accordance with paragraph (3) above if it becomes aware of information or circumstances affecting the Issuer's activities which the Exchange considers would be likely to interrupt the operation of the Exchange or the protection of investors.
- (5) A trading halt will be lifted at the end of the period referred to in paragraph (b) above, unless the CMA or the Exchange decides otherwise.

16.5.4 Lifting the Suspension

- (1) The lifting of the trading suspension imposed under paragraph (a) of Section 16.5.1 (Power to Suspend Trading or Cancel Listing) of this prospectus is subject to the following considerations:
- (2) Adequate resolution of the circumstances that led to the suspension, and no need for the suspension to continue for the protection of investors.
- (3) The lifting of the suspension is unlikely to affect the normal operation of the market.
- (4) The company's compliance with any other conditions deemed necessary by the authority.
- (5) If the suspension is due to the source's accumulated losses reaching 50 per cent. or more of its capital before the court under the Bankruptcy Law, the suspension will be lifted upon the final court ruling to initiate financial reorganisation proceedings for the source under the relevant authority's jurisdiction.
- (6) If the suspension is due to liquidation or administrative liquidation proceedings for the source before the court under the Bankruptcy Law, the suspension will be lifted upon the final court ruling to reject the initiation of liquidation or administrative liquidation proceedings under the Bankruptcy Law, unless the relevant authority has prohibited the source from continuing its operations.
- (7) If the securities remain suspended for six (6) months without the company taking appropriate action to rectify the suspension, the authority may cancel the company's securities listing.

16.5.5 Re-Registering and Listing After Cancellation of Listing

After the cancellation of an issuer's securities listing, if the Issuer wishes to re-list such securities, it must submit new applications in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

16.6 Approvals and Decisions under which the Shares are Offered

The following are the decisions and approvals under which the Offer Shares are publicly offered:

- (1) the Company's Board of Directors' resolution recommending the Offering dated 10 Rabi' al-Awwal 1446H (corresponding to 13 October 2024G);
- (2) the Company's General Assembly resolution approving the Offering dated 13 Rabi' al-Awwal 1446H (corresponding to 16 October 2024G);
- (3) the CMA's approval of the Offering dated 17 Ramadan 1446H (corresponding to 17 March 2025G; and
- (4) the conditional approval of Tadawul to list the Shares dated 23 Jumada al-Akhirah 1446H (corresponding to 24 December 2024G).

16.7 Lock-up Period

The Substantial Shareholders, namely Musaad Abdulrahman Abdulaziz AlQfari, Ali Mubarak Mohammed AlDosari, and Mohammed Hisham Abdulrahman AlZamil, whose ownership details are provided in Table 2 (*Substantial Shareholders and Their Ownership in the Company Pre- and Post-Offering*) may not dispose of any of their Shares for a period of six (6) months from the date on which trading of the Shares commences on the Exchange.

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ACKNOWLEDGEMENTS AND DECLARATIONS BY SUBSCRIBERS



17. ACKNOWLEDGEMENTS AND DECLARATIONS BY SUBSCRIBERS

By completing and delivering the Subscription Application Form, each Subscriber:

- (a) agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;
- (b) represents and warrants that he/she has read this Prospectus and has understood all of its content;
- (c) accepts the Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes to the Offer Shares accordingly;
- (d) declares that neither he/she nor any of his/her family members included in the Subscription Application Form have previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;
- (e) accepts the number of Offer Shares allocated to him/her (up to the maximum of the amount subscribed for) as per the Subscription Application Form;
- (f) warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agents or any of the Bookrunner, as applicable; and
- (g) retains his/her right to sue the Company for damages caused directly by incorrect or incomplete information contained in this Prospectus, or by omitting material information that should have been part of this Prospectus and could affect his/her decision to purchase the Shares.

For further details on the allocation process, see Section 16.4 (*Allocation and Refunds*).

17.1 Shares' Record and Trading Arrangements

Edaa shall keep a Shareholders' Register containing the Shareholders' names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

17.2 Saudi Exchange (Tadawul)

In 1990G, full electronic trading of shares in the Kingdom was introduced. Tadawul was founded in 2001G as a successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from the execution of the trade transaction through to settlement. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. at other times. Trading times change during the month of Ramadan and are announced by Tadawul's management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at the best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including, in particular, the "Tadawul" website and the "Tadawul" Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that share ownership is transferred two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul, as the operator of the market, to ensure fair trading and an orderly market.

17.3 Securities Depository Centre Company (Edaa)

Securities Depository Centre Company (Edaa) was established in 2016G as a closed joint stock company in accordance with the Companies Law issued by Royal Decree No. M/3 dated 28 Muharram 1437H (corresponding to 10 November 2015G), with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share, and is fully owned by the Exchange.

The establishment of Edaa was based on the CMA's approval of Tadawul's board of directors' request in relation to the conversion of the Securities Depository Centre into a joint stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H (corresponding to 2 July 2003G).

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing of securities, as well as recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organises issuers' general assemblies, including remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with the CML and its implementing regulations.

17.4 Trading of the Company's Shares

Trading of the Shares is expected to commence on the Exchange after finalisation of the allocation process and the announcement of the trading start date by Tadawul. Following Admission, Saudi natural persons, non-Saudi natural persons holding valid residency permits in the Kingdom, GCC natural persons, companies, banks and investment funds will be permitted to trade in the Offer Shares once they are available for trading on the Exchange. Moreover, Qualified Foreign Investors and Strategic Foreign Investors will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities. Non-residing foreign investors will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into SWAP Agreements with a Receiving Agent to acquire, hold and trade in the Shares on the Exchange on behalf of such foreign investor. The Receiving Agent shall be deemed the legal owners of the Shares under the SWAP Agreements. Moreover, non-residing foreign investors which are clients of a Receiving Agent authorised by the CMA to conduct managing activities will be permitted to trade in the Shares in accordance with the Rules for Foreign Investment in Securities, provided that the Receiving Agent has been appointed on conditions that enable it to make all investment decisions on the client's behalf without obtaining prior approval from the client.

Furthermore, Shares can only be traded after the allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Main Market and its Shares have been listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with any pre-trading activities.

17.5 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of their parties and their respective successors, permitted assigns, executors, administrators and heirs; provided that, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions and conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both Arabic and English languages and the Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic texts, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except to certain GCC investors, Qualified Foreign Investors, Foreign Strategic Investors and/or certain other foreign investors through SWAP Agreements, taking into account the relevant rules and instructions. The Offering does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. All recipients of this Prospectus must inform themselves of any regulatory restrictions relevant to the Offering and the sale of Offer Shares and to observe all such restrictions.

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


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**DOCUMENTS
AVAILABLE FOR
INSPECTION**



18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office located at Al Aziziyah District, P.O. Box 8305, 14511 Riyadh, Kingdom of Saudi Arabia, between 9:00 a.m. and 5:00 p.m. from 25 Muharram 1447H (corresponding to 20 July 2025G) until 26 Safar 1447H (corresponding to 20 August 2025G) for a period of not less than 20 days prior to the end of the Offering Period:

- the CMA's approval of the Offering dated 17 Ramadan 1446H (corresponding to 17 March 2025G);
- the conditional approval of Tadawul for the Listing of the Company's Shares dated 23 Jumada al-Akhirah 1446H (corresponding to 24 December 2024G);
- the Company's Board of Directors' resolution recommending the Offering dated 10 Rabi' al-Awwal 1446H (corresponding to 13 October 2024G);
- the Company's General Assembly's approval of the Offering dated 13 Rabi' al-Awwal 1446H (corresponding to 16 October 2024G);
- the Company's Bylaws, and all amendments thereto;
- the Company's articles of association, and all amendments thereto;
- the Company's commercial registration certificate;
- the restated special purpose financial statements prepared for the financial year ended 31 December 2021G, the special purpose consolidated financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G, and the financial period ended 30 September 2024G;
- the Market Report prepared by the Market Consultant;
- all other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
- the contracts and agreements disclosed in Section 11.10 (*Related Party Contracts and Transactions*); and
- letters of consent from:
 - the Financial Advisor, Lead Manager, Bookrunner and Underwriter (Alinma Capital Company) for including their name, logo and statements in this Prospectus;
 - the Legal Advisor to the Issuer (STAT Law Firm) for including their name, logo and statements in this Prospectus;
 - the Financial Due Diligence Advisor (PricewaterhouseCoopers Public Accountants) for including their name, logo and statements in this Prospectus;
 - the Market Consultant (Euromonitor International Limited) for including their name, logo and statements in this Prospectus; and
 - the Auditors, who are:
- United Accountants for Professional Consulting, for including their name, logo and statements regarding the restated special purpose financial statements for the financial year ended 31 December 2021G and the special purpose consolidated financial statements for the financial year ended 31 December 2022G included in this Prospectus; and
- Baker Tilly M K M & Co. Chartered Accountants, for including their name, logo and statements regarding the audited consolidated financial statements of the Company for the financial year ended 31 December 2023G and the reviewed interim financial statements for the nine-month period ended 30 September 2024G included in this Prospectus.


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FINANCIAL STATEMENTS AND AUDITORS' REPORT



19. FINANCIAL STATEMENTS AND AUDITORS' REPORT

This Section contains the restated special purpose financial statements for the financial year ended 31 December 2021G, the consolidated special purpose financial statements for the financial year ended 31 December 2022G, the audited consolidated financial statements for the financial year ended 31 December 2023G and the audited consolidated financial statements for the financial year ended 31 December 2024G along with the accompanying notes, each prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom, and other standards and publications approved by the Saudi Organisation for Chartered and Professional Accountants (SOCPA), together with the interim condensed consolidated financial statements (unaudited) for the nine-month period ended 30 September 2024G and the interim condensed consolidated financial statements (unaudited) for the three-month period ended 31 March 2025G, and the interim condensed consolidated financial statements (unaudited) for the six-month period ended 30 June 2025G, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as approved in the Kingdom.

The financial statements for the financial years ended 31 December 2021G and 2022G were audited by United Accountants for Professional Consulting, and the financial statements for the financial years ended 31 December 2023G and 2024G and the nine-month period ended 30 September 2024G were audited and (in the case of the financial statements for the nine-month period ended 30 September 2024G) reviewed by Baker Tilly M K M & Co. Chartered Accountants, and the financial statements for the three-month period ended 31 March 2025G and for the six-month period ended 30 June 2025G were audited by Maham Professional Services Company.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA

REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

**REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT**
FOR THE YEAR ENDED DECEMBER 31, 2021

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Independent auditor's report

To the shareholders of Marketing Home Group Company for Trading (A Limited Liability Company)

Opinion

We have audited the reissued special purpose financial statements of Marketing Home Group Company for Trading (A Limited Liability Company) (the "Company") which includes the reissued special purpose statement of financial position as at December 31, 2021, the reissued special purpose statement of profit or loss and other comprehensive income, the reissued special purpose statement of changes in equity, and the reissued special purpose statement of cash flows for the year then ended, and the notes to the reissued financial special purpose statements, including a summary of significant accounting policies.

In our opinion, the accompanying reissued special purpose financial statements present fairly, in all material respects, the financial position of the Company as at December 31 2021, and its financial performance prepared for special purpose and cash flows for the year then ended In accordance with the accounting basis used to prepare the reissued special purpose financial statements as described in (Note 2) to these reissued special purpose financial statements .

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibility under those standards are further described in the "Auditor's responsibilities for the audit of the reissued special purpose financial statements " section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics "including international independence standards" that are endorsed in the Kingdom of Saudi Arabia and are relevant to our audit of the reissued special purpose financial statements, and we have fulfilled our other ethical responsibility in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Basis of accounting and restriction of distribution and use

- We would like to draw attention to (Note 2) of the reissued special purpose financial statements, which explains the accounting basis used to prepare these reissued special purpose financial statements. The reissued special purpose financial statements were prepared for the purpose of submitting them to the Capital Market Authority "CMA" and for any other purposes related to the direct listing of the company's shares in the financial market and for the internal use of management. As a result, reissued financial statements prepared for a particular purpose may not be suitable for other purposes. Our report is provided for that purpose only and should not be used by, or distributed to, any third parties. Our opinion has not been modified in respect of this matter.

Independent Auditor's Report (continued)

**To the shareholders of
 Marketing Home Group Company for Trading**
 (A Limited Liability Company)

Emphasis of matter (continued)

Reissuing the financial statements

- We would like to draw attention to (Note 30) regarding the reissued special purpose financial statements , which indicates that the company reissued the special purpose financial statements for the year ending December 31, 2021, in which we expressed an unmodified opinion and were referred to in the independent auditor's report in At that time, there was a violation of other legal and regulatory requirements on 19 Rabi' Al-Thani 1444 AH (corresponding to 13 November 2022). The Company's Board of Directors has approved these reissued special purpose financial statements , which include amendments as shown in (Note 30), where the presentation of the financial position statement was corrected to include three financial position statements due to the company's conversion from applying the International Financial Reporting Standard for Small and Medium- Enterprises "IFRS for SMEs" to applying the International Financial Reporting Standards "IFRS", As it was presented on two statements of financial position in the special purpose financial statements issued previously, as well as the presence of classification errors at the time and they had a significant impact on the company's total assets and liabilities. This independent auditor's report replaces our independent auditor's report on the financial statements previously issued on Rabi Al-Thani 19, 1444 AH (corresponding to November 13, 2022). Our opinion has not been modified in respect of this matter.

Other information

- In accordance with the company's articles of association, the company prepares its first special purpose financial statements for the period from August 9, 2021 until December 31, 2022 in accordance with the International Financial Reporting Standards "IFRS" approved in the Kingdom of Saudi Arabia and other standards and publications complementary to the international standards approved by the Saudi Organization for Chartered and Professional Accountant "SOCPA", where the legal entity of the company was transferred from a sole proprietorship to a limited liability company, as shown in (Note. 1) in the reissued special purpose financial statements .
- The Company's financial statements for the year ending December 31, 2020, were reviewed by another auditor, who expressed an unmodified opinion on those financial statements on Rabi Al-Thani 18, 1443 AH (corresponding to November 23, 2021).

Responsibilities of management and those charged with governance for the reissued special purpose financial statements

Management is responsible for the preparation and fair presentation of the reissued special purpose financial statements and presenting them fairly in accordance with the accounting basis used to prepare the reissued special purpose financial statements and described in (Note 2) to these reissued special purpose financial statements , and it is responsible for oversight. Internal Affairs, which it deems necessary to enable it to prepare re-issued special purpose financial statements free from material misstatement, whether due to fraud or error.

In preparing the reissued special purpose financial statements , management is responsible for evaluating the Company's ability to continue as a going concern, where appropriate, disclosing matters relating to going concern and the use of the going concern basis of accounting unless management intends to liquidate the Company or cease operations or have no realistic alternative but to do so.

Those charged with governance, the managers, are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

To the shareholders of Marketing Home Group Company for Trading (A Limited liability Company)

Auditor's responsibilities for the audit of the reissued special purpose financial statements Our objectives are to obtain reasonable assurance about whether the reissued special purpose financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue 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 to International Standards on Auditing as 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 for special purpose.

As a part of an audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also do the following:

- Identify and assess the risks of material misstatement of the reissued special purpose financial statements , whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains 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 a 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 internal control for the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the reissued special purpose 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentations, structure and the content of the reissued special purpose 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.

Independent Auditor's Report (continued)

To the shareholders of
Marketing Home Group Company for Trading
 (A Limited liability Company)
 Riyadh, Kingdom of Saudi Arabia

Report on other legal and regulatory requirements

The Companies Law requires that the auditor include in his report any violations of the provisions of the Corporate Law or the Company's Articles of Association. During the course of our current audit of the Marketing Home Group Company for Trading reissued special purpose financial statements – A Limited liability Company – we found that the company violated the provisions of the Corporate that had no material impact on the financial statements, as follows:

As at December 31, 2021, the balances of related parties (partners) debited in the amount of SR 10,716,086 appeared as a result of withdrawals, which is considered a violation of Article No. (153) of the Companies Law enforced in the Kingdom of Saudi Arabia during the year 2021 (Note 10 – A).

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader

License 435

Riyadh, Kingdom of Saudi Arabia

7 Rabi Al – Thani 1445 AH (October 22, 2023)



MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

REISSUED SPECIAL PURPOSE STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(Saudi Riyal)

	Note	December 31, 2021	(Restated – Note 27) December 31, 2020	(Restated – Note 27) January 1, 2020
Assets				
Non-current assets				
Property, machines, and equipment	5	40,779,140	27,410,424	26,720,202
Right of use assets	6	78,253,834	69,350,564	58,279,207
Capital works under construction	7	3,546,066	5,264,665	1,515,790
Advance payments for investments	8	6,573,537	5,396,657	5,396,657
Total non-current assets		129,152,577	107,422,310	91,911,856
Current assets				
Inventory	9	138,236,652	114,999,538	47,552,279
Due from related parties	10	13,609,922	-	-
Prepaid expenses and other assets	11	32,058,023	26,439,330	19,891,602
Accounts receivable	12	13,747,741	6,021,671	2,929,440
Cash on hand and at banks	13	38,573,429	43,753,591	29,307,789
Total current assets		236,225,767	191,214,130	99,681,110
Total assets		365,378,344	298,636,440	191,592,966
Owners' equity and liabilities				
Owners' equity				
Share capital	1	40,000,000	690,000	415,000
Additional share capital	14	15,082,467	-	-
Statutory reserve	15	6,278,647	-	-
Actuarial reserve		(2,546,793)	(3,517,300)	(3,131,296)
Retained earnings		53,051,256	58,757,670	26,192,833
Total owners' equity		111,865,577	55,930,370	23,476,537
Liabilities				
Non-current liabilities				
Lease obligations – noncurrent portion	6	70,394,758	60,268,856	51,053,757
Defined employees' benefit plan obligations	16	7,476,311	6,071,113	4,231,296
Total non-current liabilities		77,871,069	66,339,969	55,285,053
Current liabilities				
Lease obligations – current portion	6	8,329,274	7,688,594	5,821,774
Due to related parties	10	136,000,927	123,652,371	94,655,486
Accruals and other liabilities	17	16,575,631	14,696,399	9,306,273
Accounts payable	18	11,845,512	29,223,552	1,365,679
Zakat provision	19	2,890,354	1,105,185	1,682,164
Total current liabilities		175,641,698	176,366,101	112,831,376
Total liabilities		253,512,767	242,706,070	168,116,429
Total owners' equity and liabilities		365,378,344	298,636,440	191,592,966

The accompanying notes from (1) to (32) form an integral part of these reissued special purpose financial statements.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

REISSUED SPECIAL PURPOSE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi Riyals)

	Note	2021	(Restated – Note 27) 2020
<u>Profit or loss</u>			
Sales	20	250,893,864	201,712,411
Cost of sales	21	(101,914,799)	(83,080,872)
Gross profit		148,979,065	118,631,539
Selling and marketing expenses	22	(42,263,563)	(35,066,089)
General and administrative expenses	23	(37,704,841)	(22,395,234)
Net loss from main operations		69,010,661	61,170,216
Financing costs	24	(2,587,410)	(2,201,666)
Other (losses) / income	25	(145,004)	1,561,988
Net (loss) profit for the year before zakat		66,278,247	60,530,538
Zakat	19	(3,491,782)	(1,772,526)
Net loss for the year		62,786,465	58,758,012
<u>Other comprehensive loss</u>			
Items not to be reclassified to profit or loss in subsequent periods			
Re - measurement gain / (loss) on defined employees' benefit plan obligations	16	970,507	(386,004)
Total comprehensive income for the year		63,756,972	58,372,008

The accompanying notes from (1) to (32) form an integral part of these reissued special purpose financial statements

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

**REISSUED SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021**

(Saudi Riyal)

	Note	Share capital	Additional Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Total
Balance as at January 1, 2020 As previously disclosed		415,000	-	-	-	26,858,730	27,273,730
The impact of the transition to applying international financial reporting standards	27 – 5	-	-	-	(3,131,296)	(665,897)	(3,797,193)
Balance as of January 1, 2020, in accordance with International Financial Reporting Standards		415,000	-	-	(3,131,296)	26,192,833	23,476,537
Share capital increase		275,000	-	-	-	-	275,000
Net profit for the year (restated)	27 – 3	-	-	-	-	58,758,012	58,758,012
Other comprehensive loss		-	-	-	(386,004)	-	(386,004)
Owners' withdrawals		-	-	-	-	(26,193,175)	(26,193,175)
Balance as at December 31, 2020 in accordance with International Financial Reporting Standards		690,000	-	-	(3,517,300)	58,757,670	55,930,370
Share capital increase	1	39,310,000	-	-	-	-	39,310,000
Transferred from related parties to additional share capital	14	-	15,082,467	-	-	-	15,082,467
Net profit for the year		-	-	-	-	62,786,465	62,786,465
Other comprehensive income		-	-	-	970,507	-	970,507
Transferred to the statutory reserve		-	-	6,278,647	-	(6,278,647)	-
Owners' withdrawals	26	-	-	-	-	(62,214,232)	(62,214,232)
Balance as at December 31, 2021		40,000,000	15,082,467	6,278,647	(2,546,793)	53,051,256	111,865,577

The accompanying notes from (1) to (32) form an integral part of these reissued special purpose financial statements.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

REISSUED SPECIAL PURPOSE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi Riyal)

	2021	(Restated) 2020
Cash flows from operating activities		
Net loss for the year before Zakat	66,278,247	60,530,538
Adjustments to reconcile net profit for the year before zakat to net cash available from operating activities		
Depreciation of property, machines, and equipment	4,391,044	2,765,952
Gains from the sale of property, machines, and equipment	(52,627)	(78,314)
Depreciation of right of use assets	7,317,385	5,668,620
Provision of slow-moving and obsolete inventory	2,797,206	2,208,071
Provision for expected credit loss	509,189	88,613
Defined employees' benefit plan obligations	2,496,849	1,564,093
Lease finance costs	2,420,317	2,061,347
Cash flows after non-cash item adjustments	86,157,610	74,808,920
Changes in operating assets and liabilities		
Inventory	(26,034,320)	(69,655,330)
Net change of related parties	(9,083,131)	3,078,710
Prepaid expenses and other assets	(5,618,693)	(6,547,728)
Accounts receivable	(8,235,259)	(3,180,844)
Accrued expenses and other liabilities	1,879,232	5,390,126
Accounts payable	(17,378,040)	27,857,873
Defined employees' benefit plan obligations paid	(121,144)	(110,280)
Zakat provision paid	(1,706,613)	(2,349,505)
Net cash provided by operating activities	19,859,642	29,291,942
Cash flows from investment activities		
Additions to property, machines and equipment	(13,559,059)	(4,304,316)
Proceeds from the sale of property, machines, and equipment	161,277	1,953,645
Additions to capital works under construction	(2,590,752)	(4,776,064)
Advance payments for investments	(1,176,880)	-
Net cash used in investment activities	(17,165,414)	(7,126,735)
Cash flows from financing activities		
Payment of lease obligation	(7,874,390)	(7,719,405)
Net cash used in financing activities	(7,874,390)	(7,719,405)
Net change in cash on hand and at banks balances	(5,180,162)	14,445,802
Cash on hand and at banks balances, beginning of the year	43,753,591	29,307,789
Cash on hand and at banks balances, ending of the year	38,573,429	43,753,591
Non-cash transactions		
Additions to right of use and lease obligations	16,220,655	16,739,977
Transferred from capital work under construction to property, plant and equipment	4,309,351	1,027,189
Owners' withdrawals	(62,214,232)	(26,193,175)
Share capital increase	39,310,000	275,000
Transferred from related parties to additional capital	15,082,467	-
Transferred to statutory reserve	6,278,647	-
Re- measurement gains on defined employees' benefit plan obligation	(970,507)	386,004

The accompanying notes from (1) to (32) form an integral part of these reissued special purpose financial statements
financial statements

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

**NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

1 - Organization and Activities

- A- Marketing Home Group Company for Trading ("the Company") is a Limited liability Company registered in Saudi Arabia under the Commercial Register No. 1010205534 issued in the city of Riyadh on Muharram 3, 1426 AH (corresponding to February 12, 2005).

These reissued special purpose financial statements represent the financial year of the company and the institution from January 1, 2021 until December 31, 2021.

B- Changes in share capital and legal entity

- As of January 1, 2020, the corporation's capital amounted to SR 415,000, wholly owned by Mr. Musaed Abdul Rahman Abdul Aziz Al Qafari.
- As of December 31, 2020, the corporation's capital amounted to SR 690,000, wholly owned by Mr. Musaed Abdul Rahman Abdul Aziz Al-Qafari, as during the year 2020 the owner added subsidiary commercial records in the amount of SR 275,000.
- On Dhul-Qi'dah 14, 1442 AH (corresponding to June 24, 2021), the owner decided to transfer the name and legal entity from Marketing Home Trading Company (a sole proprietorship) to Marketing Home Trading Group (a limited liability company), and the capital was increased by SR 39,310,000 from related parties accounts, so that the capital becomes SR 40,000,000, divided into 4,000,000 shares, the value of each share is SR 10, and the first financial statements of the company after the transformation shall be on the date of its registration in the commercial register corresponding to 1 Muharram 1443 AH (corresponding to August 9, 2021) and ending on 31 December 2022.

The capital structure after adjustment is as follows:

Shareholder name	Cash shares	Share value	Total
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	3,327,877	10	33,278,770
Muhammad Hisham bin Abdul Rahman Al Zamil	325,008	10	3,250,080
Omar Saad Abdul Aziz Al-Muqrin	114,733	10	1,147,330
Mishal Abdul Rahman Abdul Aziz Al Qafari	78,126	10	781,260
Haila Abdel Karim Jarbou Al-Qafari	46,932	10	469,320
Suleiman bin Abdul Karim bin Jarbou Al-Qaffari	45,375	10	453,750
Saleh Rashid bin Mohammed Al-Rashid	27,210	10	272,100
Suad Suleiman Mohammed Al-Sawadi	18,336	10	183,360
Abdullah Khalil Abdullah Al-Sabaa	5,356	10	53,560
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	5,298	10	52,980
Noura Nasser bin Rashid Al Tamami	3,890	10	38,900
Munira Abdel Karim Jarbou Al-Qafari	1,859	10	18,590
Total	4,000,000		40,000,000

- C- The Company's activity is the retail sale of building materials, including cement, block, gypsum, cement tiles, the retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, and sauna equipment, the retail sale of chandeliers, chandeliers, and goods used in lighting and their accessories, the retail sale of marble and natural stone. And artificial, ceramic and porcelain.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

1 - Organization and Activities (Continue)

D- These reissued special purpose financial statements represent the assets, liabilities and business results of the main commercial registry and the following sub-commercial registration:

CR number	Place of issuance	Date of issuance	Place of issuance	Activity
2051051222	Khobar	20/2/1434 AH	Ceramic Home Trading Company	Retail sale of electrical appliances and their extensions, retail sale of chandeliers, chandeliers, and goods used in lighting and their accessories, retail sale of building materials, including cement, block, gypsum, cement tiles, general stores that include a variety of goods, operation of storage facilities for all types of goods except foodstuffs, Retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, and sauna equipment.
1010599447	Riyadh	16/2/1441 AH	Hatch Trading	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of home furniture, retail sale of electronic and electrical household appliances, retail sale of wooden, cork and plastic products.
1010671405	Riyadh	16/4/1442 AH	Construction Station Trading Company	Retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of building materials, including cement, block, gypsum, cement tiles, retail sale of electrical appliances and their extensions.
2252100946	Mubarratz	10/1/1438 AH	Lighting Stores Trading Company	Retail sale of electrical appliances and extensions, wholesale sale of chandeliers and lighting items, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
1010626823	Riyadh	17/6/1441 AH	Lighting Stores Trading Company	Retail by mail.
2050231550	Dammam	7/6/1438 AH	Lighting Stores Trading Company	Wholesale of chandeliers and lighting items, retail sale of electrical appliances and accessories, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
3400119823	Sukaka	23/12/1441 AH	Lighting Stores Trading Company	Retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
2051164257	Khobar	21/7/1437 AH	Lighting Stores Trading Company	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, wholesale sale of chandeliers and lighting items, retail sale of electrical appliances and their extensions.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

1 - Organization and Activities (continued)

D- These reissued special purpose financial statements represent the assets, liabilities and business results of the main commercial registry and the following sub-commercial registration (Continue):

CR number	Place of issuance	Date of issuance	Place of issuance	Activity
1010345061	Riyadh	25/8/1433 AH	Lighting Stores Trading Company	Furniture and wood stores, retail sale of miscellaneous household items and handicrafts, cutting tools, ceramics, glassware and pottery, general stores that include a variety of goods, operating storage facilities for all types of goods except food, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, Retail sale of electronic and electrical household appliances, retail sale of wooden, cork and plastic products.
2050212501	Dammam	21/7/1437 AH	Lighting Stores Trading Company	Retail sale of electrical appliances and extensions, wholesale sale of chandeliers and lighting items, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
1131054364	Buraydah	18/12/1435 AH	Lighting Stores Trading Company	Retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of home furniture, retail sale of household items, miscellaneous handicrafts, cutting tools, ceramics, glassware and pottery.
4030303103	Jeddah	22/8/1439 AH	Lighting Stores Trading Company	Wholesale of chandeliers and lighting items, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of electrical appliances and their extensions.
5855345553	Khamis – Mushait	28/2/1441 AH	Lighting Stores Trading Company	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of electronic and electrical household appliances.
1128119234	Onayza	6/3/1436 AH	Lighting Stores Trading Company	Retail sale of home furniture, retail sale of various household items and handicrafts, cutting tools, ceramics, glassware and pottery, retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
5950119431	Najran	7/1/1442 AH	Lighting Stores Trading Company	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of electronic and electrical household appliances.
5900131016	Jizan	12/4/1443 AH	Construction Station Trading Company	Retail sale of electrical appliances and their extensions, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of building materials, including cement, blocks, gypsum, cement tiles, retail sale of marble, natural and artificial stone, ceramics and porcelain.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

1 - Organization and Activities (Continue)

D- These reissued special purpose financial statements represent the assets, liabilities and business results of the main commercial registry and the following sub-commercial registration (Continue):

CR number	Place of issuance	Date of issuance	Place of issuance	Activity
5850125597	Abha	25/2/1441 AH	Ceramic Home Trading Company	Retail sale of decorative products, artificial ceilings, insulating materials and building materials, retail sale of building materials, including cement, block, gypsum, cement tiles, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, and sauna equipment. .
2252054449	Mubarratz	1/12/1434 AH	Ceramic Home Trading Company	Retail sale of electrical appliances and their extensions, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of building materials, including cement, blocks, gypsum, cement tiles, retail sale of marble, natural and artificial stone, ceramics and porcelain.
1010626659	Riyadh	16/6/1441 AH	Ceramic Home Trading Company	Retail by mail.
2050088106	Dammam	20/2/1434 AH	Ceramic Home Trading Company	Retail by mail.
1010270857	Riyadh	13/7/1430 AH	Ceramic Home Trading Company	Retail sale of marble, natural and artificial stone, ceramics and porcelain, general stores that include a variety of goods, operation of storage facilities for all types of goods except food items, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, furniture and wood stores, retail sale. Building materials include cement, blocks, gypsum, and cement tiles.
1131026154	Buraydah	24/4/1429 AH	Ceramic Home Trading Company	Retail sale of sanitary ware and accessories such as sinks, chairs, bathtubs, sauna equipment, general stores that include a variety of goods, retail sale of marble, natural and artificial stone, ceramics, and porcelain, furniture and wood stores, retail sale of building materials including cement, block, gypsum, and tiles. Cement, operating storage facilities for all types of goods except foodstuffs.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

1 - Organization and Activities (Continue)

D- These reissued special purpose financial statements represent the assets, liabilities and business results of the main commercial registry and the following sub-commercial registration (Continue):

3550105589	Tabuk	9/8/1437 AH	Ceramic Home Trading Company	Public warehouses that include a variety of goods, operating storage facilities for all types of goods except food, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of electrical appliances and their extensions, Furniture and lumber stores, retail sale of building materials, including cement, block, gypsum, and cement tiles.
4030377783	Jeddah	30/6/1441 AH	Ceramic Home Trading Company	Retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of building materials, including cement, block, gypsum, cement tiles, retail sale of electrical tools and their extensions, operating storage facilities for all Types of goods excluding foodstuffs.
1128017374	Onayza	23/1/1435 AH	Ceramic Home Trading Company	Retail sale of sanitary ware and accessories such as sinks, chairs, bathtubs, and sauna equipment, retail sale of marble, natural and artificial stone, ceramics, and porcelain, retail sale of building materials, including cement, block, gypsum, and cement tiles.
1010526362	Riyadh	30/6/1436 AH	Marketing Home for Contracting	Site prefab construction, general construction of government buildings, general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals and hotels, renovations of residential and non-residential buildings.

E- The Company's headquarters is located at the following address:

Marketing Home Group Company for Trading
Riyadh - Al-Aziziyah District - Al-Kharj Road
P.O 8305
Zip Code 14511
Kingdom of Saudi Arabia

2 - Basis of preparing reissued special purpose financial statements

Statement of compliance

These reissued special purpose financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards "IFRS" endorsed in Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants "SOCPA".

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

2 - Basis of preparing reissued special purpose financial statements (Continue)

Statement of compliance (Continue)

The reissued special purpose financial statements were prepared for the purpose of submitting them to the Capital Market Authority “CMA” and for any other purposes related to the direct listing of the company’s shares on the financial market and for the internal use of management. As a result, reissued financial statements prepared for a particular purpose may not be suitable for other purposes.

During the year, the company switched from applying the International Financial Reporting Standard for Small and Medium Enterprises “IFRS for SMEs” approved in the Kingdom of Saudi Arabia to applying the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and publications complementary to the international standards approved by the Saudi Organization for Chartered and Professional Accountant “SOCPA”. (Note 27) shows the impact of the transition to applying International Financial Reporting Standard on these financial statements.

Basis of measurement

These reissued special purpose financial statements have been prepared according to historical cost principle, going concern basis and the accrual basis of accounting. Other basis will be used if International Financial Reporting Standards “IFRS” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants “SOCPA” require that, as stated in the summary of significant accounting policies (Note 4).

Accounting records

The company maintains regular accounting records on the computer and in the Arabic language.

Functional and presentation currency

These reissued special purpose financial statements are presented in Saudi Arabian Riyals which is the functional currency of the Company and are rounded to nearest Saudi riyal.

Uses of assumptions and judgment

Preparing financial statements in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and publications endorsed by the Saudi Organization for Auditors and Accountants requires the use of some significant estimates, assumptions and judgments that affect the amounts of revenues, costs, assets, liabilities, and disclosures of contingent liabilities at the date of the financial period. However, lack of certainty about these assumptions and estimates may lead to results that may require making material adjustments to the carrying value of the assets and liabilities affected in the future.

Estimates and related assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized prospectively.

Going Concern

The Company’s management made an assessment for its ability to continue as a going concern and concluded that it has the resources to continue its activity in the foreseeable future. In addition, the management is not aware of any material uncertainty that may cast doubt on the ability of the Company to continue according to the going concern basis. Accordingly, the reissued special purpose financial statements have been prepared on the going concern basis.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

2 - Basis of preparing reissued special purpose financial statements (Continue)

Useful life or residual value or depreciation or amortization method of property, machines and equipment and intangible assets

The Company's management estimates the estimated useful life of property, machines and equipment and intangible assets. This estimate is determined after consider the expected use of the asset or damage and the natural obsolescence. Management reviews the useful life or residual value or depreciation or amortization method of property, machines and equipment annually, whereby future depreciation or amortization is modified when management believes that the useful life, residual value or depreciation or amortization method is different from that used in previous periods.

Impairment of non-financial assets

The Company's management periodically reviews the book value of non-financial assets to determine whether there is any indication that such assets may be subject to any impairment loss. If there is any indicator, the recoverable amount of assets is estimated to determine the extent of impairment loss. When it is not possible to estimate the recoverable amount of assets individually, the Company estimates the recoverable amount of the cash generating unit to which the assets belong. If the amount of recoverable assets is estimated to be below its book value, the book value of the asset decreased to its recoverable value, and the impairment loss is recognized in the reissued special purpose statement of profit or loss.

Impairment of lease payments

The Company can not easily determine the interest rate implicit in the lease and, therefore, it uses a notional borrowing rate to measure its lease liabilities. The notional borrowing rate is the interest rate that the Company would have to pay to borrow the necessary financing over a similar term and with the same collateral to obtain an asset of the same value as a "right-of-use" asset in a similar economic environment. The notional borrowing rate therefore reflects what the Group "has to pay" which requires estimation when observable rates are not available or need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the notional borrowing rate using observable inputs (such as market interest rates) when available, which requires making some of its estimates.

Extension and termination options in lease contracts

Extension and termination options are included in several leases. These terms are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable by both the Company and the lessor.

When determining the term of a lease, management considers all facts and circumstances that create an economic incentive to exercise the extension option, or not exercise the termination option. Extension options (or periods following termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The appraisal is reviewed if a significant event or significant change in circumstances occurs that affects this appraisal and is within the tenant's control.

Impairment of inventory

Inventory are stated at the lower of cost or net realizable value. When inventory is old or obsolete, an estimate is made of net realizable value. This estimation is performed in respect of each significant amount on a reasonable basis. Amounts which are not considered material for each inventory item, but which are old or obsolete, are assessed collectively and a provision is formed for them depending on the type of inventory and the degree of obsolescence or old based on historical selling prices.

Impairment of receivables – Expected credit loss (ECL)

The Company uses a provision schedule to calculate expected credit losses "ECL" for receivables. Provision rates are calculated based on days of delinquency for groups of different customer segments with similar loss patterns (i.e. by customer type, classification, and coverage by letters of credit and other forms of credit insurance). The provision schedule is initially calculated on the basis of the company's observed historical late payment loss rates.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

2 - Basis of preparing reissued special purpose financial statements (Continue)

Impairment of receivables – Expected credit loss (ECL) (Continue)

The company will calibrate the table to adjust historical credit loss experience with expected information. For example, if economic conditions are expected to deteriorate over the following year, which could result in an increased number of delinquencies, historical credit loss rates are adjusted. At each reporting date, historically observed loss rates are updated, and changes in forecast estimates are analyzed. Assessing the relationship between historically observed late payment loss rates, expected economic conditions, and expected credit losses “ECL” is an important estimate. The amount of expected credit losses “ECL” is sensitive to changes in circumstances and expected economic conditions, and the company's historical credit loss experience and expected economic conditions may not represent an actual loss to customers in the future.

Employee benefits

The costs of employees' end-of-service plans and the present value of the end-of-service benefit obligations are determined using actuarial valuations, actuarial valuations include assumptions that may differ from actual developments in the future. It includes determining the discount rate, future salary increases, mortality rate and future increases in pensions. Given the complexities involved in the valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date for the reissued special purpose financial statements .

Contingencies

By their nature, contingent commitments will only be settled upon the occurrence or non-occurrence of a future event or events. Evaluating such potential engagements intrinsically involves exercising significant judgment and estimates of future events.

Zakat

In calculating zakat for the current year, the Company adjusted its net profit and applied a certain discount to its zakat to calculate zakat expenses. The Company has made the best estimates of these assumptions.

3 - New standards and amendments to standards, interpretations and issued standards that have not yet been applied

New standards and amendments to standards and interpretations

The application of the following amendments to the current standards does not have any significant financial impact on the financial statements of the Company in the current period or previous periods, and it is expected that they will not have a significant impact in future periods:

- Amendments to IFRS 16 (Lease Contracts) regarding the effects of COVID-19.
- Amendments to International Financial Reporting Standard No. 16 and International Financial Reporting Standard No. 7 regarding the correction of interest rate measurement - Phase Two.

Issued standards that have not yet been applied

A number of new declarations are effective for annual periods beginning on or after January 1, 2022, with early application permitted. However, the Company did not implement early application of the new or amended standards in preparing these reissued special purpose financial statements financial statements.

Standards / Interpretations	Description	Effective from periods beginning on or after the following date
Amendments to IFRS 3	Business Combination	January 1, 2022
Amendments to IAS 16	Property, machines and equipment	January 1, 2022
Amendments to IAS 37	Provisions, contingent liabilities and assets	January 1, 2022

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NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

3 - New standards and amendments to standards, interpretations and issued standards that have not yet been applied (Continue)

Standards / Interpretations	Description	Effective from periods beginning on or after the following date
Amendments to IAS 1 and IFRS 2 Practice Statement	Disclosure of accounting policies and the exercise of judgments regarding materiality	January 1, 2023
Amendments to IAS 8	Definition of accounting estimates	January 1, 2023
Amendments to IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS 16	Lease obligations in sale and leaseback transactions.	January 1, 2024
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with commitments.	January 1, 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between the investor and his associate or joint venture. This amendment is available for optional application/effective date deferred indefinitely.	January 1, 2024

The Company is evaluating the effects of the above standards, amendments and interpretations on the Company's reissued special purpose financial statements

4 - Summary of significant accounting policies

The following is a summary of the significant accounting policies followed by the Company:

Current versus non-current classification

The Company presents its assets and liabilities in the statement of financial position based on a current / non-current basis. The assets are considered as a current when its:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents, unless restricted from paying exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

All liabilities are considered as a current, when its:

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

All other liabilities are classified as non-current.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

4 - Summary of significant accounting policies (Continue)

Property, machines, and equipment

Property, machines, and equipment are stated at cost less any accumulated depreciation and any impairment losses if any. The cost includes expenses directly attributable to the acquisition of property, machines, and equipment. When parts of a property, machines, and equipment item have useful life, they are computed as a main component of property, machines, and equipment. Repair and maintenance expenses are considered as revenue expenses, while improvement expenses are considered capital expenditures. The depreciation is calculated on the basis of its estimated useful life using the straight-line method.

The estimated useful life for the main items of these property, machines, and equipment is as follows:

Description	Depreciation rate
Leasehold improvements	15 % or lease period whichever is higher
Vehicles	15%
Computers	15%
Machinery and equipment	10%
Furniture and fixtures	10%

Annual review of salvage values and useful lives

An asset's salvage value is the current estimated amount a company would receive when disposing the asset after deducting the estimated costs of disposal if the asset had already reached the expected age and condition at the end of its useful life.

The salvage values and useful lives of assets are reviewed and adjusted, where necessary, at the end of each financial reporting period. If forecasts differ from previous estimates, the change is accounted for as a change in accounting estimates.

Impairment of assets

At each reporting date, the carrying amount of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of a potential impairment, the recoverable amount of an affected asset (or related group of assets) is estimated and compared to its carrying amount. If the estimated recoverable amount is less, the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized directly in the reissued special purpose statement of profit or loss.

In case that the non-financial assets impairment loss is reversed except for goodwill, the carrying amount of the assets (or a group of related assets) is increased to the adjusted estimate of the recoverable amount, but not more than the amount that would have been determined had no impairment loss been recorded for the assets (or a group of related assets) in prior years, a reversal of an impairment loss is recognized immediately in the reissued special purpose statement of profit or loss.

Lease contracts

The Company has recognized new assets and liabilities for its operating leases for various types of contracts. Each rental payment is apportioned between the liability and the finance cost. The finance cost is charged to the statement of profit or loss over the lease term so that a constant periodic rate of interest is achieved on the remaining balance of the liability for each period. The right to use the asset is amortized over the useful life of the asset or the lease term, whichever is shorter, on a straight-line basis.

The assets and liabilities arising under the lease are initially measured based on the present value of the unpaid lease payments at the date of the commencement of the lease, and the Company's incremental borrowing rate is used.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

4 - Summary of significant accounting policies (Continued)

Lease contracts (Continued)

A- Right of use assets, is initially recognized:

- The initial measurement amount of the lease obligation that is the present value of future lease payments;
- Any lease payments made on or before the starting date of the lease contract minus any lease incentives received;
- Any initial direct costs incurred by the Company as a lessee;
- Renewal costs.

B- The lease liability, is subsequently measured as follows:

- Fixed payments (including intrinsically fixed payments) less any lease incentives owed.
- Variable lease payments that are based on an index or rate.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a purchase option if a lessee is reasonably certain to exercise the option.
- Fines' payments for terminating a lease, if the lease term reflects the tenant exercising that option.

Lease payments are discounted using an incremental borrowing rate, which represents the price a lessee would pay to borrow the funds needed to acquire an asset of a similar value in a similar economic environment on similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the special purpose statement of profit and loss. Short-term leases are leases with a lease term of 12 months or less.

Capital works under construction

Capital projects under construction are recorded at cost and are not depreciated. Depreciation of capital projects under construction begins when they are ready for use for their intended purpose and are transferred to property, machines, and equipment.

Inventory

Inventory is recorded at cost or net realizable value, whichever is the lower. Cost includes other costs and expenses incurred to purchase the inventory and bring it to its present location. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less any costs of completing the sale. Provision is made, when necessary, for obsolete and slow-moving inventory.

Accounts receivables

Accounts receivables are presented at the original invoice amount, less an allowance for any uncollectible amounts. A provision for expected credit losses "ECL" is made when there is objective evidence that the Company is unable to collect the amounts due according to the original terms of the receivables. Bad debts are written off when identified against the related provisions. The provisions are charged to the reissued special purpose statement of profit or loss, and any subsequent recoveries of amounts of receivables that were previously written off are added to other income. Please refer to the note on Uses of assumptions and judgment for more detail on the allowance for expected credit losses.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

4 - Summary of significant accounting policies (continue)

Employee benefits

Defined employees' benefit plan obligations

End-of-service compensation is determined using the projected unit cost method with an actuarial evaluation conducted at the end of each annual financial period. The re-measurement that includes actuarial gains and losses is included in the reissued special purpose statement of financial position with a credit or deduction in the reissued special purpose statement of other comprehensive income for the period in which it was issued. Incurred therein, the recognized remeasurement is included in the reissued special purpose statement of other comprehensive income and is not reinstated in the reissued special purpose statement of profit or loss.

Retirement benefits

The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance "GOSI". This represents a defined contribution plan. The payments made are expensed as incurred.

Short – Term employees' benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of benefits expected to be paid in exchange for the related service.

Related parties

The related party is a person or entity related to the Company, and the person is related if he owns control or significant influence over the Company or is a member of the main management, and the entity is related if the entity is a member in same the group as a parent Company or a subsidiary or an associate Company or associated with a joint venture, or both entities are a joint venture of a third party.

Transaction with related parties transfer of resources, services, or obligations between the Company and the related party, regardless of whether the price is charged. Key management personnel are the authorized and responsible persons for planning and management, and they have direct or indirect control over the operations of the Company, including the manager.

Accounts payables and accruals

Liabilities are recognized against amounts to be paid in the future for the goods or services received, whether or not they are provided with invoices by suppliers.

Provisions

Provisions must be recognized when the Company has a present obligation (legal or implicit) as a result of a past event, and it is probable that it will require an outflow of resources with economic benefits to settle this obligation, and that an estimate of the amount of the obligation can be made in a reliable manner. When a recovery is expected (by a third party) for some or all of the expenditure required to settle a provision (through an insurance contract for example), The recovered amount is recognized only when it is certain that the recovered amount will be received if the entity settles the obligation, and this recovered amount is recognized as a separate asset. The expense relating to the provision is presented in the reissued special purpose statement of profit or loss, net of the amount recovered.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

4 - Summary of significant accounting policies (continue)

Contingent liabilities

All potential liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Company, or all present liabilities arising from past events but not confirmed for the following reasons:

- There is no possibility that an outflow of resources embodied in the economic benefits will be required to settle the obligation, or
- It is not possible to measure the amount of the obligation with sufficient reliability; They must all be evaluated at the date of each consolidated statement of financial position and disclosed in the Company's reissued special purpose financial statements as potential liabilities.

Zakat provision

- Zakat is computed at the end of the year according to the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia "The Authority".
- The zakat provision is charged at the end of each fiscal year in the reissued special purpose statement of profit or loss. Zakat liabilities, if any, related to the zakat assessments for previous years are also recognized by the Authority in the period in which the final assessments are issued.

Value added tax

Expenses and assets are recognized net of value added tax, with the exception of:

- When the VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, as the case may be.
- When listing debit and credit accounts with the amount of VAT. The net amount of VAT recoverable from or payable to the tax authority is included as part of the debit or credit accounts in the statement of financial position.

Withholding tax

The Company collects taxes on transactions with non-resident parties in the Kingdom of Saudi Arabia and on dividends paid to non-resident shareholders in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

Revenue recognition

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

- 1- Defining the contract with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights or obligations and defines the criteria that must be met.
- 2- Defining performance obligations in the contract: A performance obligation is a promise with a customer to transfer a good or provide a service.
- 3- Determining the transaction price: the transaction price is the amount of consideration that the Company expects to achieve in return for transferring the promised goods or services to the customer, excluding the amounts collected on behalf of third parties.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

4- Summary of significant accounting policies (continue)

Revenue recognition (Continue)

- Allocate a price to the transaction: performance obligations in the contract: for a contract that contains more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that determines the amount of consideration that the Company takes, specifying the amount of consideration that the Company expects to receive in exchange for fulfillment with all commitment.
- Recognize revenue when (as) the entity satisfies the performance obligation.

Determine contracts with the client

The Company carefully evaluates the terms and conditions of contracts with its customers because revenue is only recognized when performance obligations in contracts with customers are met. A change in the scope or price (or both) of a contract is considered an amendment to the contract and the Company determines whether such change will be considered a new contract or will be counted as part of the existing contract.

Determine performance obligations

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

Determine the transaction price

The company determines the transaction price as the amount it expects to receive. It includes an estimate of any variable consideration, the effect of the time value of money, the fair value of any non-cash consideration and the effect of any consideration paid or owed to a customer (if any). The variable consideration is limited to the amount at which it is probable that a significant reversal will not occur when the uncertainties associated with the change are resolved.

Customize the transaction price

In determining the performance obligations and the transaction price, the performance obligations are allocated a transaction price which is usually made in proportion to their standalone selling prices (i.e. based on their relative standalone selling price). When determining standalone selling prices, the Company shall use observable information, if available. If standalone selling prices are not directly observable, the Company uses estimates based on reasonably available information.

Revenue recognition

Revenue is recognized only when the company satisfies a performance obligation by transferring control of an agreed upon service to the customer. It is possible to transfer control over time or at a certain point in time. When the performance obligation is fulfilled within a period of time, the company determines the extent of progress under the contract based on the input or output method that serves to better measure the completed performance to date. The specified method is applied consistently to similar performance obligations and in similar circumstances.

Recognizing revenues from merchandise sales

Revenue from sales of goods is recognized at a certain point in time, which is represented by the issuance of an invoice and the following conditions are met:

- The company must have an existing right to receive payment for the asset.
- The customer must have legal ownership rights to the asset.
- The company must have transferred physical possession of the asset.
- The customer must have accepted the asset.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

4 - Summary of significant accounting policies (continued)

Revenue recognition (continued)

Sales discounts

Goods is often sold through various stores. Sales discounts represent the various discounts and promotions offered to the final consumer on the sale of goods. Revenues from these sales are recognized based on the price specified in the invoice after deducting any discounts. The consideration received from the customer is net of the discount provided to the customer.

Quantity discounts in sales

Quantity discounts in sales are primarily shown as a discount from total sales based on the merit earned.

Geographical sector

A geographical sector is a group of assets, operations or facilities that engage in profitable activities in a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

There are no geographical sectors in the company, as all revenues from the group's activities are made within the Kingdom of Saudi Arabia, and therefore there are no geographical sectors to be disclosed.

Operation Segment

An operating segment is a component of the Company that carries out activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the Company's other segments. All segment results are evaluated periodically by the operating decision maker to make decisions and evaluate the performance of the resources allocated to each segment and the available financial information separately.

Segment results that are reported to the operating decision maker include those directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets/liabilities, and zakat assets and liabilities.

The Company's operating sectors are the lighting and ceramic products sector. As all revenues from the company's activities are generated through one operating sector, therefore there are no operational sectors to be disclosed.

Other revenue

Other revenues are recognized when earned.

Expenses

All direct expenses related to achieving sales consist of salaries, wages, and indirect costs charged to the cost of sales. The rest of the expenses are classified into selling and marketing expenses and general and administrative expenses, and the common expenses are distributed between the cost of sales, selling and marketing expenses, and general and administrative expenses. Shared expenses are distributed according to fixed principles.

Offsetting

Offsetting occurs between financial assets and liabilities and is recorded net in the reissued special purpose statement of financial position when there is a legally binding right to apply the offsetting process between these amounts, and the group intends to settle on the basis of the net of these amounts or to recognize the assets and settle the liabilities simultaneously.

Foreign currency transactions

Transactions in foreign currencies are carried out into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies as at the date of the reissued special purpose statement of financial position are converted into Saudi riyals at the rates prevailing at the end of the year. Gains and losses arising from repayments or foreign currency exchange are included in the Reissued special purpose statement of profit or loss and other comprehensive income .

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi Riyal)

5 - Property, machines, and equipment

A- This item consists of the following:

<u>2021</u>	<u>Land</u>	<u>Leasehold improvement</u>	<u>Vehicles</u>	<u>Computers</u>	<u>Machinery and equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
Cost							
Balance, beginning of the year	15,082,467	26,188,154	5,459,103	3,567,457	2,218,854	1,132,275	53,648,310
Additions during the year	-	8,728,010	1,778,157	1,734,921	740,531	577,440	13,559,059
Transfer from capital work under construction – (Note 7)	-	4,309,351	-	-	-	-	4,309,351
Disposal	-	(322,598)	(232,383)	(16,131)	-	(7,047)	(578,159)
Balance, ending of the year	15,082,467	38,902,917	7,004,877	5,286,247	2,959,385	1,702,668	70,938,561
Accumulated depreciation							
Balance, beginning of the year	-	19,076,067	3,449,976	2,090,015	1,085,147	536,681	26,237,886
Charge for the year	-	2,987,356	592,436	474,490	212,818	123,944	4,391,044
Disposal during the year	-	(287,508)	(171,723)	(4,860)	-	(5,418)	(469,509)
Balance, ending of the year	-	21,775,915	3,870,689	2,559,645	1,297,965	655,207	30,159,421
Net book value							
As at December 31, 2021	15,082,467	17,127,002	3,134,188	2,726,602	1,661,420	1,047,461	40,779,140

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

(Saudi riyal)

5 - Property, machines, and equipment (continued)

A- This item consists of the following (continued):

2020	Land	Leasehold improvement	Vehicles	Computers	Machinery and equipment	Furniture and fixtures	Total
Cost							
Balance, beginning of the year	16,779,467	23,272,293	4,987,554	2,984,892	1,655,931	854,306	50,534,443
Additions during the year	-	2,067,297	799,199	594,978	562,923	279,919	4,304,316
Transfer from capital work under construction – (Note 7)	-	1,027,189	-	-	-	-	1,027,189
Disposal	(1,697,000)	(178,625)	(327,650)	(12,413)	-	(1,950)	(2,217,638)
Balance, ending of the year	15,082,467	26,188,154	5,459,103	3,567,457	2,218,854	1,132,275	53,648,310
Accumulated depreciation							
Balance, beginning of the year	-	17,298,512	3,352,123	1,773,756	913,228	476,622	23,814,241
Charge for the year	-	1,805,086	405,447	322,850	171,919	60,650	2,765,952
Disposal during the year	-	(27,531)	(307,594)	(6,591)	-	(591)	(342,307)
Balance, ending of the year	-	19,076,067	3,449,976	2,090,015	1,085,147	536,681	26,237,886
Net book value							
As at December 31, 2020	15,082,467	7,112,087	2,009,127	1,477,442	1,133,707	595,594	27,410,424
As at January 1, 2020	16,779,467	5,973,781	1,635,431	1,211,136	742,703	377,684	26,720,202

B- Depreciation expense for property, machines and equipment is allocated as follows:

	December 31, 2021	December 31, 2020
Selling and marketing expense – (Note 22)	2,252,220	1,598,645
General and administration expense – (Note 23)	2,138,824	1,167,307
	4,391,044	2,765,952

C- The cost of the property, machines and equipment as at December 31, 2021 that have been fully depreciated an amount of SR 16,822,041 (December 31, 2020: SR 16,000,108), (January 1, 2020: SR 10,118,049)

D- All improvements costing SR 38,902,917 in the accounting records as at December 31, 2021 (December 31, 2020: SR 26,188,154) (January 1, 2020: SR 23,272,293) were made on buildings rented under operating lease contracts on Mudra for renewable periods. (Note – 6).

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

6 - Right of use assets and lease obligations

A- This item consists of the following:

2021

Cost

	<u>Warehouses</u>	<u>Show exhibition</u>	<u>Total</u>
Balance, beginning of the year	14,088,150	65,435,213	79,523,363
Additions during the year	504,069	15,716,586	16,220,655
Balance, ending of the year	14,592,219	81,151,799	95,744,018

Accumulated amortization

Balance, beginning of the year	1,792,297	8,380,502	10,172,799
Charge for the year – (Note 22)	1,893,294	5,424,091	7,317,385
Balance, ending of the year	3,685,591	13,804,593	17,490,184

Net book value

As at December 31, 2021	10,906,628	67,347,206	78,253,834

2020

Cost

	<u>Warehouses</u>	<u>Show exhibition</u>	<u>Total</u>
Balance, beginning of the year	4,546,008	58,237,378	62,783,386
Additions during the year	9,542,142	7,197,835	16,739,977
Balance, ending of the year	14,088,150	65,435,213	79,523,363

Accumulated amortization

Balance, beginning of the year	524,284	3,979,895	4,504,179
Charge for the year – (Note 22)	1,268,013	4,400,607	5,668,620
Balance, ending of the year	1,792,297	8,380,502	10,172,799

Net book value

As at December 31, 2020	12,295,853	57,054,711	69,350,564

As at January 1, 2020	4,021,724	54,257,483	58,279,207

B- The following is the movement in leasing obligations for the two years ending on December 31:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Balance, beginning of the year	67,957,450	56,875,531	-
Additions during the year	16,220,655	16,739,977	62,783,386
Interest expense – (Note 24)	2,420,317	2,061,347	1,787,510
Paid during the year	(7,874,390)	(7,719,405)	(7,695,365)
Balance, ending of the year	78,724,032	67,957,450	56,875,531

C- The following is lease obligations classification as at December 31:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Lease obligations – noncurrent portion	70,394,758	60,268,856	51,053,757
Lease obligations – current portion	8,329,274	7,688,594	5,821,774

D- The company followed a policy of charging the financing cost to the reissued special purpose statement of profit or loss over the lease period using the effective interest rate. The right to use the asset was also depreciated over the useful life of the asset or the lease period, whichever is less, on a straight-line basis. The total interest expense from leasing obligations recognized during the year ending December 31, 2021 amounted to SR 2,420,317 (December 31, 2020: SR 2,061,347) (Note 24).

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

7 - Capital works under construction

A- The capital works under construction include the establishment of showrooms and branches of the company.

B- The following is the movement of works under construction for the two years ended in December 31:

	December 31, 2021	December 31, 2020	January 1, 2020
Balance, beginning of the year	5,264,665	1,515,790	-
Additions during the year	2,590,752	4,776,064	1,515,790
Transfer to property, machines and equipment	(4,309,351)	(1,027,189)	-
Balance, ending of the year	3,546,066	5,264,665	1,515,790

8 - Advance payments for investments

A- This item consists of the following:

	December 31, 2021	December 31, 2020	January 1, 2020
Advance payments to purchase investments in Spain – b	3,737,512	3,737,512	3,737,512
Advance payments for purchasing investments in China – c	2,836,025	1,659,145	1,659,145
Balance, ending of the year	6,573,537	5,396,657	5,396,657

B- During the year 2017, the company paid an amount of SR 3,737,512 in exchange for opening a subsidiary in the Kingdom of Spain owned by the company to sell the company's lighting products. It is expected that the legal procedures will be completed, and the actual operation of the company will begin during the year 2023.

C- During the year 2017, the company paid an amount of SR 1,128,076 in exchange for entering into a partnership agreement with a factory in the People's Republic of China to manufacture the company's lighting products. During the year 2019, the company paid additional amounts amounting to SR 531,069, and during the year 2021, the company paid additional amounts worth SR 1,176,880 to complete the investment process. It is expected that the legal procedures will be completed, and actual operation will begin during the year 2023.

9 - Inventory

A- This item consists of the following:

	December 31, 2021	December 31, 2020	January 1, 2020
Lighting stock	59,438,203	63,975,302	28,865,668
Ceramic stock	72,490,268	43,342,613	17,707,774
	131,928,471	107,317,915	46,573,442
Supplies inventory	42,036	3,733,767	497,182
Lighting goods and ceramics on the road	11,271,422	6,155,927	481,655
Total	143,241,929	117,207,609	47,552,279
Deduct:			
Provision for obsolete and slow-moving inventory – B	(5,005,277)	(2,208,071)	-
Inventory	138,236,652	114,999,538	47,552,279

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

9 - Inventory (Continued)

B- The following is the movement that occurred in the provision for stagnant and slow-moving inventory:

	December 31, 2021	December 31, 2020	January 1, 2020
Balance, beginning of the year	2,208,071	-	-
Component during the year – (Note 23)	2,797,206	2,208,071	-
Balance, end of year	5,005,277	2,208,071	-

10 -Related party balances and transactions

This item consists of transactions conducted during the period with related parties as part of normal business operations and with management approval. Management considers that the terms of these transactions do not differ materially from those that could be obtained in transactions with third parties.

A- The following are the balances due from related parties:

	December 31, 2021	December 31, 2020	January 1, 2020
Partner balances			
Muhammad Hisham Abdul Rahman Al-Zamil	4,482,393	-	-
Suleiman bin Abdul Karim bin Jarbou Al-Qafari	1,706,371	-	-
Omar Saad Abdul Aziz Al-Muqrin	1,609,243	-	-
Mishal Abdul Rahman Abdul Aziz Al Qafari	1,153,180	-	-
Haila Abdel Karim Jarbou Al-Qafari	737,764	-	-
Saleh Rasheed bin Mohammed Al Rasheed	374,698	-	-
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	300,584	-	-
Suad Suleiman Mohammed Al-Sawadi	252,498	-	-
Abdullah Khalil Abdullah Al-Sabaa	73,755	-	-
Munira Abdel Karim Jarbou Al-Qafari	25,600	-	-
Total partner balances	10,716,086	-	-
Musaed Al-Qafari Engineering Consulting Office	2,893,836	-	-
	13,609,922	-	-

B- The following are the balances due from related parties:

	December 31, 2021	December 31, 2020	January 1, 2020
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	121,941,410	101,331,688	80,386,927
Abdul Rahman Abdul Mohsen Al-Qafari	13,913,085	22,320,683	14,268,559
Noura Nasser bin Rashid Al Tamami	146,432	-	-
	136,000,927	123,652,371	94,655,486

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

10 -Related party transactions (Continued)

C- The following are the most significant transactions that took place with related parties:

Related party	Transaction nature	Transaction type	Transaction volume		
			December 31, 2021	December 31, 2020	January 1, 2020
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	Partner	Capital increase	32,588,770	275,000	-
		Additional capital	12,548,148	-	-
		Withdrawals	62,214,232	26,193,175	18,988,812
		Buying lands	-	-	6,620,000
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	Partner	Capital increase	52,980	-	-
		Additional capital	19,977	-	-
		Withdrawals	225,000	-	-
Suad Suleiman Mohammed Al-Sawadi	Partner	Capital increase	183,360	-	-
		Additional capital	69,138	-	-
Suleiman bin Abdul Karim bin Jarbou Al-Qaffari	Partner	Capital increase	453,750	-	-
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	Partner	Additional capital	171,092	-	-
		Withdrawals	1,075,000	-	-
Saleh Rasheed bin Mohammed Al Rasheed	Partner	Capital increase	272,100	-	-
		Additional capital	102,598	-	-
Abdullah Khalil Abdullah Al-Sabaa	Partner	Capital increase	53,560	-	-
		Additional capital	20,195	-	-
Omar Saad Abdul Aziz Al-Muqrin	Partner	Capital increase	1,147,330	-	-
		Additional capital	432,614	-	-
		Withdrawals	29,299	-	-
Muhammad Hisham bin Abdul Rahman Al Zamil	Partner	Capital increase	3,250,080	-	-
		Additional capital	1,225,481	-	-

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

10 -Related party transactions (Continued)

C- The following are the most significant transactions that took place with related parties (Continued):

Related party	Transaction nature	Transaction type	Transaction volume		
			December 31, 2021	December 31, 2020	January 1, 2020
Mishal Abdul Rahman Abdul Aziz Al Qafari	Partner	Capital increase	781,260	-	-
		Additional capital	294,583	-	-
		Withdrawals	70,975	-	-
Munira Abdel Karim Jarbou Al-Qaffari	Partner	Capital increase	18,590	-	-
		Additional capital	7,010	-	-
Noura Nasser bin Rashid Al Tamami	Partner	Capital increase	38,900	-	-
		Additional capital	14,668	-	-
		Exhibition equipment	200,000	-	-
Haila Abdel Karim Jarbou Al-Qafari	Partner	Capital increase	469,320	-	-
		Additional capital	176,963	-	-
		Withdrawals	91,481	-	-
Musaed Al-Qaffari Engineering Consulting Office Saleh Rasheed bin Mohammed Al Rasheed	Owned by one of the partners	Expenses paid on behalf	1,193,139	-	-
D- Salaries and benefits of senior executives					
Senior management	Employees	Salaries and bonuses	7,176,896	11,963,714	7,246,591

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

11 -Prepaid expenses and other assets

	December 31, 2021	December 31, 2020	January 1, 2020
Advance payments to suppliers	30,434,689	25,031,453	17,538,350
Prepaid expenses	1,172,225	1,040,690	1,921,894
Employees advance	449,369	364,287	312,013
Other	1,740	2,900	119,345
	32,058,023	26,439,330	19,891,602

12 -Accounts receivable

A- This item consists of the following:

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable – B	14,674,277	6,439,018	3,258,174
Provision for expected credit losses – C	(926,536)	(417,347)	(328,734)
	13,747,741	6,021,671	2,929,440

B- The following is the aging of receivable as at December 31:

	December 31, 2021	December 31, 2020	January 1, 2020
1 – 30 days	5,130,352	1,758,547	1,552,869
31 - 60 days	3,928,694	2,110,687	816,915
61 – 90 days	2,363,612	1,353,368	197,771
91 – 180 days	1,931,816	498,766	168,292
181 - 365 days	793,664	365,799	204,576
More than 365 days	526,139	351,851	317,751
	14,674,277	6,439,018	3,258,174

C- The following is the movement on expected credit loss model:

	December 31, 2021	December 31, 2020	January 1, 2020
Balance, beginning of the year	417,347	328,734	152,330
Component during the year – (Note 23)	509,189	88,613	176,404
Balance, end of the year – D	926,536	417,347	328,734

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

12 -Accounts receivable (continued)

D- The following is an analysis of the allowance for expected credit losses:

	1-30 Days	31 – 60 Days	61 – 90 Days	91 – 180 Days	181 – 365 Days	More than 365 days	Total
As at December 31, 2021							
Expected credit loss rate	1.40%	2.46%	3.69%	4.92%	6.31%	100%	6.31%
Total book value	5,130,352	3,928,694	2,363,612	1,931,816	793,664	526,139	14,674,277
Expected credit losses	71,670	96,556	87,136	94,958	50,077	526,139	926,536
	1-30 Days	31 – 60 Days	61 – 90 Days	91 – 180 Days	181 – 365 Days	More than 365 days	Total
As at December 31, 2020							
Expected credit loss rate	0.25%	0.49%	0.77%	3.39%	6.39%	100%	6.48%
Total book value	1,758,547	2,110,687	1,353,368	498,766	365,799	351,851	6,439,018
Expected credit losses	4,373	10,441	10,394	16,919	23,369	351,851	417,347
	1-30 Days	31 – 60 Days	61 – 90 Days	91 – 180 Days	181 – 365 Days	More than 365 days	Total
As at January 1, 2020							
Expected credit loss rate	0.08%	0.29%	0.88%	2.35%	0.82%	100%	10.09%
Total book value	1,552,869	816,915	197,771	168,292	204,576	317,751	3,258,174
Expected credit losses	1,203	2,402	1,746	3,962	1,670	317,751	328,734

13 -Cash on hand and banks balances

	December 31, 2021	December 31, 2020	January 1, 2020
Bank balances	118,611	7,709	63,217
Cash on hand	38,454,818	43,745,882	29,244,572
	38,573,429	43,753,591	29,307,789

14 -Additional share capital

On the date of the transformation of the legal entity of the establishment from a Sole Proprietorship to a limited liability company, the owner, Mr. Musaad Abdul Rahman Abdul Aziz Al Qafari, transferred the ownership of the lands from his private ownership to the ownership of the company through a gift. The cost of the lands amounted to SR 15,082,467. Accordingly, this transaction was classified as additional capital for the company, which was distributed to the partners according to their ownership percentage as follows:

Shareholder's name	Ownership percentage	Shareholder's share from the additional capital
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	83.20%	12,548,148
Muhammad Hisham bin Abdul Rahman Al Zamil	8.13%	1,225,481
Omar Saad Abdul Aziz Al-Muqrin	2.87%	432,614
Mishal Abdel Rahman Abdel Aziz Al Qafari	1.95%	294,583
Haila Abdel Karim Jarbou Al-Qafari	1.17%	176,963
Suleiman bin Abdul Karim bin Jarbou Al-Qafari	1.13%	171,092
Saleh Rasheed bin Mohammed Al Rasheed	0.68%	102,598
Suad Suleiman Mohammed Al-Sawadi	0.46%	69,138
Abdullah Khalil Abdullah Al-Sabaa	0.13%	20,195
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	0.13%	19,977
Noura Nasser bin Rashid Al Tamami	0.10%	14,668
Munira Abdel Karim Jarbou Al-Qafari	0.05%	7,010
Total	100%	15,082,467

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15 -Statutory reserve

According to Company's Article of association, at the end of each fiscal year, at least 10% of the annual net profit must be reserved to form a statutory reserve. The partners are allowed to decide to stop this reservation once the reserve reaches 30% of the capital.

16 -Defined employees' benefit plan obligations

A- The Company determines the present value of its defined employee benefit plan obligations by performing an actuarial valuation using the estimated unit incremental method after considering the following set of assumptions:

	December 31, 2021	December 31, 2020	January 1, 2020
The rate of salary increases in the short / long term	5% / 12%	5% / 12%	5% / 12%
Discount rate	3.55%	2.78%	3.36%
Average employee turnover rate	5.67%	5.67%	5.67%
retirement age	60 Years	60 Years	60 Years

B- The following is the movement in employee defined benefit plan obligations:

	December 31, 2021	December 31, 2020	January 1, 2020
Balance, beginning of the year	6,071,113	4,231,296	2,983,904
Charged to the statement of profit or loss			
Current service cost	2,329,756	1,423,774	782,136
Interest cost – Note 24	167,093	140,319	122,800
	2,496,849	1,564,093	904,936
Included in the statement of other comprehensive income			
Actuarial (gains) / losses	(970,507)	386,004	566,811
Paid during the year	(121,144)	(110,280)	(224,355)
Balance, end of year	7,476,311	6,071,113	4,231,296

C- The following is a sensitivity analysis of employees' end-of-service benefits liabilities:

	December 31, 2021		December 31, 2020		January 1, 2020	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
increase in salary	8,847,444	6,364,844	7,245,373	5,124,856	5,024,868	3,587,936
Discount rate	6,387,324	8,846,236	5,133,692	7,259,930	3,595,553	5,031,889
Turnover rate	7,484,834	7,467,844	6,080,739	6,061,554	4,236,743	4,225,886
retirement age	7,354,538	7,604,519	5,953,284	6,195,401	4,164,650	4,301,187

The sensitivity analyzes are based on the change in assumptions while all other assumptions are held constant. From a scientific point of view, this is unlikely to happen and some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' end-of-service benefits to a fundamental actuarial assumption, the same method is applied (the present value of employees' end-of-service benefits is calculated on the basis of the unit credit cost method). Estimated at the end of the reporting period) when calculating employee end-of-service benefits recognized in the reissued special purpose statement of financial position.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
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17 -Accruals and other liabilities

	December 31, 2021	December 31, 2020	January 1, 2020
Accrued employee salaries and bonuses	6,995,910	5,125,519	2,808,725
Advance payments from customers	5,066,237	5,663,917	3,070,572
Value added tax	2,528,501	2,691,116	430,252
Accrued expenses	1,676,283	927,495	530,411
Customs legal provision	-	-	2,280,933
Other	308,700	288,352	185,380
	16,575,631	14,696,399	9,306,273

18 -Accounts payables

The accounts payable, amounting to SR 11,845,512 as of December 31, 2021 (December 31, 2020: SR 29,223,552) (January 1, 2020: SR 1,365,679) represent amounts due to suppliers for normal commercial purchasing transactions and do not carry any commission.

19 -Zakat provision

A- The following are main components of the zakat base:

	December 31, 2021	December 31, 2020	January 1, 2020
Adjusted net profit for the year	72,081,491	66,434,136	32,356,884
Positive base items	204,111,716	37,007,395	31,107,876
Negative base elements	(138,558,895)	(32,675,088)	(28,250,991)
Net adjusted zakat base	137,634,312	70,766,443	35,213,769
Zakat	3,491,782	1,772,526	882,563

B- The following movement of the zakat provision:

	December 31, 2021	December 31, 2020	January 1, 2020
Balance, beginning of the year	1,105,185	1,682,164	1,659,130
Charge during the year	3,491,782	1,772,526	882,563
Paid during the year	(1,706,613)	(2,349,505)	(859,529)
Balance, ending of the year	2,890,354	1,105,185	1,682,164

C- Zakat Status

Legal entity as a sole proprietorship:

The establishment submitted zakat returns and financial statements to the Zakat, Tax and Customs Authority until 2020, and paid the dues according to those declarations and obtained the required certificates.

Legal entity as a limited liability company

The entity has completed the procedures for converting the legal entity from a Sole Proprietorship to a Limited Liability Company with the Zakat, Tax and Customs Authority "ZATCA" and obtaining a registration certificate from the Authority. The company submitted the draft financial statements and the zakat declaration for the period from August 9, 2021, until December 31, 2022, paid what was due from it according to the declaration, and obtained the required certificate.

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20 -Sales, net

A- This item consists of the following:

	<u>2021</u>	<u>2020</u>
Sales	250,977,505	201,766,524
Sales discounts	(83,641)	(54,113)
	<u>250,893,864</u>	<u>201,712,411</u>

Sales details

	<u>2021</u>	<u>2020</u>
Ceramic products sales	133,873,086	110,022,984
Lighting product sales	117,020,778	91,689,427
	<u>250,893,864</u>	<u>201,712,411</u>

B- Timing of sales' recognition

	<u>2021</u>	<u>2020</u>
At point in time	<u>250,893,864</u>	<u>201,712,411</u>

21 -Cost of sales

	<u>2021</u>	<u>2020</u>
Inventory, beginning of the year	107,317,915	46,573,442
Purchases	126,525,355	143,825,345
Inventory, ending of the year	(131,928,471)	(107,317,915)
	<u>101,914,799</u>	<u>83,080,872</u>

22 -Selling and marketing expenses

	<u>2021</u>	<u>2020</u>
Salaries, wages, and other benefits	23,715,652	22,264,973
Depreciation of the right to use assets – (Note 6)	7,317,385	5,668,620
Transportation and distribution	2,560,735	1,703,520
Depreciation of property, machines, and equipment – (Note 5)	2,252,220	1,598,645
Advertising	1,325,362	927,857
Visas and Iqama	1,076,618	707,431
Benefits and services	1,103,965	695,119
Insurance and maintenance	688,154	385,313
Packaging Materials	448,426	229,292
Medical insurance and treatments	417,054	195,423
Hospitality and cleaning	306,492	197,168
Stationery and publications	346,880	95,310
Travel and transportation	154,466	66,534
Other	550,154	330,884
	<u>42,263,563</u>	<u>35,066,089</u>

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23 -General and administrative expenses

	<u>2021</u>	<u>2020</u>
Salaries, wages, and other benefits	20,738,202	10,534,126
Provision for stagnant and slow-moving inventory – (Note 9)	2,797,206	2,208,071
Depreciation of property, machines and equipment – (Note 5)	2,138,824	1,167,307
Visas and Iqamas	1,610,229	1,371,120
GOSI	1,338,927	676,026
Licenses for computer programs and computers' supplies	1,288,431	633,359
Governmental expenses	847,207	337,951
Benefits and services	722,034	489,017
Insurance and maintenance	694,771	574,743
Bank expenses	631,759	256,013
Provision for expected credit losses – (Note 12)	509,189	88,613
Medical insurance and treatments	463,546	318,047
Rentals	461,269	376,678
Hospitality and cleaning	435,996	279,164
Advertising	370,207	126,447
Travel and transportation	349,126	151,468
Other	2,307,918	2,807,084
	<u>37,704,841</u>	<u>22,395,234</u>

24 -Finance cost

	<u>2021</u>	<u>2020</u>
Financing costs for leasing obligations – (Note 6/D)	2,420,317	2,061,347
Interest cost on remeasurement of employee defined benefit plan obligations – (Note 16/B)	167,093	140,319
	<u>2,587,410</u>	<u>2,201,666</u>

25 -Other (losses) / income, Net

	<u>2021</u>	<u>2020</u>
Gains from the sale of property, machinery and equipment	52,627	78,314
(Losses) gains from changes in exchange rates	(436,931)	(1,429,533)
Reversing customs legal provision	-	2,280,933
Other	239,300	632,274
	<u>(145,004)</u>	<u>1,561,988</u>

26 -Owner's withdrawals

The owner of the company (before the transformation of the legal entity into a limited liability company) decided to close profits in the amount of SR 62,214,232 in his current account as of December 31, 2021 (2020: SR 26,193,175).

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
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27 -Transformation to applying international financial reporting standards “IFRS” instead of the International Financial Reporting Standard for Small And Medium Enterprises “IFRS for SMEs”

As shown in (Note 2), these financial statements for the year from January 1, 2021 until December 31, 2021 are the first financial statements to be prepared in accordance with the International Financial Reporting Standards “IFRS” approved in the Kingdom of Saudi Arabia and other standards and publications complementary to the international standards approved by the Saudi Organization for Chartered and Professional Accountant “SOCPA”. As for the years, including the year ending on December 31, 2020, the company prepared its financial statements in accordance with the International Financial Reporting Standard for Small and Medium Enterprises “IFRS for SMEs” approved in the Kingdom of Saudi Arabia.

Accordingly, the company has prepared the financial statements to comply with international financial reporting standards “IFRS” as of December 31, 2021, with the comparative statement of financial position as of December 31, 2020, as well as the statement of financial position as of January 1, 2020. The notes from (27 – 1) to (27 – 6)) explain the amendments made by the company to amend its previously issued financial statements in accordance with the International Financial Reporting Standard for Small and Medium Enterprises “IFRS for SMEs” approved in the Kingdom of Saudi Arabia to the International Financial Reporting Standards “IFRS”, including the statement of financial position as On December 31, 2020 and as of January 1, 2021.

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27 - Transformation to applying international financial reporting standards “IFRS” instead of the international financial reporting standard for small and medium enterprises “IFRS for SMEs” (Continue)

27 – 1 The impact of applying International Financial Reporting Standards “IFRS” on the statement of financial position as of December 31, 2020:

	December 31, 2020	The impact of transforming to “IFRS”	Reclassification	December 31, 2020
	In accordance with the “IFRS for SMEs”			In accordance with “IFRS”
Assets				
Non-current assets				
Property, machines and equipment, net	27,410,424	-	-	27,410,424
Right to use assets, net	-	69,350,564	-	69,350,564
Capital works under construction	5,264,665	-	-	5,264,665
Advance payments for investments	-	-	5,396,657	5,396,657
Total non-current assets	32,675,089	69,350,564	5,396,657	107,422,310
Current assets				
Inventory	105,109,844	-	9,889,694	114,999,538
Prepaid expenses and other assets	37,784,838	(4,783,403)	(6,562,105)	26,439,330
Accounts receivable, net	10,055,044	(417,347)	(3,616,026)	6,021,671
Cash on hand and at banks	43,753,591	-	-	43,753,591
Total current assets	196,703,317	(5,200,750)	(288,437)	191,214,130
Total assets	229,378,406	64,149,814	5,108,220	298,636,440
Owner's equity and liabilities				
Owner's equity				
Share capital	690,000	-	-	690,000
Actuarial reserve	-	(3,517,300)	-	(3,517,300)
Retained earnings	62,214,232	(3,456,562)	-	58,757,670
Total Owner's equity	62,904,232	(6,973,862)	-	55,930,370
Liabilities				
Non-current liabilities				
Lease obligations – non-current portion	-	60,268,856	-	60,268,856
Defined employee benefit plan obligations	2,904,887	3,166,226	-	6,071,113
Total liabilities are non-current	2,904,887	63,435,082	-	66,339,969
Current liabilities				
Lease liabilities – current portion	-	7,688,594	-	7,688,594
Due to related parties	81,214,939	-	42,437,432	123,652,371
Accrued expenses and other liabilities	49,616,894	-	(34,920,495)	14,696,399
Accounts payable	31,632,269	-	(2,408,717)	29,223,552
Zakat provision	1,105,185	-	-	1,105,185
Total current liabilities	163,569,287	7,688,594	5,108,220	176,366,101
Total liabilities	166,474,174	71,123,676	5,108,220	242,706,070
Total equity and liabilities	229,378,406	64,149,814	5,108,220	298,636,440

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
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27 - Transformation to applying international financial reporting standards "IFRS" instead of the international financial reporting standard for small and medium enterprises "IFRS for SMEs" (Continue)

27 – 2 The impact of applying International Financial Reporting Standards "IFRS" on the statement of financial position as of January 1, 2020:

	January 1, 2020 In accordance with the "IFRS for SMEs"	The impact of transforming to "IFRS"	Reclassification	January 1, 2020 In accordance with "IFRS"
Assets				
Non-current assets				
Property, plant and equipment, net	26,720,202	-	-	26,720,202
Right to use assets, net	-	58,279,207	-	58,279,207
Capital works under construction	1,530,790	-	(15,000)	1,515,790
Advance payments for investments	-	-	5,396,657	5,396,657
Total non-current assets	28,250,992	58,279,207	5,381,657	91,911,856
Current assets				
Inventory	46,573,442	-	978,837	47,552,279
Prepaid expenses and other assets	26,953,988	(2,751,142)	(4,311,244)	19,891,602
Accounts receivable, net	2,195,887	(328,734)	1,062,287	2,929,440
Cash on hand and at banks	29,307,789	-	-	29,307,789
Total current assets	105,031,106	(3,079,876)	(2,270,120)	99,681,110
Total assets	133,282,098	55,199,331	3,111,537	191,592,966
Owner's equity and liabilities				
Owner's equity				
capital	415,000	-	-	415,000
Actuarial reserve	-	(3,131,296)	-	(3,131,296)
Retained earnings	26,858,730	(665,897)	-	26,192,833
Total Owner's equity	27,273,730	(3,797,193)	-	23,476,537
Liabilities				
Non-current liabilities				
Lease obligations – non-current portion	-	51,053,757	-	51,053,757
Defined employee benefit plan obligations	2,110,303	2,120,993	-	4,231,296
Total liabilities are non-current	2,110,303	53,174,750	-	55,285,053
Current liabilities				
Lease liabilities – current portion	-	5,821,774	-	5,821,774
Due to related parties	65,581,271	-	29,074,215	94,655,486
Accrued expenses and other liabilities	35,967,270	-	(26,660,997)	9,306,273
Accounts payable	667,360	-	698,319	1,365,679
Zakat provision	1,682,164	-	-	1,682,164
Total current liabilities	103,898,065	5,821,774	3,111,537	112,831,376
Total liabilities	106,008,368	58,996,524	3,111,537	168,116,429
Total equity and liabilities	133,282,098	55,199,331	3,111,537	191,592,966

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
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- 27 - Transformation to applying international financial reporting standards “IFRS” instead of the international financial reporting standard for small and medium enterprises “IFRS for SMEs” (Continue)**
27 – 3 The impact of applying international financial reporting standards “IFRS” on the statement of profit or loss and other comprehensive income for the year ending December 31, 2020:

	December 31, 2020			January 1, 2020
	In accordance with the “IFRS for SMEs”	The impact of transforming to “IFRS”	Reclassification	In accordance with “IFRS”
<u>Profit or loss</u>				
Sales, net	201,766,524	-	(54,113)	201,712,411
Sales cost	(83,080,872)	-	-	(83,080,872)
Gross profit	118,685,652	-	(54,113)	118,631,539
Selling and marketing expenses	(33,727,883)	(1,392,319)	54,113	(35,066,089)
General and administrative expenses	(23,198,554)	803,320	-	(22,395,234)
Net profit from main operations	61,759,215	(588,999)	-	61,170,216
Financing costs	-	(2,201,666)	-	(2,201,666)
Other income, net	1,561,988	-	-	1,561,988
Net profit for the year before zakat	63,321,203	(2,790,665)	-	60,530,538
Zakat	(1,772,526)	-	-	(1,772,526)
Net profit for the year	61,548,677	(2,790,665)	-	58,758,012
<u>Other comprehensive income</u>				
Remeasurement of defined employee benefit plan obligations	-	(386,004)	-	(386,004)
Total comprehensive income for the year	61,548,677	(3,176,669)	-	58,372,008

- 27 – 4 The impact of applying international financial reporting standards “IFRS” on the statement of changes in equity as of December 31, 2020:**

	Share capital	Actuarial reserve	Retained earnings	Total
The balance as of December 31, 2020, as previously disclosed	690,000	-	62,214,232	62,904,232
Amendments impact the application of the “IFRS”	-	(3,517,300)	(3,456,562)	(6,973,862)
Balance as of January 1, 2020, in accordance with “IFRS”	690,000	(3,517,300)	58,757,670	55,930,370

- 27 – 5 The impact of applying international financial reporting standards “IFRS” on the statement of changes in equity as of January 1, 2020:**

	Share capital	Actuarial reserve	Retained earnings	Total
The balance as of January 1, 2020, as previously disclosed	415,000	-	26,858,730	27,273,730
Amendments impact the application of the “IFRS”	-	(3,131,296)	(665,897)	(3,797,193)
Balance as of January 1, 2020, in accordance with “IFRS”	415,000	(3,131,296)	26,192,833	23,476,537

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27 - Transformation to applying international financial reporting standards “IFRS” instead of the international financial reporting standard for small and medium enterprises “IFRS for SMEs” (Continued)

27-6 Settlements notes:

A- Right of use of assets

Impact as of January 1, 2020:

In accordance with International Financial Reporting Standard (IFRS 16 – Leases), the right to use assets was recognized at a net amount of SR 58,279,207 as of December 31, 2019 (January 1, 2019: SR 62,783,386), which led to the creation of an account called the right to use assets. This matter led to a reduction in prepaid expenses by an amount of SR 2,751,142 as of December 31, 2019 (January 1, 2019: SR 1,549,200). This matter also led to a reduction in rental expenses by an amount of SR 4,944,223 for the year ending on December 31, 2019, and the recognition of financing costs in the amount of SR 1,787,510 for the year ending December 31, 2019, and a decrease in retained earnings by SR 990,580 as of January 1, 2019. In contrast, rental obligations amounting to SR 56,875,531 were recognized as of December 31, 2019 (January 1, 2019: SR 62,224,766).

Impact as of December 31, 2020:

In accordance with International Financial Reporting Standard (IFRS 16 – Leases), the right to use assets was recognized at a net amount of SR 69,350,564 as of December 31, 2020, which led to the creation of an account called the right to use assets. This matter led to a reduction in prepaid expenses by an amount of SR 4,783,403 as of December 31, 2020. This matter also led to a reduction in rental expenses by an amount of SR 5,311,521 for the year ending on December 31, 2020, and the recognition of financing costs in an amount of SR 2,061,347 for the year ending on December 31, 2020. Retained profits decreased by SR 2,703,518 as of December 31, 2020. In contrast, rental obligations amounting to SR 67,957,450 were recognized as of December 31, 2020.

B- Expected credit loss provision

Impact as of January 1, 2020:

The company calculated expected credit losses in accordance with the International Financial Reporting Standard. (IFRS – 9), and this application resulted in an provision for expected credit losses of SR 328,734 as of January 1, 2020.

Impact as of December 31, 2020:

The company calculated expected credit losses in accordance with the International Financial Reporting Standard. (IFRS – 9), and this application resulted in an allowance for expected credit losses of SR 417,347 as of December 31, 2020.

C- Defined employee benefit plan obligations

Impact as of January 1, 2020:

In accordance with International Financial Reporting Standards “IFRS”, the Company recognizes liabilities related to employee benefit obligations as the present value of the earned benefits to which the employee is entitled. However, as of the transition date to “IFRS”, the Company remeasured its defined benefit obligations under the projected unit credit method, as required by “IFRS”.

As of January 1, 2020, the above-mentioned adjustment resulted in an increase in employee benefits obligations by SR 2,120,993 and a decrease in other comprehensive income by SR566,811.

Impact as of December 31, 2020 AD:

As of December 31, 2020, the above adjustment resulted in an increase in employee benefits obligations by SR 3,166,226 and a decrease in other comprehensive income by SR 386,004.

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28 -Operating leases contracts obligations

The company has obligations against operating lease contracts, which include renting residential apartments for employees. The following is a statement of future minimum lease payments under those contracts:

	December 31, 2021	December 31, 2020	January 1, 2020
During a year	431,200	431,200	431,200

29 -Financial instruments, risk management and fair value

Financial instruments

The company's financial assets consist of cash at banks, due from related parties, accounts receivable, prepaid expenses and other assets. The company's financial liabilities consist of what is due to related parties, accrued expenses, other liabilities, and payables. The accounting policies for financial assets and financial liabilities are stated in (Note 4).

Risk Management

The Company's management has overall responsibility for setting and supervising the Company's risk management frameworks. The Company's risk management policies have been developed to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adhere to those limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Through its training and management procedures and standards, the Company aims to have a constructive and regular control environment in which employees are aware of their responsibilities and obligations.

Credit risk

Credit risk represents the risk of financial loss that the Company faces in the event that the customer or counterparty in a financial instrument fails to fulfill its contractual obligations, and it mainly arises from cash in banks and receivables. The maximum exposure to credit risk represents the carrying value of these assets.

The cash balance is represented in current accounts, and since the cash is deposited with financial institutions with a high credit rating, management believes that the company is not exposed to significant risks. Credit risk related to customers is managed by a business unit subject to the company's policies, procedures and controls on managing credit risk related to customers. Credit limits are established for all customers using internal and external rating standards and controls. The credit quality of customers is evaluated according to a credit rating system. Receivables and outstanding unbilled revenue are monitored regularly. The financial position of related parties is stable.

The following is a detail of the credit risks to which the Company is exposed:

	December 31, 2021	December 31, 2020	January 1, 2020
Due from related parties	13,609,922	-	-
Advance payments to suppliers	30,434,689	25,031,453	17,538,350
Cash at banks	38,454,818	43,745,882	29,244,572
Account receivables	14,674,277	6,439,018	3,258,174
	97,173,706	75,216,353	50,041,096

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

29 -Financial instruments, risk management and fair value (Continued)

Market risk

Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control exposure to market risks within acceptable limits while achieving the highest possible return.

Foreign exchange rate risk: Foreign exchange rate risk results from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Company's foreign currency risk management aims to protect future cash flows in Saudi Riyals, US Dollars and European Euros. Foreign currency exposures related to cash flows are considered at the Company level and mainly consist of currency exchange risks arising from accounts payable and receivable. The Company's management monitors currency exchange rates and believes that the risks of fluctuations in currency exchange rates are not significant.

Commission rate risk: Commission risk arises from possible changes and fluctuations in commission rates that affect future profit or fair values of financial instruments. The Company monitors commission rate fluctuations and believes that the effect of commission rate risk is immaterial.

Interest rate risk

The company manages interest rate risk using debt and fixed rate deposits. The company does not have any assets and liabilities with variable interest rates. Management has estimated that the impact on the results of operations for the year due to the increase or decrease in the interest rate is not material.

Capital risk

The main objective of the Company's capital management is to support its business and increase the return to the owners.

The company's policy is to maintain a strong capital base to maintain the confidence of users of the financial statements and maintain the future development of the business. The company manages its capital structure and adjusts it considering changes in economic conditions. Management monitors the return on capital, which the company determines because of operational activities divided by total equity. There were no changes in the company's method of managing capital during the year. Management also monitors the level of dividend distributions to owners. The Company is not subject to capital requirements by third parties. Below is an analysis of the company's debt to equity ratios:

	December 31, 2021	December 31, 2020	January 1, 2020
Total liabilities	253,512,767	242,706,070	168,116,429
Less: cash at bank balances	(38,573,429)	(43,753,591)	(29,307,789)
Net debit	214,939,338	198,952,479	138,808,640
Total equity	111,865,577	55,930,370	23,476,537
Liability to equity	1.92	3.56	5.91

Liquidity risk

Liquidity risk represents the Company's difficulties in meeting commitments associated with its financial liabilities. The Company's approach to managing liquidity risk is to maintain sufficient cash and cash equivalents and ensure that funds are available of financing from.

The management monitors the risk of liquidity shortage using forecast models to determine the effects of operating activities on the overall liquidity availability, and maintains an available cash liquidity ratio, which ensures debt repayment when due.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

29 -Financial instruments, risk management and fair value (Continued)

The table below summarizes the maturity dates of the Company's financial liabilities based on contractual payments:

As at December 31, 2021	1 to 12 months	1 to 5 years	Indefinite term	Total
Lease obligations	8,329,274	70,394,758	-	78,724,032
Defined employee benefit plan obligations	-	-	7,476,311	7,476,311
Due to related parties	136,000,927	-	-	136,000,927
Accrued expenses and other liabilities	16,575,631	-	-	16,575,631
Accounts payable	11,845,512	-	-	11,845,512
Zakat provision	2,890,354	-	-	2,890,354
	175,641,698	70,394,758	7,476,311	253,512,767
As at December 31, 2020	1 to 12 months	1 to 5 years	Indefinite term	Total
Lease obligations	7,688,594	60,268,856	-	67,957,450
Defined employee benefit plan obligations	-	-	6,071,113	6,071,113
Due to related parties	123,652,371	-	-	123,652,371
Accrued expenses and other liabilities	14,696,399	-	-	14,696,399
Accounts payable	29,223,552	-	-	29,223,552
Zakat provision	1,105,185	-	-	1,105,185
	176,366,101	60,268,856	6,071,113	242,706,070
As at January 1, 2020	1 to 12 months	1 to 5 years	Indefinite term	Total
Lease obligations	5,821,774	51,053,757	-	56,875,531
Defined employee benefit plan obligations	-	-	4,231,296	4,231,296
Due to related parties	94,655,486	-	-	94,655,486
Accrued expenses and other liabilities	9,306,273	-	-	9,306,273
Accounts payable	1,365,679	-	-	1,365,679
Zakat provision	1,682,164	-	-	1,682,164
	112,831,376	51,053,757	4,231,296	168,116,429

Fair value

Fair value is the price that would be received when selling an asset or paid when transferring a liability in ordinary transactions between parties participating in the market at the measurement date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs either:

- In the primary market for the asset or liability; or
- In the most suitable market for the asset or liability in the absence of a major market.

The main market or the most viable market must be available to the company.

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

29 -Financial instruments, risk management and fair value (Continued)

Fair value (Continued)

The fair value of an asset or liability is measured using the assumptions used by parties operating in the market when pricing the asset or liability, if these parties seek to achieve their greatest economic benefit. Measuring the fair value of a non-financial asset considers the ability of market parties to generate economic benefits by using the asset to achieve the best benefit from it or to sell it to another market party to use it in order to achieve the best benefit from it.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, demonstrate the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy, as described as follows, based on the lowest income level that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices (without adjustment) in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which a minimum significant input is observable, directly, or indirectly, to measure fair value.
- Level 3 – Valuation techniques at which the lowest level of income that is significant to the fair value measurement can be observed.

If the inputs used to measure the fair value of an asset or liability are at different levels of the fair value hierarchy, the entire measurement is categorized within the same level of the hierarchy as the lowest level of the input that is significant to the whole.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

The following table shows the book value of financial assets and liabilities. This does not include information about their fair value, as their book value does not differ significantly from their fair value:

	Book Amount		
	December 31, 2021	December 31, 2020	January 1, 2020
Financial assets			
Due from related parties	13,609,922	-	-
Prepaid expenses and other assets	32,058,023	26,439,330	19,891,602
Accounts receivable, net	13,747,741	6,021,671	2,929,440
Cash on hand and at banks	38,573,429	43,753,591	29,307,789
	97,989,115	76,214,592	52,128,831
Financial liabilities			
Lease obligations	78,724,032	67,957,450	56,875,531
Due to related parties	136,000,927	123,652,371	94,655,486
Accrued expenses and other liabilities	16,575,631	14,696,399	9,306,273
Accounts payable	11,845,512	29,223,552	1,365,679
	243,146,102	235,529,772	162,202,969

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

30 -Modifications to reissued special purpose financial statements

The company has reissued the special purpose financial statements for the year ending on December 31, 2021, to replace the special purpose financial statements that were approved on Rabi' Al-Thani 19, 1444 AH (corresponding to November 13, 2022).

The modifications are as follows:

- A- The statement of financial position was presented over three years due to the company's transition from applying the International Financial Reporting Standard for Small and Medium-sized Enterprises "IFRS for SMEs" to applying the International Financial Reporting Standards "IFRS", as it was presented over two years in the special purpose financial statements issued previously. The effect of this matter has been reflected in these reissued special purpose financial statements .
- B- The classifications below represent an adjustment to the corporation's dividend amounts for the year 2020 (before amending the legal entity to a limited liability company (Note 1 – B), as part of it was recorded on the accounts of the new partners in the special purpose financial statements . Below is a summary of the adjustments Made on the special purpose statement of financial position :

	December 31, 2021		December 31, 2021
Description	Balance before adjustments	December 31, 2021 Reclassification	December 31, 2021 Balance after adjustments
Due from related parties	3,052,529	10,557,393	13,609,922
Total assets	354,820,951	10,557,393	365,378,344
Due to related parties	125,443,534	10,557,393	136,000,927
Total liabilities	242,955,374	10,557,393	253,512,767

31 -Subsequent events

- On 2 Jumada Thani 1444 AH (corresponding to December 26, 2022), the partners decided to increase the company's capital from SR 40,000,000 to SR 160,000,000, by transferring the amount from the partners' accounts. The regulatory procedures related to this regard have been completed. The company's capital is set at SR 160,000,000, divided into 16,000,000 shares of equal value. The value of the share is SR 10, distributed among the partners as follows:

Partners name	Cash shares	Share amount	Total
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	13,319,838	10	133,198,380
Muhammad Hisham bin Abdul Rahman Al Zamil	1,361,347	10	13,613,470
Omar Saad Abdul Aziz Al-Muqrin	507,026	10	5,070,260
Mishal Abdel Rahman Abdel Aziz Al Qaffari	376,755	10	3,767,550
Haila Abdel Karim Jarbou Al-Qafari	122,392	10	1,223,920
Suleiman bin Abdul Karim bin Jarbou Al-Qaffari	195,396	10	1,953,960
Saleh Rasheed bin Mohammed Al Rasheed	47,525	10	475,250
Suad Suleiman Mohammed Al-Sawadi	25,250	10	252,500
Abdullah Khalil Abdullah Al-Sabaa	21,424	10	214,240
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	7,296	10	72,960
Noura Nasser bin Rashid Al Tamami	11,487	10	114,870
Munira Abdel Karim Jarbou Al-Qafari	4,264	10	42,640
Total	16,000,000		160,000,000

NOTES TO THE REISSUED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Saudi riyal)

31 -Subsequent events (Continued)

- On Shaaban 15, 1444 AH (corresponding to March 7, 2023), the partners unanimously agreed to transform the legal entity of the establishment from a limited liability company to a closed joint stock company and the entry of new shareholders, with its rights, obligations, employment, classification, licenses, and all its financial, technical, and administrative elements, with the same share capital amounting to SR 160,000,000 and the nominal value of the share amounting to SR 10, while retaining the company name and the number and date of the commercial registry upon conversion. On Dhul-Hijjah 24, 1444 AH (corresponding to July 12, 2023). The company's bylaws have been published and the legal procedures related to this matter have been completed.

Other than that, the Company's management believes that there are no significant subsequent events after the date of the reissued special purpose financial statements and prior to the issuance of these reissued financial statements that require amendment or disclosure.

32 -Approval of financial statements

These reissued special purpose financial statements were approved by the partners on Rabi' Al-Thani 7, 1445 AH (corresponding to October 22, 2023).

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA

**CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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Independent auditor's report

**To the shareholders of
Marketing Home Group Company for Trading
(A Limited liability Company)
Riyadh, Kingdom of Saudi Arabia**

Opinion

We have audited the consolidated special purpose financial statements of Marketing Home Group Company for Trading (A Limited Liability Company) (the "Company") which includes the consolidated special purpose statement of financial position as at December 31, 2022, the consolidated special purpose statement of profit or loss and other comprehensive income, the consolidated special purpose statement of changes in equity, and the consolidated special purpose statement of cash flows for the year then ended, and the notes to the consolidated special purpose financial statements , including a summary of significant accounting policies.

In our opinion, the accompanying consolidated special purpose financial statements present fairly, in all material respects, the consolidated special purpose financial position of the Company as at December 31 2022, and its financial performance and cash flows for the year then ended In accordance with the accounting basis used to prepare the consolidated special purpose financial statements as described in (Note 2) to these financial statements .

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibility under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated special purpose financial statements " section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics (including international independence standards) that are endorsed in the Kingdom of Saudi Arabia and are relevant to our audit of the consolidated special purpose financial statements , and we have fulfilled our other ethical responsibility in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Basis of accounting and restriction of distribution and use

- We would like to draw attention to (Note 2) of the consolidated special purpose financial statements , which explains the accounting basis used to prepare these consolidated special purpose financial statements . The financial statements were prepared for the purpose of submitting them to the Capital Market Authority "CMA" and for any other purposes related to the direct listing of the Company's shares in the stock market and for the internal use of management. As a result, these consolidated special purpose financial statements may not be suitable for any other purposes. Our report is provided for that purpose only and should not be used by, or distributed to, any third parties. Our opinion has not been modified in respect of this matter.

Independent Auditor's Report (continued)

To the shareholders of
Marketing Home Group Company for Trading
 (A Limited liability Company)
 Riyadh, Kingdom of Saudi Arabia

Emphasis of matter (continued)

Comparative figures and financial statements

- We would like to draw attention to the fact that the comparative figures as at December 31, 2021 represent the assets, liabilities, and results of operations of the parent Company only. During the year 2022, the parent company established a subsidiary and acquired another subsidiary. Our opinion has not been modified in this matter.
- We would like to draw attention to (Note1 – C) of the consolidated special purpose financial statements , which indicates that the comparative figures cover the financial period from January 1, 2021 until December 31, 2021 includes the accounts of the parent company and its branches for the period from January 1, 2021 to August 8, 2021, and the company and its branches for the period from August 9, 2021 to December 31, 2021. Our opinion has not been modified in this matter.
- We would like to draw attention to (Note1 – C) of the financial statements , which indicates that, in accordance with the Company's articles of incorporation, the group is preparing the first consolidated special purpose financial statements for a general purpose for the period from August 9, 2021 until December 31, 2022 in accordance with international financial reporting standards approved in the Kingdom of Saudi Arabia and other standards and complementary issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), because the legal entity of the parent company was transferred from a sole proprietorship to a limited liability company, as shown in (Note – 1) in the consolidated special purpose financial statements . Our opinion has not been modified in this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated special purpose financial statements in accordance with the accounting basis used to prepare the consolidated special purpose financial statements and described in (Note 2) to these consolidated special purpose financial statements , and it is responsible for such internal controls, which it determines is necessary to enable the preparation of consolidated special purpose financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated special purpose financial statements , management is responsible for assessing the Group's ability to continue as a going concern, where appropriate, disclosing matters related to going concern and the use of the going concern basis of accounting unless management intends to liquidate the Group or cease operations or have no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group financial reporting process.

Auditor's responsibilities for the audit of the consolidated special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated special purpose financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue 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 to International Standards on Auditing as 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 for special purpose.

Independent Auditor's Report (continued)

To the shareholders of
Marketing Home Group Company for Trading
(A Limited liability Company)
Riyadh, Kingdom of Saudi Arabia

Auditor's responsibilities for the audit of the consolidated special purpose financial statements (continued)

As a part of an audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated special purpose financial statements , whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains 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 a 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Group's management.
- Conclude on the appropriateness of the 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentations, structure and the content of the consolidated special purpose financial statements , including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated special purpose financial statements s. We are responsible for directing the Group audit process, overseeing it, and executing it. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader

License 435

Riyadh, Kingdom of Saudi Arabia

Rajab 18, 1445 AH (corresponding to January 30, 2024).



MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED SPECIAL PURPOSE STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(Saudi Riyal)

	Note	2022 (Consolidated)	2021 (Unconsolidated)
Assets			
Non-current assets			
Property, machines, and equipment	6	74,897,580	40,779,140
Intangible assets	7	418,836	-
Capital works under construction	8	1,171,010	3,546,066
Right of use assets	9	89,560,286	78,253,834
Advance payments for investments	10	7,084,810	6,573,537
Total non-current assets		173,132,522	129,152,577
Current assets			
Inventory	11	165,116,509	138,236,652
Prepaid expenses and other assets	12	30,703,369	32,058,023
Due from related parties	13	3,665,105	13,609,922
Accounts receivable	14	6,787,321	13,747,741
Cash and cash equivalents	15	53,830,475	38,573,429
Total current assets		260,102,779	236,225,767
Total assets		433,235,301	365,378,344
Equity and liabilities			
Equity			
Share capital	1	160,000,000	40,000,000
Additional share capital	16	-	15,082,467
Actuarial reserve		(6,003,045)	(2,546,793)
Statutory reserve	17	9,794,839	6,278,647
Retained earnings		108,539,810	53,051,256
Foreign currency translation reserve		58,767	-
Total equity of parent company		272,390,371	111,865,577
Non-controlling interests		782,596	-
Net equity		273,172,967	111,865,577
Liabilities			
Non-current liabilities			
Lease obligations – noncurrent portion	9	79,943,355	70,394,758
Defined employees’ benefit plan obligations	18	13,139,002	7,476,311
Total non-current liabilities		93,082,357	77,871,069
Current liabilities			
Lease obligations – current portion	9	11,297,774	8,329,274
Due to related parties	13	9,635,902	136,000,927
Accrued expenses and other liabilities	19	22,187,699	16,575,631
Accounts payable	20	20,240,369	11,845,512
Zakat provision	21	3,618,233	2,890,354
Total current liabilities		66,979,977	175,641,698
Total liabilities		160,062,334	253,512,767
Total equity and liabilities		433,235,301	365,378,344

The accompanying notes from (1) to (34) form an integral part of these consolidated special purpose financial statements .

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED SPECIAL PURPOSE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyals)

	Note	2022 (Consolidated)	2021 (Unconsolidated)
<u>Profit or loss</u>			
Sales	22	323,742,640	250,893,864
Cost of sales	23	(122,841,343)	(101,914,799)
Gross profit for the year		200,901,297	148,979,065
Selling and marketing expenses	24	(63,885,635)	(42,263,563)
General and administrative expenses	25	(60,087,975)	(37,704,841)
Net profit from main operations		76,927,687	69,010,661
Finance costs	26	(2,543,269)	(2,587,410)
Other income / (expenses)	27	928,868	(145,004)
Net profit for the year before zakat		75,313,286	66,278,247
Zakat	21	(2,384,507)	(3,491,782)
Net profit for the year	22	72,928,779	62,786,465
Attributable to:			
Parent company		72,267,560	62,786,465
Non-controlling interest		661,219	-
Net profit of the year		72,928,779	62,786,465
<u>Other comprehensive income</u>			
Items not to be reclassified to profit or loss in subsequent periods			
Re - measurement of defined employees' benefit plan obligations		(3,457,407)	970,507
Foreign currency translation differences		58,767	-
Total other comprehensive (loss) / income for the year		(3,398,640)	970,507
Total comprehensive income for the year		69,530,139	63,756,972
Attributable to:			
Parent company		68,870,075	63,756,972
Non – controlling interest		660,064	-
Total comprehensive income for the year		69,530,139	63,756,972

The accompanying notes from (1) to (34) form an integral part of these consolidated special purpose financial statements .

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

(Saudi Riyal)

	Note	Share capital	Additional paid in capital	Actuarial reserve	Statutory reserve	Retained earnings	Foreign currency translation reserve	Attributable to parent company	Non-controlling interest	Total equity
Balance as at January 1, 2021 (unconsolidated)		690,000	-	(3,517,300)		58,757,670	-	55,930,370	-	55,930,370
Share capital increase		39,310,000	-	-	-	-	-	39,310,000	-	39,310,000
Transferred from related parties to additional capital		-	15,082,467	-	-	-	-	15,082,467	-	15,082,467
Net profit for the year		-	-	-	-	62,786,465	-	62,786,465	-	62,786,465
Other comprehensive income		-	-	970,507		-	-	970,507	-	970,507
Transferred to the statutory reserve		-	-		6,278,647	(6,278,647)	-	-	-	-
Dividends		-	-	-	-	(62,214,232)	-	(62,214,232)	-	(62,214,232)
Balance as at December 31, 2021 (unconsolidated)		40,000,000	15,082,467	(2,546,793)	6,278,647	53,051,256	-	111,865,577	-	111,865,577
Movement in the balance of non – Controlling interest at the beginning of the period		-	-	-	-	-	-	-	122,532	122,532
Transfer from additional capital to share capital		15,082,467	(15,082,467)	-	-	-	-	-	-	-
Share capital increase		104,917,533	-	-	-	-	-	104,917,533	-	104,917,533
Net profit for the year		-	-	-		72,267,560	-	72,267,560	661,219	72,928,779
Other comprehensive income from remeasurement of defined employee benefit plan obligations		-	-	(3,456,252)		-	-	(3,456,252)	(1,155)	(3,457,407)
Transferred to the statutory reserve		-	-	-	3,516,192	(3,516,192)	-	-	-	-
Dividends	30	-	-	-	-	(13,262,814)	-	(13,262,814)	-	(13,262,814)
Foreign currency translation reserve		-	-	-	-	-	58,767	58,767	-	58,767
Balance as of December 31, 2022 (consolidated)		160,000,000	-	(6,003,045)	9,794,839	108,539,810	58,767	272,390,371	782,596	273,172,967

The accompanying notes from (1) to (34) form an integral part of these consolidated special purpose financial statements .

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED SPECIAL PURPOSE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

	2022	2021
	(Consolidated)	(Unconsolidated)
Cash flows from operating activities		
Net profit for the year before Zakat	75,313,286	66,278,247
Adjustments to reconcile net profit for the year before zakat to net cash from operating activities		
Depreciation of property, machines, and equipment	7,077,804	4,391,044
Gains from the sale of property, machines, and equipment	(303,794)	(52,627)
Amortization of intangible assets	63,277	-
Losses on disposal of capital work under construction	1,786,335	-
Depreciation of right of use assets	11,371,036	7,317,385
Provision for obsolete and slow-moving inventory	5,681,914	2,797,206
Provision for expected credit loss	64,091	509,189
Defined employees' benefit plan obligations	2,850,357	2,496,849
Finance costs	2,341,007	2,420,317
Cash flows after adjusting noncash items	106,245,314	86,157,610
Changes in operating assets and liabilities		
Inventory	(32,561,771)	(26,034,320)
Net changes of related parties	(26,079,748)	(9,083,131)
Prepaid expenses and other assets	1,354,654	(5,618,693)
Accounts receivable	6,896,329	(8,235,259)
Accrued expenses and other liabilities	5,612,068	1,879,232
Accounts payable	8,394,857	(17,378,040)
Results from operations	69,861,703	21,687,399
Defined employees' benefit plan obligations paid	(687,398)	(121,144)
Zakat provision paid	(1,673,684)	(1,706,613)
Net cash provided by operating activities	67,500,621	19,859,642
Cash flows from investment activities		
Additions to property, machines and equipment	(34,655,568)	(13,559,059)
Proceeds from the sale of property, machines, and equipment	786,692	161,277
Additions to intangible assets	(482,113)	-
Additions to capital works under construction	(4,879,915)	(2,590,752)
Advance payments for investments	(511,273)	(1,176,880)
Net cash used in investment activities	(39,742,177)	(17,165,414)
Cash flows from financing activities		
Payment of lease obligation	(12,490,119)	(7,874,390)
Payment of finance interest	(11,279)	-
Net cash used in financing activities	(12,501,398)	(7,874,390)
Net change in cash and cash equivalents	15,257,046	(5,180,162)
Cash and cash equivalents, beginning of the year	38,573,429	43,753,591
Cash and cash equivalents, ending of the year	53,830,475	38,573,429

The accompanying notes from (1) to (34) form an integral part of these consolidated special purpose financial statements

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED SPECIAL PURPOSE STATEMENT OF CASH FLOWS (CONTINUE)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

	2022	2021
	(Consolidated)	(Unconsolidated)
Non-cash transactions		
Additions to lease obligations	22,677,488	16,220,655
Transferred from capital work under construction to property, machines and equipment	5,468,636	4,309,351
A business combination under common control through a related party	634,300	-
Transferred from related parties to additional capital	104,917,533	39,310,000
Transfer from additional capital to share capital	15,082,467	-
Transferred to the statutory reserve	3,516,192	6,278,647
Unpaid dividends	13,262,814	62,214,232
Remeasurement of defined employees' benefit plan obligations	3,457,407	(970,507)
Transferred from related parties to property, machine and equipment	1,554,939	-
Transfer from related parties to employee defined benefit plan obligations	42,325	-
Transferred from related parties to a zakat provision	17,056	-
Foreign currency translation reserve	58,767	-
Movement in the balance of – non-controlling interests	122,532	-
Transferred from related parties to additional capital	-	15,082,467

The accompanying notes from (1) to (34) form an integral part of these consolidated special purpose financial statements .

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1 - Organization and Activities

- A- Marketing Home Group Company for Trading ("the Company") is a Limited Liability Company (previously: Marketing Home Establishment – Sole Proprietorship) under Commercial Registration No. 1010205534 issued in Riyadh city on Muharram 3, 1426 AH (corresponding to February 12, 2005).

The company's activity is the manufacture of stone products, including (furniture, statues, paintings, ornaments and similar items), cutting and sawing marble, manufacturing marble products such as kitchens, sinks, antiques, basins, statues, sculpture, painting, and similar items, manufacturing air conditioning ducts and their accessories (ducts), and manufacturing wooden furniture and furnishings, manufacturing of metal furniture for homes, offices, restaurants and hotels, manufacturing of fixtures for shops and restaurants, including (installing decorations and similar services), wholesale sale of bricks, blocks, tiles, stone, marble, ceramics and porcelain, wholesale sale of sanitary ware and their installations , water heaters and tanks, retail sale of sanitary ware and their installations such as sinks, Chairs, bathtubs, etc., sauna equipment, retail sale of electrical appliances and installations, retail sale of decorative products, artificial ceilings, insulation materials and building materials, retail sale of building materials, including cement, blocks, gypsum, cement tiles,, etc., retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of home furniture, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, operating storage facilities for all types of goods except food and general stores that include a variety of goods.

B- Changes in share capital and legal entity

On Dhul-Qi'dah 14, 1442 AH (corresponding to June 24, 2022), the owner decided to transfer the name and legal entity from Marketing Home Establishment for Trading (a sole proprietorship) to Marketing Home Group Company for Trading (a limited liability company), and the capital was increased by 39,310,000 Saudi Riyals from related parties accounts making the total capital 40,000,000 Saudi Riyals, divided into 4,000,000 cash shares, the value of each share is 10 Saudi Riyals, and the first financial statements of the company after the transformation shall be on the date of its registration in the commercial register corresponding to 1 Muharram 1443 AH (corresponding to August 9, 2021) and ending on December 31, 2022.

The capital structure after adjustment is as follows:

Shareholder name	Cash shares	Shares value	Total
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	3,327,877	10	33,278,770
Muhammad Hisham bin Abdul Rahman Al Zamil	325,008	10	3,250,080
Omar Saad Abdul Aziz Al-Muqrin	114,733	10	1,147,330
Mishal Abdul Rahman Abdul Aziz Al Qafari	78,126	10	781,260
Haila Abdel Karim Jarbou Al-Qafari	46,932	10	469,320
Suleiman bin Abdul Karim bin Jarbou Al-Qafari	45,375	10	453,750
Saleh Rashid bin Mohammed Al-Rashid	27,210	10	272,100
Suad Suleiman Mohammed Al-Sawadi	18,336	10	183,360
Abdullah Khalil Abdullah Al-Sabaa	5,356	10	53,560
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	5,298	10	52,980
Noura Nasser bin Rashid Al Tamami	3,890	10	38,900
Munira Abdel Karim Jarbou Al-Qafari	1,859	10	18,590
Total	4,000,000		40,000,000

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

1 - Organization and Activities (continued)

B - Changes in share capital and legal entity (continued)

On 2 Jumada Al Thani 1444H (corresponding to December 26, 2022), the Articles of Association were amended to increase the company's capital from 40,000,000 Saudi Riyals to 160,000,000 Saudi Riyals by transferring the amount from the partners' current accounts, where 15,082,467 Saudi Riyals were transferred from the additional capital to the share capital and 104,917,533 Saudi Riyals were paid in cash from the partners. The legal procedures related to this matter have been completed. The company's capital is set at 160,000,000 Saudi Riyals divided into 16,000,000 shares of equal value, the value of each share is 10 Saudi Riyal, all of which are ordinary shares, distributed among the partners as follows:

Shareholder name	Cash shares	Shares value	Total
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	13,319,838	10	133,198,380
Muhammad Hisham bin Abdul Rahman Al Zamil	1,361,347	10	13,613,470
Omar Saad Abdul Aziz Al-Muqrin	507,026	10	5,070,260
Mishal Abdul Rahman Abdul Aziz Al Qafari	376,755	10	3,767,550
Haila Abdel Karim Jarbou Al-Qafari	122,392	10	1,223,920
Suleiman bin Abdul Karim bin Jarbou Al-Qafari	195,396	10	1,953,960
Saleh Rashid bin Mohammed Al-Rashid	47,525	10	475,250
Suad Suleiman Mohammed Al-Sawadi	25,250	10	252,500
Abdullah Khalil Abdullah Al-Sabaa	21,424	10	214,240
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	11,487	10	114,870
Noura Nasser bin Rashid Al Tamami	7,296	10	72,960
Munira Abdel Karim Jarbou Al-Qafari	4,264	10	42,640
Total	16,000,000		160,000,000

- During the subsequent period, the legal entity of the company was amended, and it was transformed into a Closed Joint Stock Company (Note – 33).

- C- The comparative figures cover the financial period from January 1, 2021, to December 31, 2021. They include the accounts of the Establishment and its subsidiaries for the period from January 1, 2021, to August 8, 2021 and the Company and its subsidiaries for the period from August 9, 2021 to December 31, 2021.

In accordance with the Articles of Association of the parent company, the Group prepares the first general purpose consolidated special purpose financial statements for the period from August 9, 2021 to December 31, 2022 in accordance with International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and pronouncements supplementing IFRS adopted by the Saudi Organization for Chartered and Professional Accountants "SOCPA", as the legal entity of the parent company has been converted from a sole proprietorship to a limited liability company.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

1 - Organization and Activities (continued)

D- These consolidated special purpose financial statements represent the assets, liabilities and business results of the main commercial registration and the following sub-commercial registrations:

CR number	Place of issuance	Date of issuance	Commercial name	Activity
2051051222	Khobar	20/2/1434 AH	Ceramic Home Trading Company	Retail sale of electrical appliances and their extensions, retail sale of chandeliers, chandeliers, and goods used in lighting and their accessories, retail sale of building materials, including cement, block, gypsum, cement tiles, general stores that include a variety of goods, operation of storage facilities for all types of goods except foodstuffs, Retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, and sauna equipment.
1010599447	Riyadh	16/2/1441 AH	Hatch Trading	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of home furniture, retail sale of electronic and electrical household appliances, retail sale of wooden, cork and plastic products.
1010671405	Riyadh	16/4/1442 AH	Construction Station Trading Company	Retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of building materials, including cement, block, gypsum, cement tiles, retail sale of electrical appliances and their extensions.
2252100946	Mubarratz	10/1/1438 AH	Lighting Stores Trading Company	Retail sale of electrical appliances and extensions, wholesale sale of chandeliers and lighting items, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
1010626823	Riyadh	17/6/1441 AH	Lighting Stores Trading Company	Retail by mail.
2050231550	Dammam	7/6/1438 AH	Lighting Stores Trading Company	Wholesale of chandeliers and lighting items, retail sale of electrical appliances and accessories, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
3400119823	Sukaka	23/12/1441 AH	Lighting Stores Trading Company	Retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
2051164257	Khobar	21/7/1437 AH	Lighting Stores Trading Company	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, wholesale sale of chandeliers and lighting items, retail sale of electrical appliances and their extensions.
1010345061	Riyadh	25/8/1433 AH	Lighting Stores Trading Company	Furniture and wood stores, retail sale of miscellaneous household items and handicrafts, cutting tools, ceramics, glassware and pottery, general stores that include a variety of goods, operating storage facilities for all types of goods except food, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, Retail sale of electronic and electrical household appliances, retail sale of wooden, cork and plastic products.
2050212501	Dammam	21/7/1437 AH	Lighting Stores Trading Company	Retail sale of electrical appliances and extensions, wholesale sale of chandeliers and lighting items, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

1 - Organization and Activities (continued)

D- These consolidated special purpose financial statements represent the assets, liabilities and business results of the main commercial registration and the following sub-commercial registrations (continued):

CR number	Place of issuance	Date of issuance	Commercial name	Activity
1131054364	Buraydah	18/12/1435 AH	Lighting Stores Trading Company	Retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of home furniture, retail sale of household items, miscellaneous handicrafts, cutting tools, ceramics, glassware and pottery.
4030303103	Jeddah	22/8/1439 AH	Lighting Stores Trading Company	Wholesale of chandeliers and lighting items, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of electrical appliances and their extensions.
5855345553	Khamis – Mushait	28/2/1441 AH	Lighting Stores Trading Company	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of electronic and electrical household appliances.
1128119234	Onayza	6/3/1436 AH	Lighting Stores Trading Company	Retail sale of home furniture, retail sale of various household items and handicrafts, cutting tools, ceramics, glassware and pottery, retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
5950119431	Najran	7/1/1442 AH	Lighting Stores Trading Company	Retail sale of chandeliers, chandeliers, goods used in lighting and their accessories, retail sale of electronic and electrical household appliances.
5900131016	Jizan	12/4/1443 AH	Construction Station Trading Company	Retail sale of electrical appliances and their extensions, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of building materials, including cement, blocks, gypsum, cement tiles, retail sale of marble, natural and artificial stone, ceramics and porcelain.
5850125597	Abha	25/2/1441 AH	Ceramic Home Trading Company	Retail sale of decorative products, artificial ceilings, insulating materials and building materials, retail sale of building materials, including cement, block, gypsum, cement tiles, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, and sauna equipment. .
2252054449	Mubarraz	1/12/1434 AH	Ceramic Home Trading Company	Retail sale of electrical appliances and their extensions, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of building materials, including cement, blocks, gypsum, cement tiles, retail sale of marble, natural and artificial stone, ceramics and porcelain.
1010626659	Riyadh	16/6/1441 AH	Ceramic Home Trading Company	Retail by mail.
2050088106	Dammam	20/2/1434 AH	Ceramic Home Trading Company	Retail by mail.
1010270857	Riyadh	13/7/1430 AH	Ceramic Home Trading Company	Retail sale of marble, natural and artificial stone, ceramics and porcelain, general stores that include a variety of goods, operation of storage facilities for all types of goods except food items, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, furniture and wood stores, retail sale. Building materials include cement, blocks, gypsum, and cement tiles.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

1 - Organization and Activities (continued)

D- These consolidated special purpose financial statements represent the assets, liabilities and business results of the main commercial registration and the following sub-commercial registrations (continued):

CR number	Place of issuance	Date of issuance	Commercial name	Activity
1131026154	Buraydah	24/4/1429 AH	Ceramic Home Trading Company	Retail sale of sanitary ware and accessories such as sinks, chairs, bathtubs, sauna equipment, general stores that include a variety of goods, retail sale of marble, natural and artificial stone, ceramics, and porcelain, furniture and wood stores, retail sale of building materials including cement, block, gypsum, and tiles. Cement, operating storage facilities for all types of goods except foodstuffs.
3550105589	Tabuk	9/8/1437 AH	Ceramic Home Trading Company	Public warehouses that include a variety of goods, operating storage facilities for all types of goods except food, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of electrical appliances and their extensions, Furniture and lumber stores, retail sale of building materials, including cement, block, gypsum, and cement tiles.
4030377783	Jeddah	30/6/1441 AH	Ceramic Home Trading Company	Retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of marble, natural and artificial stone, ceramics and porcelain, retail sale of building materials, including cement, block, gypsum, cement tiles, retail sale of electrical tools and their extensions, operating storage facilities for all Types of goods excluding foodstuffs.
1128017374	Onayza	23/1/1435 AH	Ceramic Home Trading Company	Retail sale of sanitary ware and accessories such as sinks, chairs, bathtubs, and sauna equipment, retail sale of marble, natural and artificial stone, ceramics, and porcelain, retail sale of building materials, including cement, block, gypsum, and cement tiles.
1010526362	Riyadh	30/6/1436 AH	Marketing Home for Contracting	Site prefab construction, general construction of government buildings, general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals and hotels, renovations of residential and non-residential buildings.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

1 - Organization and Activities (continued)

E- The consolidated special purpose financial statements as at December 31, 2022 include the activities of the Parent Company and the following subsidiaries (the Parent Company and its subsidiaries are hereinafter referred to as the "Group"). During 2022, the Parent Company consolidated the business with Ice Bear for Contracting and Build Station LLC (Note 31).

The details of the subsidiaries are as follows:

CR number	Place of issuance	Date of issuance	Commercial name	Activity	Ownership percentage
1010526362	Dubai	29/7/1443 AH	Build Station LLC	Trade of building and construction materials	60%
1010500497	Riyadh	18/4/1440 AH	Ice Bear for Contracting	Installation, maintenance, and repair of electric, gas, or oil heating systems Installation, maintenance, and repair of solar power systems Installation, maintenance, and repair of plumbing fixtures Installation, maintenance, and repair of refrigeration and air conditioning systems Installation, maintenance, and repair of air conditioning ducts, maintenance, and repair of air conditioning ducts	100%

F- The Company's headquarters is located at the following address:

Marketing Home Group Company for Trading
Riyadh - Al-Aziziyah District - Al-Kharj Road
P.O 8305
Zip Code 14511
Kingdom of Saudi Arabia

2 - Basis of preparing consolidated special purpose financial statements

Statement of compliance

These consolidated special purpose financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards "IFRS" endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants "SOCPA".

The consolidated special purpose financial statements are of submission to the Capital Market Authority and for any other purpose in connection with the direct listing of the Group's shares on the Stock Exchange and for internal management use. As a result, the consolidated special purpose financial statements may not be suitable for other purposes.

Basis of measurement

These consolidated special purpose financial statements have been prepared according to historical cost principle, going concern basis and the accrual basis of accounting. Other basis will be used if International Financial Reporting Standards "IFRS" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants "SOCPA" require that, as stated in the summary of significant accounting policies (Note 5).

Accounting records

The Company maintains regular accounting records on the computer and in Arabic language.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

3 - Basis of preparing consolidated special purpose financial statements (continued)

Functional and presentation currency

These consolidated special purpose financial statements are presented in Saudi Riyals which is the functional currency of the Group and are rounded to nearest Saudi Riyal.

Uses of assumptions and judgment

The preparation of these consolidated special purpose financial statements in accordance with international financial reporting standards 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 requires management to use estimates, assumptions and judgments that affect the amounts of revenues, costs, assets, liabilities, and disclosures of contingent liabilities at the date of the financial period. However, uncertainty about these assumptions and estimates may lead to results that may require making material adjustments to the carrying value of the assets and liabilities affected in the future.

Estimates and related assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized prospectively.

A- Uncertain estimates and assumptions

Fair Value

Fair value represents the price that can be received as a result of the sale of an asset or that can be paid to convert an obligation into a regular transaction between market participants at the measurement date. The fair value measurement is based on the assumption that an asset-asset transaction or a liability transfer is made either:

- In the main market for assets or liabilities, or
- In the absence of a major market, in the most advantageous markets for assets or liabilities.

Measuring the fair value of a non-financial asset considers the ability of market participants to achieve economic benefits by using the asset in the best possible and highest possible interest or by selling it to another market participant who will use the asset best and with the highest possible benefit.

Fair values are classified into different levels in the fair value sequence based on the inputs used in the valuation methods as follows:

Level 1: Market prices declared in active markets for the same financial instruments.

Level 2: Input-based valuation methods that affect fair value and can be observed directly or indirectly in the market.

Level 3: Input-based valuation methods that affect fair value and cannot be observed directly or indirectly in the market.

For assets and liabilities that are recognized in the consolidated special purpose financial statements at fair value on a recurring basis, the Group confirms whether a transfer between fair value measurement hierarchy levels has occurred by recalibrating the classification (based on the lower level inputs that are significant to the fair value measurement as a whole) at the end of each reporting period of the consolidated special purpose financial statements .

For the purpose of fair value disclosure, the Group has identified categories of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities and the fair value measurement hierarchy.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

2 - Basis of preparing financial statements (continued)

A- Uncertain estimates and assumptions (continued)

Going Concern

The Group's management made an assessment for its ability to continue as a going concern and concluded that it has the resources to continue its activity in the foreseeable future. In addition, the management is not aware of any material uncertainty that may cast doubt on the ability of the Group to continue as a going concern. Accordingly, the consolidated special purpose financial statements have been prepared on the going concern basis.

Useful life or residual value or depreciation or amortization method of property, machines and equipment and intangible assets

The Group's management estimates the estimated useful life of property, machines and equipment and intangible assets. This estimate is determined after consider the expected use of the asset or damage and the natural obsolescence. Management reviews the useful life or residual value or depreciation or amortization method of property, machines and equipment annually, whereby future depreciation or amortization is adjusted when management believes that the useful life, residual value or depreciation or amortization method is different from that used in previous periods.

Impairment of non-financial assets

The Group's management periodically reviews the book value of non-financial assets to determine whether there is any indication that such assets may be subject to any impairment loss. If there is any indicator, the recoverable amount of assets is estimated to determine the extent of impairment loss. When it is not possible to estimate the recoverable amount of assets individually, the Group estimates the recoverable amount of the cash generating unit to which the assets belong. If the amount of recoverable assets is estimated to be below its book value, the book value of the asset decreased to its recoverable value, and the impairment loss is recognized in the consolidated special purpose statement of profit or loss .

Impairment of lease payments

The Group cannot easily determine the interest rate implicit in the lease and, therefore, it uses incremental borrowing rate to measure its lease obligations. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow the necessary financing over a similar term and with the same collateral to obtain an asset of the same value as a "right-of-use" asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "has to pay" which requires estimation when observable rates are not available or need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available, which requires making some of its own estimates.

Extension and termination options in lease contracts

Extension and termination options are included in several lease contracts. These terms are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable by both the Group and the lessor.

When determining the term of a lease, management considers all facts and circumstances that create an economic incentive to exercise the extension option, or not exercise the termination option. Extension options (or periods following termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or significant change in circumstances occurs that affects this appraisal and is within the lessee's control.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

2 - Basis of preparing financial statements (Continue)

A- Uncertain estimates and assumptions (continued)

Impairment of inventory

Inventories are stated at the lower of cost or net realizable value. When inventory is old or obsolete, an estimate is made of net realizable value. This estimation is performed in respect of each significant amount on a reasonable basis. Amounts which are not considered material for each inventory item, but which are old or obsolete, are assessed collectively and a provision is formed for them depending on the type of inventory and the degree of obsolescence or old based on historical selling prices.

Expected credit loss (ECL provision)

The Group uses a provision schedule to calculate expected credit losses "ECL" for receivables. Provision rates are calculated based on days past due for various customer segments with similar loss patterns (i.e. by customer type, classification, and coverage by letters of credit and other forms of credit insurance). The provision schedule is initially calculated on the basis of the Group's observed historical late payment loss rates. The Group will calibrate the table to adjust historical credit loss experience with expected information. For example, if economic conditions are expected to deteriorate over the following year, which could result in an increased number of payment delays, historical credit loss rates are adjusted. At each reporting date, historically observed loss rates are updated, and changes in forecast estimates are analyzed. Assessing the relationship between historically observed late payment loss rates, expected economic conditions, and expected credit losses "ECL" is an important estimate. The amount of expected credit losses "ECL" is sensitive to changes in circumstances and expected economic conditions, and the Group's historical credit loss experience and expected economic conditions may not represent an actual loss to customers in the future.

Contingencies

By their nature, contingent commitments will only be settled upon the occurrence or non-occurrence of a future event or events. Evaluating such potential engagements intrinsically involves exercising significant judgment and estimates of future events.

Employee benefits

The costs of employees' end-of-service plans and the present value of the end-of-service benefit obligations are determined using actuarial valuations, actuarial valuations include assumptions that may differ from actual developments in the future. It includes determining the discount rate, future salary increases, mortality rate and future increases in pensions. Given the complexities involved in the valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date of the consolidated special purpose financial statements .

Zakat

In calculating zakat for the current year, the Group adjusted its net profit and applied a certain discount to its zakat to calculate zakat expenses. The Group has made the best estimates of these assumptions.

B- Judgements

Determining Control and Significant Influence

A subsidiary is an investee that is controlled by the parent Group. Management considers that it controls an investee when the Group is exposed to risks related to the investee or has rights to most of the variable returns resulting from its association with the investee, as well as when it has the ability to use its power over the investee to influence those returns through its ability to direct the related activities of the investee. The determination of the parent's control depends on the manner in which decisions are made regarding the related activities and the parent's rights in the investee companies. Judgment is required.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

3 - New standards, amendments to standards, interpretations and issued standards that have not yet been applied

New standards and amendments to standards and interpretations

A- The application of the following amendments to the current standards does not have any significant impact on the consolidated special purpose financial statements of the Group in the current period or previous periods, and it is expected that they will not have a significant impact in future periods:

- Amendments to IFRS 3 (Business Combinations): Refers to the conceptual framework for financial reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 (Property, plant and equipment): A group is prohibited from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the group is preparing the asset for its intended use. Instead, the Group will recognize the proceeds of such sales and related costs in the special purpose consolidated special purpose statement of profit or loss.
- Amendments to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets): The standard specifies the costs that the Group includes when assessing whether a contract will result in a loss.

B- A number of new declarations are effective for annual periods beginning on or after January 1, 2023, with early application permitted. However, the Group did not implement early application of the new or amended standards in preparing these financial statements.

Standards / Interpretations	Description	Effective from periods beginning on or after the following date
Amendments to IAS 1 and IFRS 2 Statement of Practice	Classify liabilities as current or non-current, disclose accounting policies and exercise judgment on materiality	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction	January 1, 2023

The Group has adopted the following standards and amendments, which are not expected to have a material impact on the Group's consolidated special purpose financial statements for special purpose.

C- Standards and amendments issued but not yet effective for periods beginning on or after January 1, 2024: The following are standards, interpretations and amendments that have been issued but not yet effective as of the date of issuance of the special purpose consolidated special purpose financial statements. The Group intends to apply these standards, where applicable, when they become effective:

- IFRS 16: Lease Obligations in Sale and Leaseback Transactions.
- IAS 1: Classification of liabilities as current or non-current and non-current liabilities with commitments.
- IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture. This amendment is available for optional application / the effective date is indefinitely deferred.

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NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
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4 - Basis of Consolidation

The consolidated special purpose financial statements includes the Marketing Home Group Company for trading and its subsidiaries (the “Group”) as detailed in Note (1/ E).

Control is achieved when the Group has

- The ability to control the investee
- The Group's right to variable returns arises as a result of its association with the investee
- The ability to use its control to influence the returns on the investment.

The Group reassesses whether or not it controls an investee, and whether facts and circumstances indicate changes in one or more of the elements of control referred to above.

Where the Group's voting rights in an investee are less than a majority of its voting rights, the Group has control of that investee when the voting rights are sufficient to give it the practical ability to direct the activities relevant to the investee individually. The Group considers all relevant facts and circumstances when assessing whether the Group has the voting rights in the investee to confer control, including

- The size of the voting rights held by the holding group in relation to the size and extent of ownership of other voting rights holders.
- The potential voting rights held by the Group, other voting rights holders and other parties
- Rights arising from other contractual arrangements, and
- Any additional facts and circumstances that may indicate that the Group has, or does not have, the current ability to direct relevant activities when decisions need to be made, including how to vote at past shareholder meetings.

The consolidation of a subsidiary commences when the Group obtains control of that subsidiary and ceases when the Group loses control of the subsidiary. In particular, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated special purpose statement of profit or loss and consolidated comprehensive income from the date the Group acquires control until the date it loses control of the subsidiary.

The consolidated special purpose statement of profit or loss and each component of other comprehensive income is attributed to the partners in the group. The total comprehensive income of the subsidiary is attributed to the group partners.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All transactions including assets, liabilities, equity, revenues, expenses and cash flows arising from transactions between group companies are eliminated in consolidation.

Business combinations of entities under common control or owned by related parties are accounted for as an equity transaction. The difference between the purchase consideration and the carrying amount of the acquired Group's net assets is recognized in retained earnings related to shareholders of the parent Group.

Changes in the Group's equity in existing subsidiaries

Changes in the Group's ownership in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying values of the Group's ownership and non-controlling interests are adjusted to reflect changes in its ownership in subsidiaries. Any difference between the value of the non-controlling interest adjustment and the fair value of the consideration paid or received is recognized directly in consolidated equity and is attributable to the Group's associates.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

4 - Basis of Consolidation (continued)

When the Group loses control of a subsidiary, any gain or loss is recognized in the consolidated special purpose statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the total fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in OCI relating to that subsidiary are accounted for as if the Group had disposed of the assets or liabilities of the subsidiary directly (in other words, reclassification to the consolidated special purpose statement of profit or loss and other comprehensive income or transfer to another classification in special purpose equity as defined/allowed under IFRS). The fair value of any investment held in the former subsidiary at the date of loss of control is considered as fair value at initial recognition in subsequent accounting in accordance with IFRS 9 or, where applicable, cost at initial recognition of an investment in an associate or joint venture.

5 - Summary of significant accounting policies

The following is a summary of the significant accounting policies followed by the Group:

Current versus non-current classification

The Group presents its assets and liabilities in the consolidated special purpose statement of financial position on a current / non-current basis. The assets are considered as a current when its:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents, unless restricted from paying exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

All liabilities are considered as a current, when its:

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

All other liabilities are classified as non-current.

Property, machines, and equipment

Property, machines, and equipment are stated at cost less any accumulated depreciation and any impairment losses. Land is not depreciated. The cost includes expenses directly attributable in bringing the assets to their current location and condition ready for use. The Group periodically reviews and reassess the estimated future useful lives and residual values and based on this, it may change or adjust the estimated useful lives and depreciation rates. Repair and maintenance expenses are considered as revenue expenses, while improvement expenses are considered capital expenditures. The depreciation is calculated on the basis of its estimated useful life using the straight-line method.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
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5 - Summary of significant accounting policies (continued)
Property, machines, and equipment (continued)

The estimated useful life for the main items of these property, machines, and equipment is as follows:

Description	Depreciation rate
Leasehold improvements	15 % or lease period whichever is higher
Vehicles	15%
Electrical appliances	15%
Machines and equipment	10%
Furniture and fixtures	10%

If there is an indication of a significant change in the depreciation rate, useful life, or residual value of property, machine, and equipment, the depreciation expense for these assets is adjusted in future periods to reflect the new expectations. Upon sale, any difference between the net proceeds from the sale and the carrying amount of the item sold is recognized in the consolidated special purpose statement of profit or loss , included in other income or other operating expenses

Annual review of salvage values and useful lives

An asset's salvage value is the current estimated amount a Group would receive when retiring the asset after deducting the estimated costs of disposal if the asset had already reached the expected age and condition at the end of its useful life.

The salvage values and useful lives of assets are reviewed and adjusted, where necessary, at the end of each financial reporting period. If forecasts differ from previous estimates, the change is accounted for as a change in accounting estimates.

Impairment of noncurrent assets

At each reporting date, the Group assesses whether there is evidence of impairment of an asset. If such evidence exists, or when it is necessary to perform an annual impairment test, the Group estimates the recoverable amount of the asset, which is the higher of the fair value of the asset or cash-generating unit less costs to sell and the present value, determined for individual assets unless the asset results in cash inflows that are substantially independent of other assets or groups of assets. If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and written down to its recoverable amount.

In estimating the present value, estimated future cash flows are discounted to present value using a post-Zakat discount rate that reflects current market estimates of the time value of money and the risks inherent in the asset.

Impairment losses for continuing operations, including impairment of working capital, if applicable, are recognized in the consolidated special purpose statement of profit or loss within expenses in line with the function of the impaired asset.

For assets other than goodwill, at the date of preparation of consolidated special purpose financial statement , an assessment is made to determine whether there is evidence that previously recognized impairment losses no longer exist or have decreased. If such evidence exists, the Group estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used in determining the recoverable amount since the date the impairment loss was last recognized. This reversal is recognized in the consolidated special purpose statement of profit or loss .

In the case of reversal of an impairment loss on a non-financial asset other than goodwill, the carrying amount of the asset (or related group of assets) is increased to the adjusted estimate of the recoverable amount, but not more than the amount that would have been determined had no impairment loss on the asset (or related group of assets) been recognized in prior years. The reversal of an impairment loss is recognized directly in the consolidated special purpose statement of profit or loss .

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5 - Summary of significant accounting policies (continued)

Capital works under construction

Capital work under construction is stated at cost as per initial measurement. Cost includes all expenditure directly attributable to bringing the asset to the condition in which it is operating and for the purpose for which it was acquired. Capital work under construction is transferred to property, machine and equipment when it is completed and available for the purpose for which it was intended.

Lease contracts

The Group has recognized assets and liabilities for its operating leases. Each lease payment is allocated between liabilities and finance cost. The finance cost is charged to the consolidated special purpose statement of profit or loss over the lease term so that a constant periodic interest rate is earned on the remaining balance of the liability for each period. The right to use an asset is amortized over the shorter of the useful life of the asset or the term of the lease, on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at present value.

Right of use assets, is initially recognized:

- The initial measurement amount of the lease obligation, which is the present value of future lease payments.
- Any lease payments made on or before the commencement date of the lease less any lease incentives received.
- Any initial direct costs incurred by the group as a lessee.
- An estimate of the costs that would be incurred by the group as lessee to dismantle and remove the asset and restore the site where the asset is located to its original condition.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment loss modified by any remeasurement of the lease obligation.

The Group amortizes the right-of-use asset over the estimated term of the lease on a straight-line basis.

The lease obligation is initially recognized at the present value of the unpaid lease payments at the inception date and the Group's incremental borrowing rate is used.

The lease liability, is subsequently measured as follows:

- Increase the carrying amount to reflect interest on the lease obligation.
- Decrease the carrying amount to reflect lease payments.
- Remeasurement of the carrying amount to reflect any revaluation or adjustments to the lease.

The Group separates the payments into principal (presented within financing activities) and interest (presented within operating activities) in the consolidated special purpose statement of cash flows .

Under IFRS 16, "Right of Use of Assets" is tested for impairment in accordance with IAS 36 "Impairment of Assets".

Lease term

The Group recognizes the term of a lease as the non-cancellable period of the lease together with

- Periods covered by the option to extend the lease if the Group is reasonably certain that the option will be exercised.

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NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5 - Summary of significant accounting policies (continued)

Lease term (continued)

- Periods covered by the option to terminate the lease if the Group is reasonably certain that the option will not be exercised.

For short-term leases (lease term of 12 months or less) and low-value leases, the Group has recognized lease expense on a straight-line basis as permitted by IFRS 16, which is the same way it was accounted for under IAS 17 "Leases". **Summary of significant accounting policies**

Intangible assets

Acquired intangible assets are recognized separately at cost. After initial recognition, intangible assets are stated at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangible assets, excluding development costs, are not capitalized, and expenses are recognized in the consolidated special purpose statement of profit or loss when incurred.

The useful lives of intangible assets are estimated to be either definite or indefinite.

Intangible assets with definite useful lives

The period and method of amortization for intangible assets with finite useful lives are reviewed at the end of each financial period. Changes in the expected useful life or the expected method of amortizing the future economic benefits inherent in an intangible asset by changing the amortization period or method, as appropriate, are accounted for as changes in accounting estimates. Amortization expense for intangible assets with finite useful lives is recognized in the consolidated special purpose statement of profit or loss within the expense category that corresponds to the function of the intangible asset.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives as follows:

<u>Description</u>	<u>Amortization rate</u>
Computer programs	25%

Inventory

Inventory is recorded at cost or net realizable value, whichever is the lower. Cost includes other costs and expenses incurred to purchase the inventory and bring it to its present location. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less any costs of completing the sale.

Related parties

The related party is a person or entity related to the Group, and the person is related if he owns control or has significant influence over the Group or is a member of the key management personnel, and the entity is related if the entity is a member in same the group as a parent or a subsidiary or an associate Group or associated with a joint venture, or both entities are a joint venture of a third party.

Transaction with related parties transfer of resources, services, or obligations between the Group and the related party, regardless of whether the price is charged. Key management personnel are the authorized and responsible persons for planning and management, and they have direct or indirect control over the operations of the Company, including the manager.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5 - Summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable are presented at the original invoice amount, less an allowance for any uncollectible amounts. A provision for expected credit losses "ECL" is made when there is objective evidence that the Group is unable to collect the amounts due according to the original terms of the receivables. Bad debts are written off when identified against the related provisions. The provisions are charged to the consolidated special purpose statement of profit or loss, and any subsequent recoveries of amounts of receivables that were previously written off are added to other income.

Impairment of financial assets

The new impairment requirements of IFRS 9 use more prospective information to recognize expected credit losses - the expected credit loss model.

The recognition of credit losses no longer relies on the Group initially identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of an instrument's future cash flows.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments whose credit quality has not materially declined since initial recognition or that have low credit risk (Stage 1) and.
- Financial instruments whose credit quality has materially deteriorated since initial recognition and whose credit risk is not low (Stage 2).
- "Stage 3" covers financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's assets fall into this category.

"12-month ECL" is recognized for the first category while "lifetime ECL" is recognized for the second category.

The measure of ECL is determined by estimating the weighted average probability of credit losses over the expected life of the financial instrument.

The Group recognizes 12-month expected credit losses for financial assets at FVOCI (if any). As most of these instruments have an excellent credit rating, the likelihood of impairment is considered low. However, at each reporting date, the Group assesses whether there has been a significant increase in the credit risk of the instrument.

Cash and cash equivalents

This item consists of cash on hand, cash at bank, and cashier's checks that are highly liquid and can be settled within three months or less from the date of acquisition.

Employee benefits

Defined employees' benefit plan obligations

End-of-service provision is determined using the projected unit credit method with an actuarial valuation conducted at the end of each annual reporting period. The re-measurement that includes actuarial gains and losses is included in the consolidated special purpose statement of financial position with a credit or deduction in the consolidated special purpose statement of other comprehensive income for the period in which it was issued. Incurred therein, the recognized remeasurement is included in the consolidated special purpose statement of other comprehensive income and is not re-included in the consolidated special purpose statement of profit or loss.

Retirement benefits

The Group pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance "GOSI". This represents a defined contribution plan. The payments made are expensed as incurred.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5 - Summary of significant accounting policies (continued)

Employee benefits (continued)

Short – Term employees' benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of benefits expected to be paid in exchange for the related service.

Provisions

Provisions must be recognized when the Group has a present obligation (legal or implicit) as a result of a past event, and it is probable that it will require an outflow of resources with economic benefits to settle this obligation, and that an estimate of the amount of the obligation can be made in a reliable manner. When a recovery is expected (by a third party) for some or all of the expenditure required to settle a provision (through an insurance contract for example), The recoverable amount is recognized only when it is certain that the recoverable amount will be received if the entity settles the obligation, and this recovered amount is recognized as a separate asset. The expense relating to the provision is presented in the consolidated special purpose statement of profit or loss and other comprehensive income , net of the amount recovered.

Contingent liabilities

All contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group, or all present liabilities arising from past events but not confirmed for the following reasons:

- There is no probability that an outflow of economic resources will be required to settle the obligation, or
- It is not possible to measure the amount of the obligation with sufficient reliability; They must all be evaluated at the date of each consolidated special purpose statement of financial position and disclosed in the Group's consolidated special purpose financial statements as contingent liabilities.

Accounts payables and accruals

Liabilities are recognized against amounts to be paid in the future for the goods or services received, whether or not they are provided with invoices by suppliers

Zakat

- Zakat is computed at the end of the year according to the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia "The Authority".
- The zakat provision is charged at the end of each fiscal year in the consolidated special purpose statement of profit or loss . Zakat liabilities, if any, related to the zakat assessments for previous years are also recognized by the Authority in the period in which the final assessments are issued.

Value added tax

Expenses and assets are recognized net of value added tax, with the exception of:

- When the VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, as the case may be.
- When listing debit and credit accounts with the amount of VAT. The net amount of VAT recoverable from or payable to the tax authority is included as part of the debit or credit accounts in the consolidated special purpose statement of financial position .

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NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5 - Summary of significant accounting policies (continued)

Withholding tax

The Group withholds taxes on transactions with non-resident parties in the Kingdom of Saudi Arabia and on dividends paid to non-resident shareholders in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

Distributions due to partners

Dividend distributions to partners in the Group are recorded as a liability when the distributions are approved. In accordance with the Companies Law of the Kingdom of Saudi Arabia, distributions are approved when approved by the partners or authorized by the partners to the Board of Directors to distribute interim dividends to the partners of the Group on a semi-annual or quarterly basis by a resolution of the Ordinary General Assembly and renewed annually, commensurate with the Group's financial position and its consolidated cash flows, and the corresponding amount is deducted directly from the consolidated equity.

Revenue recognition

The Group recognizes revenue under IFRS 15 using the following five-step model:

- 1- Identifying the contract with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights or obligations and defines the criteria that must be met.
- 2- Identifying the performance obligations in the contract: A performance obligation is a promise with a customer to transfer a good or provide a service.
- 3- Determining the transaction price: The transaction price is the amount of consideration that the Group expects to receive in return for transferring the promised goods or services to the customer, excluding the amounts collected on behalf of third parties.
- 4- Allocating the transaction price to performance obligations in the contract: For a contract that contains more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that determines the amount of consideration that the Group takes, specifying the amount of consideration that the Group expects to receive in exchange for fulfillment with all commitment.
- 5- Recognize revenue when (as) the entity satisfies the performance obligation.

Determine contracts with the client

The Group carefully evaluates the terms and conditions of contracts with its customers because revenue is only recognized when performance obligations in contracts with customers are met. A change in the scope or price (or both) of a contract is considered an amendment to the contract and the Group determines whether such change will be considered a new contract or will be counted as part of the existing contract.

Determine performance obligations

Once the Group identifies a contract with a customer, it evaluates the contractual terms and customary business practices to identify all of the agreed services within the contract and determine which of those agreed services (or group of agreed services) will be treated as separate performance obligations.

Determine the transaction price

The Group determines the transaction price as the amount it expects to receive. It includes an estimate of any variable consideration, the effect of the time value of money, the fair value of any non-cash consideration and the effect of any consideration paid or owed to a customer (if any). The variable consideration is limited to the amount at which it is probable that a significant reversal will not occur when the uncertainties associated with the change are resolved.

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NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5 - Summary of significant accounting policies (continued)

Transaction price allocation

In determining the performance obligations and the transaction price, the performance obligations are allocated a transaction price which is usually made in proportion to their standalone selling prices (i.e. based on their relative standalone selling price). When determining standalone selling prices, the Group shall use observable information, if available. If standalone selling prices are not directly observable, the Group uses estimates based on reasonably available information.

Revenue recognition

Revenue is recognized only when the Group satisfies a performance obligation by transferring control of an agreed upon service to the customer. It is possible to transfer control over time or at a certain point in time. When the performance obligation is fulfilled within a period of time, the Group determines the extent of progress under the contract based on the input or output method that serves to better measure the completed performance to date. The specified method is applied consistently to similar performance obligations and in similar circumstances.

Recognition of revenue from sales of goods

Revenue from sales of goods is recognized at a point in time when an invoice is issued and the following conditions are met:

- The Group has an existing right to receive payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has accepted the asset.

Revenue from Maintenance services

Revenue from maintenance services is recognized over a period of time by reference to the percentage of completion of the transaction at the end of the reporting period, and the following conditions are met:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the end of the reporting period can be reliably measured.
- The costs incurred in the transaction can be measured.

Principal versus agent considerations

The Group has undertaken a comprehensive reassessment of these arrangements to determine whether the Group acts as principal or agent when delivering goods to the customer as this will affect whether revenue is recognized on a gross or net basis. The Group considers factors such as assuming primary responsibility for providing the goods, assuming inventory risk, and the ability to set prices. When these indicators are met, the Group is considered to be acting as a principal and, therefore, sales transactions related to the above are recorded on a gross basis.

Cost of sales

All expenses are recognized on an accrual basis, and operating costs are recognized at historical cost. Costs related to sales are classified as cost of sales. This includes raw materials, direct labor and other related indirect costs. Other costs such as selling costs are recorded as selling and marketing expenses, while all other remaining costs are shown as general and administrative expenses.

Selling and marketing expenses

Selling and marketing expenses consist mainly of costs incurred in marketing and selling the Group's products. All other expenses are classified as general and administrative expenses.

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NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5 - Summary of significant accounting policies (continued)

General and administrative expenses

General and administrative expenses consist of direct and indirect costs not related to cost of sales. Where necessary, expenses should be allocated on a consistent basis between general and administrative expenses and cost of sales. These expenses mainly include personnel costs, other employee benefits, bonuses and allowances, maintenance fees etc.

Operating segment

An operating segment is a component of the Group that engages in activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the Group's other segments. All segment results are periodically evaluated by the operational decision maker in order to make decisions and assess the performance of the resources allocated to each segment and the financial information available separately.

Segment results reported to the operational decision maker include those directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, R&D costs, related assets/liabilities and Zakat assets and liabilities.

The Group's headquarters sales result from the sales of the Ceramics segment and the Lighting segment. Please refer to Note 22 for further details.

Geographical sector

A geographical sector is a group of assets, operations or facilities that engage in profitable activities in a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

Offsetting

Offsetting occurs between financial assets and liabilities and is recorded net in the consolidated special purpose statement of financial position when there is a legal right to apply the offsetting process between these amounts, and the group intends to settle on the basis of the net of these amounts or to recognize the assets and settle the liabilities simultaneously.

Foreign currency transactions

Transactions in foreign currencies are carried out into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies as at the date of the consolidated special purpose statement of financial position are converted into Saudi riyals at the rates prevailing at the end of the year. Gains and losses arising from repayments or foreign currency exchange are included in the consolidated special purpose statement of profit or loss and other comprehensive income .

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NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

6 - Property, machines, and equipment

A- This item consists of the following:

<u>2022 (consolidated)</u>	Land	Leasehold improvement	Vehicles	Electrical appliances	Machinery and equipment	Furniture and fixtures	Total
Cost							
Balance, beginning of the year	15,082,467	38,902,917	7,004,877	5,286,247	2,959,385	1,702,668	70,938,561
Beginning balances of the subsidiary	-	157,150	1,450,718	-	76,468	58,577	1,742,913
Additions during the year	19,350,000	9,667,483	1,578,078	1,025,011	1,856,910	1,178,086	34,655,568
Disposal during the year	-	-	(990,000)	(2,784)	-	-	(992,784)
Transfer from capital work under construction – (Note 8)	-	5,468,636	-	-	-	-	5,468,636
Balance, ending of the year	34,432,467	54,196,186	9,043,673	6,308,474	4,892,763	2,939,331	111,812,894
Accumulated depreciation							
Balance, beginning of the year	-	21,775,915	3,870,689	2,559,645	1,297,965	655,207	30,159,421
Beginning balances of the subsidiary	-	39,288	110,221	-	23,516	14,949	187,974
Charge for the year	-	4,310,543	979,094	522,453	483,034	782,680	7,077,804
Disposal during the year	-	-	(509,209)	(676)	-	-	(509,885)
Balance, ending of the year	-	26,125,746	4,450,795	3,081,422	1,804,515	1,452,836	36,915,314
Net book value	34,432,467	28,070,440	4,592,878	3,227,052	3,088,248	1,486,495	74,897,580

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NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022

(Saudi Riyal)

6 - Property, machines, and equipment (continued)

A- This item consists of the following (continued):

2021 (unconsolidated)	Land	Leasehold improvement	Vehicles	Electrical appliances	Machinery and equipment	Furniture and fixtures	Total
Cost							
Balance, beginning of the year	15,082,467	26,188,154	5,459,103	3,567,457	2,218,854	1,132,275	53,648,310
Additions during the year	-	8,728,010	1,778,157	1,734,921	740,531	577,440	13,559,059
Transfer from capital work under construction – (Note 8)	-	4,309,351	-	-	-	-	4,309,351
Disposal	-	(322,598)	(232,383)	(16,131)	-	(7,047)	(578,159)
Balance, ending of the year	15,082,467	38,902,917	7,004,877	5,286,247	2,959,385	1,702,668	70,938,561
Accumulated depreciation							
Balance, beginning of the year	-	19,076,067	3,449,976	2,090,015	1,085,147	536,681	26,237,886
Charge for the year	-	2,987,356	592,436	474,490	212,818	123,944	4,391,044
Disposal during the year	-	(287,508)	(171,723)	(4,860)	-	(5,418)	(469,509)
Balance, ending of the year	-	21,775,915	3,870,689	2,559,645	1,297,965	655,207	30,159,421
Net book value	15,082,467	17,127,002	3,134,188	2,726,602	1,661,420	1,047,461	40,779,140

B- Depreciation expense for property, machines and equipment is allocated as follows:

	2022	2021
	(consolidated)	(unconsolidated)
Selling and marketing expense – (Note 24)	3,109,419	2,252,220
General and administration expense – (Note 25)	3,968,385	2,138,824
	7,077,804	4,391,044

C- The cost of the property, machines, and equipment as at December 31, 2022 that have been fully depreciated an amount of SR 20,402,677 (2021: SR 16,822,041).

D- All improvements costing SR 54,196,186 in the accounting records as at December 31, 2022 (2021: SR 38,902,917) were made on buildings rented under operating lease contracts for renewable periods. (Note – 9).

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7 - Intangible Assets

	Computer programs	
	2022	2021
	(consolidated)	(unconsolidated)
Cost		
Additions during the year	482,113	-
Balance, ending of the year	482,113	-
Accumulated amortization		
Charge for the year – (Note - 25)	63,277	-
Balance, ending of the year	63,277	-
Net book value	418,836	-

8 - Capital works under construction

A- The capital works under construction include the establishment of showrooms and branches of the Group.

B- The following is the movement of works under construction:

	2022	2021
	(consolidated)	(unconsolidated)
Balance, beginning of the year	3,546,066	5,264,665
Additions during the year	4,879,915	2,590,752
Transferred to property, machines and equipment (note – 6)	(5,468,636)	(4,309,351)
Disposal during the year	(1,786,335)	-
Balance, ending of the year	1,171,010	3,546,066

9 - Right of use assets and lease obligations

A- This item consists of the following:

2022 (consolidated)	Warehouses	Showrooms	Buildings	Total
Cost				
Balance, beginning of the year	14,592,219	81,151,799	-	95,744,018
Additions during the year	631,137	12,325,038	9,721,313	22,677,488
Balance, ending of the year	15,223,356	93,476,837	9,721,313	118,421,506
Accumulated amortization				
Balance, beginning of the year	3,685,591	13,804,593	-	17,490,184
Charge for the year – (Note 24)	2,407,790	7,806,884	1,156,362	11,371,036
Balance, ending of the year	6,093,381	21,611,477	1,156,362	28,861,220
Net book value	9,129,975	71,865,360	8,564,951	89,560,286
2021 (unconsolidated)	Warehouses	Show rooms	Total	
Cost				
Balance, beginning of the year	14,088,150	65,435,213	79,523,363	
Additions during the year	504,069	15,716,586	16,220,655	
Balance, ending of the year	14,592,219	81,151,799	95,744,018	
Accumulated amortization				
Balance, beginning of the year	1,792,297	8,380,502	10,172,799	
Charge for the year – (Note 24)	1,893,294	5,424,091	7,317,385	
Balance, ending of the year	3,685,591	13,804,593	17,490,184	
Net book value	10,906,628	67,347,206	78,253,834	

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9 - Right of use assets and lease obligations (Continue)

B- The following is the movement in leasing obligations:

	2022	2021
	(consolidated)	(unconsolidated)
Balance, beginning of the year	78,724,032	67,957,450
Additions during the year	22,677,488	16,220,655
Finance cost – (Note 26)	2,329,728	2,420,317
Paid during the year	(12,490,119)	(7,874,390)
Balance, ending of the year	91,241,129	78,724,032

C- The lease obligations as classified as follows:

	2022	2021
	(consolidated)	(unconsolidated)
Lease obligations – noncurrent portion	79,943,355	70,394,758
Lease obligations – current portion	11,297,774	8,329,274

D- The right to use assets represent warehouses and showrooms acquired under operating leases.

E- The Group followed a policy of charging the financing cost to the consolidated special purpose statement of profit or loss over the lease period using the incremental borrowing rate. The right to use the asset was also depreciated over the useful life of the asset or the lease period, whichever is shorter, on a straight-line basis.

10 -Advance payments for investments

A- This item consists of the following:

	2022	2021
	(consolidated)	(unconsolidated)
Advance payments to purchase investments in kingdom of Spain – B	3,737,512	2,836,025
Advance payments for purchasing investments in People’s Republic of China – C	3,347,298	3,737,512
Balance, ending of the year	7,084,810	6,573,537

B- During the year 2017, the Company have paid an amount of SR 3,737,512 in exchange for opening a subsidiary in the Kingdom of Spain owned by the Company to sell the Company’s lighting products. It is expected that the legal procedures will be completed and the actual operation of the Company will begin during the year 2024.

C- During the year 2017, the Company paid an amount of SR 1,128,076 in exchange for entering into a partnership agreement with a factory in the People’s Republic of China to manufacture the company’s lighting products. During 2019, the Company made additional investments amounting to SR 1,707,949. During the year 2022, the Company made additional investments amounting to SR 511,273. It is expected that the legal procedures will be completed and actual operation will begin during the year 2024.

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11 -Inventory

A- This item consists of the following:

	2022 (consolidated)	2021 (unconsolidated)
Ceramic stock	102,925,041	72,490,268
Lighting stock	71,891,671	59,438,203
Air conditioners	986,988	-
	175,803,700	131,928,471
Supplies inventory	-	42,036
Lighting goods and ceramics in transit	-	11,271,422
	175,803,700	143,241,929
Deduct:		
Provision for obsolete and slow-moving inventory – B	(10,687,191)	(5,005,277)
	165,116,509	138,236,652

B- The following is the movement that occurred in the provision for obsolete and slow-moving inventory:

	2022 (consolidated)	2021 (unconsolidated)
Balance, beginning of the year	5,005,277	2,208,071
Charge for the year – (Note 25)	5,681,914	2,797,206
Balance, end of year	10,687,191	5,005,277

12 -Prepaid expenses and other assets

	2022 (consolidated)	2021 (unconsolidated)
Advance payments to suppliers	27,868,099	30,434,689
Prepaid expenses	1,407,077	1,172,225
Employees receivables	648,349	449,369
Refundable insurance	101,986	-
Others	677,858	1,740
	30,703,369	32,058,023

13 -Related party transactions

There are transactions that took place during the year with related parties within the Group's normal course of business and with the approval of management, and management believes that the terms of these transactions do not differ materially from any transactions carried out by management with any third party. This item consists of the following:

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13 -Related party transactions (Continue)

A- The following are the balances due from related parties:

	2022	2021
	(consolidated)	(unconsolidated)
Musaed Al-Qafari Engineering Consulting Office	2,918,531	2,893,836
Nayef Muhammad Yousef Al-Deghaither	361,134	-
Saeed Youssef Al-Najjar	334,895	-
Muhammad Youssef Al-Najjar	50,545	-
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	-	300,584
Muhammad Hisham Abdul Rahman Al-Zamil	-	4,482,393
Suleiman bin Abdul Karim bin Jarbou Al-Qafari	-	1,706,371
Omar Saad Abdul Aziz Al-Muqrin	-	1,609,243
Mishal Abdul Rahman Abdul Aziz Al Qafari	-	1,153,180
Haila Abdel Karim Jarbou Al-Qafari	-	737,764
Saleh Rasheed bin Mohammed Al Rasheed	-	374,698
Suad Suleiman Mohammed Al-Sawadi	-	252,498
Abdullah Khalil Abdullah Al-Sabaa	-	73,755
Munira Abdel Karim Jarbou Al-Qafari	-	25,600
	3,665,105	13,609,922

B- The following are the balances due to related parties:

	2022	2021
	(consolidated)	(unconsolidated)
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	9,489,472	121,941,410
Noura Nasser bin Rashid Al Tamami	146,430	13,913,085
Abdul Rahman Abdul Mohsen Al-Qafari	-	146,432
	9,635,902	136,000,927

C- The following are the significant transactions that took place with related parties:

Related party	Transaction nature	Transaction type	2022	2021
			(consolidated)	(unconsolidated)
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	Partner	Capital increase	87,371,467	32,588,770
		Dividend	11,034,253	-
		Owner withdrawals	19,329,852	62,214,232
		Additional capital	-	12,548,148
		Investing in the subsidiary	638,719	-
Muhammad Hisham bin Abdul Rahman Al Zamil	Partner	Capital increase	9,137,909	3,250,080
		Dividend	1,077,630	-
		Additional capital	-	1,225,481
Omar Saad Abdul Aziz Al-Muqrin	Partner	Capital increase	3,490,316	1,147,330
		Dividend	380,421	-
		Additional capital	-	432,614
		Expenses paid on behalf	-	29,299

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13 -Related party transactions (continued)

C- The following are the significant transactions that took place with related parties (continued):

Related party	Transaction nature	Transaction type	2022 (consolidated)	2021 (unconsolidated)
Mishal Abdel Rahman Abdel Aziz Al Qafari	Partner	Capital increase	2,691,707	781,260
		Dividend	259,043	-
		Additional capital	-	294,583
		Expenses paid on behalf	-	70,975
Haila Abdel Karim Jarbou Al-Qafari	Partner	Capital increase	577,637	469,320
		Dividend	155,613	-
		Additional capital	-	176,963
		Expenses paid on behalf	-	91,481
Suleiman bin Abdul Karim bin Jarbou Al-Qafari	Partner	Capital increase	1,329,118	453,750
		Dividend	150,450	-
		Additional capital	-	171,092
		Withdrawals	-	1,075,000
Saleh Rasheed bin Mohammed Al Rasheed	Partner	Capital increase	100,552	272,100
		Dividend	90,220	-
		Additional capital	-	102,598
Suad Suleiman Mohammed Al-Sawadi	Partner	Dividend	60,797	-
		Capital increase	-	183,360
		Additional capital	-	69,138
Abdullah Khalil Abdullah Al-Sabaa	Partner	Capital increase	140,485	53,560
		Dividend	17,759	-
		Additional capital	-	20,195
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	Partner	Dividend	17,567	-
		Capital increase	-	52,980
		Additional capital	-	19,977
		Withdrawals	-	225,000
Noura Nasser bin Rashid Al Tamami	Partner	Capital increase	61,302	38,900
		Dividend	12,898	-
		Additional capital	-	14,668
		Exhibition preparation	-	200,000
Munira Abdel Karim Jarbou Al-Qafari	Partner	Capital increase	17,040	18,590
		Dividend	6,164	-
		Additional capital	-	7,010
		Expenses paid on behalf	-	91,481

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13 -Related party transactions (continued)

C- The following are the most significant transactions that took place with related parties (continued):

Related party	Transaction nature	Transaction type	2022 (consolidated)	2021 (unconsolidated)
Musaed Al-Qafari Engineering Consulting Office	Owned by one of the partners	Expenses paid on behalf	1,164,265	1,193,139
Nayef Muhammad Youssef Al-Deghaithers	Former partner in a subsidiary	Withdrawals	1,175,835	-
Saeed Youssef Al-Najjar	Partner in a subsidiary company	Payments Withdrawals	(814,701) 327,975	- -
Muhammad Youssef Al-Najjar	Partner in a subsidiary company	Withdrawals	49,500	-

D- *Salaries and benefits of senior executives*

Compensation of key management personnel represents those amounts paid to persons who have authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any manager (whether executive or otherwise). Compensation of key management personnel includes: (short-term benefits, Long-term benefits, post-employment benefits, termination benefits).

Senior management	Employees	Salaries and bonuses	4,993,333	7,176,896

14 -Accounts receivable

A- This item consists of the following:

	2022 (consolidated)	2021 (unconsolidated)
Accounts receivable – B	7,777,948	14,674,277
Provision for expected credit losses – C	(990,627)	(926,536)
	<u>6,787,321</u>	<u>13,747,741</u>

B- The following is the aging of receivable:

	2022 (consolidated)	2021 (unconsolidated)
1 – 30 days	7,349,665	5,130,352
31 - 60 days	-	3,928,694
61 – 90 days	-	2,363,612
91 – 180 days	-	1,931,816
181 - 365 days	-	793,664
More than 365 days	428,283	526,139
	<u>7,777,948</u>	<u>14,674,277</u>

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14 -Accounts receivable (continued)

C- The following is the movement on expected credit loss:

	2022 (consolidated)	2021 (unconsolidated)
Balance, beginning of the year	926,536	417,347
Charge for the year – (Note 25)	64,091	509,189
Balance, end of the year	990,627	926,536

Please refer to (Note 29) for further analysis of credit risk related to amounts due from customers.

15 -Cash and cash equivalents

	2022 (consolidated)	2021 (unconsolidated)
Bank balances	53,485,815	38,454,818
Cash on hand	322,599	76,815
Cheques under collection	22,061	41,796
	53,830,475	38,573,429

16 -Additional share capital

A- On August 9, 2021, the owner, Mr. Musaed Abdul Rahman Abdul Aziz Al-Qafari, transferred ownership of the lands from his private ownership to the Company's ownership as a gift. The cost of the lands amounted to SR 15,082,467. Accordingly, this transaction was classified as additional capital for the Company, which was distributed to the partners according to their ownership percentage as follows:

Shareholder's name	Ownership percentage	Shareholder's share from the additional capital
Musaad to Abdul Rahman Abdul Aziz Al-Qafari	83.20%	12,548,148
Muhammad Hisham bin Abdul Rahman Al Zamil	8.13%	1,225,481
Omar Saad Abdul Aziz Al-Muqrin	2.87%	432,614
Mishal Abdel Rahman Abdel Aziz Al Qafari	1.95%	294,583
Haila Abdel Karim Jarbou Al-Qafari	1.17%	176,963
Suleiman bin Abdul Karim bin Jarbou Al-Qafari	1.13%	171,092
Saleh Rasheed bin Mohammed Al Rasheed	0.68%	102,598
Suad Suleiman Mohammed Al-Sawadi	0.46%	69,138
Abdullah Khalil Abdullah Al-Sabaa	0.13%	20,195
Ashwaq Abdul Rahman Abdul Aziz Al Qafari	0.13%	19,977
Noura Nasser bin Rashid Al Tamami	0.10%	14,668
Munira Abdel Karim Jarbou Al-Qafari	0.05%	7,010
Total	100%	15,082,467

B- During the year, the Company's capital was increased by transferring an amount of SR 15,082,467 from additional capital to capital.

17 -Statutory reserve

According to the Group's Articles of association, the Group transfers 10% of the annual net profit to the statutory reserve. The partners may decide the time for this reserve when the statutory reserve reaches 30% of the capital.as this transfer continues until this reserve reaches 30% of the capital.

- During the year 2022, an amount of SR 3,516,192 was formed to complete the amount shown in the financial statements issued as at December 31, 2022.

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18 -Defined employees' benefit plan obligations

- A- The Group determines the present value of its defined employee benefit plan obligations by performing an actuarial valuation using the projected credit unit method after considering the following set of assumptions:

	2022 (consolidated)	2021 (unconsolidated)
The rate of salary increases in the short / long term	7% and 6%, respectively	5% / 12%
Discount rate	4.55%	3.55%
Employee turnover rate	18.37%	5.67%
Retirement age	60 years	60 years

- B- The following is the movement in employees' defined benefit plan obligations:

	2022 (consolidated)	2021 (unconsolidated)
Balance, beginning of the year	7,476,311	6,071,113
Balance of subsidiary, beginning of the year	42,325	-
<u>The charge to the consolidated special purpose statement of profit or loss</u>		
Current service cost	2,648,095	2,329,756
Finance cost – (Note 26)	202,262	167,093
	2,850,357	2,496,849
<u>Included in the consolidated special purpose statement of other comprehensive income</u>		
Remeasurement of defined employees' benefit plan obligations	3,457,407	(970,507)
Paid during the year	(687,398)	(121,144)
Balance, end of year	13,139,002	7,476,311

- C- The following is a sensitivity analysis of employees' defined benefits plan obligations:

	2022 (consolidated)		2021 (unconsolidated)	
	Increase	Decrease	Increase	Decrease
Discount rate (1%)	11,677,584	14,892,440	8,847,444	6,364,844
Salary increase rate (1%)	14,916,798	11,629,172	6,387,324	8,846,236
Staff turnover rate (10%)	12,802,955	13,272,193	7,484,834	7,467,844
Retirement age (years)	13,039,695	13,019,273	7,354,538	7,604,519

The sensitivity analyzes are based on the change in assumptions while all other assumptions are held constant. From a scientific standpoint, this is unlikely to happen and some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' defined benefits plan to a fundamental actuarial assumption, the same method is applied (the present value of employees' defined benefits plan is calculated on the basis of the projected unit credit method). Estimated at the end of the reporting period) when calculating employees' defined benefits plan obligations recognized in the consolidated special purpose statement of financial position.

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19 -Accrued expenses and other liabilities

	2022 (consolidated)	2021 (unconsolidated)
Accrued employee bonuses	6,696,936	-
Advance payments from customers	6,510,160	5,066,237
Employee salaries and benefits	2,994,525	6,995,910
Value added tax	2,844,488	2,528,501
Accrued expenses	2,653,508	1,676,283
Provision of accrued vacations and tickets	207,976	-
Employee loans	175,003	-
Others	105,103	308,700
	22,187,699	16,575,631

20 -Accounts payable

The payables, amounting to SR 20,240,369 as at December 31, 2022 (2021: SR 11,845,512) represent amounts due to suppliers for normal commercial purchasing transactions and do not carry any commission.

21 -Zakat provision

A- The following movement of the zakat provision:

	2022 (consolidated)	2021 (unconsolidated)
Balance, beginning of the year	2,890,354	1,105,185
Balances of subsidiary, beginning of the year	17,056	-
Charge during the year	2,384,507	3,491,782
Paid during the year	(1,673,684)	(1,706,613)
Balance, ending of the year	3,618,233	2,890,354

B- Zakat Status

Marketing Home Trading Establishment – Sole Proprietorship

The Company submitted zakat returns and financial statements to the Zakat, Tax and Customs Authority until 2020, and paid the dues according to those declarations and obtained the required certificates.

Marketing Home Group Company for Trading

The Company submitted zakat returns and financial statements to the Zakat, Tax and Customs Authority until 2020, and paid the dues according to those declarations and obtained the required certificates. The Company has not received zakat assessments for the period from 2021 to date.

Ice Bear Company

The Company submitted the financial statements and zakat declarations to the Zakat, Tax and Customs Authority for all years from inception until 2021, and obtained the required certificates.

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22 -Sales

A- This item consists of the following:

	2022 (consolidated)	2021 (unconsolidated)
Sales	327,144,138	250,977,505
Supplies and installations	3,195,142	-
Maintenance	1,449,827	-
Sales discounts	(8,046,467)	(83,641)
	323,742,640	250,893,864

B- Timing of sales' recognition

	2022 (consolidated)	2021 (unconsolidated)
At point in time	323,742,640	250,893,864

C- The segment information relating to sales is as follows:

	2022 (consolidated)	2021 (unconsolidated)
Ceramic sector sales	169,430,735	133,873,086
Lighting sector sales	149,666,936	117,020,778
Supplies, installations and maintenance	4,644,969	-
	323,742,640	250,893,864

D- Below is the geographic information related to sales:

	2022 (consolidated)	2021 (unconsolidated)
Sales within the Kingdom of Saudi Arabia	301,238,871	250,893,864
Sales outside the Kingdom of Saudi Arabia	22,503,769	-
	323,742,640	250,893,864

Performance obligations

Performance obligations are fulfilled when the goods are delivered to the customer and invoiced. There are no performance obligations that have not been met as at the date of preparing the consolidated special purpose financial statements. Accordingly, there is no transaction price to be allocated to remaining or unsatisfied performance obligations.

23 -Cost of sales

	2022 (consolidated)	2021 (unconsolidated)
Inventory, beginning of the year	131,928,471	107,317,915
Purchases	166,716,572	126,525,355
Inventory, ending of the year	(175,803,700)	(131,928,471)
	122,841,343	101,914,799

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24 -Selling and marketing expenses

	2022	2021
	(consolidated)	(unconsolidated)
Salaries, wages, and other benefits	31,518,128	23,715,652
Depreciation of the right to use assets – (Note 9)	11,371,036	7,317,385
Transportation and distribution	4,551,567	2,560,735
Marketing and advertising	3,439,576	1,325,362
Depreciation of property, machines, and equipment – (Note 6 \ B)	3,109,419	2,252,220
Visas and Iqama	1,848,002	1,076,618
Benefits and services	1,768,527	1,103,965
Insurance and maintenance	1,612,302	688,154
Rentals	894,358	-
Hospitality and cleaning	873,335	306,492
Travel and transportation	827,566	154,466
Packaging Materials	645,967	448,426
Medical insurance and treatments	418,500	417,054
Stationery and publications	366,554	346,880
Other	640,798	550,154
	63,885,635	42,263,563

25 -General and administrative expenses

	2022	2021
	(consolidated)	(unconsolidated)
Salaries, wages, and other benefits	28,540,122	20,738,202
Provision for obsolete and slow-moving inventory – (Note 11 \ B)	5,681,914	2,797,206
Depreciation of property, machines and equipment – (Note 6 \ B)	3,968,385	2,138,824
Governmental expenses	3,077,219	2,457,436
Consultations	2,506,282	1,338,927
Hospitality and cleaning	1,930,951	435,996
GOSI	1,913,428	-
Insurance and maintenance	1,627,204	694,771
Service contractor expenses	1,591,280	-
Marketing and advertising	1,066,801	370,207
Benefits and services	1,060,621	722,034
Bank expenses	1,053,125	631,759
Travel and transportation	1,050,658	349,126
Stationery and publications	956,921	-
Medical insurance and treatments	791,695	463,546
Rentals	440,493	461,269
Provision for expected credit losses – (Note 14 \ C)	64,091	509,189
Amortization of intangible assets (Note – 7)	63,277	-
Licenses for computer programs and computers' supplies	-	1,288,431
Other	2,703,508	2,307,918
	60,087,975	37,704,841

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

26 -Finance cost

	2022 (consolidated)	2021 (unconsolidated)
Financing costs for leasing obligations – (Note 9\B)	2,329,728	2,420,317
Financing costs for the remeasurement of employees' defined benefit plan obligations (Note – 18)	202,262	167,093
Currency conversion differences	9,893	-
Other	1,386	-
	2,543,269	2,587,410

27 -Other income / (losses)

	2022 (consolidated)	2021 (unconsolidated)
Gains from the sale of property, machinery and equipment	303,794	52,627
(Losses) gains from changes in exchange rates	172,937	(436,931)
Other	452,137	239,300
	928,868	(145,004)

28 -Contingent liabilities and commitments

Contingent liabilities and commitments at the date of the consolidated special purpose statement of financial position were as follows:

	2022 (consolidated)	2021 (unconsolidated)
Capital commitments relating to the establishment and implementation of capital works	183,000	-
Operating leases	287,466	431,200
	470,466	431,200

29 -Financial instruments, risk management and fair value

Financial instruments

The Company's financial assets consist of cash and cash equivalents, due from related parties, accounts receivable, prepaid expenses and other assets. The Company's financial liabilities consist of what is due to related parties, accrued expenses, other liabilities, and payables. The accounting policies for financial assets and financial liabilities are stated in (Note 5).

Risk Management

The Groups's management has overall responsibility for setting and supervising the Group's risk management frameworks. The Group's risk management policies have been developed to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adhere to those limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Through its training and management procedures and standards, the Group aims to have a constructive and regular control environment in which employees are aware of their responsibilities and obligations.

Credit risk

Credit risk represents the risk of financial loss that the Company faces in the event that the customer or counterparty in a financial instrument fails to fulfill its contractual obligations, and it mainly arises from cash in banks and receivables. The maximum exposure to credit risk represents the carrying value of these assets.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

29 -Financial instruments, risk management and fair value (continued)

Credit risk (Continued)

The cash balance is represented in current accounts, and since the cash is deposited with financial institutions with a high credit rating, management believes that the Company is not exposed to significant risks. Credit risk related to customers is managed by a business unit subject to the Company's policies, procedures and controls on managing credit risk related to customers. Credit limits are established for all customers using internal and external rating standards and controls. The credit quality of customers is evaluated according to a credit rating system. Receivables and outstanding unbilled revenue are monitored regularly. The financial position of related parties is stable.

The following is a detail of the credit risks to which the Company is exposed:

	2022	2021
Due from related parties	3,665,105	13,609,922
Cash at banks	53,485,815	38,454,818
Account receivables	7,777,948	14,674,277
	64,928,868	97,173,706

An impairment analysis is performed at each financial reporting date using a provision matrix in measuring expected credit losses. The calculation reflects probability-weighted outcomes, the time value of money and reasonable and supportable information available at the reporting date about past events, current conditions and expectations of future economic conditions. The maximum exposure to credit risk as of the financial reporting date is the book value of each class of financial assets. Some customers are also secured, to the extent possible, by a cash promissory note and a cash deposit or advance payment, which are considered an integral part of trade receivables and are taken into account when calculating impairment.

Information on credit risk exposure on the Group's trade receivables using the provision matrix is as follows:

2022	1 – 30	31 – 60	61 – 90	91 – 180	181 – 365	More than	
(consolidated)	Days	Days	Days	Days	Days	365 days	Total
Expected credit loss rate	7.7%	-	-	-	-	100%	-
Total book value	7,349,665	-	-	-	-	428,283	7,777,948
Expected credit losses	562,344	-	-	-	-	428,283	990,627

2021	1 – 30	31 – 60	61 – 90	91 – 180	181 – 365	More than	
(unconsolidated)	Days	Days	Days	Days	Days	365 days	Total
Expected credit loss rate	1.40%	2.46%	3.69%	4.92%	6.31%	100%	-
Total book value	5,130,352	3,928,694	2,363,612	1,931,816	793,664	526,139	14,674,277
Expected credit losses	71,670	96,556	87,136	94,958	50,077	526,139	926,536

Market risk

Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control exposure to market risks within acceptable limits while achieving the highest possible return.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

29 -Financial instruments, risk management and fair value (continued)

Market risk (continued)

Foreign exchange rate risk: Foreign exchange rate risk results from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Group's foreign currency risk management aims to protect future cash flows in Saudi Riyals, US Dollars and European Euros. Foreign currency exposures related to cash flows are considered at the Group level and mainly consist of currency exchange risks arising from accounts payable and receivable. The Group's management monitors currency exchange rates and believes that the risks of fluctuations in currency exchange rates are not significant.

Commission rate risk: Commission risk arises from possible changes and fluctuations in commission rates that affect future profit or fair values of financial instruments. The Group monitors commission rate fluctuations and believes that the effect of commission rate risk is immaterial.

Capital risk

The main objective of the Group's capital management is to support its business and increase the return to the owners.

The Group's policy is to maintain a strong capital base to maintain the confidence of users of the financial statements and to sustain the future development of the business. The Group manages its capital structure and adjusts it in light of changes in economic conditions. Management monitors the return on capital, which the group determines as the result of operating activities divided by total equity. There were no changes in the Group's method of managing capital during the year. Management also monitors the level of dividend distributions to owners. The Group is subject to capital requirements from banks that have provided loans and credit facilities to the Group. The Group is committed to these requirements. The following is an analysis of the group's debt to equity ratios:

	2022	2021
	(consolidated)	(unconsolidated)
Total liabilities	160,062,334	253,512,767
Less: cash and cash equivalent	(53,830,475)	(38,573,429)
Net debit	106,231,859	214,939,338
Total equity	273,172,967	111,865,577
Liability to equity	0.39	1.92

Liquidity risk

Liquidity risk represents the Group's difficulties in meeting commitments associated with its financial liabilities. The Group's approach to managing liquidity risk is to maintain sufficient cash and cash equivalents and ensure that funds are available of financing from.

The management monitors the risk of liquidity shortage using forecast models to determine the effects of operating activities on the overall liquidity availability, and maintains an available cash liquidity ratio, which ensures debt repayment when due.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

29 -Financial instruments, risk management and fair value (continued)

Liquidity risk (continued)

The table below summarizes the maturity dates of the Group's financial liabilities based on contractual payments:

2022 (consolidated)	1 to 12 months	1 to 5 years	Indefinite term	Total
Lease obligations	11,471,048	80,757,184	-	92,228,232
Defined employees' benefit plan obligations	-	-	13,139,002	13,139,002
Due to related parties	9,635,902	-	-	9,635,902
Accrued expenses and other liabilities	22,187,699	-	-	22,187,699
Accounts payable	20,240,369	-	-	20,240,369
Zakat provision	3,618,233	-	-	3,618,233
	47,881,447	80,757,184	13,139,002	161,049,437
2021 (unconsolidated)	1 to 12 months	1 to 5 years	Indefinite term	Total
Lease obligations	8,925,901	71,343,982	-	80,269,883
Defined employees' benefit plan obligations	-	-	7,476,311	7,476,311
Due to related parties	136,000,927	-	-	136,000,927
Accrued expenses and other liabilities	16,575,631	-	-	16,575,631
Accounts payable	11,845,512	-	-	11,845,512
Zakat provision	2,890,354	-	-	2,890,354
	176,238,325	71,343,982	7,476,311	255,058,618

Interest rate risk

The Group manages interest rate risk using debt and fixed rate deposits. The Group does not have any assets and liabilities with variable interest rates. Management has estimated that the impact on the results of operations for the year due to the increase or decrease in the interest rate is not material.

Fair value

Fair value is the price that would be received when selling an asset or paid when transferring a liability in ordinary transactions between parties participating in the market at the measurement date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs either:

- In the primary market for the asset or liability; or
- In the most suitable market for the asset or liability in the absence of a major market.

The main market or the most viable market must be available to the company.

The fair value of an asset or liability is measured using the assumptions used by parties operating in the market when pricing the asset or liability, if these parties seek to achieve their greatest economic benefit. Measuring the fair value of a non-financial asset considers the ability of market parties to generate economic benefits by using the asset to achieve the best benefit from it or to sell it to another market party to use it in order to achieve the best benefit from it.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, demonstrate the use of relevant observable inputs and minimize the use of unobservable inputs.

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

29 -Financial instruments, risk management and fair value (Continue)

Fair value

All assets and liabilities for which fair value is measured or disclosed in the consolidated special purpose financial statements are classified within the fair value hierarchy, as described as follows, based on the lowest income level that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices (without adjustment) in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which a minimum significant input is observable, directly, or indirectly, to measure fair value.
- Level 3 – Valuation techniques at which the lowest level of income that is significant to the fair value measurement can be observed.

If the inputs used to measure the fair value of an asset or liability are at different levels of the fair value hierarchy, the entire measurement is categorized within the same level of the hierarchy as the lowest level of the input that is significant to the whole.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

The following table shows the book value of financial assets and liabilities. This does not include information about their fair value, as their book value does not differ significantly from their fair value:

	Book Amount	
	2022	2021
	(consolidated)	(unconsolidated)
Assets		
Cash and cash equivalents	53,830,475	38,573,429
Due from related parties	3,665,105	13,609,922
Accounts receivable	6,787,321	13,747,741
	64,282,901	65,931,092
Liabilities		
Lease obligations	91,241,129	78,724,032
Due to related parties	9,635,902	136,000,927
Accrued expenses and other liabilities	22,187,699	16,575,631
Accounts payable	20,240,369	11,845,512
	143,305,099	243,146,102

30 -Dividends

On November 20, 2022, the partners met and agreed to distribute dividends in the amount of SR 13,262,814. They are closed in the partners' current accounts.

31 -Business combination

Build Station Company LLC

On March 2, 2022, the Company established Build Station LLC. With actual ownership of 60%, the remaining 40% is owned by Saeed Youssef Al-Najjar and Muhammad Youssef Al-Najjar (20% each).

Ice Bear Contracting Company

On January 2, 2022, the Company completed the regulatory procedures related to the 100% acquisition of Ice Bear Contracting Company.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

31 -Business combination (continued)

Given that this transaction relates to the acquisition of a subsidiary Company from related parties, it was calculated as an equity transaction and the book value of the net assets of Ice Bear Contracting Company was recorded to the account of a related party (Musaed Abdul Rahman Abdul Aziz Al Qafari).

The book values of net assets at the acquisition date are as follows:

	Statement of financial position
	January 2, 2022
Assets	
Property, machinery and equipment	1,554,939
Cash at banks	302,564
Accounts receivable, prepaid expenses and other receivable balance	684,805
Due from related parties	361,134
Total assets	2,903,442
Liabilities:	
Defined employees' benefit plan obligations	42,325
Accounts payable, accrued expenses and other liabilities	209,761
Due to related parties	2,000,000
Zakat provision	17,056
Total liabilities	2,269,142
Net assets of Ice Bear Contracting, which were settled through a related party account	634,300

32 -Non-controlling interest

	2022	Percentage of non-controlling interest
Non-controlling interest in the subsidiary Build Station LLC	782,596	40%

The following table summarizes information related to the subsidiary Build Station LLC as of December 31, 2022, which has significant non-controlling interests:

	Statement of financial position
	2022
Assets	
Non-current assets	17,566,982
Current assets	20,914,014
Non-current liabilities	(7,025,020)
Current liabilities	(18,485,004)
Total equity	12,970,972
Attributable to:	
Parent company	12,188,376
Non-controlling interests	782,596

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

32 -Non-controlling interest (Continue)

	Statement of profit or loss and other comprehensive income 2022
Sales	20,074,926
Cost of sales	(9,862,315)
Gross profit for the period	10,212,611
General and administrative expenses	(8,517,193)
Financing costs	(286,926)
Other income	244,557
Net profit for the period	1,653,049
Other comprehensive loss for the period	(2,888)
Net comprehensive income for the period	1,650,161
Attributable to:	
Parent company	990,097
Non-controlling interests	660,064

33 -Subsequent events

- On Shaaban 15, 1444 AH (corresponding to March 7, 2023), the partners unanimously agreed to transform the legal entity of the facility from a Limited Liability Company to a Closed Joint Stock Company and the entry of new shareholders, with its rights, obligations, employment, classification, licenses, and all its financial, technical, and administrative elements, with the same capital amounting to SR 160,000,000 and the nominal value of the share amounting to SR 10, while retaining the Company name and the number and date of the commercial registry upon conversion. On Dhul-Hijjah 24, 1444 AH (corresponding to July 12, 2023). The Company's bylaws have been published and the legal procedures related to this matter have been completed.
- During the year 2023, the Group added new sub-commercial registration as follows:

CR Number	City	Issuance date	Name of branch	Activity
2031111647	Al – Ahsaa	2/21/2023	Build Station Trading Company	Wholesale chandeliers and lighting items. Wholesale bricks, tiles, stone, marble, ceramics and porcelain. Wholesale sanitary ware and their extensions, heaters and water tanks. Retail of sanitary ware and their extensions such as sinks, chairs, bathtubs, etc., sauna equipment. Retail sale of marble, natural and artificial stone, ceramic and porcelain. For chandeliers, chandeliers, goods used in lighting and their accessories. Operating storage facilities for all types of goods except food. General stores that include a variety of goods.

MARKETING HOME GROUP COMPANY FOR TRADING
(A LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Saudi Riyal)

33 -Subsequent events (continued)

- During the year 2023, the Group added new sub-commercial registration as follows (continued):

CR Number	City	Issuance date	Name of branch	Activity
1131326973	Buraydah	2/21/2023	Hatch Trading Company	Wholesale chandeliers and lighting items. Wholesale bricks, tiles, stone, marble, ceramics and porcelain. Wholesale sanitary ware and their extensions, heaters and water tanks. Retail of sanitary ware and their extensions such as sinks, chairs, bathtubs, etc., sauna equipment. Retail sale of marble, natural and artificial stone, ceramic and porcelain. For chandeliers, chandeliers, goods used in lighting and their accessories. Operating storage facilities for all types of goods except food. General stores that include a variety of goods.
1010863607	Riyadh	2/21/2023	Build Station Company for Industry	Manufacture of ceramic furniture Manufacture of stone products, including (furniture, statues, paintings, ornamental items and the like) Cutting and sawing of marble Manufacture of marble products such as kitchens, sinks, antiques, sinks, statues, sculpture, painting and the like Manufacture of air conditioning ducts and accessories (ducts) Manufacture of air conditioning duct extensions Manufacture of lighting fittings Manufacture of furniture And furniture made of wood and metal furniture for homes, offices, restaurants and hotels.

- During the year 2023, the Group wrote off sub-commercial registration as follows:

5850129272	Abha	16/3/1442 AH	Lighting Stores Trading Company	Retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
2251101780	Al – Hafouf	9/1/1438 AH	Lighting Stores Trading Company	Retail sale of electronic and electrical household appliances, retail sale of chandeliers, chandeliers, goods used in lighting and their accessories.
1010626659	Riyadh	16/6/1441 AH	Lighting Stores Trading Company	Retail by mail.
1010626823	Riyadh	16/6/1441 AH	Ceramic House Trading Company	Retail by mail.

Otherwise, the Company's management believes that there are no significant subsequent events after the date of the consolidated special purpose financial statements and prior to the issuance of these consolidated special purpose financial statements that require amendment or disclosure.

34 -Approval of financial statements

These consolidated special purpose financial statements were approved by the partners on Rajab 18, 1445 AH (corresponding to January 30, 2024).

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

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Independent Auditor's Report

To the Shareholders

MARKETING HOME GROUP TRADING COMPANY

(A Saudi Closed Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of MARKETING HOME GROUP TRADING COMPANY (the "Company") and its subsidiaries (collectively refer to "the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other 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 a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, its consolidated financial performance and its consolidated cash flows for the year that ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 Conduct and Ethics for Professional Accountants, adopted in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements. We have also 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.

Other Matter

The Group's consolidated financial statements for the period ended December 31, 2022, were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on Jumada Al-Akhirah 12, 1445 H (corresponding to December 25, 2023 G).

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 as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations of Companies and the Company's Bylaws 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 its operations or have no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

To the Shareholders**MARKETING HOME GROUP TRADING COMPANY****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 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 the 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 a 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.

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 identified during our audit.

Baker Tilly MKM & Co.
Certified Public Accountants



Majid Muneer Al-Nemer
(Certified Public Accountant - License No 381)
Riyadh on Ramadan 29, 1445 H
Corresponding to April 8, 2024 G



MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Saudi Riyal)

	<u>Notes</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
ASSETS			
Non-current assets			
Property, plant and equipment	6	108,374,177	76,052,702
Intangible assets	7	378,886	434,724
Right-of-use assets	8	112,625,419	89,560,286
Advances for investments purchase	9	6,644,685	7,084,810
		<u>228,023,167</u>	<u>173,132,522</u>
Current assets			
Due from related parties	10	2,176,695	3,665,105
Inventory	11	175,287,232	174,324,985
Prepayments and other debit balances	12	31,350,965	21,494,893
Trade receivables	13	10,566,533	6,787,321
Cash and cash equivalent	14	37,301,338	53,830,475
		<u>256,682,763</u>	<u>260,102,779</u>
TOTAL ASSETS		<u>484,705,930</u>	<u>433,235,301</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	160,000,000	160,000,000
General reserve	16	9,794,839	9,794,839
Foreign currency translation reserve		995	58,767
Retained earnings		126,748,502	102,536,765
Equity attributable to the Shareholders of the Parent company		<u>296,544,336</u>	<u>272,390,371</u>
Non-controlling interests	31	1,119,371	782,596
TOTAL EQUITY		<u>297,663,707</u>	<u>273,172,967</u>
Liabilities			
Non-current liabilities			
Lease liabilities	8	101,903,105	79,943,355
Employees' defined benefits obligations	18	15,482,235	13,139,002
		<u>117,385,340</u>	<u>93,082,357</u>
Current liabilities			
Current portion of lease liabilities	8	12,302,481	11,297,774
Due to related parties	10	16,646,350	9,635,902
Trade payables		10,415,838	20,240,369
Accrued expenses and other credit balances	19	26,534,866	22,187,699
Zakat and income tax provision	20	3,757,348	3,618,233
		<u>69,656,883</u>	<u>66,979,977</u>
TOTAL LIABILITIES		<u>187,042,223</u>	<u>160,062,334</u>
TOTAL EQUITY AND LIABILITIES		<u>484,705,930</u>	<u>433,235,301</u>

Chairman of Bord of Director

Ali Al-Dousari

Managing Member

Msaed Al-Gafary

Chief Financial Office

Jalal Hatamleh

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyal)

			For the period from August 9, 2021 until December 31, 2022
	Notes	2023	
Revenues	21	365,431,919	431,662,795
Cost of revenues		(155,933,558)	(174,486,690)
Gross profit		209,498,361	257,176,105
Selling and marketing expenses	22	(63,520,120)	(83,953,375)
General and administrative expenses	23	(69,051,151)	(67,792,796)
Impairment provision for advances for Investments purchase	9	(2,044,125)	-
Expected credit losses provision	13	(45,176)	(304,815)
Operating profit		74,837,789	105,125,119
Other (losses) income, net	24	(405,503)	1,409,245
Finance cost	25	(3,951,255)	(3,631,730)
Profit before zakat and income tax		70,481,031	102,902,634
Zakat and income tax	20	(6,220,081)	(4,293,026)
Profit for the year/ period		64,260,950	98,609,608
Other comprehensive income items:			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Re-measurement of employees' defined benefits obligations	18	915,011	(2,852,942)
<u>Items that will be subsequently reclassified to profit or loss</u>			
(Losses) gains on foreign currency translation		(81,786)	58,767
Total other comprehensive income (loss) for the year/period		833,225	(2,794,175)
Total comprehensive income for the year/ period		65,094,175	95,815,433
Profit for the year/ period attributable to:			
Shareholders of the parent company		63,292,926	97,948,389
Non-controlling interests	30	968,024	661,219
		64,260,950	98,609,608
Total comprehensive income for the year / period attributable to:			
Shareholders of the parent company		64,153,965	95,155,369
Non-controlling interests	30	940,210	660,064
		65,094,175	95,815,433
Basic and diluted earnings per share for shareholders of the parent company:			
	26	3.96	6.12

Chairman of Bord of Director

Ali Al-Dousari

Managing Member

Msaed Al-Gafary

Chief Financial Office

Jalal Hatamleh

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Saudi Riyal)

Attributable to the Shareholders of the Parent company

	Share capital	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
For the year ended 31 December 2023							
As at 1 January 2023	160,000,000	9,794,839	58,767	102,536,765	272,390,371	782,596	273,172,967
Profit for the year	-	-	-	63,292,926	63,292,926	968,024	64,260,950
Other comprehensive income	-	-	(57,772)	918,811	861,039	(27,814)	833,225
Total comprehensive income for the year	-	-	(57,772)	64,211,737	64,153,965	940,210	65,094,175
Dividends – Note (17)	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
Dividends for non-controlling interests	-	-	-	-	-	(603,435)	(603,435)
As at 31 December 2023	160,000,000	9,794,839	995	126,748,502	296,544,336	1,119,371	297,663,707

For the period ended 31 December 2022

Transferred from the opening balance –

Note (1)

Capital increase - Note (32)

Profit for the period

Other comprehensive loss for the period

Total comprehensive income for the period

Transferred to general reserve

Dividends – Note (17)

Net movement in non-controlling interests at the beginning of the period

As at 31 December 2022

690,000	-	-	-	30,497,816	31,187,816	-	31,187,816
159,310,000	-	-	-	-	159,310,000	-	159,310,000
-	-	-	-	97,948,389	97,948,389	661,219	98,609,608
-	-	-	58,767	(2,851,787)	(2,793,020)	(1,155)	(2,794,175)
-	-	-	58,767	95,096,602	95,155,369	660,064	95,815,433
-	9,794,839	-	-	(9,794,839)	-	-	-
-	-	-	-	(13,262,814)	(13,262,814)	-	(13,262,814)
-	-	-	-	-	-	122,532	122,532
160,000,000	9,794,839	58,767	102,536,765	272,390,371	782,596	273,172,967	

Chairman of Board of Director

Ali Al-Dousari

Managing Member

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Chief Financial Officer

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MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	2023	For the period from August 9, 2021 until December 31, 2022
OPERATING ACTIVITIES:		
Profit before zakat and income tax	70,481,031	102,902,634
Adjustments for non-cash items:		
Depreciation of property, plant, and equipment	8,637,429	9,097,477
Depreciation of right of use assets	12,628,148	14,503,885
Amortization of intangible assets	76,414	64,865
Provision for expected credit losses	45,176	304,815
Provision for slow-moving inventory	6,881,244	5,681,914
Impairment provision for advances for investments purchase	2,044,125	-
Losses on disposal of property, plant, and equipment	154,665	1,474,628
Service costs related to employees' defined benefits obligations	3,083,950	3,849,875
Financing cost	3,951,255	3,631,730
Adjustments to lease contracts	167,277	-
Changes in working capital:		
Inventory	(7,843,451)	(51,021,414)
Trade receivables	(3,824,388)	3,009,967
Due from / to related parties	(16,174,689)	(30,795,471)
Prepayments and other debit balances	(9,848,644)	10,023,480
Trade payables	(9,824,531)	4,169,795
Accrued expenses and other credit balances	4,265,533	9,544,489
	64,900,544	86,442,669
Zakat and income tax paid	(6,092,567)	(1,600,319)
Employees' defined benefits obligation paid	(414,053)	(691,240)
Net cash generated from operating activities	58,393,924	84,151,110
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(40,910,951)	(47,448,163)
Additions to advances for investment	(1,604,000)	(1,688,153)
Proceeds from disposal of property, plant and equipment	138,166	855,340
Purchase of intangible assets	(20,576)	(499,589)
Net cash used in investing activities	(42,397,361)	(48,780,565)
FINANCING ACTIVITIES:		
Lease liabilities paid	(16,259,023)	(15,427,900)
Dividends paid	(15,958,749)	-
Dividends to non-controlling interests	(603,435)	-
Change in non-controlling interests	-	122,532
Net cash used in financing activities	(32,821,207)	(15,305,368)
Net change in cash and cash equivalent	(16,824,644)	20,065,177
Cash on date of acquisition of subsidiaries - Note (1)	376,438	302,564
Foreign currencies translation, net	(80,931)	58,767
Cash and cash equivalent at the beginning of the year / period	53,830,475	33,403,967
Cash and cash equivalent at the end of the year / period	37,301,338	53,830,475
Non-cash items:		
Right-of-use assets against lease liabilities – Note (8)	35,755,729	26,824,155
Dividends unpaid through shareholders current account	24,041,251	13,262,814
Net Book value as at the acquisition date of a subsidiary	210,963	634,300
Capital Increase through shareholders' current account	-	159,310,000
Transferred from related parties to property, plant and equipment	-	12,395

Chairman of Bord of Director

Ali Al-Dousari

Managing Member

Msaed Al-Gafary

Chief Financial Office

Jalal Hatamleh

MARKETING HOME GROUP FOR TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

1. CORPORATION AND ACTIVITIES:

MARKETING HOME GROUP TRADING COMPANY "the Company" is a Closed Joint Stock Company operates under Commercial Registration No. 1010205534 issued in Riyadh on Muharram 3, 1436 H, corresponding to February 12, 2005 H.

On Dhul-Qi'dah 14, 1442 H (corresponding to June 24, 2021 G), the owner resolved to transfer the name and legal entity from Marketing Home for Trading Establishment (a sole establishment) to MARKETING HOME GROUP TRADING COMPANY (a Limited Liability Company), and the capital was increased by SR. 39,310,000 through related parties accounts to be SR. 40,000,000, divided into 4,000,000 cash quota, at SR. 10 per each, as the first consolidated financial statements of the Company following the conversion shall be on the date of its registration in the commercial register, on Muharram 1, 1443H (corresponding to August 9, 2021 G) and ends on December 31, 2022. The net book value transferred amounted to SR. 31,187,816.

On Jumada Thai 02, 1444 H (corresponding to December 26, 2022 G), the partners resolved to increase the company's capital from SR. 40,000,000 to SR. 160,000,000 by transferring the amount from the partners' accounts. The legal procedures related to this regard have been completed.

On Shaaban 15, 1444 H (corresponding to March 7, 2023 G), the partners in the parent company unanimously agreed to convert the entity legal structure from a Limited Liability Company to Closed Joint Stock Company and joining new shareholders, and that with its rights, obligations, employment, licenses, and all its financial, technical and administrative elements, with the same share capital of SR. 160,000,000 and the nominal value of the share at SR. 10, while keeping the same trade name, commercial registration date and number upon conversion. on Safar 27, 1445 H (corresponding to July 12, 2023 G), The parent company's bylaws has been published, as well as the legal formalities related to this matter have been completed.

The company's main activity is represented in the construction of prefabricated buildings on sites, the restoration of residential and non-residential buildings, wholesale trade of oud, incense, perfumes, bricks, tiles, stone, marble, ceramics, porcelain, sanitary ware and their extensions, heaters and water tanks, and the retail trade of sanitary ware and their extensions such as sinks, chairs, bathtubs, etc., and appliances of Sauna baths, electrical appliances and their extensions, marble, natural and artificial stone, ceramics, porcelain, chandeliers, and goods used in lighting and their accessories. Operating storage facilities for all types of goods except foodstuffs, cutting and sawing marble, and manufacturing marble products such as kitchens, sinks, antiques, basins, statues, sculpture, painting, and the like. Manufacture of air conditioning ducts and their accessories.

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

1. CORPORATION AND ACTIVITIES (continued):

-The address of the company's main registered office is as follows: P.O. Box 8305, Riyadh 14511, Al Aziziyah District - Riyadh - Kingdom of Saudi Arabia, and it has the following branches:

Registration number	Issuance place	Issuance date	Trade name
3350159559	Hail	27 Sha'ban 1443	Ceramic Home for Trading Company
1131326973	Buraidah	30 Rajab 1444	Marketing Home for Trading Company
5855345553	Khamis Mushait	26 Safar 1441	Build Station for Trading Company
4030377783	Jeddah	29 Jumada al-Akhirah 1441	Build Station for Trading Company
4030303103	Jeddah	21 Sha'ban 1439	Lighting stores company
1131054364	Buraidah	16 Dhul Hijjah 1435	Lighting stores company
2031111647	Hasa	30 Rajab 1444	Marketing Home for Trading Company
3550105589	Tabuk	07 Sha'ban 1437	Build Station for Trading Company
2051164257	Al-Khobar	19 Rajab 1437	Lighting stores company
2050212501	Dammam	19 Rajab 1437	Lighting stores company
1128017374	Unayzah	21 Muharram 1435	Lighting stores company
1010863607	Riyadh	30 Rajab 1444	Lighting Stores for Trading Company
1010671405	Riyadh	26 Safar 1441	Lighting stores company
2252100946	Al Mubarraz	08 Muharram 1438	Lighting stores company
3400119823	Sakaka	23 Dhul Hijjah 1441	Lighting stores company
2252054449	Al Mubarraz	10 Dhul Hijjah 1434	Lighting Stores for Trading Company
5850125597	Abha	23 Safar 1441	Lighting Stores for Trading Company
2051051222	Al-Khobar	18 Safar 1434	Lighting Stores for Trading Company
1131026154	Buraidah	22 Rabi' al-Akhir 1429	Lighting Stores for Trading Company
2050231550	Dammam	08 Sha'ban 1438	Lighting Stores for Trading Company
5950119431	Najran	28 Muharram 1444	Lighting stores company
2050088106	Dammam	18 Safar 1434	Lighting stores company
1128119234	Unayzah	05 Rabi' al-Awwal 1436	Lighting stores company
1010599447	Riyadh	14 Safar 1441	Lighting Stores for Trading Company
1010526362	Riyadh	28 Jumada al-Akhirah 1436	Lighting Stores for Trading Company
1010345061	Riyadh	24 Sha'ban 1433	Lighting Stores for Trading Company
1010270857	Riyadh	12 Rajab 1430	Lighting Stores for Trading Company
5900131016	Jizan	10 Rabi' al-Akhir 1443	Build Station for Trading

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2023 and 31 December 2022 as follows:

Subsidiary company	Ownership percentage		Corporate entity	Origin
	2023	2022		
1 Build Station Company LLC "A"	60	60	A limited liability company	United Arab Emirates
2 Ice Bear Contracting Company "B"	100	100	A limited liability company	Kingdom of Saudi Arabia
3 MHG International - FZE "C"	100	-	A limited liability company	United Arab Emirates
4 Engineer Musaed Al- Gafary Engineering Consultations Company "D"	100	-	One person company	The Arab Republic of Egypt

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Saudi Riyals)

1. CORPORATEION AND ACTIVITIES (continued):

A- During year 2022, the company established "Build Station LLC" in the United Arab Emirates with an ownership percentage of 60%, with a capital of AED. 300,000.

B- During year 2022, the company acquired "Ice Bear Contracting Company" and its Saudi location, with a 100% ownership, with a capital of SR. 50,000, including its rights, obligations, employment, licenses, and all its financial, technical, and administrative elements, The net book value on the date of acquisition amounted to SR. 634,300 and the transaction in this regard was carried out through a related party, as follows:

	2022
Property and equipment	1,554,939
Prepayments and other debit balances	361,134
Due from related parties	684,805
Cash and cash equivalent	302,564
Employees' defined benefits obligations	(42,325)
Accrued expenses and other credit balances	(2,000,000)
Due to related parties	(209,761)
Zakat provision	(17,056)
Net book value	634,300

C- During the year, the company established "MHG International - FZE" in the United Arab Emirates with a paid-up capital of AED. 300,000, which is wholly owned by the company.

D- During the year, the company acquired the "Engineer Musaed Al-Qaffari Engineering Consultations Company" in the Arab Republic of Egypt, the country of origin, with a capital of EP. 50,000, at 100% ownership, including its rights, obligations, employment, licenses, and all its financial, technical and administrative elements, as the net book value on the date of acquisition amounted to SR. 210,963, and the transaction in this regard was carried out through a related party, as follows:

	2023
Property and equipment	341,665
Due from related parties	178,612
Prepayments and other debit balances	7,428
Cash and cash equivalent	376,438
Due to related parties	(599,945)
Accrued expenses and other credit balances	(81,634)
Tax provision	(11,601)
Net book value	210,963

2. BASIS OF PREPARATION THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia ("KSA"), and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Details of the Group's material accounting policies are disclosed in note (5).

The consolidated financial statements have been prepared on the historical cost basis, except for employees' defined benefits obligation, which is measured using the planned credit unit as set out in the accounting policies. The financial statements are presented in Saudi Riyal ("SR") which is also the functional currency of the Group, and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****(Saudi Riyals)****2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****Basis of consolidation**

The consolidated financial statements include the company's consolidated financial statements and the companies that are being controlled by it (the subsidiaries). Control is achieved when the parent company has:

- Power over the investee (i.e. the existence of rights that give the group the current ability to direct activities related to the investee).
- Exposure to risks or has rights to obtain variable returns from its involvement with the investee and;
- The ability to use its power over the investee to influence its returns.

The company conducts a re-assessment to confirm whether it exercises control over investees, when facts and circumstances indicate to the existence of change in one of the elements of control mentioned above. Consolidation of the subsidiary begins in full starting from the date at which the Group achieves control over it and continues until such control is lost.

When necessary, amendments are made to the consolidated financial statements of subsidiaries to conform their accounting policies with the group's accounting policies. All assets, liabilities, equity, revenues, expenses and cash flows related to intra-group companies' transactions are completely disposed upon the consolidation of the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

At the reporting date, the preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets, liabilities recognized, accompanying disclosures and disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of assets or liabilities that will be affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include the following:

- Financial instrument risk management, Note (29)
- Sensitivity analysis disclosures, Note (18)

3.1 Judgements

The following significant judgments have significant impacts on the amounts recognized in the consolidated financial statements:

The significant judgement in determining the lease term for contracts implicating the renewal option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is certain to be exercised, or any periods covered by an option to terminate the lease, if it is certain not to be exercised.

The Group has the option, under some leases, to lease the assets for an additional term ranging from 3 – 20 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive to exercise the renewal option.

Following the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

3.2 Estimates and assumptions

Key assumptions about the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on the data available when preparing the consolidated financial statements. However, current circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the Company's control. These changes are reflected in the assumptions as they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Estimates and assumptions (continued)

(A) Long-term assumptions for provision of employees' defined benefits obligations

Payments of post employment defined benefits and end of service benefits represent the obligations which will be paid in the future. Management shall make additional assumptions about the variables such as the discount rates, salary increase rate, return on assets, mortality rates and employees' turnover. The Group's management periodically takes advice from external actuaries on these assumptions. Changes in key assumptions could materially affect the expected benefits obligations and / or the periodic employees' defined benefits costs incurred.

(B) Impairment of trade receivables

The Group uses a provision with a specific matrix to calculate the Expected Credit Losses provision "ECLs" for the trade receivables. The provision rates are based on days past due to groupings of various customer segments that have similar loss's patterns (i.e., by customer type, or coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical payments default rates. The provision's calculation reflects the probability-weights related to the time value of funds, and reasonable information that is available at the reporting date about past events and forecasts of future economic conditions. At each reporting date, the payments' default rates are updated and changes in the forward-looking estimates are analyzed.

The correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The ECLs is sensitive to changes in the economic circumstances and conditions. The Group's historical credit loss experience and forecast of economic conditions may also not reflect the customer's actual default in the future. The information about the ECLs on the trade receivables is disclosed in Note (29).

(c) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plants and equipment for the purpose of depreciation calculation. Such an estimate is determined following the study of the asset's expected usage. Management annually reviews the residual value and useful lives of these assets, and the future depreciation charged is made when management believes that the useful lives differ from previous estimates.

(D) Impairment of inventory

Inventory is stated at cost or net realizable value, whichever is lower. When inventories become old or obsolete, an estimate is made of their net realizable value. For individual significant amounts, an estimate is performed on an individual basis. For amounts which are not individually significant, but considered old or obsolete, are assessed collectively and a provision is provided according to the inventory type, ageing, or obsolescence degree based on anticipated selling prices.

(E) Uncertain zakat status

The Group's current zakat payable relates to management's assessment of the amount of zakat payable on the open zakat assessments as the Group still has to agree with Zakat, Tax, and Customs authority ("ZATCA") on the final obligations' amounts. Due to the uncertainty associated with these zakat items, the final result is likely to differ significantly when the final assessment is issued by Zakat, Tax, and Customs Authority ("ZATCA") in future periods.

4. CHANGES TO THE ACCOUNTING POLICIES

The accounting policies and calculation methods applied in preparing the consolidated financial statements for the year ended December 31, 2023, are consistent with those followed in preparing the Company's consolidated financial statements for the year ended December 31, 2022, except for the application of new standards that came into effective in January 1, 2023. The Group has not early adopted any other standards, interpretations or amendments issued but not yet effective.

The Group has applied for the first time some standards and amendments, the nature and impact of which are disclosed below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

4. CHANGES TO THE ACCOUNTING POLICIES (continued)

4-1 New revised standards and interpretations

- International Financial Reporting Standard No. 17 ("IFRS 17") "Insurance Contracts".
- Amendments to IAS 8: Definition of Accounting Estimates.
- Amendments to IAS 1: Disclosure of Accounting Policies.
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12: International Tax Reform – Pillar 2 Model Rules

These standards and amendments had no material impact on the consolidated financial statements of the Group.

4-2 Standards issued but not yet effective

The new revised standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective. The new and revised standards and interpretations below are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to IAS 1: Classification of financial liabilities to current versus non-current.
- Amendments to IAS 1: Non-current financial liabilities with covenants.
- Amendments to IFRS 16: Lease liabilities upon Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Financing Arrangements.
- Amendments to IAS 21: Lack of exchangeability.

5. MATERIAL ACCOUNTING POLICIES

Business Combination

Subsidiaries represent all companies over which the Group has the power to control their financial and operating policies in order to obtain benefits from their activities, which usually accompany the possession of a majority of the voting rights.

Consolidation of the entire subsidiary begins from the date when the Group takes control over it and continues until the cessation of that control, with the exception of subsidiaries that were acquired with the intention of reselling or disposing of them within one year from the date of acquisition.

Business combination is accounted using the acquisition method. The acquisition cost is measured at the total of the transferred amount that has been measured at the fair value of the transferred assets and the liabilities incurred by the group at the date of acquisition for the favour of the former partners, plus the equity issued to control the acquiree. Acquisition-related costs are included in the statement of profit or loss as incurred.

When the Group acquires a business, classification of the financial assets and liabilities that have been incurred in accordance with the contractual terms, economic circumstances and the prevailing conditions, is assessed at the acquisition date. This includes a segregation of the derivatives included within the other financial instruments in the main contracts pertaining to the acquiree.

Contingent consideration that will be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration (except for which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Intangible assets are not recognized at the acquisition date if measuring their fair value would require undue cost or effort. Contingent liabilities are not recognized at the acquisition date if their fair value cannot be measured reliably. The excess in the cost of acquiring the Group's share in fair value of the identified assets held and liabilities realized or expected that have been assumed in the acquiree is recorded as goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

5. MATERIAL ACCOUNTING POLICIES (continued)

Business Combination (continued)

On consolidation, assets and liabilities of foreign operations are translated into Saudi Riyals ("SR") at the rate of exchange prevailing at the reporting date and the statement of profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Generally, there is a presumption that a proposition of majority of voting rights results in control. To support this presumption when the group has voting rights equal to or less than the majority in the investee, the Group considers all other relevant facts and circumstances related to that assurance, whether it has power over an investee, and this includes the contractual arrangements and others that have an impact on the activities which affecting the returns of the investee, and such includes:

- Contractual arrangement(s) with the other voting rights holders in the investee
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights

Property, plant, and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation, and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant, and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant, and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly, and same, when a main review is conducted, its cost is recognized in the carrying amount of the properties, plants and equipment as an alternative if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred. Land and capital work in progress are not depreciated. The present value of the expected cost for decommissioning the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Item	Years
Leasehold improvements	The useful life of the improvements or the lease term, whichever is shorter
Vehicles	6,7 years
Electrical appliances and computers	6,7 years
Plants and properties	10 years
Furniture and Supplies	10 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is calculated based on the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and accounted for the impact of any changes in the estimates prospectively, if appropriate.

Work in progress are stated at cost less accumulated impairment losses, if any. Work in progress are not depreciated until the asset under construction or development is ready for their intended use assessed by management as the cost of the asset is transferred to its related item.

Intangible assets

Intangible assets individually acquired are measured on initial recognition at cost. Following the initial recognition, intangible assets are stated at cost less any accumulative amortization or any accumulative impairment losses, if any.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment when there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for the intangible assets 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 to have a benefit from future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in the accounting estimates. The amortization expenses on intangible assets with finite lives are recognized in the consolidated statement of profit or loss within the expenses category consistent with function of the intangible assets.

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****(Saudi Riyals)****5. MATERIAL ACCOUNTING POLICIES (CONTINUED)****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 asset's fair value or CGU's less cost of disposal and its value in use, whichever is higher. It 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 is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that the previously recognized impairment losses for non-financial assets other than goodwill are reflected. Such a reversal is recognized in profit or loss.

Foreign currency

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured at the historical cost in a foreign currency are translated using the exchange rates ruling as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of that item. The translation differences on items whose fair value is changed is recognized in OCI or profit or loss are also recognized in OCI or profit or loss.

Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive income (OCI), or fair value through profit or loss.

On the initial recognition, all financial assets are recognized at fair value plus the transaction costs, unless, in the case of assets at fair value through profit or loss.

Subsequent measurement

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

Financial assets at amortized cost

After initial measurement, those financial assets at amortized cost are measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Derecognition of financial assets

A financial asset is derecognized 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 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 over the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards associated to the asset. Asset is recognized to the extent that the groups involvement continues to it, if the group has not transferred or retained all risks and rewards associated to the asset, nor has transferred its right to control it. In such a case, group recognizes also the liabilities associated to it. The transferred assets and liabilities associated to it are measured on basis that reflects the rights and obligations retained by the group.

Involvement's continuity 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.

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At the financial reporting date, the Company assesses whether there is an indication that the value of an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value of the asset or cash generating unit less the cost to sell or the value in use of the asset. It is determined for a individual asset unless the asset does not generate cash flows that are largely independent of the flows generated by other assets or groups of assets. When the carrying value of an asset or cash generating unit exceeds its recoverable amount, the value of the asset is impaired and the asset must be written down to its recoverable amount.

Impairment losses for continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, have reversed. The reversal of a impairment loss is recognized in profit or loss.

Financial Liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans, payables, or as financial derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans, and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalent

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Advances for investments purchases

The costs incurred by the group to establish subsidiaries are recorded within the advances account to purchase investments until the regulatory procedures related to this regard are completed.

Inventories

Inventories are measured at the lower of cost at cost or net realizable value. The cost of inventory is determined on the weighted average method and includes expenses incurred to acquire finished inventory, raw materials, production, or conversion costs and other costs incurred in bringing each product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. Inventory is reviewed at the end of each year, and an obsolete inventory is provided, if required.

General reserve

In line with previous requirements of the Companies' Law, the company transfers 10% of its annual profit to the statutory reserve until this reserve reaches 30% of the capital. According to the new companies' law, there are no requirements to establish reserves unless this is stipulated in the company's by laws. Accordingly, the company amended by laws, and this does not require establishing reserves except by a decision of the general assembly of shareholders

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Saudi Riyals)

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**Provision for employees' defined benefits obligation**

The cost of employees' benefits under the defined benefit plans is determined separately for each plan using the projected credit unit method.

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position within the retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified in the statement of profit or loss in subsequent periods.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, 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 for the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursements are recognized as a separate asset but only when the reimbursement is virtually certain. The expense related to the provision is presented in profit or loss net of any reimbursements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the excess in the provision due to the passage of time is recognized as a finance costs.

LEASES

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control an asset or particular assets for a period of time in exchange for consideration.

Group as a lessee**Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date at which 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 remeasurement 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. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life.

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 could be received, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option when there is reasonable 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. For the variable lease payments that do not depend on an index or a rate are recognized as expense in the period at which the occurs.

In calculating the present value of lease payments, the Group uses the Incremental Borrowing Rate ("IBR") at the lease commencement date if the interest rate implicit in the lease that is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

Short-term leases are contracts with a term of 12 months or less. Low value assets are the items that do not meet the Group's capitalization threshold and are considered insignificant for the statement of financial position as a whole. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in the statement of profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Expenses

Expenses are recorded when incurred according to the accrual basis. The cost of revenue consists of the cost of purchased materials and direct expenses related to the cost of revenue. All other expenses are classified as general and administrative expenses and selling and marketing expenses. A distribution of common expenses between the cost of revenues, general and administrative expenses, and selling and marketing expenses is made, when necessary, on a reasonable basis in accordance with the nature and function of those expenses.

Zakat and income tax

At each financial statement date, the Group shall estimate the zakat base and the income tax provision based on the Group's understanding to the zakat and income tax regulations applied in Kingdom of Saudi Arabia or abroad. Zakat and tax regulations in the Kingdom of Saudi Arabia are subject to varying interpretations, and the assessments issued by the Authority may differ from the declarations submitted by the company.

Value Added Tax

Revenues, expenses and assets are recognized net of the amount of Value Added Tax ("VAT"), except:

- Where the Value Added Tax ("VAT") incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax ("VAT") is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of Value Added Tax ("VAT") included.

The net amount of Value Added Tax ("VAT") recoverable from, or payable to the taxation authority is included within other receivables or payables in the statement of financial position.

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in International Financial Reporting Standard ("IFRS 15") "revenues from contracts with customers". The Group recognizes revenue when it transfers control over a product or services to a customer according to the value that reflects the consideration which the Group expects to be entitled in exchange for this transfer.

Sold Products

Revenue is recognized when the risks and benefits significant to the ownership are transferred to the customer, and it is probable that the consideration due will be recovered, the related costs and the probability of recovering the goods can be estimated reliably, there is no longer any ongoing management's involvement with respect to the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and quantity discounts.

Revenues from ceramic and lighting sales are recognized when the goods are delivered to customers and are stated net after discounts (if any).

Project contract revenues

Revenues are recognized over time based on the percentage of completion at the end of the reporting period. When the outcome of a contract can be measured reliably based on the works completed by engineers, which coincides with the issuance and approval of extracts by the relevant customers, and when current estimates of the total costs and revenues of the contract indicates to a loss, a provision is made for the total loss of the contract regardless of the percentage of work completed.

Performance obligations

The Group generates revenues mainly from selling customized products.

The performance obligation in product selling contracts is to supply the product to the customer according to the contractual terms. The performance obligation is fulfilled upon delivery of the goods.

Dividends

Annual dividends are recorded in the consolidated financial statements in the period at which they are approved by the general assembly of shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities

These are obligations that are likely to arise from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not within the complete control of the company, or a present obligation that is not recognized because it is unlikely that an outflow of resources will be required to settle it. Commitment. If it is not possible to measure the amount of the obligation with sufficient reliability, it is not included within the potential liabilities, but is disclosed in the consolidated financial statements.

Segment Reports

An operating segment is one of the Group's components that engage in business activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any other components of the Group. All operating results of operating segments are reviewed by the Company's operating decision makers to make decisions about the resources that will be allocated to the segment and evaluate its performance, for which discrete financial information is available.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(Saudi Riyals)

6. PROPERTY, PLANT AND EQUIPMENT

Cost	Lands	Leasehold improvements	Vehicles	Electrical appliances and computers	Plant and equipment	Furniture and Supplies	Work in progress	Total
Transferred from opening balance	15,082,467	33,432,023	6,997,535	4,100,600	2,573,143	1,990,092	2,439,642	66,615,502
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	157,150	1,450,718	-	76,468	58,577	-	1,742,913
Additions	19,350,000	15,434,587	1,646,081	3,254,947	1,181,757	592,185	5,988,606	47,448,163
Disposals	-	-	(1,050,660)	(3,154)	-	-	(1,786,335)	(2,840,149)
Works in progress	-	5,470,903	-	-	-	-	(5,470,903)	-
December 31, 2022	34,432,467	54,494,663	9,043,674	7,352,393	3,831,368	2,640,854	1,171,010	112,966,429
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	375,000	-	162,725	16,174	87,376	-	641,275
Additions	18,284,831	13,392,045	1,420,480	790,348	482,964	99,345	6,440,938	40,910,951
Disposals	-	-	(456,996)	(83,840)	-	(34,202)	(152,835)	(727,873)
Transferred from works in progress	-	2,147,259	(134,007)	152,026	134,007	174,968	(2,474,253)	-
Reclassification	-	-	(202,000)	-	202,000	-	-	-
Differences on foreign currency translation	-	(734)	(19)	(112)	(73)	(30)	-	(968)
December 31, 2023	52,717,298	70,408,233	9,671,132	8,373,540	4,666,440	2,968,311	4,984,860	153,789,814
Accumulated Depreciation								
Transferred from opening balance	-	20,382,557	3,608,257	2,176,755	1,178,483	792,405	-	28,138,457
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	39,288	110,221	-	23,516	14,949	-	187,974
Depreciation	-	5,917,910	1,241,526	1,026,168	480,400	431,473	-	9,097,477
Disposals	-	-	(509,209)	(972)	-	-	-	(510,181)
December 31, 2022	-	26,339,755	4,450,795	3,201,951	1,682,399	1,238,827	-	36,913,727
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	79,688	-	136,523	15,225	68,174	-	299,610
Depreciation	-	5,917,205	1,094,094	988,011	437,906	200,213	-	8,637,429
Disposals	-	-	(345,235)	(68,147)	-	(21,660)	-	(435,042)
Differences on foreign currency translation	-	(45)	(1)	(12)	(8)	(21)	-	(87)
December 31, 2023	-	32,336,603	5,199,653	4,258,326	2,135,522	1,485,533	-	45,415,637
Net Book Value								
December 31, 2023	52,717,298	38,071,630	4,471,479	4,115,214	2,530,918	1,482,778	4,984,860	108,374,177
December 31, 2022	34,432,467	28,154,908	4,592,879	4,150,442	2,148,969	1,402,027	1,171,010	76,052,702

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6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- Works in process as of December 31, 2023 are represented in the costs incurred for the expansion of existing branches and the establishment of new branches. The estimated value to complete these projects is SR. 15,800,000 (2022: SR. 1,466,777).
- The fully depreciated value of the property, plant and equipment that are still in use as of December 31, 2023 amounted to SR. 24,177,934 (2022: SR. 22,482,492).

The following is the allocation of the depreciation expenses based on the expense nature:

	2023	For the period from August 9, 2021 to December 31, 2022
Selling and marketing expenses – Note (22)	5,284,205	5,229,021
General and administrative expenses – Note (23)	3,353,224	3,868,456
	8,637,429	9,097,477

7. INTANGIBLE ASSETS

Intangible assets are the cost of the Group's accounting software. The movement in the intangible assets as of December 31 is as follows:

	2023	For the period from August 9, 2021 to December 31, 2022
Cost		
As at January 1,	499,589	-
Additions	20,576	499,589
As at December 31,	520,165	499,589
Accumulated amortization		
As at January 1,	64,865	-
Charged during the year	76,414	64,865
As at December 31,	141,279	64,865
Net Book Value	378,886	434,724

8. LEASE CONTRACTS

The Group has leases for operational sites, representing in offices, warehouses, and showrooms, buildings used in its operations. The terms of the leases range from 1 to 20 years. The Group is generally prohibited from assigning or subleasing the leased assets.

8-1 Amounts recognized in the consolidated statement of financial position:

The following is a statement of the net book value of the right-of-use assets and lease liabilities of the Group during the year/period:

	2023	For the period from August 9, 2021 until December 31, 2022
Right-of-use assets		
As at January 1, / transferred from the opening balance	89,560,286	77,240,016
Additions	35,755,729	26,824,155
Depreciation	(12,628,148)	(14,503,885)
Differences on foreign currency translation	(839)	-
Adjustments	(61,609)	-
As at December 31,	112,625,419	89,560,286

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Saudi Riyals)

8. LEASE CONTRACTS (CONTINUED)**8-2 Amounts recognized in the consolidated statement of financial position (continued):**

		For the period from August 9, 2021 to December 31, 2022
Lease Liabilities	2023	
As at January 1, / transferred from the opening balance	91,241,129	76,486,383
Additions	35,755,729	26,824,155
Financial costs – Note (25)	3,362,902	3,358,491
Paid	(16,259,023)	(15,427,900)
Differences on foreign currency translation	(819)	-
Adjustments	105,668	-
As at December 31,	114,205,586	91,241,129
Less current portion	12,302,481	11,297,774
Non-current portion	101,903,105	79,943,355

8-3 Amounts recognized in profit or loss:

		For the period from August 9, 2021 to December 31, 2022
	2023	
Depreciation of right-of-use assets - Note (22,23)	12,628,148	14,503,885
Financing costs related to lease liabilities - Note (25)	3,362,902	3,358,491
Expense related to short-term lease - Note (23)	1,123,480	1,410,599
Total amounts recognized in profit or loss	17,114,530	19,272,975

9. ADVANCES FOR INVESTMENTS PURCHASE

The advances to purchase investments consist of the following:

	31 December 2023	31 December 2022
Investment in the People's Republic of China - 9 -1	3,347,298	3,347,298
Investment in the Kingdom of Spain - 9 -2	5,341,512	3,737,512
Impairment loss Provision	(2,044,125)	-
	6,644,685	7,084,810

The movement in advances to purchase investments is as follows:

		For the period from August 9, 2021 to December 31, 2022
	2023	
As at January 1, transferred from the opening balance	7,084,810	5,396,657
Additions	1,604,000	1,688,153
Less: Impairment losses' provision on advances	(2,044,125)	-
	6,644,685	7,084,810

The movement in the impairment provision on advances to purchase investments is as follows:

		For the period from August 9, 2021 to December 31, 2022
	2023	
As at January 1,	-	-
Charge during the year	(2,044,125)	-
	(2,044,125)	-

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9. ADVANCE PAYMENTS TO PURCHASE INVESTMENTS (CONTINUED)

9-1 During 2017, the group paid an amount of SR. 1,128,076 in exchange for entering into a partnership agreement with a factory in the People's Republic of China to establish a company to manufacture the group's lighting products. During the following years, the group paid additional amounts equivalent to SR. 2,219,222, it is expected that the legal procedures related to the company's establishment and the start of actual operation will be completed during 2024.

9-2 During 2017, the group paid an amount of SR. 3,737,512 in exchange for opening a subsidiary in the Kingdom of Spain owned by the group to sell the group's lighting products. During the following years, the group paid additional amounts equivalent to SR. 1,604,000, and it is expected that the legal procedures and the commencement of the actual operation will be completed during year 2024.

*During the year, the company recognized an impairment provision against advances to establish an investment in the Kingdom of Spain at an amount of SR. 2,044,125, based on management's assessment of the recoverable amount as of December 31, 2023.

10. RELATED PARTY BALANCES AND TRANSACTIONS

There are transactions that took place during the year / period with related parties within the group's ordinary business and with the approval of management, and management believes that the terms of those transactions do not differ materially from any transactions carried out by management with any third party:

Related party	Nature of transaction
Mssaed Abdul Rahman Abdul Aziz Al-Gafary	Shareholder
Ali Mubarak Mohammed Al-Dosari	Shareholder
Musaed Al-Gafary Engineering Consulting Office	Previously owned by a shareholder
Nayef Mohammed Yusef Al-Deghaither	A former partner in a subsidiary
Saeed Youssef Al-Najjar	Partner in a subsidiary
Mohammed Youssef Al-Najjar	Partner in a subsidiary

10-1 The following are the significant transactions taken place with the related parties:

Related party	Nature of relationship	2023	For the period from August 9, 2021 to December 31, 2022
Musaed Abdul Rahman Abdul Aziz Al-Gafary	Withdrawals	12,943,248	20,957,601
	Payments on behalf company	589,839	-
	Payments on behalf shareholder	220,310	-
Ali Mubarak Mohammed Al-Dosari	purchases	526,202	-
	Withdrawals	4,000,000	-
Musaed Al- Gafary Engineering Consulting Office	expenses paid on behalf	470,605	1,164,265
	Design expenses	1,245,865	-
Nayef Mohammed Yusef Al-Deghaither	Withdrawals	-	1,175,835
	Payments on behalf	-	814,701
Saeed Youssef Al-Najjar	Withdrawals	-	327,975
Mohammed Youssef Al-Najjar	Withdrawals	-	49,500

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10. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

10-2 The benefits of key management personnel who have authority and responsible for planning, directing and controlling the Group for the year / period ended December 31, are as follows:

	2023	For the period from August 9, 2021 to December 31, 2022
Senior executives' remuneration	2,440,000	-
Salaries, allowances and other benefits	5,666,786	5,317,109
Long-term benefit compensation	282,333	282,333
	8,389,119	5,599,442

10-3 Due from related parties consists of the following:

	31 December 2023	31 December 2022
Musaed Al-Gafary Engineering Consulting Office	2,143,271	2,918,531
Saeed Youssef Al-Najjar	33,424	334,895
Mohammed Youssef Al-Najjar	-	50,545
Nayef Mohammed Youssef Al-Deghaither	-	361,134
	2,176,695	3,665,105

10-4 Due to related parties consists of the following:

	31 December 2023	31 December 2022
Musaed Abdulrahman Abdulaziz Al-Gafary	8,627,302	9,489,472
Ali Mubarak Mohammed Al-Dosari	8,019,048	-
Noura Nasser bin Rashid Al Tamimi	-	146,430
	16,646,350	9,635,902

11. INVENTORY

	31 December 2023	31 December 2022
Ceramic inventory	105,679,008	95,572,766
Lighting inventory	80,395,789	79,243,946
Goods in transit	6,070,819	9,208,476
Air conditioners	576,936	986,988
General inventory	133,075	-
	192,855,627	185,012,176
Less: Provision for slow moving inventory	(17,568,395)	(10,687,191)
	175,287,232	174,324,985

The following is the movement in the provision for slow moving inventory:

	2023	For the period from August 9, 2021 to December 31, 2022
January 1, transferred from the opening balance	10,687,191	5,005,277
Provision for slow-moving inventory	6,881,244	5,681,914
Differences on foreign currency translation	(40)	-
	17,568,395	10,687,191

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

12. PREPAYMENTS AND OTHER DEBIT BALANCES

	31 December 2023	31 December 2022
Advances to suppliers	28,579,010	18,663,472
Prepaid expenses	1,717,784	1,395,405
Receivables and advances to employees	806,004	648,349
Refundable guarantees	104,330	101,986
Other	143,837	685,681
	31,350,965	21,494,893

13. TRADE RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables	11,602,336	7,777,948
Less: Provision for expected credit loss	(1,035,803)	(990,627)
	10,566,533	6,787,321

The movement in provision for expected credit losses for receivables for the year / period ended December 31 is as follows:

	2023	For the period from August 9, 2021 to December 31, 2022
As at January 1, transferred from the opening balance	990,627	685,812
Charge during the year / period	45,176	304,815
	1,035,803	990,627

14. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash at banks	37,291,405	53,485,815
Cash on hand	9,933	322,599
Cheques under collection	-	22,061
	37,301,338	53,830,475

15. SHARE CAPITAL

The company's capital is SR. 160,000,000, divided into 16,000,000 shares. at SR. 10 per each, all of which are ordinary shares, owned by Saudi shareholders.

16. GENERAL RESERVE

In line with the companies by laws, the company transfers 10% of its profit for the year to the statutory reserve until this reserve reaches 30% of the capital. According to the new Company's Law, there are no requirements to form reserves unless stipulated in the companies by laws. Accordingly, the company amended its by laws, and this did not require forming reserves except by a decision of the company's general assembly. Accordingly, the entire previously statutory reserve balance was transferred to general reserve.

17. DIVIDENDS

On November 29, 2023, the General Assembly decided to distribute declared dividends for the year 2023 on amounting of SR. 40,000,000, of which SR. 15,958,749 were distributed in cash (2022: SR. 13,262,814).

MARKETING HOME GROUP TRADING COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Saudi Riyals)

18. EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The movement of the provision for employees' defined benefits obligations, a defined benefit plan, during the year / period is as follows:

	2023	For the period from August 9, 2021 to December 31, 2022
As at January 1 / transferred from the opening balance	13,139,002	6,811,861
Addition of the consolidated subsidiary balance on the acquisition date – Note (1)	-	42,325
Service costs	3,083,950	3,849,875
Financing costs – Note (25)	588,353	273,239
Costs recognized in profit or loss	3,672,303	4,123,114
Gains (loss) on actuarial remeasurement	(915,011)	2,852,942
Paid benefits	(414,053)	(691,240)
Differences on foreign currency translation	(6)	-
December 31,	15,482,235	13,139,002

Key actuarial assumptions

The following key actuarial assumptions were used by the Group to assess the provision for termination benefits:

	2023	For the period from August 9, 2021 to December 31, 2022
Discount rate	4.7%	4.55%
Expected salary increase rate	6%	6.5%
Employees' turnover	7.95 years	12.21 years
retirement age	60 years	60 years

	2023	For the period from August 9, 2021 to December 31, 2022
<u>Evaluation discount rate</u>		
Increase at 1%	13,939,828	11,685,986
Decrease at 1%	16,333,797	14,902,953

Expected salary increase rate

Increase at 1%	16,333,235	14,927,586
Decrease at 1%	13,918,239	11,637,915

Sensitivity analysis for employees' benefits are prepared based on the method that extrapolates the impact on the provision for termination benefits as a result of reasonable changes in key assumptions occurring at the end of financial period. Sensitivity analyses are based on the change in the material assumption, with all other assumptions held constant. Sensitivity analysis may not be representative of the actual change in the termination benefit provision and it is unlikely that changes in assumptions will occur in isolation.

19. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2023	31 December 2022
Advances from customers	10,173,136	6,510,160
Accrued employee bonuses	5,687,700	6,696,936
Accrued expenses	3,915,362	2,653,508
Employees' salaries and benefits	3,742,962	3,202,501
Value Added Tax ("VAT") payable to employees	2,932,653	2,844,488
Other	5,450	175,003
	77,603	105,103
	26,534,866	22,187,699

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Saudi Riyals)

20. ZAKAT AND TAX PROVISION**20-1 Zakat base components**

The Group is subject to zakat and income tax. Zakat is payable at 2.5% of the approximate zakat base or the adjusted net profit, whichever is higher. Income tax is payable at 22.5% of the adjusted profit of the taxable subsidiaries. The most significant components of the zakat base according to zakat regulations consist mainly of equity, provisions, long-term loans as at the beginning of the year, and the adjusted net profit, less the net book value of non-current assets.

20-2 Components of zakat charged to the statement of profit or loss

	2023	For the period from August 9, 2021 until December 31, 2022
Equity	232,366,864	161,949,644
Non-current assets	(204,697,176)	(215,217,204)
Provisions and other adjustments at the beginning of the period	23,302,475	11,817,160
Adjusted net profit	79,499,366	111,793,631
Liabilities	112,446,096	2,877,936
Zakat base	242,917,625	73,221,167

20-3 Zakat and income tax movement:

	2023	For the period from August 9, 2021 to December 31, 2022
As at January 1, / transferred from the opening balance	3,618,233	908,470
Addition of the consolidated subsidiary balance on the acquisition date – Note (1)	11,601	17,056
Zakat and income tax charged for the year/ period	6,220,081	4,293,026
Paid during the year/ period	(6,092,567)	(1,600,319)
December 31,	3,757,348	3,618,233

20-4 Status of zakat certificates, assessments, and income tax assessments

The parent submitted its zakat returns since the incorporation date up to the year ended December 31, 2022 to the Zakat, Tax and Customs Authority ("ZATCA"), which are still on study by the Authority.

Status of zakat certificates, assessments, and income tax for subsidiaries**Ice Bear Contracting Company**

The company submitted its zakat returns since the incorporation date up to the year ended December 31, 2022 to the Zakat, Tax and Customs Authority ("ZATCA") and obtained the required certificates.

Build Station Company LLC

The company operates in the United Arab Emirates ("UAE"), and is not subject to income tax as it is in a tax-exempt country.

MHG International - FZE

The company operates in the United Arab Emirates ("UAE"), and is not subject to income tax as it is in a tax-exempt country.

Engineer Musaed Al-Qafari Engineering Consulting Company

The income tax relates to the Engineer Musaed Al-Qaffari Engineering Consultancy Company, "an Egyptian one-person limited liability company," as its estimated taxable profits were due at 22.5%.

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

21. REVENUES

21-1 This item consists of the following:

	2023	For the period from August 9, 2021 to December 31, 2022
Revenues	365,576,815	436,318,337
Consultations, supplies and installations maintenance	5,805,959 1,417,299	1,973,403 1,449,827
Sales discount	(7,368,154)	(8,078,772)
	365,431,919	431,662,795

21-2 Timing of revenue recognition:

	2023	For the period from August 9, 2021 until December 31, 2022
At a point of time	358,208,661	428,239,565
over a period of time	7,223,258	3,423,230
	365,431,919	431,662,795

22. SELLING AND MARKETING EXPENSES

	2023	For the period from August 9, 2021 to December 31, 2022
Salaries, wages and equivalents	27,992,901	44,498,820
Depreciation of right-of-use assets – Note (8)	8,472,432	10,215,348
Depreciation of property, plant and equipment – Note (6)	5,284,205	5,229,021
Advertising	4,848,683	4,655,070
Transportation and distribution	4,600,029	5,551,295
Sales staff commissions	3,604,926	3,649,098
Visas and accommodation	2,553,332	3,149,626
GOSI	1,598,001	1,627,674
Hospitality and cleanliness	581,259	1,019,775
Packing materials	575,896	879,719
Medical insurance and treatment	241,064	286,007
Benefits and services	194,517	294,540
Travel and transportation	146,731	732,075
Insurance and maintenance	126,518	190,953
Stationery and printings	45,126	207,391
Other	2,654,500	1,766,963
	63,520,120	83,953,375

MARKETING HOME GROUP TRADING COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	For the period from August 9, 2021 to December 31, 2022
Salaries, wages and equivalents	32,807,346	36,329,873
Legal, governmental and professional fees	6,987,489	3,979,389
Stationery and printings	4,609,594	1,542,439
Depreciation of right-of-use assets – Note (8)	4,155,716	4,288,537
Depreciation of property, plant and equipment – Note (6)	3,353,224	3,868,456
Vehicle insurance and maintenance	2,394,352	3,503,739
Travel and transportation	2,109,052	2,214,466
Hospitality and cleanliness	2,059,022	1,517,318
Service contractor expenses	1,870,664	1,591,280
Bank charges	1,404,718	964,155
Rents	1,123,480	1,410,599
Medical insurance and treatment	1,039,866	1,287,086
GOSI	954,842	955,895
Benefits and services	632,983	958,471
Amortization of intangible assets - Note (7)	76,414	64,865
Other	3,472,389	3,316,228
	69,051,151	67,792,796

24. OTHER (LOSSES) INCOME, NET

	2023	For the period from August 9, 2021 to December 31, 2022
(Losses) gains on foreign currency differences	(575,843)	428,733
(Losses) gains on sale of property, plant and equipment	(1,830)	311,707
Other	172,170	668,805
	(405,503)	1,409,245

25. FINANCE COST

	2023	For the period from August 9, 2021 to December 31, 2022
Lease liability - Note (8)	3,362,902	3,358,491
Employees' defined benefits obligation - Note (18)	588,353	273,239
	3,951,255	3,631,730

26. EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by dividing profit of the year attributable to shareholders on the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are the same as basic earnings per share, because there are no diluted financial instruments issued by the group.

	2023	For the period from August 9, 2021 to December 31, 2022
Net income (Saudi Riyals):	63,292,926	97,948,389
Number of Shares:		
Weighted average number of shares for purposes of calculating basic earnings per share (share)	16,000,000	16,000,000
Earnings per share:		
Basic	3.96	6.12
Diluted	3.96	6.12

MARKETING HOME GROUP TRADING COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

27. CAPITAL COMMITMENTS

	2023	2022
Uncancellable operating leases	779,700	287,466
	779,700	287,466

28. Operating segments

Operating segments are reported in a manner consistent with the internal report submitted by group's management. The group evaluates the performance of the segments based on the revenues of each segment and their geographical distribution. The group's main operations are represented in the following business segments: ceramics and sanitary ware sector, lighting sector, consulting, supplies and installations. Below is a summary of selected financial information for the business segments mentioned above:

Revenues for each segment for the year 2023 are as follows:

	Ceramics and sanitary ware	Lighting	Consultation s, supplies, installations, and others	Total segments	Adjustments and disposals	Consolidated
Total revenues	196,496,379	170,462,366	8,491,360	375,450,105	(10,018,186)	365,431,919
Total profit	99,617,866	106,885,915	3,004,788	209,508,569	(10,208)	209,498,361
Operating profit	21,182,250	53,908,282	(583,236)	74,507,296	330,493	74,837,789

Revenues for each segment for the period from August 9, 2021 to December 31, 2022 are as follows:

	Ceramics and sanitary ware	Lighting	Consultation s, supplies, installations, and others	Total segments	Adjustments and disposals	Consolidated
Total revenues	238,582,880	209,729,645	4,644,968	452,957,493	(21,294,698)	431,662,795
Total profit	124,379,159	132,186,066	1,966,399	258,531,624	(1,355,519)	257,176,105
Operating profit	54,554,777	54,128,586	(536,530)	108,146,833	(3,021,714)	105,125,119

Geographic information

	2023	For the period from August 9, 2021 to December 31, 2022
Revenues		
Kingdom of Saudi Arabia	336,593,876	411,589,835
United Arab Emirates	28,691,797	20,072,960
Egypt	146,246	-
	365,431,919	431,662,795

MARKETING HOME GROUP TRADING COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

29. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

29-1 Fair value measurement of financial instruments

As of December 31, 2023, the Group did not have any financial instruments measured at fair value (2022: nil).

29-2 Risk management of financial instruments

The Group's activities expose it to multiple financial risks, such as credit risk, liquidity risk and market price risk that include currency risks and interest rate risks.

Credit risk

Credit risk is the inability of one party to a financial instrument to fulfill its obligations, causing the other party incurring a financial loss. The Group is exposed to credit risk on trade receivables and bank balances. The carrying value of financial assets represents the maximum exposure to credit risk. The Group does not maintain guarantees against these instruments.

The Group manages credit risk in relation to trade receivables by setting credit limits for each customer and monitoring uncollected receivables on an ongoing basis. Receivable balances are monitored so that the Group does not incur material bad debts.

Bank cash balances are maintained with financial institutions with high credit ratings.

Management performs an impairment analysis at each reporting date using a specific matrix to calculate the allowance for expected credit losses. Provision ratios are based on days past-due for a various group of clients with similar loss patterns.

The below table represents information about the exposure to credit risks and the expected credit losses for trade receivables from the customer:

	Number of days since past due					Total
	Less than 90 days	91 to 190 days	191 to 270 days	271 to 360 days	More than 360 days	
As December 31, 2023						
Loss rate	0.74%	2.73%	13.27%	-	100%	8.9%
Exposure	7,788,276	247,229	2,992,589	-	574,242	11,602,336
Expected losses	57,583	6,760	397,218	-	574,242	1,035,803
	Number of days since past due date					Total
	Less than 90 days	91 to 190 days	191 to 270 days	271 to 360 days	More than 360 days	
As December 31, 2022						
Loss rate	7.7%	-	-	-	100%	12.7%
Exposure	7,349,665	-	-	-	428,283	7,777,948
Expected losses	562,344	-	-	-	428,283	990,627

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

29. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet obligations associated with financial instruments. Liquidity risks may result from the inability to sell a financial asset quickly at an amount approximate to its fair value. Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the Group's future obligations. The contractual maturities at the end of the reporting period for financial liabilities are as follows.

	31 DECEMBER 2023		
	Contractual value	Less than a year	More than a year
Financial liabilities			
Lease liabilities	146,952,276	16,790,601	130,161,675
Trade payables	10,415,838	10,415,838	-
Due to related parties	16,646,350	16,646,350	-
Accrued expenses and other credit balances	16,361,730	16,361,730	-
Total	190,376,194	60,214,519	130,161,675

	31 DECEMBER 2022		
	Contractual value	Less than a year	More than a year
Financial liabilities			
Lease liabilities	109,333,792	15,194,107	94,139,685
Trade payables	20,240,369	20,240,369	-
Due to related parties	9,635,902	9,635,902	-
Accrued expenses and other credit balances	15,677,539	15,677,539	-
Total	154,887,602	60,747,917	94,139,685

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, which affecting the Group's profit or the value of its financial assets. The objective of market risk management is to manage and keep the market risk exposure within acceptable limits, while optimizing the return.

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency other than the Group's functional currency. The Group's exposure to foreign currency risk is primarily limited to transactions in US Dollars("USD"), EURO and Chinese Yuan. The Group's management believes that their exposure to currency risk associated with USD, EURO and Chinese Yuan is limited as the fluctuations in exchange rates against other currencies are monitored on an going basis.

Interest rate risk:

The company does not have any financial assets or liabilities that are subject to variable interest rates, and therefore there is no impact on this.

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(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

30. NON-CONTROLLING INTERETS

Percentage of non-controlling interests	Build Station Company LLC 40%	
	2023	2022
Total non-current assets	15,445,468	17,566,982
Total current assets	17,516,671	20,972,782
Total non-current liabilities	(5,748,432)	(7,025,020)
Total current liabilities	(12,043,588)	(18,485,005)
Total equity	15,170,119	13,029,739
Net assets	15,170,119	13,029,739
Net assets attributable to non-controlling interests	1,119,371	782,596
Due to non-controlling interests	-	-
Non-controlling interests	1,119,371	782,596
Net profit	3,777,268	1,653,048
Other comprehensive (loss) income	(69,535)	55,879
Total comprehensive income	3,707,733	1,708,927
Profit attributable to non-controlling shares	968,024	661,219
Other comprehensive income attributable to non-controlling shares	(27,814)	(1,155)
Total comprehensive income attributable to non-controlling equity	940,210	660,064

31. COMPARATIVE FIGURES

Certain comparative figures on the statement of financial position and statement of comprehensive income for the financial ended December 31, 2022 have been reclassified to conform with the current classification as follows:

	31 December 2022	Reclassification	31 December 2022
Statement of financial position			
Property, plant and equipment	74,897,580	1,155,122	76,052,702
Intangible assets	418,836	15,888	434,724
works in progress	1,171,010	(1,171,010)	-
inventory	165,116,509	9,208,476	174,324,985
Prepayments and other debit balances	30,703,369	(9,208,476)	21,494,893
Retained earnings	108,539,810	(6,003,045)	102,536,765
Actuarial reserve	(6,003,045)	6,003,045	-
Statement of comprehensive income			
Cost of revenue	(168,860,959)	(5,625,731)	(174,486,690)
Selling and marketing expenses	(81,150,512)	(2,802,863)	(83,953,375)
General and administrative expenses	(76,526,205)	8,733,409	(67,792,796)
Provision for expected credit loss	-	(304,815)	(304,815)
(Losses) other income	1,419,138	(9,893)	1,409,245
Finance costs	(3,641,623)	9,893	(3,631,730)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

32. SHARE CAPITAL MANAGEMENT

For the purpose of the company's share capital management, capital includes the share capital, and all other equity reserves attributable to shareholders of the company. The main objective of a company's capital management is to ensure maintaining a sound capital ratio in order to support its operations and increase the benefit to shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

There were no changes in the objectives, policies and procedures for capital management during the year ended December 31, 2023, while the capital was increased during the period ended December 31, 2022, with an amount of SR. 159,310,000.

33. SUBSEQUENT EVENTS

In the opinion of the group's management, there were no subsequent events since the financial year end requiring additional disclosures on these consolidated financial statements.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Company's Board of Directors in Ramadan 29, 1445H (corresponding April 8, 2024G).

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****AND INDEPENDENT AUDITOR'S REVIEW REPORT****FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024**

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Independent Auditor's Review Report**To the Shareholders of****MARKETING HOME GROUP TRADING COMPANY**(A Saudi Closed Joint Stock Company)
Riyadh – Kingdom Of Saudi Arabia**Introduction**

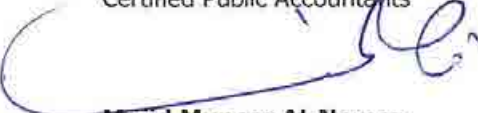
We have reviewed the accompanying interim condensed consolidated statement of financial position of Marketing home group trading company (the "Company") and its subsidiaries (collectively referred to as the "Group"), as at September 30, 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and cash flows for the nine months period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 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 condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing that are endorsed in the kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in the 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.

Baker Tilly MKM & Co.
Certified Public Accountants
Majid Muneer Al-Nemer

(Certified Public Accountant - License No 381)

Riyadh on Jumada Al-Akhirah 16, 1446H
Corresponding to December 11, 2024G

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT SEPTEMBER 30, 2024**

(In Saudi Riyal)

	<u>Notes</u>	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u> <u>(Restated - Note 14)</u>
ASSETS			
Non-current assets			
Property, plant and equipment	4	107,954,549	108,374,177
Intangible assets		354,139	378,886
Right-of-use assets	5	99,549,447	112,625,419
Advances for purchase of investments	1	-	3,297,387
		<u>207,858,135</u>	<u>224,675,869</u>
Current assets			
Due from related parties	6	1,199,545	2,176,695
Inventory		196,829,407	175,287,232
Prepaid expenses and other debit balances		33,403,692	31,350,965
Trade receivables	7	12,007,276	10,566,533
Cash and cash equivalent	8	29,907,905	37,301,338
		<u>273,347,825</u>	<u>256,682,763</u>
TOTAL ASSETS		<u>481,205,960</u>	<u>481,358,632</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	160,000,000	160,000,000
General reserve	17	-	9,794,839
Foreign currency translation reserve		(27,069)	995
Retained earnings		136,593,521	123,401,204
Equity attributable to the Shareholders of the Parent Company		<u>296,566,452</u>	<u>293,197,038</u>
Non-controlling interests		347,217	1,119,371
TOTAL EQUITY		<u>296,913,669</u>	<u>294,316,409</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities -non-current portion	5	85,188,028	101,903,105
Employees' defined benefits obligations		17,654,230	15,482,235
		<u>102,842,258</u>	<u>117,385,340</u>
Current liabilities			
Lease liabilities - current portion	5	17,113,483	12,302,481
Due to related parties	6	3,549,576	16,646,350
Trade payables		16,676,060	10,415,838
Accrued expenses and other credit balances		31,386,927	26,534,866
Accrued dividends	17	7,848,233	-
Zakat and income tax provision	10	4,875,754	3,757,348
		<u>81,450,033</u>	<u>69,656,883</u>
TOTAL LIABILITIES		<u>184,292,291</u>	<u>187,042,223</u>
TOTAL EQUITY AND LIABILITIES		<u>481,205,960</u>	<u>481,358,632</u>

Chairman of Board of Directors

Ali Al-Dousari

Managing Director

Mussad Algfari

Chief Financial Officer

Jalal Hatamleh

The accompanying notes form an integral part of these interim condensed consolidated financial statements

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024
(In Saudi Riyal)

	Notes	For the three months period ended September 30		For the nine months period ended September 30	
		2024	2023	2024	2023
Revenues	11	93,232,913	91,880,217	282,326,419	266,081,916
Cost of revenues		(37,905,536)	(42,600,067)	(124,038,067)	(112,913,220)
Gross profit		55,327,377	49,280,150	158,288,352	153,168,696
Selling and marketing expenses		(16,350,884)	(15,268,658)	(51,958,179)	(43,128,208)
General and administrative expenses		(22,500,817)	(16,800,737)	(60,639,673)	(46,354,735)
Expected credit losses allowance formed (reversed)		-	(11,294)	283,316	(33,882)
Operating profit		16,475,676	17,199,461	45,973,816	63,651,871
Other income, net		1,878,719	95,913	2,117,460	137,529
Finance cost		(1,046,879)	(453,119)	(2,304,386)	(1,431,605)
Profit before zakat and income tax		17,307,516	16,842,255	45,786,890	62,357,795
Zakat and income tax	10	(2,078,522)	(1,549,972)	(5,682,598)	(4,649,916)
Profit for the period		15,228,994	15,292,283	40,104,292	57,707,879
Other comprehensive income items:					
Items that will be subsequently reclassified to profit or loss					
Losses on foreign currency translation		(62,213)	(574)	(28,064)	(60,610)
Total other comprehensive loss for the period		(62,213)	(574)	(28,064)	(60,610)
Total comprehensive income for the period		15,166,781	15,291,709	40,076,228	57,647,269
Profit for the period attributable to:					
Shareholders of the parent company		15,564,785	14,628,379	39,397,478	56,430,828
Non-controlling interests		(335,791)	663,904	706,814	1,277,051
		15,228,994	15,292,283	40,104,292	57,707,879
Total comprehensive income for the period attributable to:					
Shareholders of the parent company		15,502,572	14,628,031	39,369,414	56,370,951
Non-controlling interests		(335,791)	663,678	706,814	1,276,318
		15,166,781	15,291,709	40,076,228	57,647,269
Basic and diluted earnings per share for shareholders of the parent company:					
	12	0.97	0.91	2.46	3.53

Chairman of Board of Directors

Ali Al-Dousari

Managing Director

Mussad Algari

Chief Financial Officer

Jalal Hatamleh

The accompanying notes form an integral part of these interim condensed consolidated financial statements

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024
(In Saudi Riyal)

	Attributable to the Shareholders of the Parent Company				
	Share capital	General reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interests
For the nine months period ended September 30, 2024					
As at January 1, 2024 (Audited) (Restated – Note 14)	160,000,000	9,794,839	995	123,401,204	1,119,371
Profit for the period	-	-	-	39,397,478	706,814
Other comprehensive loss	-	-	(28,064)	-	-
Total comprehensive income for the period	-	-	(28,064)	39,397,478	706,814
Closing the general reserve in retained earnings - Note (17)	-	(9,794,839)	-	9,794,839	-
Dividend - Note (17)	-	-	-	(36,000,000)	-
Dividend of non-controlling interest	-	-	-	-	(1,478,968)
As at September 30, 2024	160,000,000	-	(27,069)	136,593,521	347,217
				296,566,452	296,913,669
For the nine months period ended September 30, 2023					
As at 1 January 2023 (Audited)	160,000,000	9,794,839	58,767	102,536,765	782,596
Profit for the period	-	-	-	56,430,828	1,277,051
Other comprehensive loss	-	-	(59,877)	-	(733)
Total comprehensive income for the period	-	-	(59,877)	56,430,828	1,276,318
Dividend of non- controlling interest	-	-	-	-	(626,942)
As at September 30, 2023	160,000,000	9,794,839	(1,110)	158,967,593	1,431,972
				328,761,322	330,193,294

Chairman of Board of Directors

Ali Al-Dousari

Managing Director

Mussad Algafari

Chief Financial Officer

Jalal Hatamleh

The accompanying notes form an integral part of these interim condensed consolidated financial statements

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

(In Saudi Riyal)

	2024	2023
OPERATING ACTIVITIES		
Profit before zakat and income tax	45,786,890	62,357,795
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	8,474,856	6,075,691
Depreciation of right-of-use assets	11,886,166	9,796,666
Amortization of intangible assets	62,856	54,256
Expected credit losses allowance (reversed) formed	(283,316)	33,882
Provision for slow-moving inventory	5,900,247	4,592,619
Gains on disposal of property, plant and equipment	(906,431)	(33,911)
Service costs related to employees' defined benefits obligations	2,427,063	1,539,025
Finance cost	2,304,386	1,431,605
Losses on disposal of right-of-use assets and lease liabilities	393,982	-
Cash flows after adjusting the non-cash items	76,046,699	85,847,628
Changes in working capital:		
Inventory	(21,367,556)	(5,562,296)
Trade receivables	(1,083,557)	(3,002,559)
Due from / to related parties	(13,500,103)	(16,668,210)
Prepaid expenses and other debit balances	(165,794)	(13,784,367)
Trade payables	21,426	(7,409,892)
Accrued expenses and other credit balances	4,844,903	880,028
	44,796,018	40,300,332
Zakat and income tax paid	(4,564,192)	(6,092,597)
Employees' defined benefits obligation paid	(255,068)	(281,599)
Net cash generated from operating activities	39,976,758	33,926,136
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,244,668)	(35,823,762)
Proceeds from disposal of property, plant and equipment	6,805,236	87,221
Net cash used in investing activities	(4,439,432)	(35,736,541)
FINANCING ACTIVITIES		
Lease liabilities paid	(13,412,637)	(13,223,405)
Dividend	(28,151,767)	-
Dividend of non-controlling interests	(1,478,968)	(626,942)
Net cash used in financing activities	(43,043,372)	(13,850,347)
Net change in cash and cash equivalent	(7,506,046)	(15,660,752)
Foreign currencies translation, net	(28,064)	(60,610)
Cash of a consolidated subsidiary company - Note (1)	140,677	376,438
Cash and cash equivalent at the beginning of the period	37,301,338	53,830,475
Cash and cash equivalent at the end of the period	29,907,905	38,485,551
Non-cash items:		
Closing the general reserve in retained earnings - Note (17)	9,794,839	-
Unpaid dividends	7,848,233	-
Right-of-use assets against lease liabilities	5,056,171	24,422,142
Book value of net assets of the acquired company settled against advance payments for purchase of investments - Note (1)	3,297,387	210,963

Chairman of Board of Directors**Managing Director****Chief Financial Officer**

Ali Al-Dousari

Mussad Algafari

Jalal Hatamleh

The accompanying notes form an integral part of these interim condensed consolidated financial statements

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024

(In Saudi Riyals)

1. CORPORATION AND ACTIVITIES

Marketing Home Group Trading Company "the Company" is a closed joint stock company operates under Commercial Registration No. 1010205534 issued in Riyadh on Muharram 3, 1436 H, corresponding to February 12, 2005 G.

On Shaaban 15, 1444 H (corresponding to March 7, 2023 G), the Partners of the parent company unanimously agreed to convert the entity's legal structure from a Limited Liability Company to Closed Joint Stock Company and adding new shareholders, and with its rights, obligations, employment, licenses, and all its financial, technical and administrative elements, with the same share capital of SR. 160,000,000 and the nominal value of the share at SR. 10, while keeping the same trade name, commercial registration date and number upon conversion. on Safar 27, 1445 H (corresponding to July 12, 2023 G), The parent company's bylaws has been published, as well as the legal formalities related to this matter have been completed.

The company's main activity is represented in the construction of prefabricated buildings on sites, the restoration of residential and non-residential buildings, wholesale trade of oud, incense, perfumes, bricks, tiles, stone, marble, ceramics, porcelain, sanitary ware and their extensions, heaters and water tanks, and the retail trade of sanitary ware and their extensions such as sinks, chairs, bathtubs, etc., and appliances of Sauna baths, electrical appliances and their extensions, marble, natural and artificial stone, ceramics, porcelain, chandeliers, and goods used in lighting and their accessories. Operating storage facilities for all types of goods except foodstuffs, cutting and sawing marble, and manufacturing marble products such as kitchens, sinks, antiques, basins, statues, sculpture, painting, etc. Manufacture of air conditioning ducts and their accessories.

The address of the company's main registered office is as follows: P.O. Box 8305, Riyadh 14511, Al Aziziyah District - Riyadh - Kingdom of Saudi Arabia, and it has the following branches:

Register

Number	Issuance Place	Issuance Date	Trade Name
3350159559	Hail	27 Sha'ban 1443	Build Station for Trading Company
1131326973	Buraydah	30 Rajab 1444	Hatch For Trading Company
5855345553	Khamis Mushayt	26 Safar 1441	Build Station for Trading Company
4030377783	Jeddah	29 Jumada al-Akhirah 1441	Ceramic Home for Trading Company
1010345061	Jeddah	21 Sha'ban 1439	Lighting Stores for Trading Company
1010270857	Buraydah	16 Dhu al-Hijjah 1435	Ceramic Home for Trading Company
1128017374	Al-Ahsa	30 Rajab 1444	Ceramic Home for Trading Company
1131054364	Tabuk	07 Sha'ban 1437	Lighting Stores for Trading Company
2050231550	Al-Khobar	19 Rajab 1437	Lighting Stores for Trading Company
2050088106	Dammam	19 Rajab 1437	Build Station for Trading Company
1131026154	Unaizah	21 Muharram 1435	Ceramic Home for Trading Company
2252054449	Riyadh	30 Rajab 1444	Ceramic Home for Trading Company
2252100946	Riyadh	26 Safar 1441	Lighting Stores for Trading Company
1128119234	Al-Mubarraz	08 Muharram 1438	Lighting Stores for Trading Company
2051051222	Sakaka	23 Dhu al-Hijjah 1441	Build Station for Trading Company
3400119823	Al-Mubarraz	10 Dhu al-Hijjah 1434	Lighting Stores for Trading Company
5850125597	Abha	23 Safar 1441	Build Station for Trading Company
5950119431	Al-Khobar	18 Safar 1434	Lighting Stores for Trading Company
4030303103	Buraydah	22 Rabi' al-Akhir 1429	Lighting Stores for Trading Company
2031111647	Najran	28 Muharram 1444	Build Station for Trading Company
3550105589	Dammam	18 Safar 1434	Ceramic Home for Trading Company
2051164257	Unaizah	05 Rabi' al-Awwal 1436	Lighting Stores for Trading Company
2050212501	Riyadh	14 Safar 1441	Lighting Stores for Trading Company
1010863607	Riyadh	28 Jumada al-Akhirah 1436	Build Station for Trading Company
1010671405	Riyadh	24 Sha'ban 1433	Build Station for Trading Company
1010599447	Riyadh	14 Safar 1441	Hatch For Trading Company
1010526362	Riyadh	28 Jumada al-Akhirah 1436	Marketing Home Contracting Company
5900131016	Riyadh	10 Rabi' al-Akhir 1443	Build Station for Trading Company
1009087497	Riyadh	14 Safar 1446	Home Marketing for Transport and Logistics Services

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024**

(In Saudi Riyals)

1. CORPORATION AND ACTIVITIES (Continued)

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as at 30 September 2024 and 31 December 2023 as follows:

Subsidiary company	Ownership percentage %		Legal form	Country of origin
	2024	2023		
Build Station Company LLC	60	60	A limited liability company	United Arab Emirates
Ice Bear Contracting Company	100	100	A limited liability company	Kingdom of Saudi Arabia
MHG International - FZE	100	100	A limited liability company	United Arab Emirates
- Illus Lighting Limited Company - Zhongshan - (1)	100	100	A limited liability company	The People's Republic of China - Subsidiary to MHG International - FZE
Illus Illumination SLU Company - (2-1)	100	-	Single person company	Kingdom of Spain
Engineer Musaed Algfari Engineering Consultations Company (2-2)	100	100	Single person company	The Arab Republic of Egypt

- (1) By the end of year 2023, the regulatory procedures related to the establishment of "Illus Lighting Limited Company - Zhongshan" were completed, with a capital of 500,000 Chinese Yuan equivalent to 263,630 Saudi Riyals that has not been paid. Consequently, the balance of advance payments for purchasing investments was revaluated, as detailed in Note 14. As at September 30, 2024 the parent company "MHG International - FZE" consolidated the interim financial statements for "Illus Lighting Limited Company - Zhongshan" with percentage of 100%.
- (2) The company accounted for the acquisition transactions regarding the accounting treatment of business combinations under common control before the combination process or the existence of relationships between it and other controlling parties or all parties involved in the combination transaction. Given that the acquisition took place between related parties under common control and was not subject to market forces, the net assets acquired were accounted for at their book value in the acquired company on the acquisition date, and no goodwill resulting from this acquisition was recognized.
- (3) On the Rajab 7, 1445H, corresponding to January 19, 2024, the regulatory procedures related to the transfer of ownership of "Illus Illumination SLU Company" were completed. It began its actual operation with a 100% ownership percentage at a capital amounted to 865,000 Euros equivalent to 3,581,100 Saudi Riyals, encompassing all its rights, obligations, workforce, licenses, and all its financial, technical, and administrative elements. The net book value at that time amounted to 3,297,387 Saudi Riyals, detailed as follows:

	2024
Inventory	6,074,866
Property, plant and equipment	2,709,365
Prepaid expenses and other debit balances	1,886,933
Cash and cash equivalent	140,677
Trade receivables	73,870
Intangible assets	38,109
Trade payables	(6,238,796)
Due to related parties	(1,380,479)
Accrued expenses and other credit balances	(7,158)
Net book value	3,297,387

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024

(In Saudi Riyals)

1. CORPORATION AND ACTIVITIES (Continued)

- (2-1) On the Jumada al-Akhirah 3, 1446H, corresponding to September 24, 2023, the company acquired "Mussad Algfari Engineering Consulting Office" in The Arab Republic of Egypt with a capital amounted to 50,000 Egyptian Pound equivalent to 11,175 Saudi Riyals which represent 100% of its ownership, encompassing all its rights, obligations, workforce, licenses, and all its financial, technical, and administrative elements. The net book value at that time amounted to 210,963 Saudi Riyals, the acquisition has processed through a related party, detailed as follows:

	2023
Property, plant and equipment	341,665
Due from related parties	178,612
Prepaid expenses and other debit balances	7,428
Cash and cash equivalent	376,438
Due to related parties	(599,945)
Accrued expenses and other credit balances	(81,634)
Income tax provision	(11,601)
Net book value	210,963

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. These interim condensed consolidated financial statements do not include all the information required to prepare a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the previous year ending on December 31, 2023.

The group did not issue the consolidated financial statements for the comparative nine months period ended September 30, 2023.

The interim period is considered an integral part of the full financial year. However, the results of operations for the interim periods may not be a fair indication of the results of operations for the full year.

These interim condensed consolidated financial statements have been prepared on a historical cost basis. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting and the going concern basis.

The interim condensed consolidated financial statements are presented in Saudi Riyal, which is the functional currency of the Group, and all amounts are rounded to the nearest Saudi Riyal unless otherwise indicated.

3. SUMMARY OF ACCOUNTING POLICIES

The accounting policies and methods of computation applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual financial statements for the year ending December 31, 2023, except for the application of the new standards that came into effect as of January 1, 2024. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective. Some of the standards and amendments to the International Financial Reporting Standards came into effect as of January 1, 2024, and none of these standards and amendments had an impact on the Group's interim condensed consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2024	December 31, 2023
As at January 1	108,374,177	76,052,702
Addition of balance of a consolidated subsidiary - Note (1)	2,709,365	341,665
Additions	11,244,668	40,910,951
Depreciation	(8,474,856)	(8,637,429)
Disposals, net	(5,898,805)	(292,831)
Foreign currencies translation	-	(881)
Balance at the end of the period / year	107,954,549	108,374,177

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024

(In Saudi Riyals)

5. LEASE CONTRACTS

The Group has leases for operational sites, representing in offices, warehouses, showrooms and buildings used in its operations. The terms of the leases range from 1 to 20 years. The Group is generally prohibited from waiving or subleasing the leased assets.

Amounts recognized in the interim condensed consolidated statement of financial position:

The followings are the net book value of the right-of-use assets and lease liabilities of the Group during the period / year:

	September 30, 2024	December 31, 2023
Right-of-use assets		
As at January 1	112,625,419	89,560,286
Additions	5,056,171	35,755,729
Depreciation	(11,886,166)	(12,628,148)
Disposals / Adjustments	(6,245,977)	(61,609)
Foreign currencies translation	-	(839)
Balance at the end of the period / year	99,549,447	112,625,419
	September 30, 2024	December 31, 2023
Lease Liabilities		
As at January 1	114,205,586	91,241,129
Additions	5,056,171	35,755,729
Finance cost	2,304,386	3,362,902
Paid	(13,412,637)	(16,259,023)
Disposals / Adjustments	(5,851,995)	105,668
Foreign currencies translation	-	(819)
Balance at the end of the period / year	102,301,511	114,205,586
Less Current portion	17,113,483	12,302,481
Non-current portion	85,188,028	101,903,105

6. RELATED PARTY BALANCES AND TRANSACTIONS

The terms of transactions with related parties have been approved by the Company.

Related parties	Nature of transaction
Mr. Mussad Abdul Rahman Abdul Aziz Algafari	Shareholder
Mr. Ali Mubarak Mohammed Al-Dosari	Shareholder
Mr. Abdullah Khalil Al-Subaie	Shareholder
Mr. Sulaiman Abdul Karim Algafari	Shareholder
Mr. Saeed Youssef Al-Najjar	Partner in a subsidiary company- Build Station Company LLC
Mussad Algafari Engineering Consulting Office	Affiliate company

6-1 The following are the transactions taken place with the related parties:

Related parties	Nature of relationship	For the three months period ended September 30		For the nine months period ended September 30	
		2024	2023	2024	2023
Mr. Mussad Abdul Rahman Abdul Aziz Algafari	Payments	2,293,799	7,041,871	8,685,474	12,403,728
	Sales	22,859	220,817	80,362	220,817
	Payments on behalf of the company	-	365,128	-	365,128
Mr. Ali Mubarak Mohammed Al-Dosari	Payments	-	-	7,900,000	4,000,000
	Sales	11,930	401,529	87,775	521,599

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024**

(In Saudi Riyals)

6. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**6-1 The following are the transactions taken place with the related parties (Continued):**

Related parties	Nature of relationship	For the three months period ended September 30		For the nine months period ended September 30	
		2024	2023	2024	2023
Mr. Saeed Yousef Al-Najjar	Withdrawals	835,030	-	852,180	-
	Payments	-	-	7,076	343,422
	Sales	-	-	-	14,654
Mussad Algfari Engineering Consulting Office	Design expenses	55,545	95,513	2,042,975	346,321
	Payments on behalf of an Affiliate company	40,000	37,687	384,071	257,102
	Payments on behalf of the company	68,961	-	291,551	-
	Sales	32,540	-	101,566	-
Mr. Abdullah Khalil Al-Sbaai	Sales	80,944	133,273	80,944	133,273
Mr. Suliman Abd Al-Kareem Algfari	Sales	36,040	8,809	36,040	8,809

6-2 The benefits of key management personnel who have authority and responsible for planning, directing and controlling the Group for the period are as follows:

	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
Salaries, allowances and other benefits	1,042,600	1,229,669	3,327,876	3,460,710
Long-term benefit compensation	74,827	69,333	217,155	208,000
	1,117,427	1,299,002	3,545,031	3,668,710

6-3 Due from related parties consists of the following:

	September 30, 2024	December 31, 2023
Mr. Saeed Youssef Al-Najjar	835,277	33,424
Mussad Algfari Engineering Consulting Office	294,382	2,143,271
Mr. Abdullah Khalil Al-Subaie	33,846	-
Mr. Sulaiman Abdul Karim Algfari	36,040	-
	1,199,545	2,176,695

6-4 Due to related parties consists of the following:

	September 30, 2024	December 31, 2023
Mr. Mussad Abdulrahman Abdulaziz Algfari	3,549,576	8,627,302
Mr. Ali Mubarak Mohammed Al-Dosari	-	8,019,048
	3,549,576	16,646,350

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024
(In Saudi Riyals)

7. TRADE RECEIVABLES

	September 30, 2024	December 31, 2023
Trade receivables	12,759,763	11,602,336
Less: Expected credit loss allowance	(752,487)	(1,035,803)
	12,007,276	10,566,533

The movement expected credit losses allowance for receivables for the period / year:

	2024	2023
As at January 1	1,035,803	990,627
(Reversed) Formed during the period / year	(283,316)	45,176
Balance at the end of the period / year	752,487	1,035,803

8. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023
Cash at banks	29,722,285	37,291,405
Cash on hand	185,620	9,933
	29,907,905	37,301,338

9. SHARE CAPITAL

The company's share capital is 160,000,000 Saudi Riyals, divided into 16,000,000 shares. at 10 Saudi Riyals per each, all of which are ordinary shares, owned by Saudi shareholders.

10. ZAKAT AND TAX PROVISION

10-1 Zakat base components

The Group is subject to zakat and income tax. Zakat is payable at 2.5% of the approximate zakat base or the adjusted net profit, whichever is higher. Income tax is payable between 22.5% to 25% of the adjusted profit of the taxable subsidiaries. The most significant components of the zakat base according to zakat regulations consist mainly of equity, provisions, long-term loans as at the beginning of the year, and the adjusted net profit, less the net book value of non-current assets.

10-2 Zakat and income tax movement:

	September 30, 2024	December 31, 2023
As at January 1	3,757,348	3,618,233
Addition of the consolidated subsidiary balance – Note (1)	-	11,601
Zakat and income tax charged for the period / year	5,682,598	6,220,081
Paid during the period / year	(4,564,192)	(6,092,567)
Balance at the end of the period / year	4,875,754	3,757,348

10-3 Status of zakat certificates, assessments, and income tax assessments

The parent submitted its zakat returns since the incorporation date up to the year ended December 31, 2023 to the Zakat, Tax and Customs Authority ("ZATCA"), which are still under review by ZATCA.

Status of zakat certificates, assessments, and income tax assessments of subsidiaries

Ice Bear Contracting Company

The company submitted its zakat returns since the incorporation date up to the year ended December 31, 2023 to the Zakat, Tax and Customs Authority ("ZATCA") and obtained the required certificates.

Build Station Company LLC

The company operates in the United Arab Emirates ("UAE"), the companies tax rule has been applied and the company has registered in it, the rule start to be applied from the first of 2024 for the period beginning in January until December 2024, the payments due in the third quarter of 2025.

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024
(In Saudi Riyals)

10. ZAKAT AND TAX PROVISION (Continued)

10-3 Status of zakat certificates, assessments, and income tax assessments (Continued)

MHG International - FZE

The company operates in the United Arab Emirates ("UAE"), the companies tax rule has been applied and the company has registered in it, the rule starts to be applied from the first of 2024 for the period beginning in January until December 2024, the payments due in the third quarter of 2025.

Engineer Mussad Algafari Engineering Consulting Company

The income tax pertains to the Engineer Mussad Algafari Engineering Consultancy Company, (a one-person limited liability Egyptian company) in the Arab Republic of Egypt, where its taxable profits were accrued at the rate of 22.5%.

The company is subjected to be reviewed by the tax department to review the salaries and payroll tax for the years from 2019 to 2022 and it still under the review.

Illus Illumination SLU Company

The income tax pertains to Illus Illumination SLU Company, as it is subject income tax at 25%, the company has submitted its tax declarations on time.

11. REVENUES

11-1 This item consists of the following:

	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
Revenues	96,867,805	93,106,254	289,041,350	268,689,737
Consultations, supplies and installations	525,184	1,039,343	2,067,445	4,184,624
Discounts	(4,160,076)	(2,265,380)	(8,782,376)	(6,792,445)
	93,232,913	91,880,217	282,326,419	266,081,916

11-2 Timing of revenue recognition:

	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
At a point of time	92,707,729	90,840,874	280,258,974	261,897,292
Over a period of time	525,184	1,039,343	2,067,445	4,184,624
	93,232,913	91,880,217	282,326,419	266,081,916

12. EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by dividing profit of the year attributable to shareholders on the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are the same as basic earnings per share, because there are no diluted financial instruments issued by the group.

	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
Net profit for the period	Saudi Riyal 15,564,785	Saudi Riyal 14,628,379	Saudi Riyal 39,397,478	Saudi Riyal 56,430,828
Weighted average number of shares (share)	16,000,000	16,000,000	16,000,000	16,000,000
Earnings per share - Basic and diluted	0.97	0.91	2.46	3.53

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024**

(In Saudi Riyals)

13. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal report submitted by group's management. The Group evaluates the performance of the segments based on the revenues of each segment and their geographical distribution. The Group's main operations are represented in the following business segments:

- 1) Ceramics and sanitary ware sector.
- 2) Lighting sector.
- 3) Consulting, supplies and other installations.

Below is a summary of selected financial information for the business segments mentioned above:

- Summary of each segment for the nine months period ended September 30, 2024 are as follows:

	Ceramics and sanitary ware	Lighting	Consultations, supplies, installations, and others	Total segments	Adjustments and disposals	Consolidated
Total revenues	166,561,747	130,333,801	4,395,616	301,291,164	(18,964,745)	282,326,419
Gross profit	86,498,774	74,236,341	1,538,568	162,273,683	(3,985,331)	158,288,352
Operating profit	16,980,282	33,085,563	(1,478,409)	48,587,436	(2,613,620)	45,973,816

- Summary of each segment for the three months period ended September 30, 2024 are as follows:

	Ceramics and sanitary ware	Lighting	Consultations, supplies, installations, and others	Total segments	Adjustments and disposals	Consolidated
Total revenues	59,549,295	43,452,910	1,766,215	104,768,420	(11,535,507)	93,232,913
Gross profit	31,458,138	27,067,705	816,824	59,342,667	(4,015,290)	55,327,377
Operating profit	8,530,810	11,303,291	(36,818)	19,797,283	(3,321,607)	16,475,676

- Summary of each segment for the nine months period ended September 30, 2023 are as follows:

	Ceramics and sanitary ware	Lighting	Consultations, supplies, installations, and others	Total segments	Adjustments and disposals	Consolidated
Total revenues	148,423,653	121,970,081	5,316,067	275,709,801	(9,627,885)	266,081,916
Gross profit	74,062,569	76,721,437	1,918,940	152,702,946	465,750	153,168,696
Operating profit	21,048,469	42,470,172	(724,701)	62,793,940	857,931	63,651,871

- Summary of each segment for the three months period ended September 30, 2023 are as follows:

	Ceramics and sanitary ware	Lighting	Consultations, supplies, installations, and others	Total segments	Adjustments and disposals	Consolidated
Total revenues	55,467,441	39,827,046	2,170,786	97,465,273	(5,585,056)	91,880,217
Gross profit	25,496,243	24,953,526	301,128	50,750,897	(1,470,747)	49,280,150
Operating profit	4,957,974	13,550,615	(540,905)	17,967,684	(768,223)	17,199,461

Geographic information

Revenues	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
Kingdom of Saudi Arabia	87,889,875	79,102,563	250,473,502	236,799,288
United Arab Emirates	4,618,010	12,777,654	31,065,546	29,282,628
The People's Republic of China	405,989	-	405,989	-
Kingdom of Spain	277,119	-	323,396	-
The Arab Republic of Egypt	41,920	-	57,986	-
	93,232,913	91,880,217	282,326,419	266,081,916

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024
(In Saudi Riyals)

14. PRIOR PERIODS ADJUSTMENTS

According to the requirements of International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the management has restated the comparative figures to adjust the consolidated financial statements for prior periods.

- The impact of the adjustments on the consolidated statement of financial position as of December 31, 2023:

	Note	December 31, 2023 (Before Restatement)	Remeasurement	December 31, 2023 (Restated)
Non-current assets				
Advances for purchase of investments	A	6,644,685	(3,347,298)	3,297,387
Equity				
Retained earnings	A	126,748,502	(3,347,298)	123,401,204

- The impact of the adjustments on the consolidated profit or loss and other comprehensive income for the year ended December 31, 2023:

	Note	2023 (Before Restatement)	Remeasurement	2023 (Restated)
Non-current assets				
Impairment loss provision in advance for purchase of investments	A	(2,044,125)	(3,347,298)	(5,391,423)
Profit for the year	A	64,260,950	(3,347,298)	60,913,652
Basic and diluted earnings per share		3.96	(0.21)	3.75

A- During the nine months period ended September 30, 2024, the company's management found that the regulatory procedures related to the establishment of the subsidiary "Illus Lighting Limited Company – Zhongshan" were completed on Jumada al-Awwal 24, 1445 H, corresponding to December 8, 2023. Accordingly, the management has revaluated the balance of the advance payments for purchase of investments related to the establishment of the subsidiary and the recoverability of this balance. As a result, a provision was recorded for the full balance amounting to 3,347,298 Saudi Riyals, and the effect of this adjustment reflected on the retained earnings balance as of December 31, 2023, as well as on the consolidated statement of profit or loss and other comprehensive income for the year ended on that date.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial risk management strategies have not changed significantly since the end of the previous year. All of the Company's financial assets and liabilities are classified and measured at amortized cost.

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

There have been no changes in the Group's valuation procedures, valuation methods and types of inputs used in fair value measurements during the period as the fair value of financial instruments is measured at amortized cost.

17. SIGNIFICANT EVENTS

The Ordinary General Assembly decided in its meeting held on Shawwal 14, 1445 H, corresponding to April 23, 2024, G, the followings:

- Distribution of cash dividends to shareholders for 2023 in the amount of 36 million Saudi Riyals, of which 28,151,767 Saudi Riyals have been paid.
- Approval of closing the general reserve balance to retained earnings, amounting to 9,794,839 Saudi Riyals.

18. SUBSEQUENT EVENTS

The General Assembly decided in its meeting held on 13 Rabi' al-Thani 1446 H, (corresponding to October 16, 2024 G) on public offering of 4,800,000 shares, which represent 30% of the company's capital through submitting its file to Capital Market Authority to list it in the main market "Tadawul".

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Company's Board of Directors on Jumada Al-Akhirah 16, 1446 H (corresponding to December 11, 2024 G).

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

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Independent Auditor's Report

To the Shareholders

MARKETING HOME GROUP TRADING COMPANY

(A Saudi Closed Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Marketing Home Group Trading Company (the "Company") and its subsidiaries (collectively refer to "the Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other 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 a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, its consolidated financial performance and its consolidated cash flows for the year that ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 Conduct and Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, we have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 issued by SOCPA and Regulations of Companies and the Company's Bylaws 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, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

To the Shareholders

MARKETING HOME GROUP TRADING COMPANY

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 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 the 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 scepticism 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 a 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.

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 identified during our audit.

Baker Tilly Professional Services


Majid Muneer Al-Nemer

(Certified Public Accountant - License No 381)

Riyadh on Shawwal 1, 1446 H

Corresponding to March 30, 2025 G



MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(Saudi Riyal)

	Note	December 31, 2024	December 31, 2023 (Restated - note 31)
ASSETS			
Non-current assets			
Property, plant and equipment	6	107,968,833	108,374,177
Intangible assets	7	360,645	378,886
Right-of-use assets	8	102,378,276	112,625,419
Advances for purchase of investments	9	-	3,297,387
		210,707,754	224,675,869
Current assets			
Due from related parties	10	1,055,629	2,176,695
Inventory	11	187,018,396	175,287,232
Prepaid expenses and other debit balances	12	29,894,041	31,350,965
Trade receivables	13	11,046,035	10,566,533
Cash and cash equivalent	14	53,329,420	37,301,338
		282,343,521	256,682,763
TOTAL ASSETS		493,051,275	481,358,632
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	160,000,000	160,000,000
General reserve	16	-	9,794,839
Foreign currency translation reserve		(38,088)	995
Retained earnings		153,220,461	123,401,204
Equity attributable to the Shareholders of the Parent company		313,182,373	293,197,038
Non-controlling interests	31	1,036,693	1,119,371
TOTAL EQUITY		314,219,066	294,316,409
LIABILITIES			
Non-current liabilities			
Lease liabilities - non-current portion	8	96,000,448	101,903,105
Employees' defined benefits obligations	18	18,049,076	15,482,235
		114,049,524	117,385,340
Current liabilities			
Lease liabilities - current portion	8	13,672,497	12,302,481
Due to related parties	10	5,647,005	16,646,350
Trade payables		11,108,330	10,415,838
Accrued expenses and other credit balances	19	28,833,846	26,534,866
Zakat and income tax provision	20	5,521,007	3,757,348
		64,782,685	69,656,883
TOTAL LIABILITIES		178,832,209	187,042,223
TOTAL EQUITY AND LIABILITIES		493,051,275	481,358,632

Chairman of Board of Directors

Ali Al-Dousari

Managing Member

Musaed Al-Gafary

Chief Financial Officer

Jalal Hatamleh

The accompanying notes form an integral part of these consolidated financial statements

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(Saudi Riyal)

	Note	2024	2023 (Restated - note 31)
Revenues	21	389,969,074	365,431,919
Cost of revenues		(174,609,376)	(155,983,054)
Gross profit		215,359,698	209,448,865
Selling and marketing expenses	22	(70,299,222)	(57,707,223)
General and administrative expenses	23	(78,626,386)	(74,814,552)
Impairment provision for advances for purchase of investments	9	-	(5,391,423)
Expected credit losses allowance	12 & 13	(991,612)	(45,176)
Operating profit		65,442,478	71,490,491
Other income (losses), net	24	2,627,319	(405,503)
Finance cost	25	(4,844,596)	(3,951,255)
Profit before zakat and income tax		63,225,201	67,133,733
Zakat and income tax	20	(6,330,437)	(6,220,081)
Profit for the year		56,894,764	60,913,652
Other comprehensive income items:			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Re-measurement of employees' defined benefits obligations	18	525,882	915,011
<u>Items that will be subsequently reclassified to profit or loss</u>			
Losses on foreign currency translation		(39,021)	(81,786)
Total other comprehensive income for the year		486,861	833,225
Total comprehensive income for the year		57,381,625	61,746,877
Profit for the year attributable to:			
Shareholders of the parent company		55,510,656	59,945,628
Non-controlling interests	30	1,384,108	968,024
		56,894,764	60,913,652
Total comprehensive income for the year attributable to:			
Shareholders of the parent company		55,985,335	60,806,667
Non-controlling interests	30	1,396,290	940,210
		57,381,625	61,746,877
Basic and diluted earnings per share for shareholders of the parent company:			
	26	3.47	3.75
Chairman of Board of Directors	Managing Member	Chief Financial Officer	
Ali Al-Dousari	Musaed Al-Gafary	Jalal Hatar	

The accompanying notes form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024**
(Saudi Riyal)

Chairman of Board of Directors
Ali Al-Dousari

The accompanying notes form an integral part of these consolidated financial statements

Chief Financial Officer

Jalal Hatamleh

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Saudi Riyals)

	2024	2023 (Restated - note 31)
OPERATING ACTIVITIES		
Profit before zakat and income tax	63,225,201	67,133,733
Adjustments for non-cash items:		
Depreciation of property, plant, and equipment	11,815,419	8,637,429
Depreciation of right of use assets	14,470,480	12,528,148
Amortization of intangible assets	95,784	76,414
Expected credit losses allowance	991,612	45,176
Provision for slow-moving inventory	10,672,107	6,881,244
Impairment provision for advances for purchase of investments	-	5,391,423
(Gain) loss on disposal of property, plant, and equipment	(1,319,559)	154,665
Service costs related to employees' defined benefits obligations	3,357,936	3,083,950
Finance cost	4,844,596	3,951,255
Loss on disposal of lease contracts	800,933	-
Adjustments to lease contracts	-	167,277
Changes in working capital:		
Inventory	(16,328,405)	(7,843,451)
Trade receivables	(288,233)	(3,824,388)
Due from / to related parties	(13,556,831)	(16,174,689)
Prepaid expenses and other debit balances	2,234,846	(9,848,644)
Trade payables	(5,546,304)	(9,824,531)
Accrued expenses and other credit balances	2,291,822	4,265,533
	77,761,404	64,900,544
Zakat and income tax paid	(4,566,778)	(6,092,567)
Employees' defined benefits obligation paid	(970,902)	(414,053)
Net cash generated from operating activities	72,223,724	58,393,924
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,429,385)	(40,910,951)
Additions to advances for investment	-	(1,604,000)
Proceeds from disposal of property, plant and equipment	6,886,392	138,166
Purchase of intangible assets	(39,434)	(20,576)
Net cash used in investing activities	(7,582,427)	(42,397,361)
FINANCING ACTIVITIES		
Lease liabilities paid	(13,695,818)	(16,259,023)
Dividends paid	(33,701,927)	(15,958,749)
Dividends to non-controlling interests	(1,478,968)	(603,435)
Net cash used in financing activities	(48,876,713)	(32,821,207)
Net change in cash and cash equivalent	15,764,584	(16,824,644)
Cash on date of acquisition of subsidiaries - Note (1)	140,677	376,438
Foreign currencies translation, net	122,821	(80,931)
Cash and cash equivalent at the beginning of the year	37,301,338	53,830,475
Cash and cash equivalent at the end of the year	53,329,420	37,301,338
Non-cash items:		
Right-of-use assets against lease liabilities – Note (8)	17,281,888	35,755,729
Dividends settled through shareholders current account	2,298,073	24,041,251
Book value of net assets of the acquired company settled against advance payments for purchase of investments – Note (1)	3,297,387	210,963
Closing the general reserve in retained earnings – Note (16)	9,794,839	-

Chairman of Board of Directors

Ali Al-Dousari

Managing Member

Musaed Al-Gafary

Chief Financial Officer

Jalal Hatamle

The accompanying notes form an integral part of these consolidated financial statements

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Saudi Riyals)

1. CORPORATION AND ACTIVITIES

Marketing Home Group Trading Company (the "Company") is a Closed Joint Stock Company operates under Commercial Registration No. 1010205534 issued in Riyadh on Muharram 3, 1436 H, corresponding to February 12, 2005 G.

On Shaaban 15, 1444 H (corresponding to March 7, 2024 G), the partners in the Company unanimously agreed to convert the entity legal structure from a Limited Liability Company to Closed Joint Stock Company and joining new shareholders, and that with its rights, obligations, employment, licenses, and all its financial, technical and administrative elements, with the same share capital of SR. 160,000,000 and the nominal value of the share at SR. 10, while keeping the same trade name, commercial registration date and number upon conversion. On Safar 27, 1445 H (corresponding to July 12, 2024 G), the Parent Company's bylaws has been published, as well as the legal formalities related to this matter have been completed.

Subsequent to the date of the consolidated financial statements, the Capital Market Authority announced the issuance of a Board Resolution dated on Ramadan 17, 1446 H, corresponding to March 17, 2025 G, approving the company's request to register its shares and offer 4,800,000 shares for public offering, representing 30% of the company's total shares.

The Company's main activity is the construction of prefabricated buildings on-site, renovation of residential and non-residential buildings, wholesale of agarwood, incense, perfumes, bricks, blocks, tiles, stone, marble, ceramics, porcelain, sanitary ware and their extensions, water heaters and tanks, retail sale of sanitary ware and their extensions such as sinks, chairs, bathtubs, etc., sauna equipment, electrical appliances and their extensions, marble, natural and artificial stone, ceramics, porcelain, chandeliers, lighting goods and their accessories, operation of storage facilities for all types of goods except food items, marble cutting and sawing, and manufacturing of marble products such as kitchens, sinks, antiques, basins, statues, sculptures, paintings and similar industries, manufacturing of air conditioning ducts and their duct accessories.

The registered address of the Company's main office is as follows: P.O. Box 8305, Riyadh 14511, Al Aziziyah District - Riyadh - Kingdom of Saudi Arabia, and it has the following branches:

Registration number	Issuance place	Issuance date	Trade name
3350159559	Hail	27 Sha'ban 1443	Build Station for Trading Company
1131326973	Buraidah	30 Rajab 1444	Hatch for Trading Company
5855345553	Khamis Mushait	26 Safar 1441	Build Station for Trading Company
4030377783	Jeddah	29 Jumada al-Akhirah 1441	Ceramic Home for Trading Company
1010345061	Jeddah	21 Sha'ban 1439	Lighting Stores for Trading Company
1010270857	Buraidah	16 Dhu al-Hijjah 1435	Ceramic Home for Trading Company
1128017374	Hasa	30 Rajab 1444	Ceramic Home for Trading Company
1131054364	Tabuk	7 Sha'ban 1437	Lighting Stores for Trading Company
2050231550	Al-Khobar	19 Rajab 1437	Lighting Stores Company
2050088106	Dammam	19 Rajab 1437	Build Station for Trading Company
1131026154	Unayzah	21 Muharram 1435	Ceramic Home for Trading Company
2252054449	Riyadh	30 Rajab 1444	Ceramic Home for Trading Company
2252100946	Riyadh	26 Safar 1441	Lighting Stores for Trading Company
1128119234	Al Mubarraz	8 Muharram 1438	Lighting Stores for Trading Company
2051051222	Sakaka	23 Dhu al-Hijjah 1441	Build Station for Trading Company
3400119823	Al Mubarraz	10 Dhu al-Hijjah 1434	Lighting Stores for Trading Company
5850125597	Abha	23 Safar 1441	Build Station for Trading Company
5950119431	Al-Khobar	18 Safar 1434	Lighting Stores for Trading Company
4030303103	Buraidah	22 Rabi' al-Akhir 1429	Lighting Stores for Trading Company

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2024**

(Saudi Riyals)

1. CORPORATION AND ACTIVITIES (Continued):

Registration number	Issuance place	Issuance date	Trade name
2031111647	Najran	28 Muharram 1444	Build Station Company
3550105589	Dammam	18 Safar 1434	Ceramic Home for Trading Company
2051164257	Unayzah	5 Rabi' al-Awwal 1436	Lighting Stores for Trading Company
2050212501	Riyadh	14 Safar 1441	Lighting Stores for Trading Company
1010863607	Riyadh	28 Jumada al-Akhirah 1436	Build Station for Manufacturing Company
1010671405	Riyadh	24 Sha'ban 1433	Build Station for Manufacturing Company
1010599447	Riyadh	14 Safar 1441	Hatch for Trading Company
			Marketing Home for Contracting Company
1010526362	Riyadh	28 Jumada al-Akhirah 1436	Company
5900131016	Riyadh	10 Rabi' al-Akhir 1443	Build Station for Trading Company
			Marketing Home for Transportation and Logistics Company
1009087497	Riyadh	14 Safar 1446	

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2024 and 31 December 2023 as follows:

Subsidiary company	Ownership percentage		Legal form	Country of incorporation
	%			
	2024	2023		
Build Station Company LLC	60	60	A limited liability company	United Arab Emirates
Ice Bear Contracting Company	100	100	A limited liability company	Kingdom of Saudi Arabia
MHG International - FZE	100	100	A limited liability company	United Arab Emirates
- Illus Lighting Co. Ltd. - Zhongshan - (1)	100	100	A limited liability company	People's Republic of China - A subsidiary of MHG International - FZE
Illus Illumination Company S.L.U. - (2-A)	100	-	One person company	Kingdom of Spain
Engineer Musaad Al- Gafary Engineering Consultations Company - (2-B)	100	100	One person company	The Arab Republic of Egypt

- During the end of year 2023, the regulatory procedures related to the establishment of "Illus Lighting Co. Ltd. - Zhongshan" were completed with an unpaid capital of 500,000 Chinese Yuan, equivalent to SR. 263,630. Accordingly, the balance of advance payments for the purchase of Investments (Note 31) was revalued. During 2024, the Parent Company, "MHG International - FZE," consolidated the financial statements of "Illus Lighting Co. Ltd. - Zhongshan" at a percentage of 100%.
- The Company accounted for acquisitions based on the accounting treatment of transactions involving entities that were subject to the common control prior to the acquisition or had related party relationships with other controlling parties or all parties to the acquisition transaction. Given that the acquisition took place between related parties subject to the common control and was not subject to market forces, the net assets acquired were accounted for at their book value in the acquired company at the acquisition date, and no goodwill resulting from this acquisition was recognized.

MARKETING HOME GROUP TRADING COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2024**

(Saudi Riyals)

1. CORPORATION AND ACTIVITIES (Continued):

- (2-A) On Rajab 7, 1445 H corresponding to January 19, 2024 G, the regulatory procedures related to the transfer of ownership of "Illus Illumination Company S.L.U." were completed and its actual operation began, with the percentage of ownership reaching 100% with a capital of 865,000 Euros, equivalent to SR. 3,581,100, including its rights, obligations, labour, licenses, and all its financial, technical, and administrative elements. The net book value on that date amounted to SR. 3,297,387, shown as follows:

	2024
Inventory	6,074,866
Property, plant and equipment	2,709,365
Prepaid expenses and other debit balances	1,886,933
Cash and cash equivalent	140,677
Trade receivables	73,870
Intangible assets	38,109
Trade payables	(6,238,796)
Due to related parties	(1,380,479)
Accrued expenses and other credit balances	(7,158)
Net book value	3,297,387

- (2-B) On Jumada al-Akhirah 3, 1446 H corresponding to September 24, 2023 G, the company acquired the "Engineer Musaed Al-Gafary Engineering Consultations Company" in the Arab Republic of Egypt, the country of origin, with a capital of 50,000 Egyptian Pound, equivalent to SR. 11,175, at 100% ownership, including its rights, obligations, employment, licenses, and all its financial, technical and administrative elements, as the net book value on the date of acquisition amounted to SR. 210,963, and the transaction in this regard was carried out through a related party, as follows:

	2023
Property and equipment	341,665
Due from related parties	178,612
Prepaid expenses and other debit balances	7,428
Cash and cash equivalent	376,438
Due to related parties	(599,945)
Accrued expenses and other credit balances	(81,634)
Tax provision	(11,601)
Net book value	210,963

2. BASIS OF PREPARATION THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended December 31, 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia ("KSA"), and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Details of the Group's material accounting policies are disclosed in note (5).

The consolidated financial statements have been prepared on the historical cost basis, except for employees' defined benefits obligation, which is measured using the planned credit unit as set out in the accounting policies. The financial statements are presented in Saudi Riyal ("SR") which is also the functional currency of the Group, and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Saudi Riyals)

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Basis of consolidation

The consolidated financial statements include the company's consolidated financial statements and the companies that are being controlled by it (the subsidiaries). Control is achieved when the parent company has:

- Power over the investee (i.e. the existence of rights that give the group the current ability to direct activities related to the investee).
- Exposure to risks or has rights to obtain variable returns from its involvement with the investee.
- The ability to use its power over the investee to influence its returns.

The company conducts a re-assessment to confirm whether it exercises control over investees, when facts and circumstances indicate to the existence of change in one of the elements of control mentioned above. Consolidation of the subsidiary begins in full starting from the date at which the Group achieves control over it and continues until such control is lost.

When necessary, amendments are made to the consolidated financial statements of subsidiaries to conform their accounting policies with the group's accounting policies. All assets, liabilities, equity, revenues, expenses and cash flows related to intra-group companies' transactions are completely disposed upon the consolidation of the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

At the reporting date, the preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets, liabilities recognized, accompanying disclosures and disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of assets or liabilities that will be affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include the following:

- Fair value and risk management of financial instruments Note (29)
- Sensitivity analysis disclosures Note (18)

3.1 Judgements

The following significant judgments have significant impacts on the amounts recognized in the consolidated financial statements:

The significant judgement in determining the lease term for contracts implicating the renewal option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is certain to be exercised, or any periods covered by an option to terminate the lease, if it is certain not to be exercised.

The Group has the option, under some leases, to lease the assets for an additional term ranging from 3 – 20 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive to exercise the renewal option. Following the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Estimates and assumptions

Key assumptions about the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on the data available when preparing the consolidated financial statements. However, current circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the Company's control. These changes are reflected in the assumptions as they occur.

(A) Long-term assumptions for provision of employees' defined benefits obligations

Payments of post-employment defined benefits and end of service benefits represent the obligations which will be paid in the future. Management shall make additional assumptions about the variables such as the discount rates, salary increase rate, return on assets, mortality rates and employees' turnover. The Group's management periodically takes advice from external actuaries on these assumptions. Changes in key assumptions could materially affect the expected benefits obligations and / or the periodic employees' defined benefits costs incurred.

(B) Impairment of trade receivables

The Group uses a provision with a specific matrix to calculate the Expected Credit Losses provision "ECLs" for the trade receivables. The provision rates are based on days past due to groupings of various customer segments that have similar loss's patterns (i.e., by customer type, or coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical payments default rates. The provision's calculation reflects the probability-weights related to the time value of funds, and reasonable information that is available at the reporting date about past events and forecasts of future economic conditions. At each reporting date, the payments' default rates are updated and changes in the forward-looking estimates are analyzed.

The correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The ECLs is sensitive to changes in the economic circumstances and conditions. The Group's historical credit loss experience and forecast of economic conditions may also not reflect the customer's actual default in the future. The information about the ECLs on the trade receivables is disclosed in Note (29).

(C) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plants and equipment for the purpose of depreciation calculation. Such an estimate is determined following the study of the asset's expected usage. Management annually reviews the residual value and useful lives of these assets, and the future depreciation charged is made when management believes that the useful lives differ from previous estimates.

(D) Impairment of inventory

Inventory is stated at cost or net realizable value, whichever is lower. When inventories become old or obsolete, an estimate is made of their net realizable value. For individual significant amounts, an estimate is performed on an individual basis. For amounts which are not individually significant, but considered old or obsolete, are assessed collectively and a provision is provided according to the inventory type, ageing, or obsolescence degree based on anticipated selling prices.

(E) Uncertain zakat status

The Group's current zakat payable relates to management's assessment of the amount of zakat payable on the open zakat assessments as the Group still has to agree with Zakat, Tax, and Customs authority ("ZATCA") on the final obligations' amounts. Due to the uncertainty associated with these zakat items, the final result is likely to differ significantly when the final assessment is issued by Zakat, Tax, and Customs Authority ("ZATCA") in future periods.

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2024****(Saudi Riyals)****4. CHANGES TO THE ACCOUNTING POLICIES**

The accounting policies and calculation methods applied in preparing the consolidated financial statements for the year ended December 31, 2024, are consistent with those followed in preparing the Company's consolidated financial statements for the year ended December 31, 2023, except for the application of new standards that came into effective in January 1, 2024. The Group has not early adopted any other standards, interpretations or amendments issued but not yet effective.

4-1 New revised standards and interpretations

The following are the amendments applied by the Group on January 1, 2024 that did not have a material impact on the consolidated financial statements:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements.

4-2 Standards issued but not yet effective

The new revised standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21: Lack of exchangeability.
- IFRS 18: Presentation and Disclosure In Financial Statements.
- IFRS 19: Subsidiaries without Public Accountability.

5. MATERIAL ACCOUNTING POLICIES**Business Combination**

Subsidiaries represent all companies over which the Group has the power to control their financial and operating policies in order to obtain benefits from their activities, which usually accompany the possession of a majority of the voting rights.

Consolidation of the entire subsidiary begins from the date when the Group takes control over it and continues until the cessation of that control, with the exception of subsidiaries that were acquired with the intention of reselling or disposing of them within one year from the date of acquisition.

Business combination is accounted using the acquisition method. The acquisition cost is measured at the total of the transferred amount that has been measured at the fair value of the transferred assets and the liabilities incurred by the group at the date of acquisition for the favour of the former partners, plus the equity issued to control the acquiree. Acquisition-related costs are included in the statement of profit or loss as incurred.

When the Group acquires a business, classification of the financial assets and liabilities that have been incurred in accordance with the contractual terms, economic circumstances and the prevailing conditions, is assessed at the acquisition date. This includes a segregation of the derivatives included within the other financial instruments in the main contracts pertaining to the acquiree.

Contingent consideration that will be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration (except for which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Intangible assets are not recognized at the acquisition date if measuring their fair value would require undue cost or effort. Contingent liabilities are not recognized at the acquisition date if their fair value cannot be measured reliably. The excess in the cost of acquiring the Group's share in fair value of the identified assets held and liabilities realized or expected that have been assumed in the acquiree is recorded as goodwill.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Saudi Riyals)

5. MATERIAL ACCOUNTING POLICIES (Continued)

Business Combination (Continued)

On consolidation, assets and liabilities of foreign operations are translated into Saudi Riyals ("SR") at the rate of exchange prevailing at the reporting date and the statement of profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Generally, there is a presumption that a proposition of majority of voting rights results in control. To support this presumption when the group has voting rights equal to or less than the majority in the investee, the Group considers all other relevant facts and circumstances related to that assurance, whether it has power over an investee, and this includes the contractual arrangements and others that have an impact on the activities which affecting the returns of the investee, and such includes:

- Contractual arrangement(s) with the other voting rights holders in the investee
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights

Property, plant, and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation, and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant, and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant, and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly, and same, when a main review is conducted, its cost is recognized in the carrying amount of the properties, plants and equipment as an alternative if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred. Land and capital work in progress are not depreciated. The present value of the expected cost for decommissioning the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Item	Years
Leasehold improvements	The useful life of the improvements or the lease term, whichever is shorter
Vehicles	6 and 7 years
Electrical appliances and computers	6 and 7 years
Plant and equipment	10 years
Furniture and Supplies	10 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is calculated based on the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and accounted for the impact of any changes in the estimates prospectively, if appropriate.

Work in progress are stated at cost less accumulated impairment losses, if any. Work in progress are not depreciated until the asset under construction or development is ready for their intended use assessed by management as the cost of the asset is transferred to its related item.

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2024****(Saudi Riyals)****5. MATERIAL ACCOUNTING POLICIES (Continued)****Intangible assets**

Intangible assets individually acquired are measured on initial recognition at cost. Following the initial recognition, intangible assets are stated at cost less any accumulative amortization or any accumulative impairment losses, if any.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment when there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for the intangible assets 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 to have a benefit from future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in the accounting estimates. The amortization expenses on intangible assets with finite lives are recognized in the consolidated statement of profit or loss within the expenses category consistent with function of the intangible assets.

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 asset's fair value or CGU's less cost of disposal and its value in use, whichever is higher. It 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 is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that the previously recognized impairment losses for non-financial assets other than goodwill are reflected. Such a reversal is recognized in profit or loss.

Foreign currency

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured at the historical cost in a foreign currency are translated using the exchange rates ruling as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of that item. The translation differences on items whose fair value is changed is recognized in OCI or profit or loss are also recognized in OCI or profit or loss.

Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive income (OCI), or fair value through profit or loss.

On the initial recognition, all financial assets are recognized at fair value plus the transaction costs, unless, in the case of assets at fair value through profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

(Saudi Riyals)

5. MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Subsequent measurement

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

Financial assets at amortized cost

After initial measurement, those financial assets at amortized cost are measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Derecognition of financial assets

A financial asset is derecognized 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 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 over the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards associated to the asset. Asset is recognized to the extent that the groups involvement continues to it, if the group has not transferred or retained all risks and rewards associated to the asset, nor has transferred its right to control it. In such a case, group recognizes also the liabilities associated to it. The transferred assets and liabilities associated to it are measured on basis that reflects the rights and obligations retained by the group.

Involvement's continuity 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

At the financial reporting date, the Company assesses whether there is an indication that the value of an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value of the asset or cash generating unit less the cost to sell or the value in use of the asset. It is determined for a individual asset unless the asset does not generate cash flows that are largely independent of the flows generated by other assets or groups of assets. When the carrying value of an asset or cash generating unit exceeds its recoverable amount, the value of the asset is impaired and the asset must be written down to its recoverable amount.

Impairment losses for continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, have reversed. The reversal of a impairment loss is recognized in profit or loss.

MARKETING HOME GROUP TRADING COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

(Saudi Riyals)

5. MATERIAL ACCOUNTING POLICIES (Continued)

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans, payables, or as financial derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans, and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalent

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Advances for purchase of investments

The costs incurred by the group to establish subsidiaries are recorded within the advances account to purchase investments until the regulatory procedures related to this regard are completed.

Inventories

Inventories are measured at the lower of cost at cost or net realizable value. The cost of inventory is determined on the weighted average method and includes expenses incurred to acquire finished inventory, raw materials, production, or conversion costs and other costs incurred in bringing each product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. Inventory is reviewed at the end of each year, and an obsolete inventory is provided, if required.

General reserve

In line with previous requirements of the Companies' Law, the company transfers 10% of its annual profit to the statutory reserve until this reserve reaches 30% of the capital. According to the new companies' law, there are no requirements to establish reserves unless this is stipulated in the Company's bylaws. Accordingly, the company amended its bylaws, and this does not require establishing reserves unless resolved by the general assembly of shareholders.

MARKETING HOME GROUP TRADING COMPANY**(A SAUDI CLOSED JOINT STOCK COMPANY)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2024****(Saudi Riyals)****5. MATERIAL ACCOUNTING POLICIES (Continued)****Provision for employees' defined benefits obligation**

The cost of employees' benefits under the defined benefit plans is determined separately for each plan using the projected credit unit method.

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position within the retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified in the statement of profit or loss in subsequent periods.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, 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 for the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursements are recognized as a separate asset but only when the reimbursement is virtually certain. The expense related to the provision is presented in profit or loss net of any reimbursements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the excess in the provision due to the passage of time is recognized as a finance costs.

Leases

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control an asset or particular assets for a period of time in exchange for consideration.

Group as a lessee**Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date at which 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 remeasurement 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. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life.

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 could be received, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option when there is reasonable 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. For the variable lease payments that do not depend on an index, or a rate are recognized as expense in the period at which the occurs.

In calculating the present value of lease payments, the Group uses the Incremental Borrowing Rate ("IBR") at the lease commencement date if the interest rate implicit in the lease that is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured 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.

5. MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Short-term leases and leases of low-value assets

Short-term leases are contracts with a term of 12 months or less. Low value assets are the items that do not meet the Group's capitalization threshold and are considered insignificant for the statement of financial position as a whole. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in the statement of profit or loss

Expenses

Expenses are recorded when incurred according to the accrual basis. The cost of revenue consists of the cost of purchased materials and direct expenses related to the cost of revenue. All other expenses are classified as general and administrative expenses and selling and marketing expenses. A distribution of common expenses between the cost of revenues, general and administrative expenses, and selling and marketing expenses is made, when necessary, on a reasonable basis in accordance with the nature and function of those expenses.

Zakat and income tax

At each financial statement date, the Group shall estimate the zakat base and the income tax provision based on the Group's understanding to the zakat and income tax regulations applied in Kingdom of Saudi Arabia or abroad. Zakat and tax regulations in the Kingdom of Saudi Arabia are subject to varying interpretations, and the assessments issued by the Authority may differ from the declarations submitted by the company.

Value Added Tax

Revenues, expenses and assets are recognized net of the amount of Value Added Tax ("VAT"), except:

- Where the Value Added Tax ("VAT") incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax ("VAT") is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of Value Added Tax ("VAT") included.

The net amount of Value Added Tax ("VAT") recoverable from, or payable to the taxation authority is included within other receivables or payables in the statement of financial position.

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in International Financial Reporting Standard ("IFRS 15") "revenues from contracts with customers". The Group recognizes revenue when it transfers control over a product or services to a customer according to the value that reflects the consideration which the Group expects to be entitled in exchange for this transfer.

Sold Products

Revenue is recognized when the risks and benefits significant to the ownership are transferred to the customer, and it is probable that the consideration due will be recovered, the related costs and the probability of recovering the goods can be estimated reliably, there is no longer any ongoing management's involvement with respect to the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and quantity discounts.

Revenues from ceramic and lighting sales are recognized when the goods are delivered to customers and are stated net after discounts (if any).

5. MATERIAL ACCOUNTING POLICIES (Continued)

Project contract revenues

Revenues are recognized over time based on the percentage of completion at the end of the reporting period. When the outcome of a contract can be measured reliably based on the works completed by engineers, which coincides with the issuance and approval of extracts by the relevant customers, and when current estimates of the total costs and revenues of the contract indicates to a loss, a provision is made for the total loss of the contract regardless of the percentage of work completed.

Performance obligations

The Group generates revenues mainly from selling customized products.

The performance obligation in product selling contracts is to supply the product to the customer according to the contractual terms. The performance obligation is fulfilled upon delivery of the goods.

Dividends

Annual dividends are recorded in the consolidated financial statements in the period at which they are approved by the general assembly of shareholders.

Contingent Liabilities

These are obligations that are likely to arise from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not within the complete control of the company, or a present obligation that is not recognized because it is unlikely that an outflow of resources will be required to settle it. Commitment. If it is not possible to measure the amount of the obligation with sufficient reliability, it is not included within the potential liabilities but is disclosed in the consolidated financial statements.

Segment Reports

An operating segment is one of the Group's components that engage in business activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any other components of the Group. All operating results of operating segments are reviewed by the Company's operating decision makers to make decisions about the resources that will be allocated to the segment and evaluate its performance, for which discrete financial information is available.

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6. PROPERTY, PLANT AND EQUIPMENT

Cost	Lands	Leasehold improvements	Vehicles	Electrical appliances and computers	Plant and equipment	Furniture and Supplies	Work in progress	Total
January 1, 2023	34,432,467	54,494,663	9,043,674	7,352,393	3,831,368	2,640,854	1,171,010	112,966,429
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	-	-	-	-	-	-	-
Additions	18,284,831	375,000	1,420,480	162,725	16,174	87,376	-	641,275
Disposals	-	13,392,045	(456,996)	790,348	482,964	99,345	6,440,938	40,910,951
Transferred from works in progress	-	-	(134,007)	(83,840)	-	(34,202)	(152,835)	(727,873)
Reclassification	-	2,147,259	(202,000)	152,026	134,007	174,968	(2,474,253)	-
Differences on foreign currency translation	-	(734)	(19)	(112)	(73)	(30)	-	(968)
December 31, 2023	52,717,298	70,408,233	9,671,132	8,373,540	4,666,440	2,968,311	4,984,860	153,789,814
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	-	-	-	-	-	-	-
Additions	-	2,238,775	-	60,415	-	430,622	-	2,729,812
Disposals	-	3,326,441	1,099,650	561,583	412,238	156,197	8,873,276	14,429,385
Transferred from works in progress	(4,987,500)	(1,271,973)	(630,310)	(100,223)	(370,012)	(32,036)	(197,385)	(7,589,439)
Transfers	-	9,308,869	-	2,037,452	-	29,200	(11,375,521)	-
Differences on foreign currency translation	-	29,884	-	-	1,156	(31,040)	-	-
December 31, 2024	47,729,798	83,906,498	10,140,472	10,929,158	4,709,822	3,495,530	2,285,230	163,196,508
Accumulated Depreciation								
January 1, 2023	-	26,339,755	4,450,795	3,201,951	1,682,399	1,238,827	-	36,913,727
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	-	-	-	-	-	-	-
Depreciation	-	79,688	-	136,523	15,225	68,174	-	299,610
Disposals	-	5,917,205	1,094,094	988,011	437,906	200,213	-	8,637,429
Differences on foreign currency translation	-	(45)	(1)	(68,147)	-	(21,660)	-	(435,042)
December 31, 2023	-	32,336,603	5,199,653	(12)	(8)	(21)	-	(87)
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	-	-	-	-	-	-	-	-
Depreciation	-	6,839	-	2,240	-	1,1368	-	20,447
Disposals	-	8,591,605	1,189,635	1,268,380	520,185	245,614	-	11,815,419
Transfers	-	(1,144,248)	(414,510)	(82,695)	(370,009)	(11,144)	-	(2,022,606)
Differences on foreign currency translation	-	4,422	-	-	20	(4,442)	-	-
December 31, 2024	-	(408)	-	(134)	(2)	(678)	-	(1,222)
Net Book Value								
December 31, 2023	47,729,798	44,111,685	4,165,694	5,483,041	2,424,106	1,769,279	2,285,230	107,968,833
December 31, 2024	52,717,298	38,071,630	4,471,479	4,115,214	2,530,918	1,482,778	4,984,860	108,374,177

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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

- Works in process as of December 31, 2024 are represented in the costs incurred for the expansion of existing branches and the establishment of new branches. The estimated value to complete these projects is SR. 7,600,000 (2023: SR. 15,800,000).
- The fully depreciated value of the property, plant and equipment that are still in use as of December 31, 2024 amounted to SR. 25,967,513 (2023: SR. 24,921,674).

The following is the allocation of the depreciation expenses based on the expense nature:

	2024	2023
Selling and marketing expenses – Note (22)	7,764,002	5,283,928
General and administrative expenses – Note (23)	4,051,417	3,353,501
	11,815,419	8,637,429

7. INTANGIBLE ASSETS

Intangible assets are the cost of the Group's accounting software. The movement in the intangible assets as of December 31 is as follows:

	2024	2023
Cost		
As at January 1	520,165	499,589
Addition of consolidated subsidiary balance at the acquisition date – Note (1)	38,109	-
Additions	39,434	20,576
As at December 31	597,708	520,165
Accumulated amortization		
As at January 1	141,279	64,865
Charged during the year	95,784	76,414
As at December 31	237,063	141,279
Net Book Value	360,645	378,886

8. LEASES CONTRACTS

The Group has leases for operational sites, representing in offices, warehouses, and showrooms, buildings used in its operations. The terms of the leases range from 1 to 20 years. The Group is generally prohibited from assigning or subleasing the leased assets.

8-1 Amounts recognized in the consolidated statement of financial position:

The following is a statement of the net book value of the right-of-use assets and lease liabilities of the Group during the year:

	2024	2023
Right-of-use assets		
As at January 1	112,625,419	89,560,286
Additions	17,281,888	35,755,729
Depreciation	(14,470,480)	(12,628,148)
Disposals	(13,058,551)	-
Differences on foreign currency translation	-	(839)
Adjustments	-	(61,609)
As at December 31	102,378,276	112,625,419

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8. LEASES CONTRACTS (Continued)**8-2 Amounts recognized in the consolidated statement of financial position (Continued):**

Lease Liabilities	2024	2023
As at January 1	114,205,586	91,241,129
Additions	17,281,888	35,755,729
Finance cost – Note (25)	4,138,907	3,362,902
Paid	(13,695,818)	(16,259,023)
Disposals	(12,257,618)	-
Differences on foreign currency translation	-	(819)
Adjustments	-	105,668
As at December 31	109,672,945	114,205,586
Less current portion	13,672,497	12,302,481
Non-current portion	96,000,448	101,903,105

8-3 Amounts recognized in profit or loss:

	2024	2023
Depreciation of right-of-use assets - Note (22 & 23)	14,470,480	12,628,148
Finance cost related to lease liabilities - Note (25)	4,138,907	3,362,902
Expense related to short-term lease - Note (23)	803,088	970,776
Total amounts recognized in profit or loss	19,412,475	16,961,826

9. ADVANCES FOR PURCHASE OF INVESTMENTS**The advances to purchase investments consist of the followings:**

	December 31, 2024	December 31, 2023 (Restated – Note 31)
Investment in the People's Republic of China - 9 -1	-	3,347,298
Investment in the Kingdom of Spain - 9 -2	-	5,341,512
Impairment loss Provision	-	(5,391,423)
	-	3,297,387

The movement in advances to purchase investments is as follows:

	2024	2023 (Restated - Note 31)
As at January 1	3,297,387	7,084,810
Additions	-	1,604,000
Transfer to investment in subsidiaries – Note (1)	(3,297,387)	-
Less: Impairment losses' provision on advances	-	(5,391,423)
As at December 31	-	3,297,387

9-1 During 2017, the group paid an amount of SR. 1,128,076 in exchange for entering into a partnership agreement with a factory in the People's Republic of China to establish a company to manufacture the Group's lighting products. During the following years, the Group paid additional amounts equivalent to SR. 2,219,222. Legal procedures related to the Company's establishment are completed – Note (1) and (31).

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9. ADVANCES FOR PURCHASE OF INVESTMENTS (Continued)

9-2 During the current year 2024, the Group completed the regulatory procedures related to the acquisition of Illus Illumination S.L.U. Accordingly, the balance of advance payments related to this investment was closed and the accounts of the acquired company were consolidated with the Group (Note 1).

*The Group recognized an impairment provision against advances for purchase investments at an amount of SR. 5,391,423, based on management's assessment of the recoverable amount as of December 31, 2023.

10. RELATED PARTY BALANCES AND TRANSACTIONS

There are transactions that took place during the year with related parties within the group's ordinary business and with the approval of management, and management believes that the terms of those transactions do not differ materially from any transactions carried out by management with any third party:

Related party	Nature of transaction
Musaed Abdul Rahman Abdul Aziz Al-Gafary	Shareholder
Ali Mubarak Mohammed Al-Dosari	Shareholder
Musaed Al-Gafary Engineering Consulting Office	Affiliate
Saeed Youssef Al-Najjar	Partner in a subsidiary – Build Station Company LLC
Mohammed Youssef Al-Najjar	Partner in a subsidiary – Build Station Company LLC

10-1 The following are the significant transactions taken place with the related parties:

Related party	Nature of relationship	2024	2023
Musaed Abdul Rahman Abdul Aziz Al-Gafary	Payments	6,695,028	12,943,248
	Payments on behalf company	335,144	589,839
	Payments on behalf shareholder	-	220,310
	Sales	507,536	-
Ali Mubarak Mohammed Al-Dosari	Sales	87,775	526,202
	Payments	7,931,273	4,000,000
Musaed Al- Gafary Engineering Consulting Office	Expenses paid on behalf	517,980	470,605
	Design expenses	2,042,975	1,245,865
	Sales	131,543	-
	Payments	487,782	-
Saeed Youssef Al-Najjar	Withdrawals	972,040	-
	Sales	4,720	-
	Payments	169,704	-

10-2 The benefits of key management personnel who have the authority and responsible for planning, directing and controlling the Group for the year ended December 31, are as follows:

	2024	2023
Salaries, allowances and other benefits	4,428,345	5,565,534
Long-term benefit compensation	160,214	282,333
	4,588,559	5,847,867

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10. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

10-3 Due from related parties consists of the following:

	December 31, 2024	December 31, 2023
Musaeed Al-Gafary Engineering Consulting Office	258,445	2,143,271
Saeed Youssef Al-Najjar	797,184	33,424
	<u>1,055,629</u>	<u>2,176,695</u>

10-4 Due to related parties consists of the following:

	December 31, 2024	December 31, 2023
Musaed Abdulrahman Abdulaziz Al-Gafary	5,647,005	8,627,302
Ali Mubarak Mohammed Al-Dosari	-	8,019,048
	<u>5,647,005</u>	<u>16,646,350</u>

11. INVENTORY

	December 31, 2024	December 31, 2023
Ceramic inventory	115,265,034	105,679,008
Lighting inventory	94,459,097	80,395,789
Goods In transit	4,188,494	6,070,819
Air conditioners	1,104,955	576,936
General inventory	241,318	133,075
	<u>215,258,898</u>	<u>192,855,627</u>
Less: Provision for slow moving inventory	<u>(28,240,502)</u>	<u>(17,568,395)</u>
	<u>187,018,396</u>	<u>175,287,232</u>

The following is the movement in the provision for slow moving inventory:

	2024	2023
At January 1	17,568,395	10,687,191
Provision for slow-moving inventory	10,672,107	6,881,244
Differences on foreign currency translation	-	(40)
At December 31	<u>28,240,502</u>	<u>17,568,395</u>

12. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	December 31, 2024	December 31, 2023
Advances to suppliers	21,066,861	28,579,010
Prepaid expenses	3,217,133	1,717,784
Refundable initial public offering costs *	2,597,647	-
Cash guarantee for letter of guarantee – Note (27)	1,965,554	-
Receivables and advances to employees	421,066	806,004
Refundable guarantees	134,960	104,330
Other	1,599,831	143,837
	<u>31,003,052</u>	<u>31,350,965</u>
Less: Expected credit loss provision	<u>(1,109,011)</u>	<u>-</u>
	<u>29,894,041</u>	<u>31,350,965</u>

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12. PREPAID EXPENSES AND OTHER DEBIT BALANCES (Continued)

The movement in expected credit losses provision for advances to suppliers for the year ended December 31 is as follows:

	2024	2023
At January 1	-	-
Charge during the year	1,109,011	-
At December 31	1,109,011	-

- * This item represents amounts paid to consultants to assist with the Company's initial public offering (IPO). These amounts will be charged to the Company's shareholders once the IPO is completed.

13. TRADE RECEIVABLES

	December 31, 2024	December 31, 2023
Trade receivables	11,964,439	11,602,336
Less: Provision for expected credit loss	(918,404)	(1,035,803)
	11,046,035	10,566,533

The movement in expected credit losses provision for trade receivables for the year ended December 31 is as follows:

	2024	2023
At January 1	1,035,803	990,627
(Reversal) Charge during the year	(117,399)	45,176
At December 31	918,404	1,035,803

14. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash at banks	53,329,298	37,291,405
Cash on hand	122	9,933
	53,329,420	37,301,338

15. SHARE CAPITAL

The Company's capital is SR. 160,000,000, divided into 16,000,000 shares, at SR. 10 per each.

16. GENERAL RESERVE

In line with the companies by laws, the company transferred 10% of its profit for the year to the statutory reserve until this reserve reaches 30% of the capital. According to the new Company's Law, there are no requirements to form reserves unless stipulated in the companies by laws. Accordingly, the Company amended its bylaws, and this did not require forming reserves unless resolved by the Company's general assembly. Accordingly, the entire previously statutory reserve balance was transferred to general reserve.

-The Ordinary General Assembly decided on Shawwal 14, 1445 H corresponding to April 23, 2024 G to close the entire balance of the general reserve in retained earnings amounting to SR. 9,794,839.

17. DIVIDENDS

On Shawwal 14, 1445 H corresponding to April 23, 2024 G, the General Assembly decided to distribute dividends for the year 2023 in the amount of SR. 36,000,000, of which SR. 33,701,927 were paid (2023: On Jumada Al-Awwal 15, 1445 H corresponding to November 29, 2023 G, the General Assembly decided to distribute dividends for the year 2022 in the amount of SR. 40,000,000, of which SR. 15,958,749 were paid).

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18. EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The movement of the provision for employees' defined benefits obligations, a defined benefit plan, during the year is as follows:

	2024	2023
At January 1	15,482,235	13,139,002
Service costs	3,357,936	3,083,950
Finance cost – Note (25)	705,689	588,353
Costs recognized in profit or loss	4,063,625	3,672,303
Gain on actuarial remeasurement	(525,882)	(915,011)
Paid benefits	(970,902)	(414,053)
Differences on foreign currency translation	-	(6)
At December 31	18,049,076	15,482,235

Key actuarial assumptions

The following key actuarial assumptions were used by the Group to assess the provision for termination benefits:

	2024	2023
Discount rate	5,7%	4,7%
Expected salary increase rate	6,5%	6%
Employees' turnover	8,23 years	7,95 years
Retirement age	60 years	60 years

	2024	2023
<u>Evaluation discount rate</u>		
Increase at 1%	16,300,352	13,939,828
Decrease at 1%	19,206,905	16,333,797

	2024	2023
<u>Expected salary increase rate</u>		
Increase at 1%	19,205,411	16,333,235
Decrease at 1%	16,275,099	13,918,239

Sensitivity analysis for employees' benefits is prepared based on the method that extrapolates the impact on the provision for termination benefits as a result of reasonable changes in key assumptions occurring at the end of financial period. Sensitivity analyses are based on the change in the material assumption, with all other assumptions held constant. Sensitivity analysis may not be representative of the actual change in the termination benefit provision, and it is unlikely that changes in assumptions will occur in isolation.

19. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	December 31, 2024	December 31, 2023
Advances from customers	18,094,937	10,173,136
Accrued employee salaries and benefits	4,769,170	3,742,962
Value Added Tax ("VAT")	2,977,460	2,932,653
Other provisions	1,165,890	-
Accrued expenses	792,376	3,915,362
Payables to employees	1,418	5,450
Accrued employees' bonuses	-	5,687,700
Other	1,032,595	77,603
	28,833,846	26,534,866

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20. ZAKAT AND TAX PROVISION**20-1 Zakat base components**

The Group is subject to zakat and income tax. Zakat is payable at a rate of 2.5% of the zakat base, while the upper limit of the zakat base is total equity and similar assets, and the lower limit of the zakat base is adjusted net profit or total non-deductible assets plus the difference between adjusted net profit and net book profit, whichever is lower. Income tax is payable at a rate of 22.5% to 25% of the adjusted profit of taxable subsidiaries.

20-2 Zakat and income tax movement:

	2024	2023
At January 1	3,757,348	3,618,233
Addition of the consolidated subsidiary balance on the acquisition date – Note (1)	-	11,601
Zakat and income tax charged for the year	6,330,437	6,220,081
Paid during the year	(4,566,778)	(6,092,567)
At December 31	5,521,007	3,757,348

20-3 Status of zakat certificates, assessments, and income tax assessments

The Parent Company submitted its zakat returns since the incorporation date up to the year ended December 31, 2023 to the Zakat, Tax and Customs Authority ("ZATCA"), which are still under review by ZATCA.

Status of zakat certificates, assessments, and income tax for subsidiaries**Ice Bear Contracting Company**

The Company submitted its zakat returns since the incorporation date up to the year ended December 31, 2023 to the Zakat, Tax and Customs Authority ("ZATCA") and obtained the required certificates.

Build Station Company LLC

The Company operates in the United Arab Emirates, where the corporate tax law is implemented. The Company has registered, and its corporate tax period begins at the beginning of 2024 for the period from January to December 2024 and is due in the third quarter of 2025.

MHG International - FZE

The Company operates in the United Arab Emirates, where the corporate tax law is implemented. The Company has registered, and its corporate tax period begins at the beginning of 2024 for the period from January to December 2024 and is due in the third quarter of 2025.

Engineer Musaed Al-Gafary Engineering Consulting Company

The income tax relates to Engineer Musaed Al-Gafary Engineering Consulting Company, an Egyptian one-person limited liability company, in the Arab Republic of Egypt, where its taxable profits are subject to an estimated 22.5% tax.

The Company was notified of a request for documents from the Tax Authority to examine the wages and salaries tax for the years 2019 to 2022. The examination is currently under inspection with the Tax Authority.

The Company has submitted its tax returns from inception through the year ending December 31, 2023.

Iilus Illumination Company S.L.U

The income tax relates to Iilus Illumination Company S.L.U. as the Company is subject to income tax at a rate of 25%. The Company filed its tax returns on time.

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Saudi Riyals)

21. REVENUES

21-1 This item consists of the following:

	2024	2023
Revenues	400,514,291	367,561,559
Consultations, supplies and Installations	3,051,456	7,223,258
Discounts	(13,596,673)	(9,352,898)
	<u>389,969,074</u>	<u>365,431,919</u>

21-2 Timing of revenue recognition:

	2024	2023
At a point of time	386,917,618	358,208,661
Over a period of time	3,051,456	7,223,258
	<u>389,969,074</u>	<u>365,431,919</u>

22. SELLING AND MARKETING EXPENSES

	2024	2023
Salaries, wages and equivalents	27,457,701	23,265,828
Depreciation of right-of-use assets – Note (8)	9,268,314	8,472,432
Depreciation of property, plant and equipment – Note (6)	7,764,002	5,283,928
Marketing and advertising	6,610,195	4,712,023
Transportation and distribution	4,767,197	4,600,029
Sales staff commissions	4,297,194	3,604,926
Utilities and services	1,870,711	1,815,200
Social Insurance	1,585,424	1,464,631
Insurance and maintenance	901,463	938,894
Medical insurance and treatment	602,032	228,473
Packing materials	581,603	575,896
Stationery and printings	551,177	703,192
Travel and transportation	535,779	424,029
Visas and accommodation	534,082	199,114
Hospitality and cleanliness	345,047	225,502
Other	2,627,301	1,193,126
	<u>70,299,222</u>	<u>57,707,223</u>

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Saudi Riyals)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Salaries, wages and equivalents	41,545,202	39,665,457
Legal, governmental and professional fees	10,059,902	10,046,203
Depreciation of right-of-use assets – Note (8)	5,202,166	4,155,716
Depreciation of property, plant and equipment – Note (6)	4,051,417	3,353,501
Stationery and printings	2,143,259	3,951,528
Vehicles insurance and maintenance	2,117,028	1,568,581
Travel and transportation	1,943,842	1,831,754
Bank charges	1,711,159	1,404,718
Service contractor expenses	1,628,585	1,840,034
Social insurance	1,617,385	1,088,212
Utilities and services	1,491,996	1,274,369
Medical insurance and treatment	1,221,482	1,052,457
Rent	803,088	970,776
Hospitality and cleanliness	285,195	682,531
Amortization of intangible assets - Note (7)	95,784	76,414
Other	2,708,896	1,852,301
	78,626,386	74,814,552

24. OTHER INCOME (LOSSES), NET

	2024	2023
Gain (losses) on foreign currency differences	1,670,115	(575,843)
Gain (losses) on disposal of property, plant and equipment	1,319,559	(154,665)
(Losses) on disposal of lease contracts	(800,933)	-
Other	438,578	325,005
	2,627,319	(405,503)

25. FINANCE COST

	2024	2023
Lease liability - Note (8)	4,138,907	3,362,902
Employees' defined benefits obligation - Note (18)	705,689	588,353
	4,844,596	3,951,255

26. EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by dividing profit of the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are the same as basic earnings per share, because there are no diluted financial instruments issued by the Group.

	2024	2023
<u>Net income (Saudi Riyals):</u>	55,510,656	59,945,628
<u>Number of Shares:</u>		
Weighted average number of shares for purposes of calculating basic earnings per share (share)	16,000,000	16,000,000
<u>Earnings per share:</u>		
Basic	3.47	3.75
Diluted	3.47	3.75

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2024**

(Saudi Riyals)

27. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**Capital Commitments**

	2024	2023
Non - cancellable operating leases	405,600	141,200
	405,600	141,200

Contingent liabilities

The Group has a bank guarantee of SR 1,965,554 as of December 31, 2024, backed by a cash guarantee in the full amount - Note (12). (December 31, 2023: Nil).

28. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal report submitted by group's management. The group evaluates the performance of the segments based on the revenues of each segment and their geographical distribution. The group's main operations are represented in the following business segments:

- 1) Ceramics and sanitary ware sector.
- 2) Lighting sector.
- 3) Consultations, supplies, installations and others.

Financial information for each segment for the year 2024 are as follows:

	Ceramics and sanitary ware	Lighting	Consultations , supplies, installations, and others	Total segments	Adjustments and eliminations	Consolidated
Total revenues	230,064,258	179,187,671	5,806,597	415,058,526	(25,089,452)	389,969,074
Gross profit	115,902,692	99,602,407	1,536,953	217,042,052	(1,682,354)	215,359,698
Operating profit	26,549,423	42,824,690	(1,980,114)	67,393,999	(1,951,521)	65,442,478

Financial information for each segment for the year 2023 are as follows:

	Ceramics and sanitary ware	Lighting	Consultations , supplies, installations, and others	Total segments	Adjustments and eliminations	Consolidated
Total revenues	203,586,243	163,372,502	8,491,361	375,450,106	(10,018,187)	365,431,919
Gross profit	103,362,488	102,222,416	3,004,789	208,589,693	859,172	209,448,865
Operating profit	16,002,364	55,797,620	(639,986)	71,159,998	330,493	71,490,491

Geographic information**Revenues**

	2024	2023
Kingdom of Saudi Arabia	342,473,801	327,852,963
United Arab Emirates	45,128,543	37,569,370
People's Republic of China	1,656,348	-
Kingdom of Spain	542,990	-
Arab Republic of Egypt	167,392	9,586
	389,969,074	365,431,919

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2024**

(Saudi Riyals)

29. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**29-1 Fair value measurement of financial instruments**

As of December 31, 2024, the Group did not have any financial instruments measured at fair value (2023: Nil).

29-2 Risk management of financial instruments

The Group's activities expose it to multiple financial risks, such as credit risk, liquidity risk and market price risk that include currency risks and interest rate risks.

Credit risk

Credit risk is the inability of one party to a financial instrument to fulfil its obligations, causing the other party incurring a financial loss. The Group is exposed to credit risk on trade receivables and bank balances. The carrying value of financial assets represents the maximum exposure to credit risk. The Group does not maintain guarantees against these instruments.

The Group manages credit risk in relation to trade receivables by setting credit limits for each customer and monitoring uncollected receivables on an ongoing basis. Receivable balances are monitored so that the Group does not incur material bad debts.

Bank cash balances are maintained with financial institutions with high credit ratings.

Management performs an impairment analysis at each reporting date using a specific provision matrix to calculate the allowance for expected credit losses. Provision ratios are based on days past-due for a various group of clients with similar loss patterns.

The below table represents information about the exposure to credit risks and the expected credit losses for trade receivables from the customer:

	Number of days since past due					Total
	Less than 90 days	91 to 190 days	191 to 270 days	271 to 360 days	More than 360 days	
As at December 31, 2024						
Loss rate	1.50%	4.66%	10.76%	19.40%	68.73%	7.68%
Exposure	7,506,083	1,985,173	340,956	1,598,395	533,832	11,964,439
Expected losses	112,246	92,513	36,675	310,074	366,896	918,404
	Number of days since past due date					Total
	Less than 90 days	91 to 190 days	191 to 270 days	271 to 360 days	More than 360 days	
As at December 31, 2023						
Loss rate	0.74%	2.73%	13.27%	-	100%	8.9%
Exposure	7,788,276	247,229	2,992,589	-	574,242	11,602,336
Expected losses	57,583	6,760	397,218	-	574,242	1,035,803

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2024**

(Saudi Riyals)

29. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**29-2 Risk management of financial instruments (Continued)****Liquidity Risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet obligations associated with financial instruments. Liquidity risks may result from the inability to sell a financial asset quickly at an amount approximate to its fair value. Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the Group's future obligations. The contractual maturities at the end of the reporting period for financial liabilities are as follows.

	December 31, 2024		
	Contractual value	Less than a year	More than a year
<u>Financial liabilities</u>			
Lease liabilities	140,100,002	13,794,770	126,305,232
Trade payables	11,108,330	11,108,330	-
Due to related parties	5,647,005	5,647,005	-
Accrued expenses and other credit balances	9,573,019	9,573,019	-
Total	166,428,356	40,123,124	126,305,232
	December 31, 2023		
	Contractual value	Less than a year	More than a year
<u>Financial liabilities</u>			
Lease liabilities	146,952,276	16,790,601	130,161,675
Trade payables	10,415,838	10,415,838	-
Due to related parties	16,646,350	16,646,350	-
Accrued expenses and other credit balances	16,361,730	16,361,730	-
Total	190,376,194	60,214,519	130,161,675

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, which affecting the Group's profit or the value of its financial assets. The objective of market risk management is to manage and keep the market risk exposure within acceptable limits, while optimizing the return.

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency other than the Group's functional currency. The Group's exposure to foreign currency risk is primarily limited to transactions in US Dollars ("USD"), EURO and Chinese Yuan. The Group's management believes that their exposure to currency risk associated with USD, EURO and Chinese Yuan is limited as the fluctuations in exchange rates against other currencies are monitored on an ongoing basis.

Interest rate risk:

The company does not have any financial assets or liabilities that are subject to variable interest rates, and therefore there is no impact on this.

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

(Saudi Riyals)

30. NON-CONTROLLING INTERESTS

Percentage of non-controlling interests	Build Station Company LLC 40%	
	2024	2023
Total non-current assets	13,197,865	15,445,468
Total current assets	21,627,891	17,516,671
Total non-current liabilities	(4,563,849)	(5,748,432)
Total current liabilities	(15,615,207)	(12,043,588)
Total equity	14,646,700	15,170,119
Net assets	14,646,700	15,170,119
Net assets attributable to non-controlling interests	1,036,693	1,119,371
Net profit	3,143,545	3,777,268
Other comprehensive income (loss)	30,455	(69,535)
Total comprehensive income	3,174,000	3,707,733
Profit attributable to non-controlling shares	1,384,108	968,024
Other comprehensive income (loss) attributable to non-controlling shares	12,182	(27,814)
Total comprehensive income attributable to non-controlling equity	1,396,290	940,210

31. PRIOR PERIODS' ADJUSTMENTS

- In accordance with the requirements of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", management has restated comparative figures to adjust the consolidated financial statements for prior periods.

The impact of the amendments on the consolidated statement of financial position as of December 31, 2023:

	Note	December 31, 2023 (Before adjustment)	Adjustments	December 31, 2023 (Restated)
Non-current assets				
Advances for purchase of investments	A	6,644,685	(3,347,298)	3,297,387
Equity				
Retained earnings	A	126,748,502	(3,347,298)	123,401,204

The impact of the adjustments on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023:

	Note	December 31, 2023 (Before adjustment)	Adjustments	December 31, 2023 (Restated)
Impairment provision for advances for purchase of investments	A	(2,044,125)	(3,347,298)	(5,391,423)
Profit for the year	A	64,260,950	(3,347,298)	60,913,652
Basic and diluted earnings per share		3.96	(0.21)	3.75

MARKETING HOME GROUP TRADING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED DECEMBER 31, 2024**

(Saudi Riyals)

31. PRIOR PERIODS' ADJUSTMENTS (Continued)

- A) During 2024, the Company's management found that the regulatory procedures related to the establishment of the subsidiary, "Illus Lighting Co. Ltd. - Zhongshan," were completed on Jumada Al-Awwal 24, 1445 H, corresponding to December 8, 2023 G. Accordingly, management reassessed the balance of the advance payments account for the purchase of investments related to the establishment of the subsidiary and the recoverability of this balance. This resulted in recording a provision for the full balance amounting to SR. 3,347,298. The effect of this adjustment was reflected in the balance of retained earnings as of December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income for the year ended on that date.
- In addition, certain comparative figures related to the statement of profit or loss and other comprehensive income for the financial year ended December 31, 2023 have been reclassified to conform with the current year presentation as follows:

	December 31, 2023	Reclassification	December 31, 2023
Statement of comprehensive income			
Cost of revenues	(155,933,558)	(49,496)	(155,983,054)
Selling and marketing expenses	(63,520,120)	5,812,897	(57,707,223)
General and administrative expenses	(69,051,151)	(5,763,401)	(74,814,552)

32. SHARE CAPITAL MANAGEMENT

For the purpose of the company's share capital management, capital includes the share capital, and all other equity reserves attributable to shareholders of the company. The main objective of a company's capital management is to ensure maintaining a sound capital ratio in order to support its operations and increase the benefit to shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

There were no changes in the objectives, policies and procedures for capital management during the year ended December 31, 2024.

33. SUBSEQUENT EVENTS

In the opinion of the group's management, other than what is mentioned in note (1), there are no subsequent events since the financial year end requiring additional disclosures on these consolidated financial statements.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Company's Board of Directors on Shawwal 1, 1446 H (corresponding March 30, 2025 G).

MARKETING HOME GROUP TRADING COMPANY
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH
2025 AND INDEPENDENT AUDITOR'S REVIEW REPORT

MARKETING HOME GROUP TRADING COMPANY
(A SAUDI Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

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**Independent auditor's report on the review of the interim condensed consolidated financial statements
To the shareholders of Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Marketing Home Group Trading Company (A Saudi Closed Joint Stock Company) ("the Company") and its subsidiaries (collectively referred to as the "Group") as of 31 March 2025, and the interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the three-month period then ended, as well as a summary of significant accounting policies and other 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"), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these accompanying interim condensed consolidated financial statements based on our review.

Scope of the 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", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 have not been prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Maham Company for Professional Services.



Abdulaziz Saud Al Shabeehi
Certified Public Accountant
License no. (339)
15 Thul-Qi'dah 1446H
13 May 2025



Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated statement of financial position
As at 31 March 2025

		31 March 2025 <i>(Unaudited)</i> SR	31 December 2024 <i>(Audited)</i> SR
	Note		
Assets			
Non-current assets			
Property, plant and equipment	4	105,621,811	107,968,833
Intangible assets		370,839	360,645
Right-of-use assets	5	99,658,568	102,378,276
Total non-current assets		205,651,218	210,707,754
Current assets			
Inventory	6	177,735,877	187,018,396
Amounts due from related parties	7	1,099,964	1,055,629
Prepaid expenses and other receivables	8	34,551,900	29,894,041
Trade receivables	9	11,581,017	11,046,035
Cash and cash equivalents		71,731,856	53,329,420
Total current assets		296,700,614	282,343,521
Total assets		502,351,832	493,051,275
Equity and liabilities			
Shareholders' equity			
Share capital	10	160,000,000	160,000,000
Retained earnings		166,007,263	153,220,461
Foreign currency translation reserve		29,254	(38,088)
Total shareholders' equity		326,036,517	313,182,373
Non-controlling interests		1,294,817	1,036,693
Total equity		327,331,334	314,219,066
Liabilities			
Non-current liabilities			
Employees defined benefits liabilities		18,648,631	18,049,076
Lease liabilities - non-current portion	5	93,141,263	96,000,448
Total non-current liabilities		111,789,894	114,049,524
Current liabilities			
Trade payables		8,814,857	11,108,330
Amounts payable and other credit balances		32,510,598	28,833,846
Amounts payable to related parties	7	3,435,244	5,647,005
Lease liabilities - current portion	5	11,454,406	13,672,497
Zakat and tax provisions	11	7,015,499	5,521,007
Total current liabilities		63,230,604	64,782,685
Total liabilities		175,020,498	178,832,209
Total equity and liabilities		502,351,832	493,051,275

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated statement of profit or loss and other comprehensive income
For the three-month period ended 31 March 2025

	Note	For the three-month period ended 31 March 2025 (Unaudited) SR	For the three-month period ended 31 March 2024 (Unaudited) SR
Revenue	12	87,719,531	104,868,846
Cost of revenue		(36,727,939)	(45,224,664)
Gross profit		50,991,592	59,644,182
Expenses			
Selling and marketing	13	(16,079,427)	(16,702,780)
General and administrative	14	(19,174,249)	(18,498,539)
Reversal of provision for impairment in advance payments to suppliers		331,485	-
(Provision) / reversal of provision for expected credit losses – trade receivables		(282,536)	283,316
Total expenses		(35,204,727)	(34,918,003)
Operating profit		15,786,865	24,726,179
Finance costs	5	(1,174,104)	(363,824)
Other income (loss), net		705,332	(48,579)
Profit before zakat and tax		15,318,093	24,313,776
Zakat and tax	11	(2,273,167)	(1,956,413)
Net profit for the period		13,044,926	22,357,363
Other comprehensive income items			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation gains		67,342	31,753
Total comprehensive income for the period		13,112,268	22,389,116
Profit for the period attributable to:			
Shareholders of the company		12,786,802	21,331,376
Non-controlling interests		258,124	1,025,987
		13,044,926	22,357,363
Total comprehensive income for the period attributable to			
Shareholders of the company		12,854,144	21,363,129
Non-controlling interests		258,124	1,025,987
		13,112,268	22,389,116
Earnings per share			
Basic and diluted earnings per share from net income			
Attributable to shareholders of the company	15	0,80	1,33

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated statement of changes in equity
For the three-month period ended 31 March 2025

	Share Capital	Reserve	Retained	Foreign	Total	Non-	Total Equity
	SR	SR	Earnings	Currency	SR	controlling	SR
			SR	Translation		Interests	
				Reserve		SR	
As at 1 January 2025 (Audited)	160,000,000	-	153,220,461	(38,088)	313,182,373	1,036,693	314,219,066
Net Profit for the Period	-	-	12,786,802	-	12,786,802	258,124	13,044,926
Other Comprehensive Income for the Period	-	-	-	67,342	67,342	-	67,342
Total Comprehensive Income for the Period	-	-	12,786,802	67,342	12,854,144	258,124	13,112,268
As at 31 March 2025 (Unaudited)	160,000,000	-	166,007,263	29,254	326,036,517	1,294,817	327,331,334
Balance as at 31 December 2023 as previously reported (Audited)	160,000,000	9,794,839	126,748,502	995	296,544,336	1,119,371	297,663,707
Prior Period Adjustments (Note 16)	-	-	(3,347,298)	-	(3,347,298)	-	(3,347,298)
Restated Balance as at 1 January 2024	160,000,000	9,794,839	123,401,204	995	293,197,038	1,119,371	294,316,409
Net Profit for the Period	-	-	21,331,376	-	21,331,376	1,025,987	22,357,363
Other Comprehensive Income for the Period	-	-	-	31,753	31,753	-	31,753
Total Comprehensive Income for the Period	-	-	21,331,376	31,753	21,363,129	1,025,987	22,389,116
As at 31 March 2024 (Unaudited)	160,000,000	9,794,839	144,732,580	32,748	314,560,167	2,145,358	316,705,525

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Interim condensed consolidated statement of cash flows
For the three-month period ended 31 March 2025

	For the three-month period ended 31 March 2025 (Unaudited) SR	For the three-month period ended 31 March 2024 (Unaudited) SR
Operating activities		
Profit before zakat and tax	15,318,093	24,313,776
Adjustments for:		
Depreciation of property, plant, and equipment	3,179,381	2,652,840
Amortization of intangible assets	23,597	19,983
Depreciation of right-of-use assets	3,813,400	3,404,819
Financial expenses	1,174,104	363,824
(Gains) losses on disposal of property, plant, and equipment	(644,772)	189,773
Losses on disposal of lease contracts	87,609	393,982
Reversal of provision for impairment of advances to suppliers	(331,485)	-
Provision / (reversal of provision) for expected credit losses - trade receivables	282,536	(283,316)
Provision for slow moving inventory	1,247,665	1,586,783
Provision for employees defined benefits liabilities	772,995	473,674
	24,923,123	33,116,138
Changes in operating assets and liabilities:		
Inventory	8,034,854	(7,944,209)
Prepaid expenses and other receivables	(5,105,049)	2,309,098
Trade receivables	(817,518)	(6,609,481)
Trade payables	(2,293,473)	(551,195)
Other payables and accrued expenses	3,676,752	(1,673,754)
Amounts due from/to related parties	(2,256,096)	(10,540,067)
Cash from operating activities	26,162,593	8,106,530
Zakat and taxes paid	-	(389,849)
Employee benefits paid	(173,440)	(4,764)
Net cash from operating activities	25,989,153	7,711,917
Investing activities		
Additions to property, plant and equipment	(1,122,989)	(6,317,036)
Additions to intangible assets	(31,361)	-
Cash received from acquisition of a subsidiary	-	140,159
Proceeds from sale of property, plant, and equipment	1,032,432	178,030
Net cash used in investing activities	(121,918)	(5,998,847)
Financing activities		
Lease liabilities paid	(7,420,112)	(4,352,182)
Net cash used in financing activities	(7,420,112)	(4,352,182)
Net increase (decrease) in cash and cash equivalents	18,447,123	(2,639,112)
Foreign currency translation, net	(44,687)	31,753
Cash and cash equivalents at the beginning of the period	53,329,420	37,301,338
Cash and cash equivalents at the end of the period	71,731,856	34,693,979
Non-cash transactions		
Increase in right-of-use assets against lease liabilities	1,332,669	2,349,071

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements
31 March 2025

1-GENERAL INFORMATION

Marketing Home Group Trading Company (“the company”) is a Saudi Closed Joint Stock Company operating under commercial registration no. 1010205534, issued in Riyadh on 3 Muharram 1436 H, corresponding to 12 February 2005.

The Company’s main activities include the construction of prefabricated buildings on-site, renovation of residential and non-residential buildings, wholesale trading of oud, incense, perfumes, bricks, blocks, tiles, stones, marble, ceramic and porcelain materials, and sanitary ware and fittings, including water heaters and tanks. It also engages in retail trading of sanitary ware and fittings such as sinks, toilets, bathtubs, sauna devices, electrical appliances and accessories, natural and artificial marble and stone, ceramic and porcelain, chandeliers, lighting fixtures and accessories. Additionally, the Company operates storage facilities for all types of goods (excluding food items), cuts and processes marble, and manufactures marble-based products such as countertops, sinks, decorative items, basins, statues, carvings, and related products, as well as the manufacturing of air conditioning ducts and their accessories.

On 17 Ramadan 1446H, corresponding to 17 March 2025, the Capital Market Authority (“ the CMA”) announced the issuance of a resolution by its Board approving the Company’s application to register its shares and offer 4,800,000 shares for public subscription on the main market, representing 30% of the Company’s total shares.

The Company’s registered head office address is: P.O. Box 8305, Riyadh 14511, Al Aziziyah District – Riyadh – Al Dar Al Baida – Kingdom of Saudi Arabia, also has the following branches:

Register Number	Issuance Place	Issuance Date	Trade Name
3350159559	Hail	27 Sha'ban 1443	Build Station for Trading Company
1131326973	Buraydah	30 Rajab 1444	Hatch For Trading Company
5855345553	Khamis Mushayt	26 Safar 1441	Build Station for Trading Company
4030377783	Jeddah	29 Jumada al-Akhirah 1441	Ceramic Home for Trading Company
1010345061	Jeddah	21 Sha'ban 1439	Lighting Stores for Trading Company
1010270857	Buraydah	16 Dhu al-Hijjah 1435	Ceramic Home for Trading Company
1128017374	Al-Ahsa	30 Rajab 1444	Ceramic Home for Trading Company
1131054364	Tabuk	07 Sha'ban 1437	Lighting Stores for Trading Company
2050231550	Al-Khobar	19 Rajab 1437	Lighting Stores for Trading Company
2050088106	Dammam	19 Rajab 1437	Build Station for Trading Company
1131026154	Unaizah	21 Muharram 1435	Ceramic Home for Trading Company
2252054449	Riyadh	30 Rajab 1444	Ceramic Home for Trading Company
2252100946	Riyadh	26 Safar 1441	Lighting Stores for Trading Company
1128119234	Al-Mubarraz	08 Muharram 1438	Lighting Stores for Trading Company
2051051222	Sakaka	23 Dhu al-Hijjah 1441	Build Station for Trading Company
3400119823	Al-Mubarraz	10 Dhu al-Hijjah 1434	Lighting Stores for Trading Company
5850125597	Abha	23 Safar 1441	Build Station for Trading Company
5950119431	Al-Khobar	18 Safar 1434	Lighting Stores for Trading Company
4030303103	Buraydah	22 Rabi' al-Akhir 1429	Lighting Stores for Trading Company
2031111647	Najran	28 Muharram 1444	Build Station for Trading Company
3550105589	Dammam	18 Safar 1434	Ceramic Home for Trading Company
2051164257	Unaizah	05 Rabi' al-Awwal 1436	Lighting Stores for Trading Company
2050212501	Riyadh	14 Safar 1441	Lighting Stores for Trading Company
1010863607	Riyadh	28 Jumada al-Akhirah 1436	Build Station for Trading Company
1010671405	Riyadh	24 Sha'ban 1433	Build Station for Trading Company
1010599447	Riyadh	14 Safar 1441	Hatch For Trading Company
1010526362	Riyadh	28 Jumada al-Akhirah 1436	Marketing Home Contracting Company
5900131016	Riyadh	10 Rabi' al-Akhir 1443	Build Station for Trading Company
1009087497	Riyadh	14 Safar 1446	Home Marketing for Transport and Logistics Services

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)
31 March 2025

1- GENERAL INFORMATION (continued)

Below is a list of the subsidiaries included in these condensed interim consolidated financial statements:

Subsidiary company	Ownership percentage %		Legal form	Country of origin
	2025	2024		
Build Station Company LLC	60	60	A limited liability company	United Arab Emirates
Ice Bear Contracting Company	100	100	A limited liability company	Kingdom of Saudi Arabia
MHG International - FZE	100	100	A limited liability company	United Arab Emirates
- Illus Lighting Limited Company - Zhongshan - (*)	100	100	A limited liability company	The People's Republic of China - Subsidiary to MHG International - FZE
Illus Illumination SLU Company - (*)	100	-	Single person company	Kingdom of Spain
Engineer Musaed Algafari Engineering Consultations Company	100	100	Single person company	The Arab Republic of Egypt

(*) During 2024, the Group established an additional provision for impairment losses on advance payments for investment purchases amounting to SR 3,347,298. This was part of the process of establishing/acquiring both - Illus Lighting Limited Company - Zhongshan, and Illus Illumination SLU Company. The provision was made after completing the legal procedures for the establishment/acquisition of the mentioned companies and evaluating the recoverability of those advance payments. As a result, the total impairment provision reached SR 5,391,423 as at 31 December 2024. The impact of this adjustment was reflected in the retained earnings balance as at 31 December 2023.

	31 March 2025 (unaudited) SR	31 December 2024 (unaudited) SR
Advance payments for investment purchases	5,391,423	5,391,423
Provision for impairment losses	(5,391,423)	(5,391,423)
Net	-	-

2- BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting," as adopted in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

These 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 consolidated annual financial statements as at 31 December 2024.

2-2 Basis of measurement

The interim condensed consolidated financial statements have been prepared based on the historical cost convention, except for Employees defined benefits liabilities, which are measured using the projected unit credit method.

2-3 Functional currency and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyals (SAR), which is also the functional currency of the Group.

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

2- BASIS OF PREPARATION (continued)

2-4 Basis of consolidation

The interim consolidated financial statements include the financial statements of the company and its subsidiaries as at 31 March 2025. The financial statements of subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies.

Control is established when the group is exposed to risks, or has rights to receive variable returns from its relationship with the investee company, and has the ability to affect those returns through the exercise of its authority over the investee company. Specifically, the group controls the investee company only when the group has:

- Control over the investee company;
- Exposure to risks and having rights to receive different returns through its relationship with the investee company;
- The ability to exercise its authority over the investee company to affect its returns.

The group conducts a reassessment to determine whether it exercises control over the investee company when facts and circumstances indicate a change in one or more of the three elements of control mentioned above.

When the group holds less than the majority of the voting rights in the investee company, it has control over the investee company when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee company individually.

The group takes into account all facts and circumstances related to this when determining whether it exercises control over the investee company, including:

- The size of the group's voting rights in relation to the voting rights held by other parties.
- Potential voting rights held by the group or voting rights held by other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that suggest whether or not the group has the current ability to direct relevant activities when decisions need to be made, including voting methods at previous shareholder meetings.

Consolidation of a subsidiary begins when the group gains control over the subsidiary and ends when the group ceases to exercise such control. Specifically, the income and expenses of the acquired or disposed subsidiary during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date control is transferred to the group until the group stops exercising such control.

All assets, liabilities, equity, revenues, expenses, and cash flows related to intercompany transactions within the group are eliminated in full when consolidating the condensed interim consolidated financial statements.

2-5 Material accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the group's annual consolidated financial statements as of and for the year ended 31 December, 2024.

The amendments related to the lack of exchangeability between a currency and a foreign currency to IAS 21 (The Effects of Changes in Foreign Exchange Rates) became effective on January 1, 2025, but did not have a material impact on the Group's condensed interim consolidated financial statements.

2-5 New and amended standards and interpretations

Certain new accounting standards and interpretations have been issued but are not yet mandatory for the period ended 31 March 2025, and the Group has not early adopted them. Management is currently assessing the impact of these issuances on future reporting periods.

Marketing Home Group Trading Company
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Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

3- SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements of the Group requires management to make judgments, estimates, and assumptions at the date of preparing the interim condensed consolidated financial statements, which affect the amounts of revenue, expenses, assets, liabilities recognized, and the disclosure of potential assets and liabilities. However, uncertainty regarding these assumptions and estimates may result in outcomes that could require significant adjustments to the carrying amounts of assets or liabilities in future periods. Estimates and judgments are evaluated on an ongoing basis based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future. Actual results may differ from those estimates, and the accounting estimates made may vary from the actual results related to them.

The key judgments made by management in applying the Group's accounting policies and the main sources of uncertainty in estimates are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2024.

4- PROPERTY, PLANT AND EQUIPMENT

	For the three- month period ended 31 March 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
<u>Cost:</u>		
At the beginning of the period/year	163,196,508	153,789,814
Additions	1,122,989	14,429,385
Related to the acquisition of a subsidiary	-	2,729,812
Disposals	(529,327)	(7,589,439)
Foreign currency translation differences	110,635	(163,064)
At the end of the period/year	163,900,805	163,196,508
<u>Accumulated depreciation</u>		
At the beginning of the period/year	55,227,675	45,415,637
Related to the acquisition of a subsidiary	-	20,447
Charged for the period/year	3,179,381	11,815,419
Disposals	(141,667)	(2,022,606)
Foreign currency translation differences	13,605	(1,222)
At the end of the period/year	58,278,994	55,227,675
Net book value		
At the end of the period / year	105,621,811	107,968,833

Marketing Home Group Trading Company
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Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

5- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease agreements for operational sites including offices, warehouses, showrooms, and buildings used in its operations. The lease periods range from 1 to 20 years, and the group is generally prohibited from subleasing or transferring the leased assets.

	For the three- month period ended 31 March 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
Right-of-Use Assets		
At the Beginning of the Period/Year	102,378,276	112,625,419
Additions	1,332,669	17,281,888
Disposals	(244,631)	(13,058,551)
Depreciation	(3,813,400)	(14,470,480)
Foreign currency translation differences	5,654	-
At the End of the Period/Year	99,658,568	102,378,276
	For the three- month period ended 31 March 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
Lease liabilities		
At the beginning of the period/year	109,672,945	114,205,586
Additions	1,332,669	17,281,888
Dispsals	(157,022)	(13,695,818)
Finance Costs	1,174,104	4,138,907
Paid during the period/year	(7,420,112)	(12,257,618)
Foreign currency translation differences	(6,915)	-
At the end of the period/year	104,595,669	109,672,945
Current portion	11,454,406	13,672,497
Non-current portion	93,141,263	96,000,448
	104,595,669	109,672,945
6- Inventory	31 March 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Ceramic inventory	114,004,115	115,265,034
Lighting inventory	91,596,009	94,459,097
Air conditioners	1,166,393	1,104,955
General inventory	317,099	241,318
Goods in transit	140,428	4,188,494
	207,224,044	215,258,898
Less: provision for slow-moving inventory	(29,488,167)	(28,240,502)
	177,735,877	187,018,396

Marketing Home Group Trading Company
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Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

6- INVENTORY (continued)

The movement of provision for slow-moving inventory is as follows:

	For the three- month period ended 31 March 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
At the beginning of the period/year	28,240,502	17,568,395
Charged during the period/year	1,247,665	10,672,107
At the end of the period/year	29,488,167	28,240,502

7- TRANSACTIONS WITH RELATED PARTIES

Related parties include shareholders, affiliated entities, executive management employees, and entities controlled or jointly controlled by these parties or significantly influenced by them. Transactions with related parties and their terms are approved by the company's board of directors. Below is a statement of transactions with related parties and their balances:

Related Party	Relationship
Musaad Abdul Rahman Abdul Aziz Al-Qafari	Shareholder
Musaad Al-Qafari Engineering Consultancy Office	Company owned by a shareholder
Saeed Yusuf Al-Najjar	Saeed Yusuf Al-Najjar

7-1 The following is a statement of transactions with related parties:

Related party	Nature of the transaction	Transaction amount for the three- month period ending on 31 March 2025 (Unaudited) SR	31 March 2024 (Unaudited) SR
Musaad Abdul Rahman Abdul Aziz Al-Qafari	Withdrawals	2,202,813	6,144,699
Musaad Al-Qafari Engineering Consultancy Office	Design Expenses	-	1,860,125
	Payment	1,049	-
Saeed Yusuf Al-Najjar	Withdrawals	818,354	-
	Payment	765,675	-

7-2 Amounts due from related parties have been included under current assets in the interim condensed consolidated statement of financial position and consist of the following:

	31 March 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Saeed Yusuf Al-Najjar	805,359	797,184
Musaad Al-Qafari Engineering Consultancy Office	294,605	258,445
	1,099,964	1,055,629

Marketing Home Group Trading Company
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Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

7- TRANSACTIONS WITH RELATED PARTIES (continued)

7-3 Amounts due to a related party have been included under current liabilities in the condensed consolidated interim statement of financial position and consist of the following:

	31 March 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Musaad Abdul Rahman Abdul Aziz Al-Qafari	<u><u>3,435,244</u></u>	<u><u>5,647,005</u></u>

The amounts due from/to related parties are unsecured, non-interest bearing, and payable on demand.

Compensation of key management personnel

Key management personnel are defined as individuals who have the authority and responsibility for planning, directing, and controlling the activities of the group, either directly or indirectly. The compensation of the group's key management personnel includes benefits payable to the executive management and is detailed as follows:

	For the three-month period ended 31 March 2025 (Unaudited) SR	31 March 2024 (Unaudited) SR
Short-term salaries and benefits – Executive Management	1,475,104	1,722,855
Defined employee benefit obligations – Executive Management	103,996	96,746
	<u><u>1,579,100</u></u>	<u><u>1,819,601</u></u>

8- PREPAID EXPENSES AND OTHER RECEIVABLES

	31 March 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Advances to suppliers	22,912,991	21,066,861
Prepaid initial public offering (IPO) expenses (*)	3,658,802	2,597,647
Prepaid expenses	2,432,000	3,217,133
Cash margin for letter of guarantee	1,165,367	1,965,554
Employee receivables and advances	437,579	421,066
Refundable deposits	2,164,052	134,960
Others	2,558,635	1,599,831
Less: Allowance for impairment of advances to suppliers	(777,526)	(1,109,011)
	<u><u>34,551,900</u></u>	<u><u>29,894,041</u></u>

(*) This item represents amounts paid to consultants to assist in the Company's initial public offering (IPO) process. These amounts will be charged to the current shareholders upon completion of the IPO.

Marketing Home Group Trading Company
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Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

8- PREPAID EXPENSES AND OTHER RECEIVABLES (continued)

The movement in the allowance for impairment of advances to suppliers is as follows:

	For the three-month period ended 31 March 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
At the beginning of the period/year	1,109,011	-
Reversal during the period / provision made during the year	(331,485)	1,109,011
At the end of the period/year	777,526	1,109,011

9- TRADE RECEIVABLES

	31 March 2025 (Unaudited) SR	31 December 2024 (Audited) SR
Trade receivables	12,781,957	11,964,439
Less: provision for expected credit losses	(1,200,940)	(918,404)
	11,581,017	11,046,035

The following is the movement in the provision for expected credit losses:

	For the three-month period ended 31 March 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
At the beginning of the period/year	918,404	1,035,803
Provision made during the period / (reversal of provision) during the year	282,536	(117,399)
At the end of the period/year	1,200,940	918,404

The following is an analysis of the aging of accounts receivable:

31 March 2025	0-90 days SR	91-180 days SR	181-270 days SR	271-365 days SR	More than a year SR	Total SR
Trade Receivables	6,766,547	3,128,555	1,134,636	292,162	1,550,057	12,871,957
Provision for expected credit losses	92,701	145,796	122,047	56,677	783,719	1,200,940
31 December 2024						
Trade Receivables	7,506,083	1,985,173	340,956	1,598,395	533,832	11,964,439
Provision for expected credit losses	112,246	92,513	36,675	310,074	366,896	918,404

Based on past experience, full recovery is expected for all accounts receivable that have not been impaired.

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

10- CAPITAL

The company's capital consists of 16,000,000 ordinary shares, each with a value of SR10 as of 31 March 2025 (16,000,000 shares, each with a value of SR10 as of 31 December 2024).

11- ZAKAT AND TAX

Zakat expense for the company and its subsidiary in Saudi Arabia is estimated for the period in accordance with the requirements of the *Zakat, Tax and Customs Authority (ZATCA)*. Income tax for companies operating outside Saudi Arabia is provisionally calculated for the period based on relevant tax regulations and charged to the *consolidated preliminary statement of profit or loss and other comprehensive income*. Any differences arising from the final Zakat/tax calculation, if identified, are adjusted in the period they are determined, in compliance with *International Accounting Standard (IAS) 8: "Accounting Policies, Changes in Accounting Estimates and Errors"*.

The total Zakat and tax expense charged for the period amounted to SR 2,273,167, compared to SR 1,956,413 for the period ended 31 March 2024. This amount includes SAR 778,675 resulting from the full reversal of the deferred tax asset balance during the three-month period ended 31 March 2025. This reversal was based on management's reassessment of the usability of deferred tax assets associated with unused tax losses of the subsidiary in Spain (*Illus Illumination SLU Company*), considering market developments and future financial performance expectations. Management concluded that it is no longer sufficiently probable that taxable profits will be generated in the near future to utilize these assets. Consequently, the impact of the reversal was included in the Zakat and tax expense for the period.

Movement in the Zakat and tax Provison:

	For the three- month period ended 31 March 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
At the beginning of the period/year	5,521,007	3,757,348
Zakat and income tax accrued during the period/year	1,494,492	6,330,437
Paid during the period/year	-	(4,566,778)
At the end of the period/year	7,015,499	5,521,007

Status of Zakat and Tax Certificates/Assessments

Marketing Home Group Trading Company

The Company has submitted its Zakat declarations to the *Zakat, Tax and Customs Authority (ZATCA)* for all years, starting from the first period following the conversion of the previous sole proprietorship into a Company up to 31 December 2022, as well as for the financial years ending 31 December 2023 and 31 December 2024. The due Zakat has been settled under these declarations, and Zakat certificates have been obtained. However, Zakat assessments for the years 2022 to 2024 have not yet been received from ZATCA.

Ice Bear Contracting Company

The Company has submitted its Zakat declarations to ZATCA from its establishment until the financial year ending 31 December 2023 and has obtained Zakat certificates.

Build Station Company LLC

The Company operates in the United Arab Emirates (UAE), where the *Corporate Tax Law* came into effect on 1 January 2024. The Company has registered under this law, submitted its first tax return, and settled payments during the second quarter of 2025.

MHG International - LLC

The Company operates in the UAE, where the *Corporate Tax Law* came into effect on 1 January 2024. The Company has registered under this law, submitted its first tax return, and settled payments during the second quarter of 2025.

Marketing Home Group Trading Company
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Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

11- ZAKAT AND TAX (continued)

Engineer Mosaed Al-Qifari Engineering Consultancy Company

The Company is registered with the Corporate Tax Authority under registration number 632/205/562 and regularly files its tax returns on time in accordance with applicable laws. For corporate income tax, the Company has objected to the estimated assessment for the year 2019 amounting to SAR 1,466 (EGP 5,500), and the case is currently pending referral, while the years 2020 to 2024 have not yet been examined. With respect to payroll tax, the years from the commencement of operations up to 2022 have been examined, with differences of SAR 5,136 (EGP 69,294) settled, and a request is in progress to waive penalties of SAR 4,529 (EGP 61,099); the years 2023 and 2024 remain unexamined. Regarding stamp duty, the Company has objected to an estimated assessment for the period from the start of operations through 2021 amounting to SAR 23,070 (EGP 311,211), and a re-examination is pending. As of the reporting date, withholding tax and value-added tax have not been examined, but the Company remains compliant with its obligations for payment, remittance, and periodic return filing in accordance with Law No. 91 of 2005 and Law No. 67 of 2016.

Illus Illumination SLU Company

The Company is subject to a 25% corporate income tax rate under the tax jurisdiction of the Kingdom of Spain. All tax obligations related to corporate income tax, VAT, and employee-related taxes have been settled with the relevant tax authorities up to the end of 2024.

12- REVENUES

	For the three-month period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
	SR	SR
This item comprises the following:		
Revenue from sale of goods	91,274,865	105,036,656
Consulting, procurement, and installation services	364,064	1,754,996
Discounts	(3,919,398)	(1,922,806)
	87,719,531	104,868,846

	For the three-month period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
	SR	SR
Timing of revenue recognition:		
At a point in time	87,355,467	103,113,850
Over time	364,064	1,754,996
	87,719,531	104,868,846

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

13- SELLING AND MARKETING EXPENSES

	For the three-month period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
	SR	SR
Salaries, wages, and related expenses	7,069,116	6,870,807
Depreciation of right-of-use assets	2,988,102	2,235,415
Depreciation of property, plant and equipment	1,491,902	1,752,678
Sales commissions	952,905	1,083,020
Advertising and promotion	902,567	1,402,934
Transportation and distribution	807,508	1,246,547
Social insurance contributions	422,494	415,657
Visa and residency fees	403,861	603,243
Benefits and services	244,423	48,515
Medical insurance and healthcare	202,175	146,728
Travel and relocation expenses	148,190	37,727
Insurance and maintenance costs	120,148	35,030
Hospitality and sanitation	55,406	131,184
Stationery and printing supplies	2,600	18,534
Packaging materials	2,120	131,661
Other expenses	265,910	543,100
	16,079,427	16,702,780

14- GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
	SR	SR
Salaries, wages, and related expenses	10,842,607	8,274,836
Depreciation of property, plant and equipment	1,687,479	900,162
Legal, governmental, and professional fees	1,407,536	1,516,740
Depreciation of right-of-use assets	825,298	1,169,404
Vehicle insurance and maintenance	732,338	628,616
Travel and relocation expenses	536,202	670,664
Stationery and printing supplies	506,953	1,292,195
Rent	382,894	388,709
Social insurance contributions	359,605	245,960
Contractors' service expenses	304,037	727,094
Bank charges/fees	285,392	371,012
Medical insurance and healthcare	224,938	732,902
Benefits and services	138,260	157,876
Hospitality and sanitation	83,521	364,195
Advertising and promotion	47,354	228,500
Amortization of intangible assets	18,079	18,097
Other expenses	791,756	811,577
	19,174,249	18,498,539

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

15- EARNINGS PER SHARE (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is identical to basic earnings per share, as the Group has no issued dilutive shares.

	For the three-month period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
	SR	SR
Profit for the period attributable to shareholders	12,786,802	21,331,376
Number of outstanding shares	16,000,000	16,000,000
Basic and Diluted Earnings Per Share	0,80	1,33

16- PRIOR PERIOD ADJUSTMENTS

(a) During the year ended 31 December 2024, the Company's management identified that the legal procedures for establishing the subsidiary "*Illus Lighting Limited Company - Zhongshan*" were finalized on 24 Jumada Al-Awwal 1445H (8 December 2023). Consequently, management reassessed the balance of advances paid for investments related to the subsidiary's establishment and their recoverability. This led to the recognition of a full provision for the entire balance of SAR 3,347,298.

	Attributable to the Company's Shareholders				
	ShareCapital	Reserve	Foreign Currency Translation Reserve	Retained earnings	Total
	SR	SR	SR	SR	SR
Previously reported	160,000,000	9,794,839	995	126,748,502	296,544,336
Adjustments	-	-	-	(3,347,298)	(3,347,298)
Adjusted balance	160,000,000	9,794,839	995	123,401,204	293,197,038

B) During the year ended 31 December 2024, the Company's management identified that the legal procedures for the transfer of ownership and acquisition of the subsidiary "*Illus Illumination SLU Company*." were completed during the first quarter of 2024 on 7 Rajab 1445H (19 January 2024). Accordingly, the balance of advances paid for investments (amounting to SAR 3,297,387) was settled against the book value of the net assets of the acquired company.

	Balances before adjustments	Adjustments	Balances after adjustments
Net cash used in investing activities	(7,844,524)	1,845,677	(5,998,847)
Net decrease in cash and cash equivalents	(4,484,789)	1,845,677	(2,639,112)
Cash and cash equivalents at the end of the period	32,848,302	1,845,677	34,693,979

Marketing Home Group Trading Company
(A Saudi Closed Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

31 March 2025

17- FAIR VALUE 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 willing market participants at the measurement date. Financial instruments consist of financial assets and financial liabilities. The Group's financial assets comprise trade receivables, cash and cash equivalents, and amounts due from related parties, while its financial liabilities comprise trade payables, accrued expenses, other payables, amounts due to related parties, and lease liabilities.

Management has assessed that the fair value of cash and cash equivalents, trade receivables, amounts due from related parties, trade payables, accrued expenses, other payables, amounts due to related parties, and lease liabilities approximates their carrying amounts, primarily due to the short-term maturity of these instruments.

18- SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's management. The Group evaluates the performance of its segments based on the revenue generated by each segment and its geographical distribution. The Group's main operating activities are classified into the following business segments:

- (1) Ceramics and sanitary ware segment
- (2) Lighting segment
- (3) Consulting, supply, installation, and other services segment

Financial information for each segment for the three-month period ended 31 March 2025 is as follows:

	Ceramics and sanitary ware SR	Lighting SR	Consulting, supplies, installations, and others SR	Total Segments SR	Adjustments and Exclusions SR	Consolidated SR
Total revenue	51,204,434	41,029,827	516,478	92,750,739	(5,031,208)	87,719,531
Gross profit	26,962,973	23,476,557	145,355	50,584,885	406,707	50,991,592
Operations profit	8,917,366	7,093,756	(574,805)	15,436,317	350,548	15,786,865

Financial information for each segment for the three-month period ended 31 March 2024 is as follows:

	Ceramics and sanitary ware SR	Lighting SR	Consulting, supplies, installations, and others SR	Total Segments SR	Adjustments and Exclusions SR	Consolidated SR
Total revenue	55,946,844	49,803,206	1,823,143	107,573,193	(2,704,347)	104,868,846
Gross profit	29,375,170	28,204,810	797,429	58,377,409	1,266,773	59,644,182
Operations profit	7,919,022	15,879,782	(239,359)	23,559,445	1,166,734	24,726,179

Geographic Information – Revenues

	For the three-month period ended 31 March 2025 (Unaudited) SR	31 March 2024 (Unaudited) SR
Kingdom of Saudi Arabia	77,287,227	89,335,204
United Arab Emirates	9,270,236	15,481,169
People's Republic of China	994,485	-
Arab Republic of Egypt	167,583	-
Kingdom of Spain	-	52,473
	87,719,531	104,868,846

31 March 2025

19- COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities

As of 31 March 2025, the Group holds a bank guarantee of SAR 1,165,367, fully collateralized by cash (31 December 2024: SAR 1,965,554, fully collateralized by cash).

Capital commitments

The Company has ongoing projects as of 31 March 2025, comprising costs incurred for the expansion of existing branches and the establishment of new branches and warehouses. The estimated cost to complete these projects is SAR 10,600,000 (31 December 2024: SAR 7,600,000).

20- INTERIM RESULTS

The interim results for the three-month period ended 31 March 2025, are not necessarily indicative of the Group's annual results.

21- SUBSEQUENT EVENTS

The management believes that there have been no significant subsequent events since the end of the period that would require disclosure or adjustment to these interim condensed consolidated financial statements.

22- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2025, were approved for issuance by the Board of Directors on 15 Thul-Qi'dah 1446H (corresponding to May 13, 2025).

MARKETING HOME GROUP TRADING COMPANY
(A Closed Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30
JUNE 2025

MARKETING HOME GROUP TRADING COMPANY
(A Closed Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

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**Independent auditor's report on the review of the interim condensed consolidated financial statements
To the shareholders of Marketing Home Group Trading Company
(A Closed Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Marketing Home Group Trading Company (A Closed Saudi Joint Stock Company) ("the Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2025, and the interim condensed consolidated statement of profit or loss and the other comprehensive income for the three-month and six-month periods ended 30 June 2025, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and other 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") that is 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.

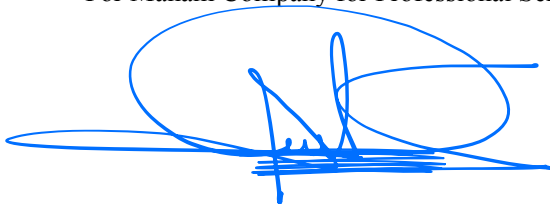
Scope of the Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures 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 that is endorsed in the Kingdom of Saudi Arabia.

For Maham Company for Professional Services.



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
4 Safar 1447H
29 July 2025

Marketing Home Group Trading Company
(A Closed Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2025

		30 June 2025 (Unaudited) س.م	31 December 2024 (Audited) س.م
	Note		
Assets			
Non-current assets			
Property, plant and equipment	4	103,682,186	107,968,833
Intangible assets		351,435	360,645
Right-of-use assets	5	95,889,849	102,378,276
Total non-current assets		199,923,470	210,707,754
Current assets			
Inventory	6	166,529,831	187,018,396
Amounts due from related parties	7	1,221,384	1,055,629
Prepaid expenses and other receivables	8	43,114,058	29,894,041
Trade receivables	9	16,515,279	11,046,035
Cash and cash equivalents		93,957,105	53,329,420
Total current assets		321,337,657	282,343,521
Total assets		521,261,127	493,051,275
Equity and liabilities			
Shareholders' equity			
Capital	10	160,000,000	160,000,000
Retained earnings		182,102,466	153,220,461
Foreign currency translation reserve		131,329	(38,088)
Total equity attributable to shareholders of the company		342,233,795	313,182,373
Non-controlling interests		2,658,240	1,036,693
Total equity		344,892,035	314,219,066
Liabilities			
Non-current liabilities			
Employees defined benefits liabilities		18,928,375	18,049,076
Lease liabilities - non-current portion	5	93,094,012	96,000,448
Total non-current liabilities		112,022,387	114,049,524
Current liabilities			
Trade payables		16,440,394	11,108,330
Amounts payable and other credit balances		31,194,142	28,833,846
Amounts payable to related parties	7	3,513,611	5,647,005
Lease liabilities - current portion	5	10,405,868	13,672,497
Zakat and tax provisions	11	2,792,690	5,521,007
Total current liabilities		64,346,705	64,782,685
Total liabilities		176,369,092	178,832,209
Total equity and liabilities		521,261,127	493,051,275

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Marketing Home Group Trading Company
(A Closed Saudi Joint Stock Company)

Interim condensed consolidated statement of profit or loss and other comprehensive income
For the three-month and six-months periods ended 30 June 2025

		For the three-month period (Unaudited) 30 June 2025		For the six-month period (Unaudited) 30 June 2025	
	Note	٣٠	٣٠	٣٠	٣٠
Revenue	12	105,119,500	84,224,660	192,839,031	189,093,506
Cost of revenue		(49,338,901)	(40,907,867)	(86,066,840)	(86,132,531)
Gross profit		55,780,599	43,316,793	106,772,191	102,960,975
Expenses					
Selling and marketing	13	(17,701,822)	(19,008,189)	(35,637,535)	(36,514,001)
General and administrative	14	(17,633,280)	(19,536,643)	(34,951,243)	(37,232,150)
Provision for impairment of advances to suppliers		126,325	-	457,810	-
(Provision) / reversal of provision for expected credit losses – trade receivables		(17,075)	-	(299,611)	283,316
Total expenses		(35,225,852)	(38,544,832)	(70,430,579)	(73,462,835)
Operating profit		20,554,747	4,771,961	36,341,612	29,498,140
Finance costs – lease liabilities	5	(1,041,267)	(893,683)	(2,215,371)	(1,257,507)
(Loss) other income, net		(14,527)	287,320	690,805	238,741
Profit before zakat and tax		19,498,953	4,165,598	34,817,046	28,479,374
Zakat and tax	11	(2,040,327)	(1,647,663)	(4,313,494)	(3,604,076)
Net profit for the period		17,458,626	2,517,935	30,503,552	24,875,298
Other comprehensive income items					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation gains		102,075	2,396	169,417	34,149
Total comprehensive income for the period		17,560,701	2,520,331	30,672,969	24,909,447
Profit for the period attributable to:					
Shareholders of the company		16,095,203	2,501,317	28,882,005	23,832,693
Non-controlling interests		1,363,423	16,618	1,621,547	1,042,605
		17,458,626	2,517,935	30,503,552	24,875,298
Total comprehensive income for the period attributable to:					
Shareholders of the company		16,197,278	2,503,713	29,051,422	23,866,842
Non-controlling interests		1,363,423	16,618	1,621,547	1,042,605
		17,560,701	2,520,331	30,672,969	24,909,447
Earnings per share					
Basic and diluted earnings per share	15	1.01	0.16	1.81	1.49

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Marketing Home Group Trading Company
(A Closed Joint-Stock Saudi Company)

Interim Condensed Consolidated Statement of Changes in Equity
For the six-month period ended 30 June 2025

	<i>Attributable to shareholders of the company</i>					<i>con in</i>
	<i>Share capital</i> ﷲ	<i>Reserve</i> ﷲ	<i>Retained earnings</i> ﷲ	<i>Foreign currency translation Reserve</i> ﷲ	<i>Total</i> ﷲ	
As at 1 January 2025 (Audited)	160,000,000	-	153,220,461	(38,088)	313,182,373	
Net profit for the period	-	-	28,882,005	-	28,882,005	
Other comprehensive income for the period	-	-	-	169,417	169,417	
Total comprehensive income for the period	-	-	28,882,005	169,417	29,051,422	
As at 30 June 2025 (Unaudited)	160,000,000	-	182,102,466	131,329	342,233,795	
As at 1 January 2024 (Audited)	160,000,000	9,794,839	123,401,204	995	293,197,038	
Net profit for the period	-	-	23,832,693	-	23,832,693	
Other comprehensive income for the period	-	-	-	34,149	34,149	
Total comprehensive income for the period	-	-	23,832,693	34,149	23,866,842	
Transfer of reserve to retained earnings	-	(9,794,839)	9,794,839	-	-	
Dividends	-	-	(36,000,000)	-	(36,000,000)	(1
As at 30 June 2024 (Unaudited)	160,000,000	-	121,028,736	35,144	281,063,880	

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Marketing Home Group Trading Company
(A Closed Joint-Stock Saudi Company)

Interim condensed consolidated statement of cash flows
For the six-month period ended 30 June 2025

	For the six-month period ended (Unaudited) 30 June 2025 ٣٠	(Unaudited) 30 June 2024 ٣٠
Operating activities		
Profit before zakat and tax	34,817,046	28,479,374
Adjustments for:		
Depreciation of property, plant, and equipment	6,367,830	5,578,923
Amortization of intangible assets	47,858	41,904
Depreciation of right-of-use assets	7,593,469	7,184,059
Finance costs – lease liabilities	2,215,371	1,257,507
Loss on disposal of property, plant, and equipment	28,052	464,886
Loss on disposal of lease contracts	88,303	393,982
Reversal of provision for impairment of advances to suppliers	(457,810)	-
Provision / (reversal of provision) for expected credit losses - trade receivables	299,611	(283,316)
Provision for slow moving inventory	3,654,340	6,661,543
Provision for employees defined benefits liabilities	1,625,493	1,905,632
	56,279,563	51,684,494
Changes in operating assets and liabilities:		
Inventory	16,055,550	(14,116,042)
Prepaid expenses and other receivables	(12,762,207)	(14,195,065)
Trade receivables	(5,768,855)	(6,457,777)
Trade payables	5,332,064	4,174,565
Other payables and accrued expenses	2,360,296	2,093,230
Amounts due from/to related parties	(2,299,149)	(12,999,044)
Cash from operating activities	59,197,262	10,184,361
Zakat and taxes paid	(6,263,136)	(4,186,507)
Employee benefits paid	(746,194)	(186,880)
Net cash flows from operating activities	52,187,932	5,810,974
Investing activities		
Additions to property, plant and equipment	(2,238,295)	(9,477,750)
Additions to intangible assets	(31,420)	-
Cash received from acquisition of a subsidiary	-	140,677
Proceeds from sale of property, plant, and equipment	420,922	254,551
Net cash flows used in investing activities	(1,848,793)	(9,082,522)
Financing activities		
Lease liabilities paid	(9,584,692)	(7,132,876)
Dividends paid to shareholders of the company	-	(7,350,951)
Dividends paid to non-controlling interests	-	(1,478,968)
Net cash flows used in financing activities	(9,584,692)	(15,962,795)
Net increase (decrease) in cash and cash equivalents	40,754,447	(19,234,343)
Foreign currency translation, net	(126,762)	34,149
Cash and cash equivalents at the beginning of the period	53,329,420	37,301,338
Cash and cash equivalents at the end of the period	93,957,105	18,101,144
Non-cash transactions		
Increase in right-of-use assets against lease liabilities	1,332,797	2,349,071
Dividends declared but not yet paid	-	28,649,049

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

1-GENERAL INFORMATION

Marketing Home Group Trading Company (“the company”) is a Closed Saudi Joint Stock Company operating under commercial registration no. 1010205534, issued in Riyadh on 3 Muharram 1436 H, corresponding to 12 February 2005.

The Company’s main activities include the construction of prefabricated buildings on-site, renovation of residential and non-residential buildings, wholesale trading of oud, incense, perfumes, bricks, blocks, tiles, stones, marble, ceramic and porcelain materials, and sanitary ware and fittings, including water heaters and tanks. It also engages in retail trading of sanitary ware and fittings such as sinks, toilets, bathtubs, sauna devices, electrical appliances and accessories, natural and artificial marble and stone, ceramic and porcelain, chandeliers, lighting fixtures and accessories. Additionally, the Company operates storage facilities for all types of goods (excluding food items), cuts and processes marble, and manufactures marble-based products such as countertops, sinks, decorative items, basins, statues, carvings, and related products, as well as the manufacturing of air conditioning ducts and their accessories.

On 17 Ramadan 1446H, corresponding to 17 March 2025, the Capital Market Authority (“ the CMA”) announced the issuance of a resolution by its Board approving the Company’s application to register its shares and offer 4,800,000 shares for public subscription on the main market, representing 30% of the Company’s total shares.

The Company’s registered head office address is:

P.O. Box 8305, Riyadh 14511, Al Aziziyah District – Riyadh – Al Dar Al Baida – Kingdom of Saudi Arabia.

The Company also has the following branches:

Register Number	Issuance Place	Issuance Date	Trade Name
3350159559	Hail	27 Sha'ban 1443	Build Station for Trading Company
1131326973	Buraydah	30 Rajab 1444	Hatch For Trading Company
5855345553	Khamis Mushayt	26 Safar 1441	Build Station for Trading Company
4030377783	Jeddah	29 Jumada al-Akhirah 1441	Ceramic Home for Trading Company
1010345061	Jeddah	21 Sha'ban 1439	Lighting Stores for Trading Company
1010270857	Buraydah	16 Dhu al-Hijjah 1435	Ceramic Home for Trading Company
1128017374	Al-Ahsa	30 Rajab 1444	Ceramic Home for Trading Company
1131054364	Tabuk	07 Sha'ban 1437	Lighting Stores for Trading Company
2050231550	Al-Khobar	19 Rajab 1437	Lighting Stores for Trading Company
2050088106	Dammam	19 Rajab 1437	Build Station for Trading Company
1131026154	Unaizah	21 Muharram 1435	Ceramic Home for Trading Company
2252054449	Riyadh	30 Rajab 1444	Ceramic Home for Trading Company
2252100946	Riyadh	26 Safar 1441	Lighting Stores for Trading Company
1128119234	Al-Mubarraz	08 Muharram 1438	Lighting Stores for Trading Company
2051051222	Sakaka	23 Dhu al-Hijjah 1441	Build Station for Trading Company
3400119823	Al-Mubarraz	10 Dhu al-Hijjah 1434	Lighting Stores for Trading Company
5850125597	Abha	23 Safar 1441	Build Station for Trading Company
5950119431	Al-Khobar	18 Safar 1434	Lighting Stores for Trading Company
4030303103	Buraydah	22 Rabi' al-Akhir 1429	Lighting Stores for Trading Company
2031111647	Najran	28 Muharram 1444	Build Station for Trading Company
3550105589	Dammam	18 Safar 1434	Ceramic Home for Trading Company
2051164257	Unaizah	05 Rabi' al-Awwal 1436	Lighting Stores for Trading Company
2050212501	Riyadh	14 Safar 1441	Lighting Stores for Trading Company
1010863607	Riyadh	28 Jumada al-Akhirah 1436	Build Station for Trading Company
1010671405	Riyadh	24 Sha'ban 1433	Build Station for Trading Company
1010599447	Riyadh	14 Safar 1441	Hatch For Trading Company
1010526362	Riyadh	28 Jumada al-Akhirah 1436	Marketing Home Contracting Company
5900131016	Riyadh	10 Rabi' al-Akhir 1443	Build Station for Trading Company
1009087497	Riyadh	14 Safar 1446	Home Marketing for Transport and Logistics Services

1- GENERAL INFORMATION (continued)

Below is a list of the subsidiaries included in these condensed interim consolidated financial statements:

Subsidiary company	Ownership percentage %		Legal form	Country of origin
	2025	2024		
Ice Bear Contracting Company	100	100	A limited liability company	Kingdom of Saudi Arabia
Build Station Company LLC	60	60	A limited liability company	United Arab Emirates
MHG International - FZE	100	100	A limited liability company	United Arab Emirates
- Illus Lighting Limited Company - Zhongshan - (*)	100	100	A limited liability company	The People's Republic of China - Subsidiary to MHG International - FZE
Illus Illumination SLU Company - (*)	100	-	Single person company	Kingdom of Spain
Engineer Musaed Algafari Engineering Consultations Company	100	100	Single person company	The Arab Republic of Egypt

(*) During 2024, the Group established an additional provision for impairment losses on advance payments for investment purchases amounting to ₪ 3,347,298. This was part of the process of establishing/acquiring both - Illus Lighting Limited Company - Zhongshan, and Illus Illumination SLU Company. The provision was made after completing the legal procedures for the establishment/acquisition of the mentioned companies and evaluating the recoverability of those advance payments. As a result, the total impairment provision reached ₪5,391,423 as at 31 December 2024. The impact of this adjustment was reflected in the retained earnings balance as at 31 December 2023.

	30 June 2025 (unaudited) ₪	31 December 2024 (unaudit) ₪
Advance payments for investment purchases	5,391,423	5,391,423
Provision for impairment losses	(5,391,423)	(5,391,423)
Net	-	-

2- BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting," as adopted in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

These 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 consolidated annual financial statements as at 31 December 2024.

2-2 Basis of measurement

The interim condensed consolidated financial statements have been prepared based on the historical cost convention, except for Employees defined benefits liabilities, which are measured using the projected unit credit method.

2-3 Functional Currency and Presentation Currency

The interim condensed consolidated financial statements are presented in Saudi Riyals (₪), which is also the functional currency of the Group.

2- BASIS OF PREPARATION (continued)

2-4 Basis of consolidation

The interim consolidated financial statements include the financial statements of the company and its subsidiaries as at 30 June 2025. The financial statements of subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies.

Control is established when the group is exposed to risks, or has rights to receive variable returns from its relationship with the investee company, and has the ability to affect those returns through the exercise of its authority over the investee company. Specifically, the group controls the investee company only when the group has:

- Control over the investee company;
- Exposure to risks and having rights to receive different returns through its relationship with the investee company;
- The ability to exercise its authority over the investee company to affect its returns.

The group conducts a reassessment to determine whether it exercises control over the investee company when facts and circumstances indicate a change in one or more of the three elements of control mentioned above.

When the group holds less than the majority of the voting rights in the investee company, it has control over the investee company when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee company individually.

The group takes into account all facts and circumstances related to this when determining whether it exercises control over the investee company, including:

- The size of the group's voting rights in relation to the voting rights held by other parties.
- Potential voting rights held by the group or voting rights held by other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that suggest whether or not the group has the current ability to direct relevant activities when decisions need to be made, including voting methods at previous shareholder meetings.

Consolidation of a subsidiary begins when the group gains control over the subsidiary and ends when the group ceases to exercise such control. Specifically, the income and expenses of the acquired or disposed subsidiary during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date control is transferred to the group until the group stops exercising such control.

All assets, liabilities, equity, revenues, expenses, and cash flows related to intercompany transactions within the group are eliminated in full when consolidating the condensed interim consolidated financial statements.

2-5 Significant Accounting Policies

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the group's annual consolidated financial statements as of and for the year ended 31 December, 2024.

The amendments related to the lack of exchangeability between a currency and a foreign currency to IAS 21 (The Effects of Changes in Foreign Exchange Rates) became effective on 1 January 2025, but did not have a material impact on the Group's condensed interim consolidated financial statements.

2-5 New and Amended Standards and Interpretations

Certain new accounting standards and interpretations have been issued but are not yet mandatory for the period ended 30 June 2025, and the Group has not early adopted them. Management is currently assessing the impact of these issuances on future reporting periods.

3- SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates, and assumptions at the reporting date that affect the reported amounts of revenue, expenses, assets, and liabilities, as well as the disclosure of contingent assets and liabilities. However, the inherent uncertainty of these assumptions and estimates may result in outcomes that require a material adjustment to the carrying amounts of the affected assets or liabilities in future periods. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future, and actual results may differ from these accounting estimates as a result of changes in circumstances.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2024.

4- PROPERTY, PLANT AND EQUIPMENT

	For the six-month period ended 30 June 2025 (Unaudited) ﷲ	For the year ended 31 December 2024 (Audited) ﷲ
<u>Cost:</u>		
At the beginning of the period/year	163,196,508	153,789,814
Additions	2,238,295	14,429,385
Related to the acquisition of a subsidiary	-	2,729,812
Disposals	(591,163)	(7,589,439)
Foreign currency translation differences	310,360	(163,064)
At the end of the period/year	165,154,000	163,196,508
<u>Accumulated depreciation</u>		
At the beginning of the period/year	55,227,675	45,415,637
Related to the acquisition of a subsidiary	-	20,447
Charged for the period/year	6,367,830	11,815,419
Disposals	(142,189)	(2,022,606)
Foreign currency translation differences	18,498	(1,222)
At the end of the period/year	61,471,814	55,227,675
Net book value		
At the end of the period / year	103,682,186	107,968,833

5- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The group has lease agreements for operational sites including offices, warehouses, showrooms, and buildings used in its operations. The lease periods range from 1 to 20 years, and the group is generally prohibited from subleasing or transferring the leased assets.

	For the six-month period ended 30 June 2025 (Unaudited) ﷲ	For the year ended 31 December 2024 (Audited) ﷲ
Right-of-Use Assets		
At the beginning of the period/year	102,378,276	112,625,419
Additions	1,332,797	17,281,888
Disposals	(244,739)	(13,058,551)
Depreciation	(7,593,469)	(14,470,480)
Foreign currency translation differences	16,984	-
At the end of the period/year	95,889,849	102,378,276

	For the six-month period ended 30 June 2025 (Unaudited) ﷲ	For the year ended 31 December 2024 (Audited) ﷲ
Lease liabilities		
At the beginning of the period/year	109,672,945	114,205,586
Additions	1,332,797	17,281,888
Dispsals	(156,436)	(13,695,818)
Finance Costs	2,215,371	4,138,907
Paid during the period/year	(9,584,692)	(12,257,618)
Foreign currency translation differences	19,895	-
At the end of the period/year	103,499,880	109,672,945
Current portion	10,405,868	13,672,497
Non-current portion	93,094,012	96,000,448
	103,499,880	109,672,945

6- Inventory

	30 June 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Ceramic inventory	110,453,097	115,265,034
Lighting inventory	86,457,688	94,459,097
Air conditioners	1,101,021	1,104,955
General inventory	-	241,318
Goods in transit	412,867	4,188,494
	198,424,673	215,258,898
Less: provision for slow-moving inventory	(31,894,842)	(28,240,502)
	166,529,831	187,018,396

6- INVENTORY (continued)

The movement of provision for slow-moving inventory is as follows:

	For the six-month period ended 30 June 2025 (Unaudited) SR	For the year ended 31 December 2024 (Audited) SR
At the beginning of the period/year	28,240,502	17,568,395
Charged during the period/year	3,654,340	10,672,107
At the end of the period/year	<u>31,894,842</u>	<u>28,240,502</u>

7- TRANSACTIONS WITH RELATED PARTIES

Related parties include the shareholders, affiliates, key management personnel, and entities controlled, jointly controlled, or significantly influenced by these parties. Transactions with related parties and their terms are approved in accordance with the Company's approved policies and in line with the requirements of its Articles of Association. The following is a summary of transactions and balances with related parties:

Related Party	Relationship
Musaad Abdul Rahman Abdul Aziz Al-Qafari	Shareholder
Musaad Al-Qafari Engineering Consultancy Office	Company owned by a shareholder
Saeed Yusuf Al-Najjar	Partner in a subsidiary – Build Station LLC

7-1 The following is a statement of transactions with related parties:

Related party	Nature of the transaction	Transaction amount for the six-month period ending on	
		30 June 2025 (Unaudited) ﷲ	30 June 2024 (Audited) ﷲ
Musaad Abdul Rahman Abdul Aziz Al-Qafari	Withdrawals	2,277,199	-
	Payment	-	(6,391,675)
Musaad Al-Qafari Engineering Consultancy Office	Design	80,970	1,987,430
	Expenses		
	Payment	82,320	-

7-2 Amounts due from related parties have been included under current assets in the interim condensed consolidated statement of financial position and consist of the following:

	30 June 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Saeed Yusuf Al-Najjar	804,643	797,184
Musaad Al-Qafari Engineering Consultancy Office	416,741	258,445
	<u>1,221,384</u>	<u>1,055,629</u>

7- TRANSACTIONS WITH RELATED PARTIES (continued)

7-3 Amounts due to a related party have been included under current liabilities in the interim condensed consolidated statement of financial position and consist of the following:

	30 June 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Musaad Abdul Rahman Abdul Aziz Al-Qafari	<u>3,513,611</u>	<u>5,647,005</u>

The amounts due from/to related parties are unsecured, non-interest bearing, and payable on demand.

7-4 Compensation of key management personnel

Key management personnel are defined as individuals who have the authority and responsibility for planning, directing, and controlling the activities of the group, either directly or indirectly. The compensation of the group's key management personnel includes benefits payable to the executive management and is detailed as follows:

	For the six-month period ended 30 June 2025 (Unaudited) ﷲ	30 June 2024 (Unaudited) ﷲ
Short-term salaries and benefits – Executive Management	3,019,584	3,101,096
Defined employee benefit obligations – Executive Management	207,993	193,493
	<u>3,227,577</u>	<u>3,294,589</u>

8- PREPAID EXPENSES AND OTHER RECEIVABLES

	30 June 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Advances to suppliers	27,498,718	21,066,861
IPO costs recoverable from shareholders (*)	5,572,960	2,597,647
Prepaid expenses	3,805,241	3,217,133
Cash margin for letter of guarantee	1,165,367	1,965,554
Employee receivables and advances	682,589	421,066
Refundable deposits	2,023,706	134,960
Others	3,016,678	1,599,831
Less: Provision for impairment of advances to suppliers	(651,201)	(1,109,011)
	<u>43,114,058</u>	<u>29,894,041</u>

(*) This item represents amounts paid to consultants to assist in the Company's initial public offering (IPO) process. These amounts will be charged to the current shareholders upon completion of the IPO.

8- PREPAID EXPENSES AND OTHER RECEIVABLES (continued)

The movement in the Provision for impairment of advances to suppliers is as follows:

	For the six-month period ended 30 June 2025 (Unaudited) ﷲ	For the year ended 31 December 2024 (Audited) ﷲ
At the beginning of the period/year	1,109,011	-
Reversal during the period / Provision made during the year	(457,810)	1,109,011
At the end of the period/year	651,201	1,109,011

9- TRADE RECEIVABLES

	30 June 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
Trade Receivables	17,733,294	11,964,439
Less: provision for expected credit losses	(1,218,015)	(918,404)
	16,515,279	11,046,035

The following is the movement in the provision for expected credit losses:

	For the six-month period ended 30 June 2025 (Unaudited) ﷲ	For the year ended 31 December 2024 (Audited) ﷲ
At the beginning of the period/year	918,404	1,035,803
Provision made during the period / (reversal of provision) during the year	299,611	(117,399)
At the end of the period/year	1,218,015	918,404

The following is an analysis of the aging of accounts receivable:

	0-90 days ﷲ	91-180 days ﷲ	181-270 days ﷲ	271-365 days ﷲ	More than a year ﷲ	Total ﷲ
30 June 2025						
Trade Receivables	13,338,475	1,449,157	1,022,853	781,923	1,140,886	17,733,294
Provision for expected credit losses	82,156	37,071	59,435	109,175	930,178	1,218,015
31 December 2024						
Trade Receivables	7,506,083	1,985,173	340,956	1,598,395	533,832	11,964,439
Provision for expected credit losses	112,246	92,513	36,675	310,074	366,896	918,404

Based on past experience, full recovery is expected for all accounts receivable that have not been impaired.

10- CAPITAL

The company's capital consists of 16,000,000 ordinary shares, each with a value of ﷲ10 as of 30 June 2025 (16,000,000 shares, each with a value of ﷲ10 as of 31 December 2024).

11- ZAKAT AND TAX

Zakat expense for the company and its subsidiary in Saudi Arabia is estimated for the period in accordance with the requirements of the *Zakat, Tax and Customs Authority (ZATCA)*. Income tax for companies operating outside Saudi Arabia is provisionally calculated for the period based on relevant tax regulations and charged to the *consolidated preliminary statement of profit or loss and other comprehensive income*. Any differences arising from the final Zakat/tax calculation, if identified, are adjusted in the period they are determined, in compliance with *International Accounting Standard (IAS) 8: "Accounting Policies, Changes in Accounting Estimates and Errors"*.

The total Zakat and tax expense charged for the period amounted to ﷲ 4,313,494, compared to ﷲ 3,604,076 for the period ended 30 June 2024. This amount includes ﷲ 778,675 resulting from the full reversal of the deferred tax asset balance during the six-month period ended 30 June 2025. This reversal was based on management's reassessment of the usability of deferred tax assets associated with unused tax losses of the subsidiary in Spain (*Illus Illumination SLU Company*), considering market developments and future financial performance expectations. Management concluded that it is no longer sufficiently probable that taxable profits will be generated in the near future to utilize these assets. Consequently, the impact of the reversal was included in the Zakat and tax expense for the period.

Movement in the Zakat and tax Provison:

	For the six-month period ended 30 June 2025 (Unaudited) ﷲ	For the year ended 31 December 2024 (Audited) ﷲ
At the beginning of the period/year	5,521,007	3,757,348
Zakat and income tax accrued during the period/year	3,534,819	6,330,437
Paid during the period/year	(6,263,136)	(4,566,778)
At the end of the period/year	<u>2,792,690</u>	<u>5,521,007</u>

Status of Zakat and Tax Certificates/Assessments

Marketing Home Group Trading Company

The company has submitted its Zakat declarations to the *Zakat, Tax and Customs Authority (ZATCA)* for all years, starting from the first period following the conversion of the previous sole proprietorship into a company up to 31 December 2022, as well as for the financial years ending 31 December 2023 and 31 December 2024. The due Zakat has been settled under these declarations, and Zakat certificates have been obtained. However, Zakat assessments for the years 2022 to 2024 have not yet been received from ZATCA.

Ice Bear Contracting Company

The company has submitted its Zakat declarations to ZATCA from its establishment until the financial year ending 31 December 2024 and has obtained Zakat certificates.

Build Station Company LLC

The company operates in the United Arab Emirates (UAE), where the *Corporate Tax Law* came into effect on 1 January 2024. The company has registered under this law, submitted its first tax return, and settled payments during the second quarter of 2025.

MHG International - LLC

The company operates in the UAE, where the *Corporate Tax Law* came into effect on 1 January 2024. The company has registered under this law, submitted its first tax return, and settled payments during the second quarter of 2025.

11- ZAKAT AND TAX (CONTINUED)

Engineer Mosaed Al-Qifari Engineering Consultancy Company

The Company is registered with the Corporate Tax Authority in the Arab Republic of Egypt under registration number 632/205/562 and regularly files its tax returns within the statutory deadlines in accordance with applicable laws. As of the date of the condensed interim consolidated financial statements, management is not aware of any material disputes outstanding with the tax authorities.

Illus Illumination SLU Company

The company is subject to a 25% corporate income tax rate under the tax jurisdiction of the Kingdom of Spain. All tax obligations related to corporate income tax, VAT, and employee-related taxes have been settled with the relevant tax authorities up to the end of 2024.

12- REVENUES

	For the six-month period ended	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
	ﷲ	ﷲ
This item comprises the following:		
Revenue from sale of goods	200,108,492	189,944,135
Consulting, procurement, and installation services	1,999,473	2,629,401
Discounts	(9,268,934)	(3,480,030)
	<u>192,839,031</u>	<u>189,093,506</u>

	For the six-month period ended	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
	ﷲ	ﷲ
Timing of revenue recognition:		
At a point in time	190,839,558	186,464,105
Over time	1,999,473	2,629,401
	<u>192,839,031</u>	<u>189,093,506</u>

13- SELLING AND MARKETING EXPENSES

	For the six-month period ended	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
	ﷲ	ﷲ
Salaries, wages, and related expenses	14,366,168	12,933,040
Depreciation of right-of-use assets	5,976,205	5,764,891
Depreciation of property, plant, and equipment	3,029,207	2,384,821
Advertising and promotion	2,225,285	5,008,603
Sales commissions	1,926,844	1,940,613
Visa and residency fees	1,608,983	1,685,393
Transportation and distribution	1,704,811	2,111,825
Social insurance contributions	1,139,992	769,668
Benefits and services	823,027	560,954
Travel and relocation expenses	626,915	379,084
Medical insurance and healthcare	511,097	604,173
Short-term operating leases	496,605	752,277
Hospitality and sanitation	213,076	368,997
Licenses and service fees	203,759	157,703
Stationery and printing supplies	190,397	85,730
Packaging materials	179,343	268,716
Other expenses	415,821	737,513
	<u>35,637,535</u>	<u>36,514,001</u>

14- GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
	ﷲ	ﷲ
Salaries, wages, and related expenses	20,469,138	20,190,793
Depreciation of property, plant, and equipment	3,338,623	3,194,102
Vehicle insurance and maintenance	1,776,477	1,842,078
Depreciation of right-of-use assets	1,617,264	1,419,168
Contractors' service expenses	1,636,698	2,537,443
Legal, governmental, and professional fees	1,398,568	2,112,417
Stationery and printing supplies	956,237	1,773,127
Travel and relocation expenses	687,978	962,871
Visa and residency fees	622,500	650,751
Bank charges/fees	553,634	391,838
Social insurance contributions	421,347	599,904
Medical insurance and healthcare	316,676	279,077
Benefits and services	186,163	528,806
Short-term operating leases	78,912	74,037
Amortization of intangible assets	47,858	41,904
Hospitality and sanitation	36,774	86,628
Other expenses	806,396	547,206
	<u>34,951,243</u>	<u>37,232,150</u>

15- EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is identical to basic earnings per share, as the Group has no issued dilutive shares.

	For the three-month period (Unaudited)		For the six-month period (Unaudited)	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	ﷲ	ﷲ	ﷲ	ﷲ
Profit for the period attributable to shareholders	16,095,203	2,501,317	28,882,005	23,832,693
Number of outstanding shares	16,000,000	16,000,000	16,000,000	16,000,000
Basic and diluted earnings per share	1.01	0.16	1.81	1.49

16- FAIR VALUE 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 willing parties under market conditions. Financial instruments consist of financial assets and financial liabilities. The Group's financial assets include trade receivables, cash and cash equivalents, and amounts due from related parties, while its financial liabilities comprise trade payables, accrued expenses, other payables, amounts due to a related party, and lease liabilities.

Management has assessed that the fair value of cash and cash equivalents, trade receivables, amounts due from related parties, trade payables, accrued expenses, other payables, amounts due to a related party, and lease liabilities approximates their carrying amounts, primarily due to the short-term maturities of these instruments.

17- SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's management. The Group evaluates the performance of its segments based on the revenue generated by each segment and its geographical distribution. The Group's main operating activities are classified into the following business segments:

- (1) Ceramics and sanitary ware segment
- (2) Lighting segment
- (3) Consulting, supply, installation, and other services segment

Financial information for each segment for the six-month period ended 30 June 2025 is as follows:

	Ceramics and sanitary ware SR	Lighting SR	Consulting, supplies, installations, and others SR	Total Segments SR	Adjustments and Eliminations SR	Consolidated SR
Total revenue	118,325,557	83,345,131	2,229,598	203,900,286	(11,061,255)	192,839,031
Gross profit	60,099,710	45,954,138	466,923	106,520,771	251,420	106,772,191
Operations profit	22,085,451	14,856,510	(1,081,894)	35,860,067	481,545	36,341,612

Financial information for each segment for the six-month period ended 30 June 2024 is as follows:

	Ceramics and sanitary ware SR	Lighting SR	Consulting, supplies, installations, and others SR	Total Segments SR	Adjustments and Eliminations SR	Consolidated SR
Total revenue	107,592,826	86,300,517	2,629,401	196,522,744	(7,429,238)	189,093,506
Gross profit	54,584,275	47,624,997	721,744	102,931,016	29,959	102,960,975
Operations profit	10,184,338	20,047,407	(1,441,591)	28,790,154	707,986	29,498,140

17- SEGMENT INFORMATION (continued)

Geographic Information – Revenues

	For the six-month period ended	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
	ﷲ	ﷲ
Kingdom of Saudi Arabia	162,114,503	162,499,787
United Arab Emirates	28,250,646	26,447,536
People's Republic of China	1,831,569	-
Kingdom of Spain	567,342	46,277
Arab Republic of Egypt	74,971	99,906
	<u>192,839,031</u>	<u>189,093,506</u>

18- COMMITMENTS AND CONTINGENT LIABILITIES

Contingent Liabilities

As of 30 June 2025, the Group holds a bank guarantee of ﷲ 1,165,367, fully collateralized by cash (31 December 2024: ﷲ 1,965,554, fully collateralized by cash).

Capital Commitments

The company has ongoing projects as of 30 June 2025, comprising costs incurred for the expansion of existing branches and the establishment of new branches and warehouses. The estimated cost to complete these projects is ﷲ 7,750,000 (31 December 2024: ﷲ 7,600,000).

19- COMPARATIVE FIGURES

Certain items relating to the comparative figures have been reclassified to conform to the presentation used in the current period. These reclassifications had no impact on the comparative period's net profit or on equity as at the beginning of the period.

	Balances Before Reclassification	Reclassification	Balances After Reclassification
	ﷲ	ﷲ	ﷲ
30 June 2024			
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Selling and marketing expenses	(35,607,295)	(906,706)	(36,514,001)
General and administrative expenses	(38,138,856)	906,706	(37,232,150)

20- INTERIM RESULTS

The results of operations for the three-month and six-month periods ended 30 June 2025 are not necessarily indicative of the Group's annual results.

21- SUBSEQUENT EVENTS

The management believes that there have been no significant subsequent events since the end of the period that would require disclosure or adjustment to these interim condensed consolidated financial statements.

22- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 4 Safar 1447H (corresponding to 29 July 2025).