

L'AZURDE

ANNUAL



REPORT

2021

L'azurde Jewelry



Sustainability,
Leadership and
Growth



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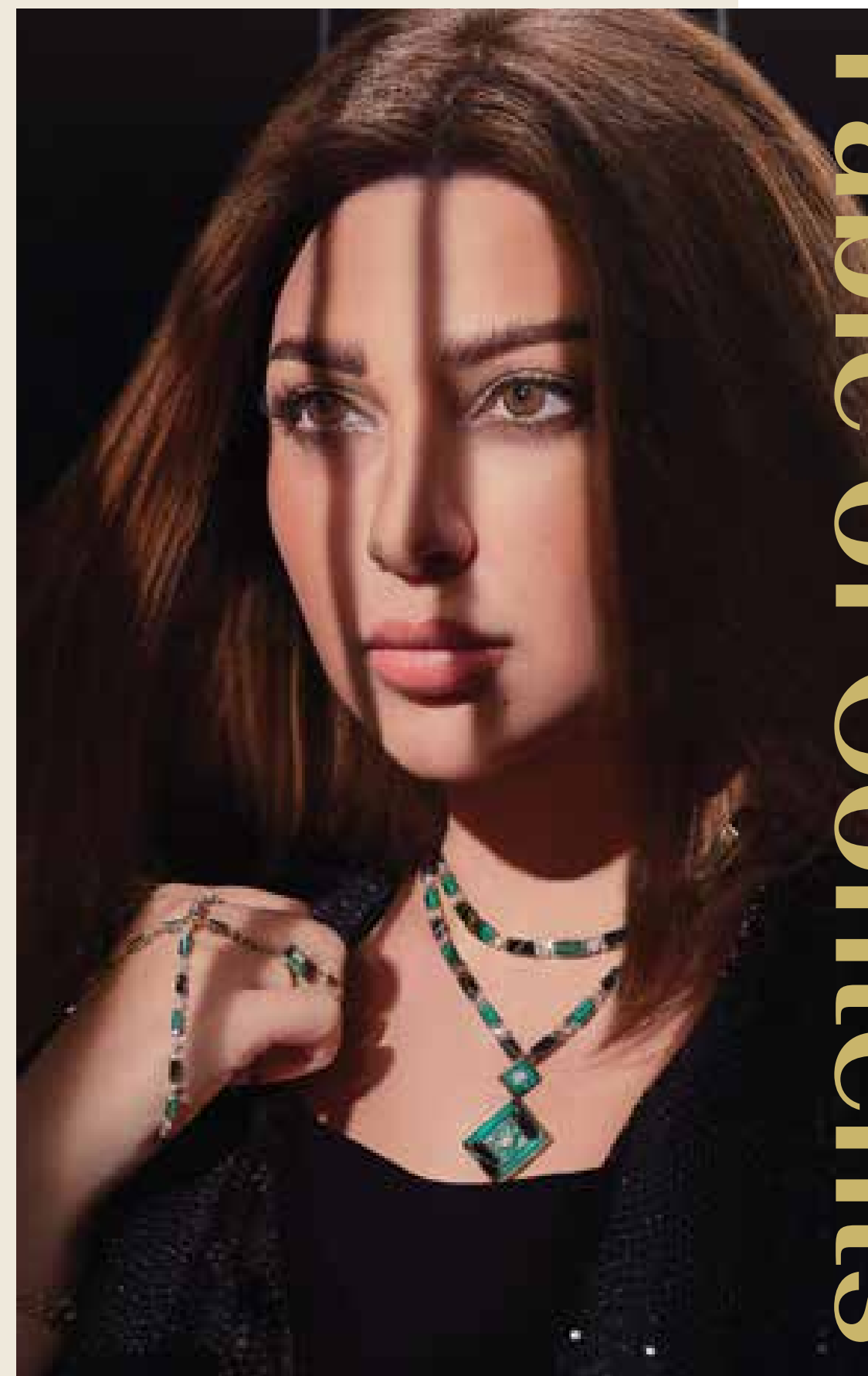


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BOARD OF DIRECTORS REPORT

01

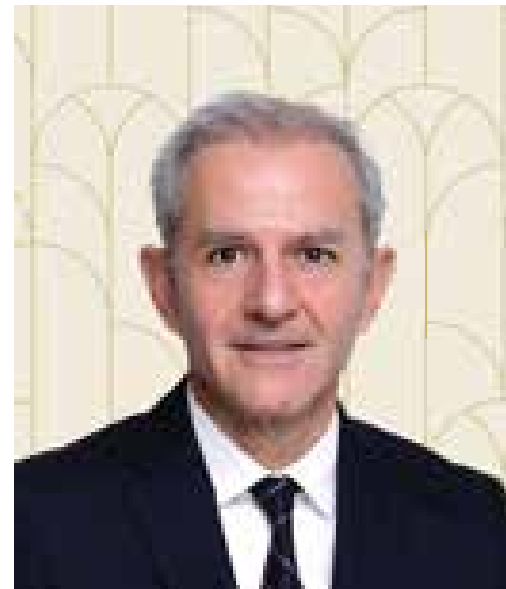
Inspired
Leadership and
Success

CHAIRMAN AND CEO STATEMENT



Mr. Mohammed Al-Shroogi

Chairman



Mr. Selim Chidiac

Chief Executive Officer

Our Valued Shareholders,

It gives us immense pleasure to present you with our annual report for the year 2021, a year that we hope to be a renewed start to achieving sustainable growth in our revenues, profits, and dividends distribution. 2021 was a strong year for the Company. We completed our two-year transformation process and finished the year with our highest revenues since 2015 and highest net income since 2018. We are pleased to report the return to profitability after two difficult years for the markets and our Company. At the same time, the Board is delighted that we are recommending to the EGM a distribution of dividends for the year 2021, the first time since 2017.

We leveraged the COVID-19 crisis to turnaround the Company and restructure our business around a new strategy and much stronger foundations to support future growth. The strategy is focused on four key pillars:

- Refresh our traditional wholesale business through lighter collections, L'azurde Instyle the jewelry collection sold by piece and lower working capital
- Accelerate the development and distribution of our new affordable jewelry segment



- Expand our retail presence in top malls
- Establish a leading edge digital business.

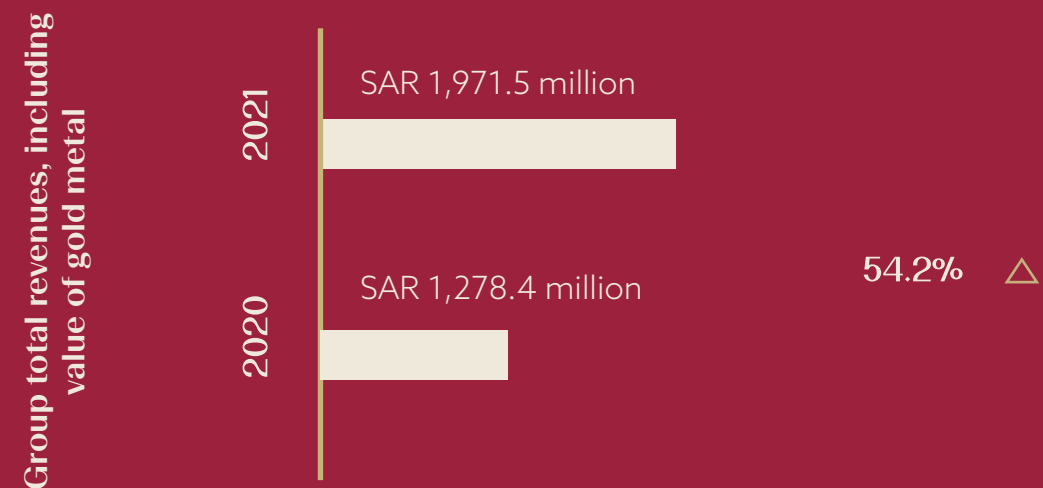
During the year we also strengthened our financial position through a well-received Rights Issue which will support our growth strategy. We want to build on our brand heritage, our track record of achievements over the past forty years, and the significant turnaround engineered and rapidly implemented over the last two years. We are now ready to accelerate a new chapter in L'azurde's story by pursuing the successful transformation which started being reflected in the 2021 results. L'azurde has emerged from the COVID-19 crisis in a stronger position than before the crisis. We took advantage of the situation to speed up our transition into affordable fashion jewelry at higher profit margins and lower working capital. At the same time, we accelerated this year the development of E-commerce platform that quickly generated a promising percentage of our retail business with significant growth potential. We pursued the optimization of our wholesale channel through the expansion of L'azurde Instyle, our jewelry collection sold by piece in the traditional channel. We also delivered in 2021 a significant improvement in the performance of our L'azurde retail stores with strong revenues growth and leading key performance indicators.

2021 was a historic year for L'azurde. We accelerated our two-year transformation process, set the stage for the future with a new growth strategy and finished the year with highest revenues since 2015 and highest net income since 2018

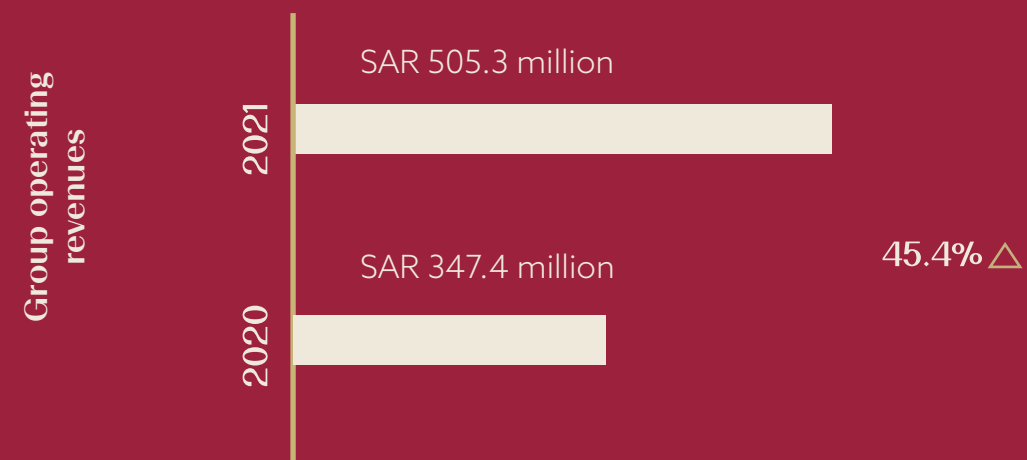
Our success lies in expanding our business portfolio through continuous innovation and consistent improvement and optimization of our operations. At the same time, we continue to adapt and adjust our distribution and products assortment based on the evolving consumer purchasing trends and the changes occurring in the retail environment within our markets. The L'azurde brand continues to grow and build on its major legacy, strong image, high consumer trust, and an awareness that supports our expansion in new channels. This was evident from the high demand from shoppers to purchase our latest designs introduced across all channels including the latest Malls and our E-Commerce platform.

KEY PERFORMANCE INDICATORS IN 2021

We are pleased to announce that the Group has achieved great success embodied in its rising financial and operational performance.

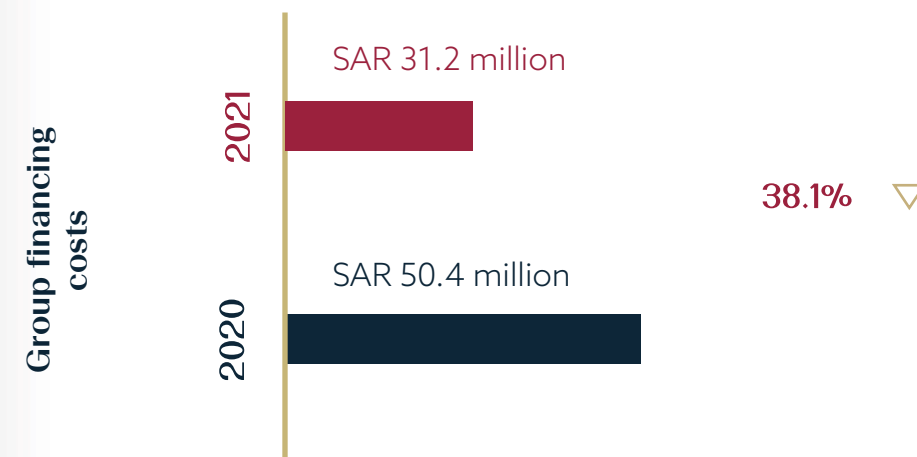


It is worth noting that the Group does not realize any profits or losses from selling gold as a metal.

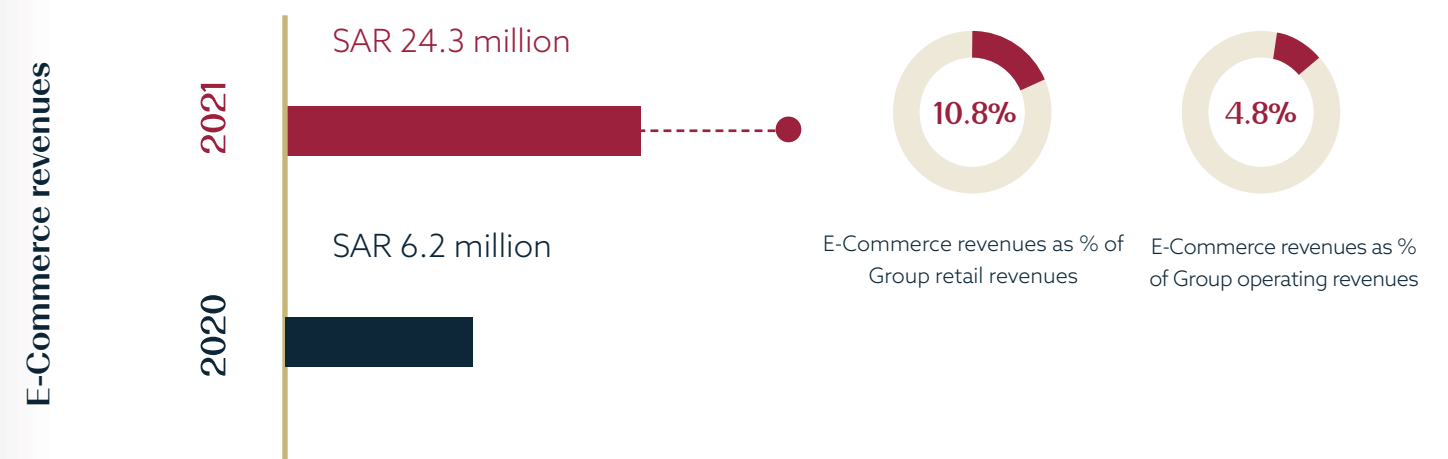


Group operating revenues represent the actual revenues of the Group after deducting the value of gold metal.

Notably, all strategic and commercial initiatives taken previously by the Company, including reduction of gold working capital and the Rights Issue in June 2021, have led to a significant reduction in financing costs.

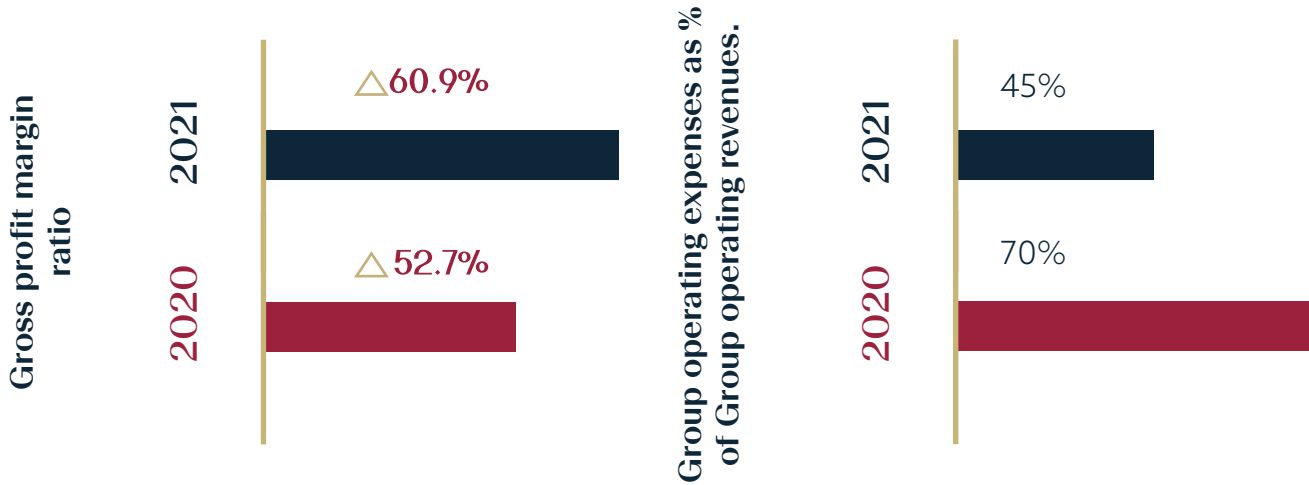
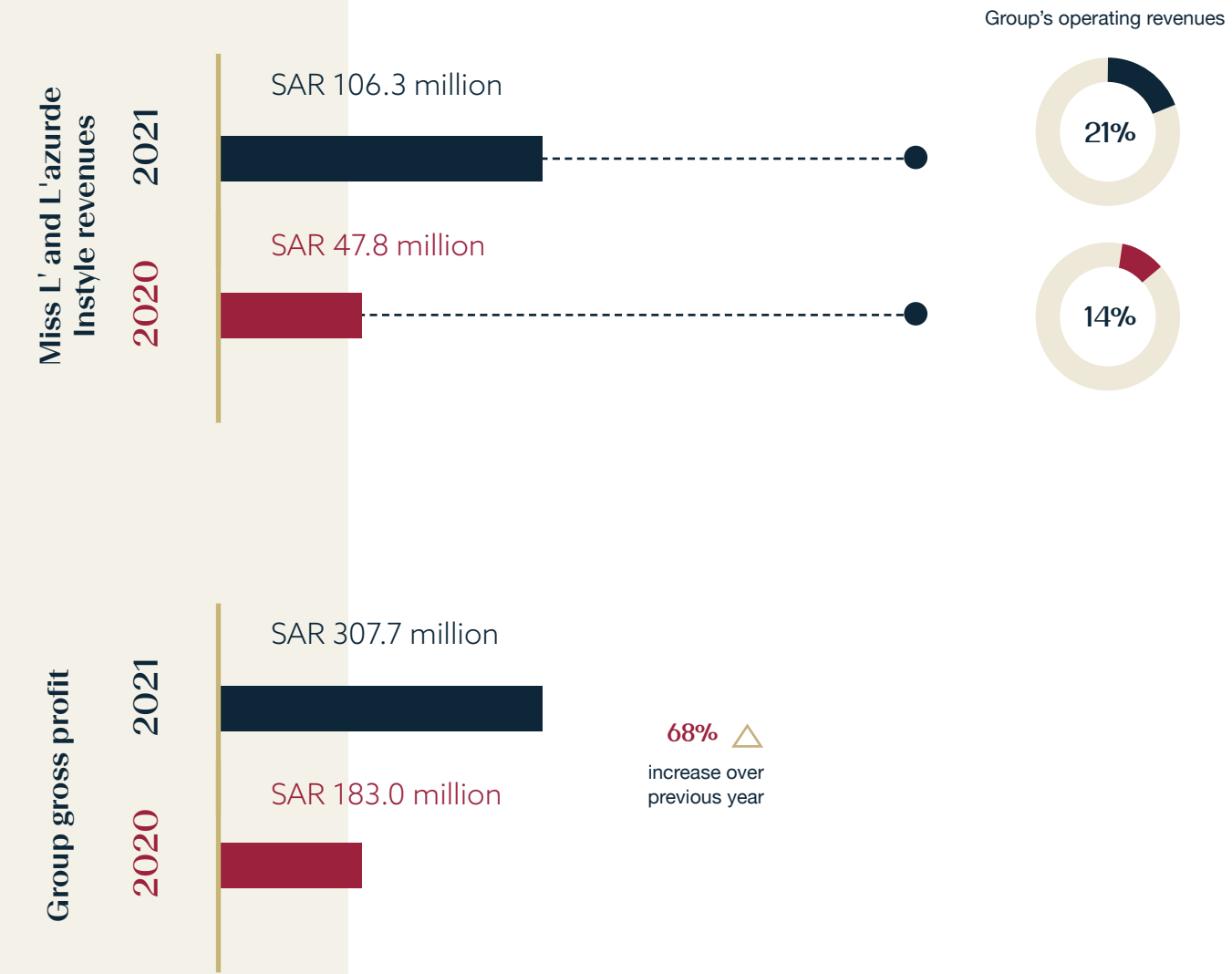


To build on the success achieved by the Company by launching E-Commerce business in April 2020, the Group scaled its digital revenues in this new promising and rapidly growing channel.





Miss L' and L'azurde InStyle had a very good performance and are growing rapidly.



While we execute our strategic growth plans, 'our people' remain one of the most important assets of our Company and at the forefront of our priorities. We endeavor to attract top talent, a team of highly-skilled, experienced individuals with creative competencies to continue to grow our Organization. In 2021, we strengthened our leadership team by bringing in a Retail Director, a Chief Digital Officer and others to support our increased focus on retail and E-Commerce. The L'azurde work culture gives us a competitive advantage as we succeed in creating an environment where people are highly engaged as they grow, are able to share their opinions and work effectively across functions, very focused on top execution.



L'azurde grew and launched important new initiatives like the fashion jewelry at affordable prices, E-Commerce and reduction of working capital. The Board is delighted to recommend to the EGM the distribution of dividends for the year 2021.

THE COMPANY'S STRATEGY FOR THE YEAR 2022

As we look to the future, we see promising growth for the company through the expansion of the major initiatives established over the past two years. This includes mainly the selling of jewelry by piece, offering fashionable jewelry at affordable prices, expanding in retail, reinforcing the wholesale profitability and conducting business with lower working capital. On top of that, the Company pursues the strategy to develop and grow further, several jewelry brands. This started through the acquisition of the TOUS brand franchise and continues with the successful launch of the Miss L' and L'azurde Instyle brands.



Increasing the company's capital through the Rights issue, from SAR 430 million to SAR 575 million, is an ambitious step to support the company's transformation and growth process

The company's recent step to increase its capital through the rights issue, from SAR 430 million to SAR 575 million, will contribute to supporting our growth trajectory over the coming years. The group has taken advanced steps in the following strategies to grow future revenues and profits:

01

Expand the fast-growing Miss L' fashion jewelry line to its full potential through our retail points of sales, e-commerce, and 3rd party retailers.

02

Grow our successful L'azurde retail business through new points of sales and a stronger assortment. Specifically, in KSA, we have a major opportunity to increase the current network of L'azurde Retail, which currently stands at 3 stores, to a much larger and more profitable network.

03

Rebuild the volume and optimize the traditional wholesale business selling jewelry by weight through lower working capital and costs reduction.

04

Leverage our solid customers' network in the traditional Gold jewelry market to fully develop the recently launched L'azurde Instyle jewelry line sold by the piece. As the market leader, L'azurde is reshaping and transforming the traditional Gold jewelry segment by offering jewelry that meets the consumers' latest trend aspirations and offers retailers very attractive commercial terms.

05

Scale our promising fast-growing e-commerce business through more investments in technology, infrastructure, systems, and a state-of-the-art experienced digital operation.

06

Expand the TOUS global franchise business in KSA through e-commerce and more investments in marketing and products assortment.

07

Grow our strong cash position while continuing to generate positive cash flows and reinforce our solid banking relationships to support the Company's transformation.

Finally, we would like to communicate our deepest appreciation for the loyalty, trust, and confidence our shareholders and customers have in L'azurde. We are fully committed to enriching L'azurde's solid legacy with continued high achievements and successes. We wish to always extend our gratitude to all members of the group's Board of Directors for their extensive support and wise guidance to us. We want to acknowledge the dedication, loyalty, and untiring efforts of L'azurde employees for their commitment and hard work to take L'azurde to new heights and enhance L'azurde's leadership position.

May Allah Almighty protect all.

Chief Executive Officer

Chairman



02

"L'AZURDE" PRESSENCE

Passion for
Leadership and
Excellence

BOARD OF DIRECTORS ELECTED DURING THE YEAR 2021

Mr. Mohammed Ebrahim Jema'ah Al-Shroogi

Chairman- Independent and Non-Executive



Board Members whose Directorship expired as of 25 April 2021



Mr. Abdullah Abdul Aziz Saleh Al Othaim

Vice Chairman
Not Independent and Non-Executive



Mr. Brian Norman Dickie

Board Member
Not Independent and Non-Executive



Ms. Sabah Khalil Ebrahim Al-Moayyad

Board Member
Independent and Non-Executive



Mr. Adel Abdullah Al-Maiman

Board Member
Not Independent and Non-Executive



Mr. Abdul Karim Asaad Abu Al-Nasr

Board Member
Independent and Non-Executive



Mr. Amin Mohammed Akef Al-Maghrabi

Board Member
Independent and Non-Executive



Mr. Salim Maroun Fakhouri

Board Member
Independent and Non-Executive



Mr. Samer Mohammed Eshaq Ahmed Al-Khawashki

Board Member
Independent and Non-Executive



Mr. Saud Ghassan Alsulaiman

Board Member
Independent and Non-Executive



Mr. Khalifa Hassan Khalifa Mohammed Al-Jalahmah

Board Member
Not Independent and Non-Executive



Mr. Bander Talaat Hamooh

Board Member
Independent and Non-Executive

COMPOSITION OF THE BOARD OF DIRECTORS

The Board is appointed by shareholders to hold the main responsibility of managing the Company's operations, taking into account the long-term interest of the shareholders.

The Board of Directors includes seven members, who are elected by the General Assembly of the L'azurde Company by cumulative voting and based on the recommendation of the Nomination and Remuneration Committee for a period not exceeding three renewable years. Non-executive members represent the majority of the members of the Board, provided that three of them, at least, should be independent members.

Members of the Board of Directors also elect the Chairman and Deputy Chairman for three years. All Board members, chairman and deputy chairman can be re-elected. If one of the seats in the Board becomes vacant, the Board may appoint a temporary Board member, and such appointment shall be presented to the General Assembly for consent in the first meeting of the General Assembly.

The Board of Directors was re-elected during the Ordinary General Assembly on 24/03/2021, by the cumulative voting method, for three years term starting on 26/04/2021 and ending on 25/04/2024. The table below shows the names and positions of the current Board members, and classifies their membership and nationalities:

Name	Nationality	Position	Membership classification		Date of appointment
Mohammed Ebrahim Al-Shroogi	Bahraini	Chairman	Independent	Non-Executive	26 April 2021
Abdullah Abdul Aziz Al-Othaim	Saudi	Deputy Chairman	Not Independent	Non-Executive	26 April 2021
Brian Norman Dickie	Irish	Board Member	Not Independent	Non-Executive	26 April 2021
Sabah Khalil Ebrahim Al-Moayyad	Bahraini	Board Member	Independent	Non-Executive	26 April 2021
Salim Maroun Fakhouri	Lebanese	Board Member	Independent	Non-Executive	26 April 2021
Samer Mohammed Eshaq Ahmed Al-Khawashki	Saudi	Board Member	Independent	Non-Executive	26 April 2021
Saud Ghassan Ahmed Alsulaiman	Saudi	Board Member	Independent	Non-Executive	26 April 2021

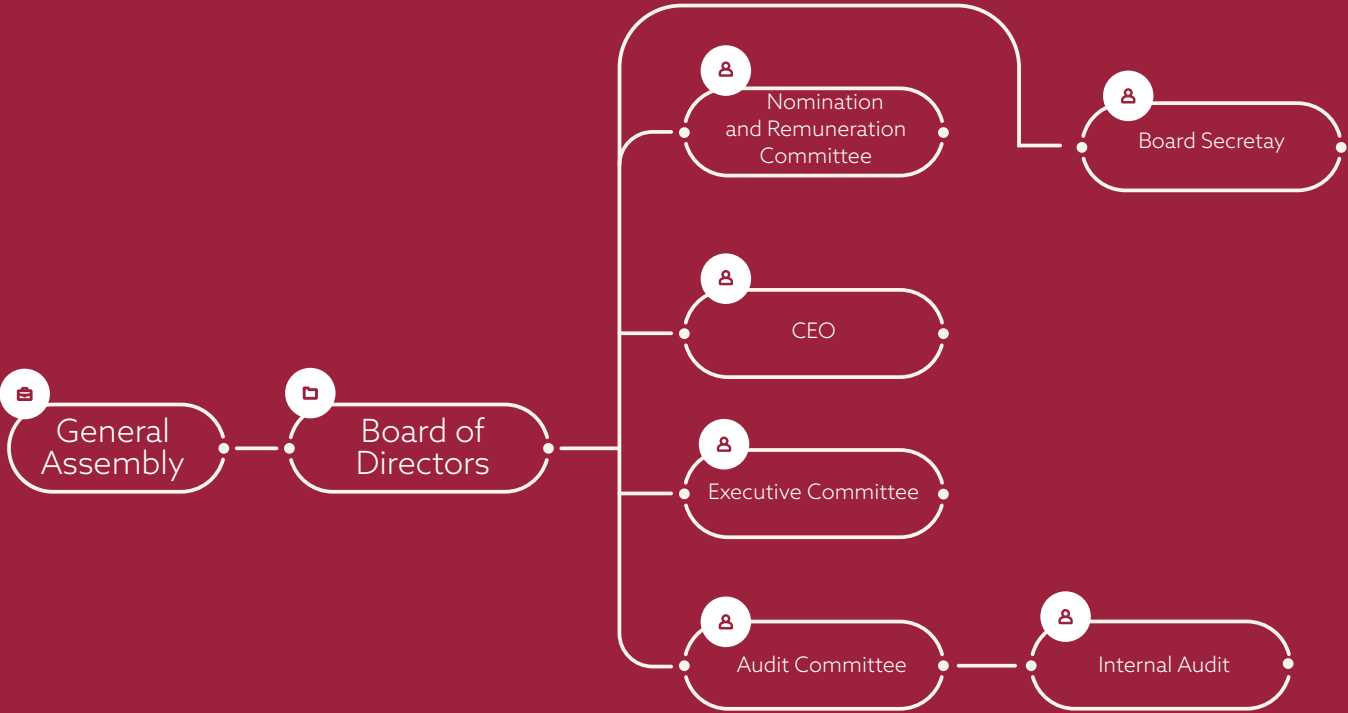
Board Members whose Directorship expired as of 25 April 2021

Name	Nationality	Membership classification		Date of Appointment
Adel Abdullah Saleh Al-Maiman	Saudi	Board Member	Not Independent Non-Executive	26 April 2018
Abdul Karim Asaad Abu Al-Nasr	Saudi	Board Member	Independent Non-Executive	26 April 2018
Amin Mohammed Akef Al-Maghrabi	Saudi	Board Member	Independent Non-Executive	26 April 2018
Khalifa Hassan * Khalifa Mohammed Al-Jalahmah	Bahraini	Board Member	Not Independent Non-Executive	10 December 2019
Bander Talaat * HamooH	Saudi	Board Member	Independent Non-Executive	18 March 2020

* On June 3, 2020, the Ordinary General Assembly approved the appointment of Mr. Khalifa Hassan Khalifa Muhammad Al Jalahmah, as a non-executive member of the Board of Directors as of the date of his appointment on 10/12/2019, to complete the Board’s term until the end of the session on 25/04/2021, succeeding the previous member Mr. Sunil Belotra, Non-Executive Director, upon the recommendation of the Board of Directors. This appointment is in accordance with the charter of the Audit Committee. The Assembly also approved on the same date the Board of Directors’ recommendation to appoint Mr. Bandar Talaat HamooH, as an independent member of the Board of Directors, starting from the date of his appointment on March 18, 2020, to complete the Board’s term until the end of the current session on April 25, 2021, succeeding the previous member, Mr. Salim Chidiac, executive member.



The Chairman of the Board expressed his full satisfaction of the external consultant's annual assessment report on the performance of the Management and Working Team performance, which is distinguished by many points of strengths of professionalism and distinct capabilities, adding to the great expertise in this sector. This has had the utmost effect in their commitment and strong presence and distinguished them in the performance of all responsibilities they have carried out, especially at the transformation stage. This has been reflected positively on performance quality and impact of achievement in all work environments. One of the aspects was manifested in their ability to convert challenges to real growth opportunities and success. He praised the meetings of the Board, which constantly focused on the future of the Company and its promising approaches of operations. He urged the need for leadership of the new Board of Directors, with new members of high professional expertise and capabilities, which contributes to supporting the Company's directions to achieve major real successes, benefiting from the strengths of the Company and its effective leading presence, to add more achievements that enhance the strength and position the Company and ensure more value and benefit to all shareholders and partners.



BOARD OF DIRECTORS RESPONSIBILITIES

It is the responsibility of the Board to support management in its strategic aims, in order to enable the Company to maintain on successfully and sustainably performing for our shareholders and wider stakeholders.

The Board is ultimately responsible for promoting the long-term success of the Group. The Board leads and provides direction for management, by setting strategy and overseeing its implementation by management. The Board also undertakes the supervision of the Group's systems of governance, internal control and risk management. The Board represents all shareholders, and performs its duties of care and loyalty in managing the Company's affairs, and undertakes all actions in the general interest of the Company, so as to develop it, and maximize its value.

The responsibility of the Board is to protect and maximize the interests of the shareholders in the long term. For this purpose, the Board bears the full responsibility of corporate governance, including setting up the strategy of the Company, and the goals of the Executive Management, in addition to overseeing the implementation to achieve such goals.

The Board sets the Company's strategic goals, as well as oversees the Executive Management of the Company. The day-to-day operation of the Company is the responsibility of Executive Management, but the Board as a whole ensures and certifies that the Company's internal control systems are effective and that the Company's activities comply with the strategy, frameworks, policies, and procedures approved by the Board, as required by laws and regulations.

Board of Directors Authorities

The Company is supervised by a Board of Directors consisting of professional and highly experienced persons. The Board is vested with full powers to manage the business of the Company and supervise its affairs. The Board delegates responsibility for overall day-to-day management of the Company to Company's Executive Management.

The Board of Directors has delegated certain powers to three Committees which consist of Board members who both report to the Board. These three committees are the Audit Committee, Executive Committee and the Nomination and Remuneration Committee (collectively indicated as the "Board Committees").

The Committees can engage third-party consultants and independent professional advisers, and call upon other resources of the Group to assist them in discharging their respective responsibilities.



In addition to the relevant Committee members and the Company Secretary, external advisers, other Directors and members of the senior management team may attend Committee meetings on occasion, but only at the invitation of the relevant Committee's Chairman.

When considered necessary, the Board of Directors has the power to form any number of committees for effective governance, oversight and operations of the Company, or to delegate some of its powers to third parties.

Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, the annual budget and operating plans, major capital expenditure and transactions, financial results, the dividend and other capital returns, the approval of the Group's risk appetite and other governance issues.

Effectiveness of the Board

The Board operated very effectively during the year, particularly to support the important changes taking place, and to manage the significant changes in legislative, economic and business environment, amidst the Coronavirus pandemic and its repercussions on the global legislative, economic, and commercial environment.

The Chairman collaborated with the Chief Executive Officer to set the Board's agenda, and ensure the effective implementation of the decisions and procedures adopted by the Board.

During the year, the Chairman maintained regular contact and met separately with the independent Directors and other non-executive Directors.

Board's Secretary

The Board Secretary's main responsibilities are to provide secretarial services to the Board of Directors. This includes the assisting with the Board calendar, notices and meetings' agendas, Board packs, minutes, and following up on resolutions and action items originated through Board meetings. Such powers comprise all duties stipulated by Article (37) paragraph (A) of Corporate Governance regulations, and are as following:



- 01 To document Board's meetings, prepare Minutes that include the carried discussions and conducted deliberations, keep copies of Board's decisions and voting results, and retain records.
- 02 To retain the reports submitted to the Board and prepared by it.
- 03 To provide Board members with the Board meetings' agenda and related worksheets, documents, and information.
- 04 To make sure that Board members comply with the procedures approved by the Board.
- 05 To notify Board Members of meetings sufficiently ahead of time.
- 06 To present Minutes' drafts to the Board members who will give their opinion before signing.
- 07 To coordinate among Board members.
- 08 To regulate the disclosure register of the Board and Executive Management as per Article (92) of Corporate Governance Regulation issued by CMA.

The Board Secretary may not be dismissed except pursuant to a decision of the Board.

Performance Assessment

The Board shall evaluate, on an annual basis, its own performance, the performance of its committees, and Executive Management and compare it to the predefined financial and non-financial key performance indicators (KPIs). The performance assessment should be led by the Nominations and Remuneration Committee, and may consider the need for any external counselors/facilitators.

The NRC ran a Board self-assessment for the year 2021, through an external consulting (Quest company) specialized in corporate governance best practices and Board performance evaluation. The overall outcome of the feedback came as following:

01 The Board and its Committees effectively operated throughout the year, notably to support the arising changes due to the Coronavirus pandemic on the economic, regulatory and legislative environment.

02 The Board consisted of highly qualified, experienced, and skilled non-executive and independent Directors, who focused on the business and corporate governance. The interactions among Board Members, and between the Board and the Executive Management were unanimously considered to be very positive.

03 During the coming year, the Board should ensure the continuity of focusing on important strategic matters, and keeping track with the Group's progress and development in-line with its key strategic priorities, production and expertise work plan.

In addition to the external assessment, the NRC held a meeting to discuss the Board Members' performance and Committees effectiveness, for the purpose of raising any relevant key issues. The feedback was positive. The Board Members successfully led the Company amidst arising significant changes in the Saudi jewelry industry.

Both the NRC and BOD discussed the Chairman's performance, and came to the conclusion that he perfectly succeeded in providing effective leadership and motivating Board Members and Executive Management, which led to the necessary stability in the context of economic changes.

Managing Conflict of Interest

All Directors have a duty, under the internal conflict of interest policy, to avoid a situation in which they have, or could have a direct or indirect conflict of interest or possible conflict of interest with the Company and the Group, except with a prior authorization from the Ordinary General Assembly, which is to be renewed annually.

A director may not have any interest, whether directly or indirectly, in the transactions or contracts concluded for the Company, unless through prior authorization from the Ordinary General Assembly, to be annually renewed.

A director must declare to the Board of Directors any direct or indirect interest that he/she may have in the transactions or contracts concluded for the Company, and this member shall not participate in voting for the resolution to be adopted in this respect in the Board of Directors and the shareholders' meetings.

The businesses and contracts with a Board Member to meet his/her personal needs shall not be deemed as an interest that requires authorization from the Ordinary General Assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the Company with all contractors and dealers, and are within the normal course of the Company's activities.

The Chairman of the Board of Directors shall inform the Ordinary General Assembly, upon convening, of the transactions and contracts in which any director has a direct or indirect interest. Such notification shall be accompanied by a special report from the Company's external auditor.

Termination of Board Membership

Membership of the Board of Directors shall be terminated upon the expiration of the Board term. Termination of membership shall also occur if the member becomes unsuitable for membership, under any law or regulation prevailing in the Kingdom, by a resolution adopted by the Board of Directors, preceded by a written request from a Board Member to the Chairman of the Board.

At all times, the General Assembly may dismiss all or any of the members of the Board of Directors, even though the by-laws provide otherwise, without prejudice to the dismissed member's right for compensation, if the dismissal was due to an unacceptable reason or at inappropriate time. The General Assembly may also, as per the Board's recommendation, terminate the membership of any member who missed three consecutive meetings without a legitimate excuse.

Election of BOD Member

The Ordinary General Assembly that was held on 24 March 2021 via accumulated voting for three years ending on 25 April 2024. After the Board election, the Board members elected the Chairman and Vice-Chairman, and formed the Committees for the current Board term. The re-election process of the next BOD session in December 2020 started with announcement in the General Assembly's yearly agenda of the 2020.



Profiles of Board Members



Mohammed Ebrahim Jema'ah Al-Shroogi

Current Position

- Chairman of L'azurde for the current term starting 26 April 2021 until 25 April 2024.
- Board member of APM Terminals, a Bahraini joint stock Company, specialized in the transport and logistics sector in the Kingdom of Bahrain, since 2010
- Deputy Chairman of Al Baraka Banking Group, a Bahraini Public Shareholding Company, specialized in financial and banking services in the Kingdom of Bahrain, since 2010.
- Board member of Wisayah Investment Company, a limited liability Company, which is fully owned by Saudi Aramco, specialized in investment management in the Kingdom of Saudi Arabia, since 2018.
- Chairman of Institute of Members of the Board of Directors for Gulf Cooperation Council (GCC), a non-profit organization focusing on the dissemination of awareness of the importance of improving the profession of Board members and enhancing their competencies in the region, since 2015.
- Board member of the National Arab US Chamber of Commerce, which aims to strengthen and support Arab US work and economic cooperation since 1995.

Previous Jobs and Expertise

- Consultant, Investcorp Bahrain, a Bahraini Joint Stock Company, specialized in banking and financial services, in the Kingdom of Bahrain, from August 2018 until 2020.

- Executive Chairperson, Investcorp- BSC, a Bahraini joint stock Company, specialized in banking, financial and investments for the Kingdom of Bahrain, from 2015 until 2018.
- Board member of the Bahraini Crown Prince Program for Global Scholarships, a non-profit organization in the Kingdom of Bahrain, from 2000 until 2018.
- Board member of Bahrain International Navigation and Trade Company, a Bahraini joint stock Company, specialized in retail and distribution, in the Kingdom of Bahrain, from 2012 until 2016.
- Chairman of Saudi Financial Investment Company, a limited liability Company, specialized in financial services, in the Kingdom of Saudi Arabia from 2013 to 2017.
- Chief Executive Officer of the Gulf Region business, Investcorp BSC, a Bahraini joint stock Company, specialized in private banking, financial and private investment services in the Middle East, North Africa and Turkey in the Kingdom of Bahrain from 2009 until 2015.
- Founding Board member of Arab Enjaz, a non-profit organization that promotes youth education and training in the Arab world in the Kingdom of Bahrain, from 2006 to 2009.
- Executive Director of the Middle East, North Africa and Pakistan, CitiGroup, a Company specialized in banking and banking services in Kingdom of Saudi Arabia, from 2004 to 2009.
- Chairman of City Group Islamic Investment, Bahraini Joint Stock Company, specialized in Islamic Banking and Finance, from 1996 to 2006.
- Head of the Treasury and Chief Executive Officer of Bahrain and Arab Gulf at CitiGroup Limited, a Company specialized in banking and banking services, from 1986 to 2004.
- Member of the Board of Trustees of Bahrain Center for Studies and Research, a Bahraini Research Foundation conducting special applied research on contracting basis and providing advisory services to the private and public sectors, from 1995 to 1999.

Academic Qualifications

- Executive Program, Harvard University, Boston, Massachusetts, United States, 1989.
- Bachelor of Commerce, Kuwait University, Kuwait City, Kuwait, 1970.

Current Position

- Vice-Chariman of L'azurde for the current term starting 26 April 2021 until 25 April 2024.
- Chairman of the Board of Directors of Meda'a Investment Company, limited liability Company, specialized in construction and real estate investments since 2017.
- Board member of Abdul Aziz Al-Othaim & Sons Holding Company, a limited liability Company, specialized in direct investments in several sectors, since 2010.
- Member of SmartMed Medical Company, a limited liability Company specialized in private medical services, since 2017.
- Member of the Board of Arkan Business Group, a limited liability Company, specialized in services, since 2018.
- Member of Family Market Fintchers Ltd., a limited liability Company specialized in the management and distribution of parental and child care products in the Middle East and North Africa, since 2018.
- Board Member of Early Learning and Childcare Company, a limited liability Company, since 2016.
- Partner and Board member of ISS, a limited liability Company, specialized in advertising and marketing services in Lebanon since 2019.
- Partner and Board member of Hyperpay Company, a limited liability Company, specialized in payments solutions and systems in Saudi Arabia, since June 2017.
- Partner and Chairman of the Board of Directors of Bajwar Medical Center, a specialized liability Company for medical services in the Kingdom of Saudi Arabia, since 2019.
- Partner and chairman of the Board of Naqlah marketing Company, a limited liability Company, specialized in marketing services in the Kingdom of Saudi Arabia, since 2017.

Previous Jobs and Expertise

- Director of strategic planning at Abdul Aziz Al-Othaim & Sons Holding Company, a limited liability Company, specialized in investments, from 2012 until 2017.
- Board Member of Aswar United Company for Real Estate Development, a limited liability Company specialized in real estate development, from 2012 until 2016.



Abdullah Abdul Aziz Saleh Al-Othaim

- Member of the Restructuring Committee and Design of the Articles of Association and Internal Procedures for Manazil Contracting Company, a construction Company specialized in construction and real estate, during the period from January 2012 until July 2013.
- Business analyst at the RPC (for direct investment), a working joint stock Company in the Finance sector specialized in banking and financial services, from 2011 until 2012.
- Financial analyst at Al-Othaim Holding Company (Limited Liability), a Company operating in the investment sector, from 2010 until 2011.

Academic Qualifications

- Bachelor Degree of Financial Management, Suffolk University, Boston, Massachusetts, United States, 2010.



Brian Norman Dickie

Current Position

- | Board Member of L'azurde Company for the current term starting 26 April 2021 until 25 April 2024.
- | Chairman of the Board of Hydrasun Limited Co., a limited liability Company in the United Kingdom, operates in the distribution and manufacture of hydraulic machines, hardware and related products for global oil industry, since 2013.
- | Chairman of X+Bricks S.A, a limited liability Company, specialized in real estate investments, Germany, since July 2018.
- | Member of the SCP Holding Group, a limited liability Company operating in the field of international private investments based in Luxembourg, since 2016
- | Non-Executive Board member of NDT for Corrosion Prevention Services, a Company specialized in technical inspection services in the Kingdom of Saudi Arabia, since April 2018.
- | Senior consultants at Redline Capital, Luxembourg (Investment Fund), a risk capital fund specialized in investment in technology works, since 2012.
- | Senior consultant at Investcorp International Limited, a limited liability Company specialized in investments in European private equity, United Kingdom, since 2010.

Previous Jobs and Expertise

- | Chairman of Icopal AS, Denmark, Private Ownership Holding Company, the manufacturer of building products. Since 2007 until 2016.
- | Board Member of Polyconcept United States of America, Joint Persons Company, a global supplier of promotional and publicity products, since 2006 until 2016.
- | Board Member of Sistema Financial Company JSFC Russia, a public joint stock Company listed in the capital market in Moscow and London, specialized in the investments sector since 2012 until 2016.
- | The Managing Director of Investcorp International Limited, a Company specialized in investments in European Private Equity, London, United Kingdom, since 2003 until 2010.
- | President of TXU Energy in North America, an energy specialized Company, offering its services to residential and commercial places based in Dallas, USA, since 1999 until 2003.
- | The President and Executive Director of Operations at Booz Allen Hamilton Inc, a specialized consulting Company in Singapore and New York City, since 1981 until 1999.

Academic Qualifications

- | MBA, Harvard University, Boston, Massachusetts, United States, 1978.
- | Master of Arts in English and Literature, Oxford University, Oxford, England, 1976.

Current Position

- | Board Member of L'azurde Company for the current term starting 26 April 2021 until 25 April 2024.
- | Board Member and Chairman of the Investments and Loans Committee of Bahrain Development Bank, one of the financial institutions for development and specialized in financial and banking services Since 2016.
- | Member of the Risk Committee at the National Bank of Bahrain, a Bahraini joint stock Company, the financial services sector, since 2018.
- | Board Member and Chairman of the Capital and Administration Committee of the Higher Education Council, in the Kingdom of Bahrain, a government institution, since 2012.
- | Administrative partner at the Intellectual Resources Management Company - Limited Liability - working in advisory and training management, since 2013.
- | Chairman of the Board of Directors of Flat 6 Labz Bahrain, Limited Liability, a program to accelerate the growth of emerging institutions, since 2016.
- | Board Member and member of the Audit and Risk Committee of Investcorp for Financial Services Company, Bahraini Joint Stock Company. Financial Services Sector, from May 2019.
- | A partner at Drop Consulting, a limited liability Company, specialized in financial consulting since 2019.

Previous Jobs and Expertise

- | General Manager and an Executive Board member at Housing Bank in Bahrain, banking and financial services sector, from 2004 to 2013.
- | Executive Director and Board Member of the United National Bank of Bahrain, Banking and Financial Services Sector, from 1996 to 2014.
- | Assistant General Manager, Corporate Banking Department at Bahrain National Bank, Banking and Financial Services Sector, from 1988 to 1996.
- | Vice President of United Gulf Bank in Bahrain, Investment Section, Banking and Financial Services Sector, from 1982 to 1987.
- | Director of City Bank in Bahrain, retail section, banking



Sabah Khalil Ibraheem Al-Moayyad

and financial services sector, from 1977 to 1981.

Academic Qualifications

- | Master of Business Administration (MBA) from Kellstadt Business School at De Paul University, Chicago, USA, 2005.
- | Bachelor of Economics and Business Administration from the American University of Beirut, Republic of Lebanon, 1975.
- | Executive Leadership Program, Darden College, Virginia University, 2001.
- | Advanced Management Program from Wharton Business School, University of Pennsylvania, United States, 1999.



Salim Maroun Fakhouri

Financial Controller for the Modern Import and Distribution Company, a Lebanese private limited liability Company, specialized in the retail sector. Its main activity is the sale of household appliances. Lebanon, during the period from 2002 to 2006.

Supervisory Financial Controller for Equestrian Club, a Lebanese private limited liability Company, specialized in the real estate development sector, with main activities in building and developing high-end villas and clubs in Lebanon. Lebanon, during the period from 2001 to 2002.

Financial Controller for Rotana in Lebanon, one of the companies of the Kingdom Holding Group. It is a Lebanese limited liability Company, specialized in arts production sector. Its main activities are to produce music and television shows, sponsor Arab singers, organize art events, production and distribution of artwork. Lebanon, 1996 to 2001.

Academic Qualifications

Accounting and Audit Diploma from the Tourism/ National Education and Fine Arts College in Lebanon in 1994.

Master Business Administration from the School of Business Administration in Madrid, Spain 2019.

A general accountant from US Institute for Legal Accountants 1999.

Executive Management Program, Specialty of Business Administration from the Ashridge Business School, United Kingdom 2012.

Current Position

Board Member of L'azurde Company for the current term starting 26 April 2021 until 25 April 2024.

Chief of Commercial Sector at Al Hokair for Retail Company, since 2021.

Previous Jobs and Expertise

Chairman of the Fashions Sector, Azadia Holding Group, a Lebanese private limited liability Company, specialized in the retail sector. The Group works for many international franchises and brands around the world. Lebanon, since 2006.

Business Consultant at Enterprises Holding Company, a Lebanese private limited liability Company. Its main activities are to develop and own investments in private companies around the world and is specialized in the private investment sector, Lebanon, during the period from 2009 to 2011.

Regional Markets Director for GCC at Azadia Holding Group, a Lebanese private limited liability Company, specialized in the retail sector. The Group works as an operator for many international franchises and brands around the world. Lebanon, during the period from 2008 to 2009.

Financial Controller for Azadia Holding Group, a Lebanese private limited liability Company, specialized in the retail sector, working as an operator for several international franchises and trademarks around the world. Lebanon, during the period from 2006 to 2008.



Samer Mohammed Eshaq Ahmed Al-Khawashki

Current Position

Board Member of L'azurde Company for the current term starting 26 April 2021 until 25 April 2024.

Chief Executive Officer of Vision National Investment Holding, a Limited Liability Company, one of Ben Laden International Holding Group companies specialized in the investment sector in Saudi Arabia.

Board Member of Saad Eddin Sweets, a limited liability Company, specialized in making Arab sweets and retail sale, Saudi Arabia.

Previous Jobs and Expertise

Executive Director and Board of Directors of Coca-Cola Saudi Arabia for refreshment packing, a limited liability Company, specialized in the food, beverage and investment sector in Saudi Arabia 2015 – 2020.

Board Member of Jarir Marketing Company, a public joint stock Company, specializing in the office tools, school supplies, and educational to retail in Saudi Arabia from 2010 – 2019.

Board Member and Chairman of the Executive Committee of the Health Water Bottling Company Limited, a limited liability Company, specialized in the food and beverage sector, in Saudi Arabia , 2010-2018 .

Chief Executive Officer of Olayan Saudi Holding Co, a limited liability Company, specialized in commercial and industrial investment in Saudi Arabia 2017-2018.

Boardmember of the Arab Medical Product Manufacturing Company "Enayah", a joint venture between SPIMACO, OFC, KK, specialized in manufacturing a wide range of one-way health care products, medical supplies sector, Saudi Arabia , 2016-2018

Chairman of Al-Rashidi Al-Mezan Sweets Co., an Egyptian joint stock Company, specialized in the food and beverage sector, in the Arab Republic of Egypt 2016-2018.

Board Member of Baxter Limited, a limited liability Company, specialized in the pharmaceutical and health care sector, in Saudi Arabia 2016-2018.

Board Member of Jossour Al-Emdad International Recruitment Company, a closed joint stock Company, specialized in workers recruitment for others and providing labor services for homes, public and private sector and developing the utilization of non-Saudi human resources, in Saudi Arabia 2016-2018.

Board Member and Chairman of the Executive Committee of the Gulf Food Union Company, a limited liability Company, specialized in food and beverage sector in Saudi Arabia , 2015-2018.

Board Member of Olayan Kimberley-Clark' Arabian Co. Ltd, a limited liability Company, specialized in production of hygiene paper products and cosmetics, consumer goods sector, in Saudi Arabia 2015-2018.

Board Member of Arabian Colgate Palmolive Co. Ltd, a limited liability Company, specialized in the production of cosmetics and personal care products for the consumer goods sector in Saudi Arabia 2015-2018.

Head of the Consumer Products Sector for Olayan Financial Company, a limited liability Company, specialized in financial services, commercial and industrial investment in Saudi Arabia , 2015-2017.

CEO President of Olayan Financial Co, a limited liability Company, specializing in financial services, commercial and industrial investment in Saudi Arabia 2005-2015.

Director General of Olayan Food Services Co. and its branches in Saudi Arabia and United Arab Emirates, a limited liability Company, specialized in food sector in Saudi Arabia , 2003-2006.

Academic Qualifications

Bachelor of Industrial Management from King Fahd University of Petroleum and Minerals in Saudi Arabia 1987.

Master of International Marketing from the University of Strathclyde, United Kingdom 1991.

Advanced Executive Management Program from Harvard Business School in the United States of America 2015.

Advanced Management Program from Wharton Business School, University of Pennsylvania, United States, 1999.



Saud Ghassan Alsulaiman

Current Position

- Board Member of L'azurde Company for the current term starting on 26 April 2021 until 25 April 2024.
- Group Chief Executive Officer at Alsulaiman Group, Ghassan Ahamd Alsulaiman Furnisher Trading, a Limited Liability Company, specialized in Retail & Logistics, Saudi Arabia, since 2019.
- Chairman of Salasa, Salasa holding limited, a Limited Liability Company, specialized in e-commerce fulfilment and last mile, Abu Dhabi Global Market, Saudi Arabia, since 2020.
- Board Member of IKEA Global Strategic Sustainability Council, Inter IKEA Systems BV, specialized in home furnishing, Netherlands, since 2017.
- Board Member of IKEA Global Strategic Business Council, Inter IKEA Systems BV, specialized in home furnishing, Netherlands, since 2018.
- Board Member at Saudi Angel Investors, Saudi Angle Investors Holding, a Limited Liability Company, specialized in investments (Micro VC), Abu Dhabi Global Market, Saudi Arabia, since 2020.

- Board Member at Riyadh Chamber of Commerce & Industry, Logistics Committee, a non-profit organization in Saudi Arabia since 2020.
- Board Member at Jeddah Chamber of Commerce & Industry, Commercial Committee, a non-profit organization in Saudi Arabia since 2020.

Previous Jobs and Expertise

- Chief Executive Officer at IKEA Saudi Arabia & Bahrain, Ghassan Ahamd Alsulaiman Furnisher Trading, a Limited Liability Company, specialized in home furnishing, Saudi Arabia, since 2013 till April 2021.

Academic Qualifications

- Executive Master of Change from INSEAD, Paris, France, 2017.
- Executive MBA from the University of Hull, UK, 2008.
- Bachelor degree in Interior Design from Design Institute of San Diego, in the USA, 2003.

Members of the Board of Directors who have expired membership on 25 April 25

Current Position:

- Head of Continental Office, The National Commercial Bank, Treasury Group, KSA, since January 2019.
- EVP-Head of Treasury Sales, Treasury Group, The National Commercial Bank, KSA, since 2013.

Past Professional Experience:

- Headed the Sales of Treasury Group to the Private Banking, Retail, and Corporate segments, The National Commercial Bank, KSA, January 2013 to December 2013
- Head of Treasury Sales, Central & Eastern Regions, Treasury Division, The National Commercial Bank, Saudi Arabia, 2010 to 2012.
- Co-Head of Wealth Management, Jadwa Investment Company, a Saudi Closed Joint Stock Company, investment sector. Saudi Arabia, 2008 to 2010.
- Head of HNW-Wealth Management, Investment Services, NCB Capital, KSA, 2006 to 2008.
- Strategic Business Unit Head, Investment & Derivatives Sales, Treasury, The National Commercial Bank, KSA, 2005 to 2006.
- Manager, Sales & Marketing, Treasury, Saudi American Bank (SAMBA), KSA, 2000 to May 2003.

Academic and Professional Qualifications:

- Bachelor of Science in Finance, King Fahad University of Petroleum & Minerals, KSA, 1995 to 2000.
- Advanced Management Program (AMP71), the Wharton School, Philadelphia, 2016.



Adel Abdullah Saleh Al-Maiman

- Executive Leadership Program - General Manager Leadership Program: The Cross-Functional Leader. Columbia Business School, New York, 2015.
- Executive Leadership Program, Aligning Sales & Strategy, Harvard, Boston, 2012.
- Executive Leadership Program designed specifically for a Group of 30 senior managers of NCB, INSEAD Business School, 2007.



Abdul Karim Asa'ad Abu Nasr

Current Position:

- | Director of Abdul Latif Jameel United Finance Company, a Closed Joint Stock Company, since April 2015.
- | Director of Safanad Limited, Dubai, DIFC, UAE, a Limited Liability Company, since May 2015.
- | Director of Hasana, the Investment Arm Company of the General Organization for Social Insurance, a Closed Joint Stock Company since 2017.
- | Director of Kafalah, a Government and Banking Sector Loan Guarantee Program for the SMEs, since 2016.
- | Director of Health Water Bottling Company, a Closed Joint Stock Company, since September 2018.
- | Chairman of the Board of Silah Development Company, a limited liability Company, since December 2017.

Past Professional Experience:

- | Director of Yanbu National Petrochemical Company (Yansab), a Saudi Joint Stock Company, from March 2013 to March 2020.
- | Director of Savola Group, a Saudi Joint Stock Company from 2013 until 2016.

- | Director of Kinan Real Estate Development Company, a Limited Liability Company from 2015 until 2016.
- | Director of Mohammed Abdulaziz Al-Rajhi & Sons Holding Company (MARS), a Closed Joint Stock Company, from 2013 until 2015.
- | Director of Saudia Aerospace Engineering Industries (SAEI), a Closed Joint Stock Company, from March 2014 until September 2018.
- | Director of Ahmed Mohammed Saleh Baeshen & Co., a Closed Joint Stock Company, from 2017 until July 2018.
- | CEO and Director of NCB, a Saudi Joint Stock Company from 2007 until 2013.
- | Chairman of the Regional Advisory Council, MasterCard Company for MENA, from 2007 until 2013.
- | Director of Union of Arab Banks, Lebanon, from 2006 until 2013.
- | Member of the Board of Trustees, Arab Academy for Banking and Financial Sciences, Jordan, from 2006 until 2013.

Academic Qualifications

- | Master of Business Administration -The American University - Cairo, Egypt 1989.
- | Bachelor of Business Administration - California State University, Sacramento, USA 1985.

Current Position:

- | President and CEO of Magrabi Retail, a Limited Liability Company operating in eyewear retail categories, position held since 2008.
- | Chairman of Magrabi Hospitals and Centers, a Limited Liability Company operating in medical care since, position held since January 2008.
- | Director of Al Amin Medical Instruments Co. (AMICO Group), a Limited Liability Company operating in medical equipment and healthcare products distribution, position held since January 2010.
- | Independent Director at Ghassan Ahmed AlSulaiman Furniture Trading Company LTD. (IKEA), a Limited Liability Company operating in Retail, Saudi Arabia, since November 2016.
- | Shareholder and Board Member at MAGRABI Optical Company LTD, a Limited Liability Company operating in Retail sector, Saudi Arabia, since May 2003
- | Non-Executive Director at ARP Global Capital, LLC, a Limited Liability Company operating in the Investments sector, UAE since December 2018.
- | Board Member at MAGRABI Foundation, Non-profit organization, Egypt - since January 2012
- | Board Member, Africa Eye Foundation ,Non-profit organization, Switzerland- since 2010.

Past Professional Experience:

- | Chief Finance Officer for Magrabi Retail from 2004 until 2008.
- | Regional General Manager for Magrabi Retail, from 2002 until 2004.
- | Marketing Manager for Magrabi Retail, Cairo, Egypt from



Amin Mohammed Akef Al Maghrabi

1999 until 2002.

- | Mergers and Acquisitions Associate Programme, JP Morgan, New York, USA; operating in financial services from 1998 until 1999.
- | Senior Retail Broker, Flemings Investment Bank, Cairo, Egypt; specializing in Investments, from 1995 until 1998.

Academic Qualifications

- | Bachelor of Arts in Economics and Political Science, University of Richmond, London, UK, 1996.



Khalifa Hassan Khalifa Mohammed Al-Jalahmeh

Current Position:

- | Vice President, Private Equity – MENA Region, Investcorp Financial Services BSC, Bahrain, focusing on private equity transactions in the MENA region, since October 2010.
- | Non- Executive Board member, Al-Burj Company for Medical Laboratories, Closed Joint Stock Company, specialized in medical services, since 2018.
- | Director at Development Opportunities Company, a Limited Liability Company, Saudi Arabia: since June 2013.
- | Director at GOF Industrial Services Holding Company a Limited Liability Company, Saudi Arabia since September 2013.
- | Director at Gulf Forth Gemstone Saudi Company a Limited Liability Company, Saudi Arabia since December 2008.
- | Director at Gulf Fifth Gemstone Saudi Company a Limited Liability Company, Saudi Arabia since December 2008.
- | Director at L'azurde Holding Company a Limited Liability Company, Saudi Arabia since December 2019.
- | Director at Care and Innovation Company Closed Joint Stock Company, since October 2016.

- | Director at Commercial Growth Development Company a Limited Liability Company, Saudi Arabia since December 2015.
- | Director at Saudi Care Sector Fund, financial institution since September 2016.
- | Director at Opportunistic Solutions Company a Limited Liability Company, Saudi Arabia since June 2015.

Past Professional Experience:

- | Analyst, Middle East Investment Banking, CitiGroup Global Markets Limited, Dubai, UAE, focused on M&A advisory, 2008 to 2010.
- | Analyst, Investment Banking – Basic Industrials Group, CitiGroup Global Markets Limited, London, United Kingdom, focused on M&A advisory in the industrials sector, April 2010 – August 2010.
- | Analyst, Treasury and Corporate Banking departments, Bank of Bahrain and Kuwait BSC, Manama, Bahrain, focused on banking services for clients, 2006.

Academic Qualifications

- | Bachelor's degree in Corporate Finance and Accounting, Bentley University, USA , 2006).
- | M.B.A in Finance Bentley University, USA, 2007.

Current Position

- | Chief Executive Officer of Panda Retail Company, grocery retailing Company - Panda Retail has been operating under the retail umbrella of the Savola Group, since 2017.
- | Non-executive Board member at Al Kabeer Group of Companies, a closed joint stock Company in the Kingdom of Saudi Arabia, specializing in food industries since 2018.
- | Member of the non-executive Board of Directors and a member of the Nomination and Remuneration Committee of Jamjoom Pharma for Pharmaceutical Industries, a Limited Liability Company, in the Kingdom of Saudi Arabia, specializing in the pharmaceutical industries since 2018.
- | Chairman of the Board of Directors of Modawa Medical Company, a limited liability Company in the Kingdom of Saudi Arabia, specializing in healthcare since 2013.
- | Board Member at Al Salam Home Medical Services Company, a Limited Liability Company in Saudi Arabia, specializing in medical services since 2015.
- | Member of the Executive Management of the First Health Cluster at the Ministry of Health, a non-profit governmental institution in the Kingdom of Saudi Arabia, specialized in health care since 2018.
- | Member of the Board of Directors of Zuhair Fayez & Partners, a professional private Company in the Kingdom of Saudi Arabia, specializing in engineering and project management since 2017.

Past Professional Experience:

- | General Manager and Deputy Minister at the Saudi Ministry of Health, a government agency specialized in health care from 2014 to 2015.
- | Chief Executive Officer of Nahdi Medical Company, specializing in managing a chain of pharmacies in the



Bander Talaat Hamooh

retail sector in the Kingdom of Saudi Arabia from 2006 to 2014.

| Chief Executive Officer of GlaxoSmithKline Saudi Arabia Ltd., specializing in healthcare from 1996 to 2006.

| Assistant General Manager for Sales and Marketing at Tabuk Pharmaceuticals Manufacturing Company , specializing in developing, manufacturing, marketing and distributing medicines from 1995 to 1996.

Academic Qualifications:

| Bachelor of Science, Pharmacy major from King Saud University, Kingdom of Saudi Arabia, 1989.



Names of companies inside or outside the Kingdom, where the Board member of the Company is a member of their current and previous Boards or one of their managers.



Mohammed Ebrahim Jema'ah Al-Shroogi

Company Name	Inside or Outside the Kingdom	The legal entity	Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Deputy Chairman of the Board of Directors of Al Baraka Islamic Group	Outside the Kingdom	Joint-Stock Company	Member of the Board of Directors of APM Terminals.	Outside the Kingdom	Joint-Stock Company
Member of the Board of Directors of Investcorp Financial	Outside the Kingdom	Joint-stock Company	Member of the Board of Directors of Wisaya Investment Company	Outside the Kingdom	Limited Liability Company
Member of the Board of Directors of the Health Insurance Fund in Bahrain	Outside the Kingdom	Government Agency	Chairman of the Institute of Boards of Directors of the Gulf Cooperation Council	Inside the Kingdom	Non-Profit Organization
-	-		Member of the Board of Directors of the National American Arab Chamber of Commerce	Outside the Kingdom	Chamber of Commerce
-	-	-	Consultant, Investcorp Bank, Bahrain	Outside the Kingdom	Joint-Stock Company
-	-	-	Joint CEO, Investcorp Bank, Bahrain	Inside the Kingdom	Joint-Stock Company
-	-	-	Board member of the Bahraini Crown Prince Program	Outside the Kingdom	Non-Profit Organization
-	-	-	Board member of Bahrain International Navigation and Trade Company	Outside the Kingdom	Non-Profit Organization
-	-	-	Chairman, Investcorp Saudi Arabia for Financial Investments	Outside the Kingdom	Limited Liability Company
-	-	-	Chief Executive Officer of the Gulf Region business, Investcorp Bank	Outside the Kingdom	Joint-Stock Company
-	-	-	Founding Board member of Arab Enjaz	Outside the Kingdom	Non-Profit Organization
			Executive Director of the Middle East, North Africa and Pakistan, CitiGroup Co.	Inside the Kingdom	Joint-Stock Company
			Chairman of City Group Islamic Investment Bank	Outside the Kingdom	Joint-Stock Company
			Chief Executive Officer of Bahrain Business Sector for Studies and Research - City Group	Outside the Kingdom	Joint-Stock Company
			Member of the Board of Trustees of Bahrain Center for Studies and Research	Outside the Kingdom	Research Establishment

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Member of the Board of Directors of APM Terminals.	Outside the Kingdom	Joint-Stock Company
Member of the Board of Directors of Wisaya Investment Company	Outside the Kingdom	Limited Liability Company
Chairman of the Institute of Boards of Directors of the Gulf Cooperation Council	Inside the Kingdom	Non-Profit Organization
Member of the Board of Directors of the National American Arab Chamber of Commerce	Outside the Kingdom	Chamber of Commerce
Consultant, Investcorp Bank, Bahrain	Outside the Kingdom	Joint-Stock Company
Joint CEO, Investcorp Bank, Bahrain	Inside the Kingdom	Joint-Stock Company
Board member of the Bahraini Crown Prince Program	Outside the Kingdom	Non-Profit Organization
Board member of Bahrain International Navigation and Trade Company	Outside the Kingdom	Non-Profit Organization
Chairman, Investcorp Saudi Arabia for Financial Investments	Outside the Kingdom	Limited Liability Company
Chief Executive Officer of the Gulf Region business, Investcorp Bank	Outside the Kingdom	Joint-Stock Company
Founding Board member of Arab Enjaz	Outside the Kingdom	Non-Profit Organization
Executive Director of the Middle East, North Africa and Pakistan, CitiGroup Co.	Inside the Kingdom	Joint-Stock Company
Chairman of City Group Islamic Investment Bank	Outside the Kingdom	Joint-Stock Company
Chief Executive Officer of Bahrain Business Sector for Studies and Research - City Group	Outside the Kingdom	Joint-Stock Company
Member of the Board of Trustees of Bahrain Center for Studies and Research	Outside the Kingdom	Research Establishment



Abdullah Abdul Aziz Saleh Othaim

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Chairman of Medaa Investment Company	Inside the Kingdom	Limited Liability Company
Board Member of Abdul Aziz Alothaim and Sons Company Holding	Inside the Kingdom	Limited Liability Company
Board Member SmartMed Medical Company	Inside the Kingdom	Limited Liability Company
Board Member and partner of Hyper P Company	Inside the Kingdom	Limited Liability Company
Board member of ITS Company	Inside the Kingdom	Limited Liability Company
		-
		-
		-

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Member of the Board of Directors of Arkan Business Group Ltd	Inside the Kingdom	Limited Liability Company
Member of the Board of Directors of Family Mart Ventures Ltd.	Inside the Kingdom	Limited Liability Company
Member of the Board of Directors of the Early Education and Childhood Care Company	Inside the Kingdom	Limited Liability Company
Member of the Board of Directors and Partner at ISS	Inside the Kingdom	Limited Liability Company
Chairman of the Board of Directors and partner in the next medical center Company	Inside the Kingdom	Limited Liability Company
Chairman and partner of Naqla Marketing Company	Inside the Kingdom	Limited Liability Company
Director of Strategic Planning for Abdul Aziz Al-Othaim & Son Holding Co.	Inside the Kingdom	Limited Liability Company
Board Member of United Aswar for Real Estate Development Company	Inside the Kingdom	Limited Liability Company



Brian Norman Dickey

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or outside the Kingdom	The legal entity
Chairman of theX Bricks AG Company	Outside the Kingdom	Limited Liability Company
Board Member SCP Group Holding	Outside the Kingdom	Limited Liability Company
Board Member to NDT for corrosion prevention services	Inside the Kingdom	Limited Liability Company
-	-	-
-	-	-

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or outside the Kingdom	The legal entity
Chairman of Hydrasun Company	Outside the Kingdom	Limited Liability Company
Chairman of Icopal AS, Denmark	Outside the Kingdom	Private Ownership Holding Company
Board Member of Polyconcept United States of America	Outside the Kingdom	Partnership Company
Board Member of Sistema Financial Company JSFC Russia	Outside the Kingdom	Joint-Stock Company
Managing Director of Investcorp International Limited	Outside the Kingdom	Limited Liability Company
President of TXU Energy North America	Outside the Kingdom	Limited Liability Company
President, Booz Allen Hamilton, Inc	Outside the Kingdom	Limited Liability Company



Sabah Khalil Ebrahim Al-Moayyad

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Board member and Chairman of the Investment and Loan Committee for Bahrain Development Bank	Outside the Kingdom	Public Joint-Stock Company
Board Member of Investcorp Financial Services - Bahrain	Outside the Kingdom	Public Joint-Stock Company
Member of the Board of Directors of the National Bank of Bahrain and an advisor to the Board - Banking and Financial Services Sector	Outside the Kingdom	Public Joint-Stock Company

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Member of the Board of Directors of the Higher Education Council, Kingdom of Bahrain	Outside the Kingdom	Government Agency
Vice President of United Gulf Bank in Bahrain, Investment Section, Banking and Financial Services Sector	Outside the Kingdom	Public Joint-Stock Company
-	-	-



Salim Maroun Fakhouri

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Chief of Commercial Sector at Al Hokair Fashion Company for Retail Co.	Inside the Kingdom	Limited Liability Company

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Director of Regional Markets for the Gulf Cooperation Council, Azadea Holding Group Head of the fashion sector at Azadea Holding Group, a private Lebanese limited liability Company, specializing in the retail sector, the Group operates as an operator of many international franchises and brands around the world, Lebanon	Outside the Kingdom	Limited Liability Company



Samer Mohammed Eshaq Ahmed Al-Khawashki

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Chief Executive Officer of Vision National Investment Holding	Inside the Kingdom	Limited Liability Company
Board Member of Saad Eddin Sweets	Inside the Kingdom	Limited Liability Company
Board member of the Healthy Water Bottling Company Ltd.	Inside the Kingdom	Limited Liability Company
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Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
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Executive Director and Board of Directors of Coca-Cola Saudi Arabia for refreshment packing, a limited liability Company, specialized	Inside the Kingdom	Limited Liability Company
Board Member of Jarir Marketing Company	Inside the Kingdom	Public Joint-Stock Company
Board Member he Health Water Bottling Company Limited	Inside the Kingdom	Limited Liability Company
Chief Executive Officer of Olayan Saudi Holding Co	Inside the Kingdom	Limited Liability Company
Board member of the Arab Medical Product Manufacturing Company "Enayah"	Inside the Kingdom	Limited Liability Company
Chairman of Al-Rashidi Al-Mezan Sweets Co.	Outside the Kingdom	Joint Stock Company
Board Member of Baxter Limited	Inside the Kingdom	Limited Liability Company
Board Member of Jossour Al-Emdad International Recruitment Company	Inside the Kingdom	Closed Joint Stock Company
Board Member and Chairman of the Executive Committee of the Gulf Food Union Company	Inside the Kingdom	Limited Liability Company
Board Member of Olayan Kamberley-Clark Arabian Co. Ltd	Inside the Kingdom	Limited Liability Company
Board Member of Arabian Colgate Palmolive Co. Ltd	Inside the Kingdom	Limited Liability Company
Head of the Consumer Products Sector for Olayan Financial Company	Inside the Kingdom	Limited Liability Company
Deputy CEO of Olayan Financial Co.	Inside the Kingdom	Limited Liability Company
Director General of Olayan Food Services Co. and its branches in Saudi Arabia and United Arab Emirates	Inside the Kingdom	Limited Liability Company



Saud Ghassan Alsulaiman

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Chief Executive Officer of Alsulaiman Group, Ghassan Ahmed Alsulaiman Furniture Trading Co.	Inside the Kingdom	Limited Liability Company
Chairman of Salasah Holdings Co. Ltd.	Inside the Kingdom	Limited Liability Company
Board Member of Inter IKEA Systems BVB (IKEA Global Strategic Sustainability Council)	outside the Kingdom	Limited Liability Company
Inter IKEA Systems BV (IKEA Global Strategic Business Council)	outside the Kingdom	Limited Liability Company
Board Member of Saudi Angel Investors	Inside the Kingdom	Limited Liability Company
Board Member of Riyadh Chamber of Commerce & Industry (Logistics Committee)	Inside the Kingdom	Non-Profit Organization
Board Member of Jeddah Chamber of Commerce & Industry (Commercial Committee)	Inside the Kingdom	Non-Profit Organization
Board Member of Athath Cooperative Society	Inside the Kingdom	Cooperative Association
Board member of Flow Progressive Logistics	Inside the Kingdom	Limited Liability Company
Chairman of Livspace (GCC)	Inside the Kingdom	Limited Liability Company
Board Member of Saudi Logistics Academy	Inside the Kingdom	Government

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Chairman of the Board of IKEA Forward	Inside the Kingdom	Limited Liability Company
Chief Executive Officer of IKEA - Saudi Arabia and Bahrain, Ghassan Ahmed Alsulaiman Furniture Trading Company	Inside the Kingdom	Limited Liability Company
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-	-	-
-	-	-

Members of the Board
of Directors who have
expired membership
on 25 April 25



Adel Abdullah Saleh Al-Maiman

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Chairman of the Continental Office at National Commercial Bank,	Inside the Kingdom	Public Joint-Stock Company
CEO of Treasury Sales in the Treasury Group at National Commercial Bank	Outside the Kingdom	Public Joint-Stock Company
-	-	-
-	-	-

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Head Sales Department of Treasury Group for Special Banking related to Retail and Companies,	Inside the Kingdom	Public Joint-Stock Company
The Co-Chairman of the Wealth Management Department of Jadwa Investment Company	Inside the Kingdom	Public Joint-Stock Company
Head of Customer Wealth Management of High Net Wealth, Investment Services	Inside the Kingdom	Public Joint-Stock Company
Director of Sales and Marketing Department, Treasury, Saudi American Bank (SAMBA),	Inside the Kingdom	Public Joint-Stock Company



Abdul Karim Abu Nasr

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Board Member of Abdul Latif Jameel United Finance Company	Inside the Kingdom	Closed Joint-stock Company
Board Member of Safnad Limited, Dubai, United Arab Emirates	Outside the Kingdom	Limited Liability Company
Board Member of Hasana, an investment arm of the General Organization for Social Insurance	Inside the Kingdom	Public Joint-Stock Company
Board Member of the Kafalah Program – General Organization of SME	Inside the Kingdom	Governmental Organization
Board Member of Health Water Bottling Company Limited	Inside the Kingdom	Limited Liability Company
Chairman of Selah Development Co	Inside the Kingdom	Limited Liability Company
-	-	-
-	-	-
-	-	-
-	-	-

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Board Member of Yanbu National Petrochemical Company (Yansab)	Inside the Kingdom	Public Joint-Stock Company
Board Member of Savola Group	Inside the Kingdom	Public Joint-Stock Company
Board Member of Kenan Real Estate Development Company	Inside the Kingdom	Limited Liability Company
Board Member of Mohammed Abdul Aziz Al Rajhi and Sons Holding Co.	Inside the Kingdom	Closed Joint-Stock Company
Board Member of the Saudia Airlines for Engineering and Aviation Industry	Inside the Kingdom	Closed Joint-Stock Company
Board Member of Ahmed Mohammed Saleh Baashen and Co	Inside the Kingdom	Closed Joint-Stock Company
Chief Executive Officer and Board Member of the National Commercial Bank	Inside the Kingdom	Public Joint-Stock Company
Chairman of the MasterCard Regional Advisory Council for the Middle East and North Africa	Inside the Kingdom	Limited Liability Company
Director of Arab Banking Union, Lebanon	Outside the Kingdom	Governmental Organization
Member of the Board of Trustees of the Arab Academy of Finance and Banking	Outside the Kingdom	Governmental Organization



Amin Mohammed Akef Al Maghrabi

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
President and Executive Director of Moghrabi Retail Company	Inside the Kingdom	Limited Liability Company
Board Member of Moghrabi Hospitals and Centers	Inside the Kingdom	Limited Liability Company
Board Member of Al-Amin Medical Instruments Company (AMICO Group)	Inside the Kingdom	Limited Liability Company
Board Member of Ghassan Ahmed Alsulaiman Furniture Trading Co., Ltd. IKEA Saudi Arabia	Inside the Kingdom	Limited Liability Company
Board member and partner of Moghrabi Optics Company Limited	Inside the Kingdom	Limited Liability Company
Board Member of ERP Global Capital Co. Ltd, United Arab Emirates	Outside the Kingdom	Limited Liability Company
Board Member of Moghrabi Foundation	Outside the Kingdom	Non-Profit Organization
Board Member of Ain Africa Foundation	Outside the Kingdom	Non-Profit Organization

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Head of the financial department of Moghrabi Retail Company	Inside the Kingdom	Limited Liability Company
Regional Director General of Moghrabi Co.	Inside the Kingdom	Limited Liability Company
General Manager of Marketing of Moghrabi Co.	Outside the Kingdom	Limited Liability Company
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-



Khalifa Hassan Khalifa Mohammed Al-Jalahmah

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Board member at Al Borg Medical Laboratories Co.	Inside the Kingdom	Limited Liability Company
Board Member of the Targeted Opportunities Co. Ltd	Inside the Kingdom	Limited Liability Company
Board Member of Aljouf Industrial Services Holding Co.	Inside the Kingdom	Limited Liability Company
Board Member of the Saudi Gulf Forth Jameston Ltd. Co.	Inside the Kingdom	Closed Joint-Stock Company
Board Member of Care and Innovation Company	Inside the Kingdom	Limited Liability Company
Board Member of Trading Expansion Development Company	Inside the Kingdom	Limited Liability Company
Board Member of the Saudi Care Sector Fund	Inside the Kingdom	Investment Fund
Board Member of Scope Solutions Company	Inside the Kingdom	Limited Liability Company

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-



Bander Talaat Hamooh

Names of companies where the Board Member is a member of their current Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
Chief Executive Officer of Panda Retail Co. – Savola	Inside the Kingdom	Joint-Stock Company
Board member of Al-Kabir Group of Companies	Inside the Kingdom	Closed Joint-Stock Company
Board member of Jamjoum Pharma for Pharmaceutical Industries	Inside the Kingdom	Limited Liability Company
Chairman of Modawah Medical Company	Inside the Kingdom	Limited Liability Company
Board Member of Al Salam Home Medical Services Company	Inside the Kingdom	Limited Liability Company
Member of the Executive Management of the First Health Assembly of Ministry of Health	Inside the Kingdom	Non-profit Governmental Organization
Board Member of Zuhair Fayez and Partners Co.	Inside the Kingdom	Joint-Venture Professional Company

Names of companies where the Board Member was a member of their previous Board of Directors or one of their managers	Inside or Outside the Kingdom	The legal entity
General Manager and Deputy Minister of Health Ministry	Inside the Kingdom	Governmental Organization
Chief Executive Officer of Al Nahdi Medical Company	Inside the Kingdom	Joint-Stock Company
CEO of Glaxo Smith Kline Saudi Arabia Limited	Inside the Kingdom	Limited Liability Company
-	-	-
-	-	-
-	-	-
-	-	-

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors shall meet once a month or when necessary to follow up operations and monthly and quarterly financial results and oversee activities of the Executive Management. The following are data and dates of the Board of Directors during 2021.

Attendance Record of the Directors during 2021

The current members of the Board of Directors whose membership began on 26 April 2021

Member Name	11 Jan 2021	24 Feb 2021	25 April 2021	5 May 2021	6 July 2021	28 Sept 2021	8 Dec 2021	Attendance ratio since appointment
Mr. Mohammed Ebrahim Al-Shroogi	Present	Present	Present	Present	Present	Present	Present	100%
Mr. Abdullah Abdul Aziz Al Othaim	Absent	Absent	Present	Present	Present	Absent	Present	57%
Mr. Brian Norman Dickie	Present	Present	Present	Present	Present	Present	Present	100%
Ms. Sabah Khalil Ebrahim Al Moayyad	Present	Present	Present	Present	Present	Present	Present	100%
Samer Mohammed Eshaq Ahmed Al-Khawashki	N/A	N/A	N/A	Present	Present	Present	Present	100%
Mr. Saleem Maroun Fakhoury	N/A	N/A	N/A	Present	Present	Present	Present	100%
Mr. Saud Ghassan Alsulaiman *	N/A	N/A	N/A	Present	Present	Present	Present	100%
Ex-Members of the Board of Directors on 25 April 2021								
Mr. Adel Abdullah Saleh Al-Maiman	Present	Present	Present	N/A	N/A	N/A	N/A	100%
Mr. Abdul Karim Abu Al-Nasr	Present	Present	Present	N/A	N/A	N/A	N/A	100%
Mr. Amin Mohammed Akef Al Maghrabi	Present	Present	Present	N/A	N/A	N/A	N/A	100%
Mr. Khalifa Hassan Mohammed Khalifa Al - Jalahmah	Present	Present	Present	N/A	N/A	N/A	N/A	100%
Bander Talaat Hamooh	Absent	Absent	Absent	N/A	N/A	N/A	N/A	0%

BOARD COMMITTEES AND THEIR MEMBERS

In order to achieve further efficiency, the Board of Directors has been supported in the performance of its activities with a number of internal committees, which is formed from the Board members or from the General Assembly as follows:

01

Audit Committee

02

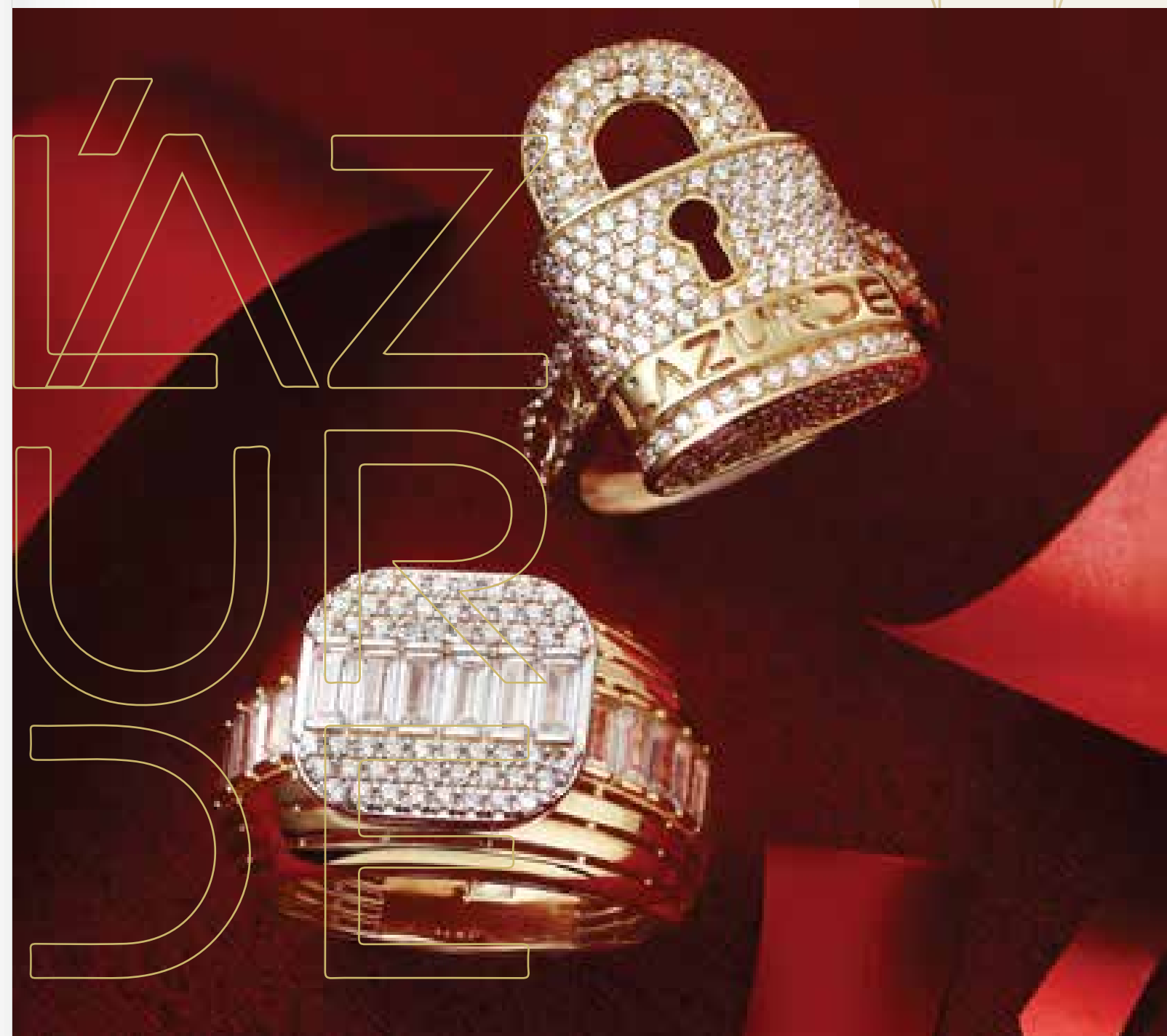
Executive Committee

03

Nomination and
Remuneration
Committee

These internal committees were created from the Board of Directors, with the exception of the Audit Committee, which was elected by the General Assembly. The number of members in each committee ranges from three to five members. The Regulation of the Audit Committee and the Nomination and Remuneration Committee was adopted by the General Assembly. The Board is also entitled to establish any number of committees that it deems necessary to achieve effective governance and supervise L'azurde operational activities, with specification of their powers, objectives and mechanisms for preparing their reports. On an annual basis, the Board reviews, approves or amends the powers of its sub-committees to ensure that these powers remain suitable for their purpose.

The Board's committees also submit their annual report to the Board of Directors, including the activities of the Committee, the results of its work, decisions and recommendations, with complete transparency. The Board of Directors is regularly following the activities of its committees to ensure that the duties assigned to them, where the chairs of the internal committees provide a quarterly report to the Board.



The Internal Committees of the Board may use external consultants and independent professional consultants and can request support from the staff at all functional levels within the Group to help them carry out their responsibilities. External consultants, some Directors and members of the Senior Management team, attend when needed, meetings with the members of this Committee and its Secretary, but only by the invitation from the Chairman of the Committee.

Each committee of Council committees shall bear responsibility in front of the Board of Directors with regards to its activities, although this responsibility does not exempt the Board of Directors from its responsibility for these activities, duties and powers that its authorized to its committees. The Audit Committee is also responsible for its performance and responsibilities in front of the General Assembly. The Audit Committee prepares and presents an annual report on the work of the Audit Committee to the General Assembly.

Board's committees include enough members of the executive and non-executive and independent members of the Board. The Chairman of the Board may be a member of the Board's committees, with the exception of the Audit Committee and is not entitled to be chairman of the Nomination and Remuneration Committee. The committees have full access to all employees, work locations, records, regulations and legal consultants, to be able it to carry out their responsibilities.

01 AUDIT COMMITTEE

The Audit Committee ("the Committee") was elected by the Ordinary General Assembly to follow up internal control systems, the financial reports of the Company and the internal and external audits of the financial reports and ensure compliance with applicable laws and regulations. Furthermore, the General Assembly authorized the Committee with responsibilities to oversee the Company's risk management pursuant to the regulations of the Audit Committee approved by the General Assembly on 8 January 2018.



Formation and Role of the Audit Committee

The Committee consists of a minimum of three members and not more than five members, including one specialized in financial affairs and accounting. The members of the Audit Committee are appointed by the General Assembly for a period simultaneous to the period of appointment of that member as a Board member, and he/she may be isolated or replaced by the General Assembly at any time. The members of the Audit Committee are also nominated for election by the General Assembly in accordance with the policy of criteria and conditions for membership of the Board of Directors. At the end of the term of the Audit Committee, the Company follows the manner stipulated in the policy and criteria for candidacy for membership of the Board of Directors and committees.

The members of the Committee must be selected in a manner that ensures the availability of various competencies, skills and expertise, and the proper understanding of the industry in which L'azurde operates. At least one member must have reasonable accounting or financial experience.

Members of the Executive Board and the Chairman shall not be entitled to the membership of the Audit Committee. Anyone working or who has worked in the Company's Finance Section, Executive Management or the external auditor of the Company during the former two years shall not be entitled to be a member of the Committee. At least one member of the Committee shall be an independent Board member.

In the case of a vacant seat in the Committee, the Board of Directors appoints a temporary member in the Audit Committee within 40 days of vacancy, based on the recommendation of the Nomination and Remuneration Committee. The appointment shall then be presented to the General Assembly for the approval of appointment as a permanent member by shareholders at the first meeting of the General Assembly held after the seat became vacant.

The main role of the Audit Committee is to ensure the availability of a monitoring and audit mechanism for supporting accuracy and integrity of the Company's reports, and its financial statements and reports, ensure the integrity, efficiency of internal control systems and the Company's risk management systems, and ensure the Company's compliance with applicable regulations and laws, as well



as supervising the Company's business. The Committee shall generally have the authority to audit and review any activity within its jurisdiction or other functions may be specifically requested by the Board of Directors. The Committee is entitled to review all records and deal with L'azurde staff (including internal audit) and external auditors without restrictions. The Board of Directors shall grant the Committee the authority to obtain external legal advice or other independent legal consultations as necessary to assist the Committee in the performance of its work.

To ensure the independence of the Audit Committee, there are direct communication channels with the Chairman of the Internal Audit and External Auditors, where they can communicate directly with the Audit Committee without any mediator.

AUDIT COMMITTEE MEMBERS

Members of the Committee during the period from 26 April 2021 until 25 April 2024

Name	Position	Membership Status	Date of Appointment
Mrs. Sabah Khalil Ibrahim Al-Moayyad 1	Chairwoman of the Audit Committee	Independent - Non-Executive	26 April 2021
Mr. Brian Norman Dickie	Member of Audit Committee	Not Independent - Non-Executive	26 April 2021
Mr. Salim Maroun Fakhouri 2	Member of Audit Committee	Independent - Non-Executive	26 April 2021

1 Mrs. Sabah Khalil Ibrahim Al-Moayyad, Independent Member of the Board of Directors, Chairman of the Audit Committee and specialist in accounting and financial affairs.

2 Mr. Salim Maroun Fakhouri, independent Member of the Board of Directors, Member of the Audit Committee and Specialist in Finance and Accounting.

Members of the Committee during the period from 1 January 2021 until 25 April 2021

Name	Position	Membership Status	Date of Appointment
Mrs. Sabah Khalil Ibrahim Al-Moayyad	Chairman of the Audit Committee	Independent - Non-Executive	22 April 2018
Mr. Brian Norman Dickie	Member of Audit Committee	Not Independent - Non-Executive	22 April 2018
Mr. Adel Abdullah Saleh Al-Maiman	Member of Audit Committee	Not Independent - Non-Executive	22 April 2018
Mr. Khalifa Hassan Khalifa Mohammed Al Jalahmah	Member of Audit Committee	Not Independent - Non-Executive	10 December 2019

AUDIT COMMITTEE MEETING IN 2021

The committee meets on a quarterly basis with additional meetings when necessary. The committee held fourteen (14) meetings over video conference calls during the year 2021 due to the COVID-19 pandemic and related implemented precautionary measures. The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) were invited to the meetings, when required, to provide any clarification on accounts and financials.

The CEO and CFO attended all the meetings except when the Audit Committee met alone with External Auditors to get feedback on management, which was always positive. Minutes of each meeting were documented and subsequently presented to the Board for approval.

The Chairwoman of the Audit Committee conveyed to the Board, matters of significant concern as and when raised by the External Auditors or Head of Internal Audit department. There is no conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors.



Member Name	5 Jan 2021	10 Jan 2021	2 Mar 2021	16 Mar 2021	23 Mar 2021	28 Mar 2021	22 April 2021	27 May 2021	17 June 2021	3 Aug. 2021	9 Aug. 2021	17 Aug. 2021	28 Oct. 2021	23 Nov. 2021	Ratio of Attendance
Mr. Sabah Khalil Ibrahim Al-Moayyad	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	100%
Mr. Brian Norman Dickie	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	100%
Mr. Salim Maroun Fakhouri	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Present	Absent	Present	Present	Present	Present	Present	85.7%
Mr. Adel Abdullah Saleh Al-Maiman	Present	Present	Present	Absent	Absent	Absent	Absent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	42.85%
Mr. Khalifa Hassan Khalifa Mohammed Al Jalahmah	Present	Present	Present	Present	Present	Present	Present	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%

Activities Summary of the Audit Committee during 2021

- 01 Review the quarterly and annual financial results and statements of the Group.
- 02 Review the contents of the annual report of the Board of Directors and notify the Board of Directors that the annual report as a whole expresses the results of the Company activities and clearly provides information to the shareholders to assess the performance of the Company, its business model and strategy.
- 03 Review the strategy and methodology approved for audit work with external auditors and management, in particular what is related to the main audit matters within the report of the independent auditor until the end of the year.
- 04 Review the audit reports and results concluded by the Internal Audit Section and External Auditor and Regulators, and management response to their recommendations.
- 05 Review quarterly reports on legal and regulatory compliance, including combating bribery, corruption and reporting of such cases.
- 06 Review assessment method of TOUS brand.
- 07 Review convenience and effectiveness of the internal control systems.
- 08 Supervise the risk management function and evaluate the effectiveness of systems and mechanisms to identify and control risks, including monitoring of risk policies and procedures.
- 09 Review and monitor the independence of external auditors and works related to services other than audit services.
- 10 Review of the fees of the External Auditor for the year 2022, letters associated with the audit process and recommendation to the Board of Directors for approval.

The Board of Directors reviewed and approved the annual report on the activities of the Audit Committee for the year 2022. While the Group's Audit Committee conducted the annual review of the effectiveness of the Group's internal control procedures, and issued the findings and recommendations of this annual review, as follows:

01 Financial Reporting

- I The Committee reviewed the quarterly financial statements for the first, second and third quarters of 2021.
- I The Committee reviewed the 2021 Consolidated Financial Statements in conjunction with the External Auditors, Baker Tilly ("BT"). Based on this review and discussions with management, the Committee was satisfied that the Consolidated Financial Statements were prepared in accordance with applicable accounting standards in KSA (International Financial Reporting Standards approved by SOCPA) and fairly presents the Group's financial position and results of its operations for the year ended 31 December 2021.
- I The Committee therefore recommended the Consolidated Financial Statements for the year ended 31 December 2021 to be approved by the Board and General Assembly.

02 Reviewing the internal control systems

- I The committee reviewed the efficiency of the Group's policies and procedures for internal control systems (including financial and operational work, information technology and risk management, information security, compliance with relevant legal and regulatory systems, and control systems designed to detect fraudulent acts) by reviewing the work and reports of the Internal Audit Department and external independent auditor, and periodic reports from management, including those related to risk management and compliance with legal and regulatory systems.
- I The Audit Committee conducted an evaluation of the internal control systems applied during the fiscal year ending on December 31, 2021 and approved the management's assertion that the Group's internal control and risk management systems are effective, working well and in compliance with the standards and requirements of the Corporate Governance Regulations. The Audit Committee expressed its satisfaction with the internal control mechanisms and systems adopted by the Company to monitor and correct non-compliance.

03 Related Party Transactions

- I The committee reviewed the Company's transactions with related parties. The Committee was not aware of any conflict of interest within the Company or the Group, including any transaction, procedure or course of action that would raise questions about the integrity of the management and call for notification to the Board of Directors.
- I The Committee reviewed the limited review report of the external auditors (Baker Tilly) in relation to transactions with related parties during the year 2021.

04 External Audit

- I The committee obtained a written confirmation letter from the external auditor (Baker Tilly), dated June 19, 2021, to confirm its independence. The Committee expressed its agreement that the external auditors are now independent and throughout the audit practice in accordance with the relevant professional and regulatory requirements, and that they have fulfilled the criteria of suitability.
- I The Committee held four special meetings with external auditors during 2021 without the presence of the CEO and management. The opinion of Baker Tilly during these sessions was consistent regarding audit procedures and management cooperation, as the auditors did not make any observations.

05 Re-appointment of external auditors

- I In accordance with the requirements of the Corporate Governance Regulations, at least (2) companies specialized in auditing must be nominated to the General Assembly, so the Audit Committee reviewed the offers of professional services for auditing for the year 2022 submitted by specialized companies. Accordingly, the committee nominated three audit offices, the following are:

1. Baker Tilly & Co. (MKM) Certified Public Accountants
2. Crowe Howarth, Al-Azeem, Al-Sudairy, Al-Sheikh & Co. - Certified Public Accountants
3. The Saudi RSM Company - member of RSM International



06 REVIEW RESOURCES OF ACCOUNTING, FINANCIAL REPORTING AND INTERNAL AUDIT FUNCTIONS

- I The Audit Committee reviewed and was satisfied with the adequacy of the resources, qualifications and experience of staff, training programs and budget available to the Group's financial department, accounting department and financial reporting.
- I A head of the Internal Audit Department was appointed to succeed the previous one on January 17, 2021, and some projects were outsourced during the year until the appointments of the entire internal audit team was completed.

Responsibilities and duties of the Audit Committee

The Audit Committee performs its full duties and responsibilities in accordance with the Regulations of the Audit Committee and as recommended under the Company's Governance Regulation, as well as supervision of the Company's risk management. The Audit Committee submits its recommendations to the Board of Directors or the Shareholders, as appropriate.

The Audit Committee also supervises preparation of financial reporting, risk management and internal control systems of the Company in order perform its duties and responsibilities. The Review Committee shall:

01 With regard to External Auditors

1. Submit its recommendations to the Board of Directors on the appointment of external auditors, removing them, identifying their fees and evaluating their performance after verifying their independence and reviewing their scope of work and contract terms related to their professional work.
2. Check the independence of the external auditor, its objectivity, and efficiency of its review activities, taking into account the relevant rules and standards.



3. Monitor and carry direct responsibility for overseeing the work of external auditors (including settlement of differences that may arise between management and external auditors on financial reporting) for the purpose of preparing audit or business reports.
4. See the audit plan and scope of work of external auditors and the approach for review, and ensure that they have not contained any technical or administrative work that exceed their scope of work and provide an opinion on them.
5. See all audit services provided by external auditors, review and submit its recommendations to the Board of Directors.
6. Review and see all other services related to audit actions submitted by external auditors and approve them (these services must be disclosed in periodical reports).
7. Review the reports of external auditors and their comments on the financial statements and follow-up actions taken on these reports.

02 With regard to Financial Statements

1. Review quarterly financial statements for the Company and its audited annual financial statements and discuss them with the management and external auditors before submitting them to the Board of Directors for approval. After which, the Committee will express its view and recommendations to the Board of Directors with regard to these statements to ensure their integrity, fairness and transparency.
2. Review disclosures to be included in the financial statements in accordance with all regulatory requirements.



3. Express its technical opinion, under the request of the Board of Directors, on whether the report of the Board of Directors and the financial statements of the Company are fair, balanced and understandable and contain information that allows shareholders and investors to assess the Company's financial position, its performance, business model and strategy.
4. Access to legal or regulatory matters relating to compliance with applicable regulations and laws with the management, external auditors, and the Company's legal section as appropriate, which may have a significant impact on the Company's financial statements, including significant changes in accounting standards or accounting rules.
5. Study estimates and accounting policies in relation to the important issues contained in financial reports.
6. Obtain clarifications from the Management with regard to extraordinary differences in the Company's financial statements from one year to another, and review the External Auditors letter of recommendations and the Management response to it.

03 Internal Audit and Internal Control Systems

1. Supervise the Internal Audit works in the Company to ensure their effectiveness in implementing activities and duties.
2. Recommend to the Board of Directors appointment and replacement of the Chairman of the Internal Audit and his/her remuneration. The Committee must also see the qualifications of the Head of the Internal Audit.
3. Annually review the performance and effectiveness of the Internal Audit Department internally, and once every five (5) years externally.
4. Ensure the independence of Internal Audit Department from Executive Management, and the Internal Auditor must submit reports on audit aspects to the Committee while on administrative aspects to the CEO.
5. Meeting with the Internal Auditor continuously and individually to discuss any matters that the Committee or the Internal Audit Department believes should be discussed in person.
6. See the internal audit plan and all major changes to it and approve them.
7. See internal audit reports and follow up the implementation of corrective actions with regard to comments contained in these reports.

04 Regarding Risk Management

1. Develop a comprehensive risk management strategy and policies consistent with the nature and volume of the Company's activities, following and updating them based on internal and external variables.
2. Ensure the feasibility of continuing the Company and continuity of the success of its activities, and identify the risks threatening it during the next twelve (12) months.
3. Supervise the Company's risk management system and assess the efficiency of the systems and mechanisms to identify and control the risks that threaten the Company to identify areas of inefficiency therein.
4. Provide recommendations to the Board of Directors on Risk Management.
5. Receive semi-annual reports on accidents and complaints and ensure that corrective actions taken after these incidents and complaints are appropriate.

05 Regarding Compliance with Regulations and Laws

1. Review the efficiency of the Control System and their compliance with laws, regulations and results of any administrative investigations, and follow-up any non-compliance cases (including disciplinary actions).
2. Obtain regular updates from the management and legal advisor of the Company with regard to compliance with systems and regulations.
3. Review contracts and transactions with relevant parties and submit their recommendations to the Board of Directors.





The Board of Directors and the Executive Management continuously assess risks as follows:

Risk Assessment

The Board of Directors and the Executive Management assess risks on an ongoing basis, including risks related to financial reporting, and assess measures to manage, reduce or eliminate specific risks.

The Internal Audit Department helps the Executive Management of L'azurde and the Audit Committee to determine financial risks and mitigate their potential impact on the business and financial reporting process.

The Audit Committee reviews the business risk areas that are high and frequently occur, including important accounting estimates and fundamental changes in accounting policies.

Financial Reporting Activities

- The financial statements and reports for L'azurde Company and its subsidiaries are prepared in accordance with a precise and organized process and are controlled by local observers with local market knowledge as well as the internal audit function of the Group. Officials responsible for internal control function are continuously trained on accounting and new financial reporting requirements and continuously observe commitment to relevant legislation.
- The financial reporting process is based on the Group's IT systems. Any weaknesses in the system controls and relevant risks for the financial reporting are mitigated through manual controls.
- The Group assesses its regulatory environment through self-assessment of the effectiveness of the executed controls. The internal audit function assesses the effectiveness of the Group's supervisory environment continuously and raises its findings to the Audit Committee.



Control Activities

- Internal control procedures and risk management systems of the L'azurde Group, including the function of reporting offenses, are subject to monitoring, testing and documentation continuously.
- The Audit Committee monitors controls, internal control systems and risk management processes to ensure mitigating the specific risks. In addition to monitoring procedures and regulations, financial risks are reviewed through monthly performance reviews and audit operations by the Internal Audit function.

Information and Communication

- Group financial controllers are appointed within the Finance Department for subsidiaries to ensure the existence of a direct contact line, and reporting directly to the Group's Finance Section, and they are supervised by the Group's financial manager. In addition, the Internal Audit function is present in all meetings of the Audit Committee and provides regular reports and updates on the internal control systems and environment. In addition, the Head of the Internal Audit Department holds regular meetings with the Group's Financial Manager. This organization guarantees transparency and exchanges communications with the Audit Committee on time.
- The Board of Directors has adopted the policy of investors' relations which requires all communications with stakeholders, including financial reports, to be made appropriately and in a timely manner and openly - internally and externally - and shall be realistic and in accordance with applicable laws and regulations.

Internal Control System

The Board approves an internal control system for the Company with a view to assessing risk management policies and procedures, applying the agreed Corporate Governance and compliance with relevant laws and regulations. This system ensures compliance with the accountability standards at all executive levels of the Company and their application by parties in line with relevant control provisions and operations.



Establish Independent Managements to Assess and Manage Risks and Internal Audit

- For the purpose of implementing the approved internal control system, the Company has established a management system for assessing and managing the risks and internal audit.

Duties of Internal Audit Department

- The Internal Audit Department assesses and monitors the implementation of the internal control system, verifies compliance of the Company and its employees with applicable laws, regulations, and Company's policies and procedures.

Structure of Internal Audit Department

- The Internal Audit Department consists of the Head of Internal Audit whose appointment is recommended by the Audit Committee. He/she is responsible in front of the Audit Committee and a number of competent staff. The following points should be considered in formation and operation of the Internal Audit Department:



The Internal Audit Department raises its reports to the Audit Committee, reports to it and is accountable in front of it.



The Internal Audit Department must be granted access to information and documents, and enabled to obtain them without any restrictions.



The personnel working in the Internal Audit Department must be competent, independent and adequately trained. They may not be assigned to any other tasks other than internal auditing and ongoing assessment of the internal control system.



The Remunerations of the Head of Internal Audit Department shall be determined based on the recommendation of the Audit Committee in accordance with the policies of the Company.

Internal Audit Plan

- The Internal Audit Department works in accordance with a comprehensive audit plan adopted by the Audit Committee. The plan is updated annually. Key activities and operations, including risk management and compliance management activities, must be reviewed at least annually.

Maintaining Internal Audit Reports

- The Company maintains the audit records of and work documents showing its achievements, results of its work, recommendations and all measures taken in this regard.

The Board of Directors' Responsibility regarding Internal Control Systems

- The Board of Directors is committed to ensuring the linkage of the Internal Audit Department with the Audit Committee works, considering it as one of the necessary tools to control and improve performance and supervision of the Company for the development of internal systems and policies and Corporate Governance.

The basic functions of the Board of Directors regarding internal control issues include the following:



Ensure the integrity of financial and accounting systems, including financial reporting systems.



Ensure the application of a transparent risk management system by determining the general perception of the risks that may face L'azurde and its subsidiaries.



Annual audit of the efficiency of internal control systems, policies and procedures applied in L'azurde and its subsidiaries.

Efficiency of Internal Control Systems and Procedures

- The Board of Directors has conducted an assessment of the main risks facing the Group and the Internal Control Framework in the Group, and the study of the efficiency of the internal control system applicable in the Group for fiscal year 2021 covered by the annual report and accounts and until the date of approval of the Board of Directors.

- They include the controls and physical procedures, including those related to financial and operational aspects, compliance controls and procedures, and risk management arrangements. Internal controls are designed to manage risks in a way that enables the Company to manage risks that may hinder the achievement of the objectives, which can provide a reasonable, but not absolute, guarantee against any mistake or physical loss.
- There are a range of responsibilities and reporting lines involving effective operation of the risk management system in L'azurde. The Audit Committee also directly supervises the internal audit process in L'azurde. The Internal Audit Department shall examine the efficiency and effectiveness and regularly evaluate internal control systems.
- The following are the results of the annual audit of efficiency of the Company's internal control systems and procedures and the view of the Audit Committee regarding the adequacy of the Company's internal control system for the fiscal year ended 31 December 2021:



The risk management and internal control systems have been effective.



The Group adopted mechanisms and control systems necessary to monitor and immediately correct the non-compliance.



The Group has satisfactorily adhered to the requirements of the Corporate Governance Regulations regarding risk management and internal control systems.

Confirmation of the Board of Directors

- The Audit Committee directly supervises the internal audit works, while the Internal Audit Department periodically checks the efficiency and effectiveness of internal control systems in the Company. Therefore, based on the above and according to the reports and recommendations received from the Audit Committee and the established Work Plans, the Board of Directors confirms the following points:

01

The Board has not been informed of any issues that can lead the Council to believe that there is a significant deficiency that should be disclosed with regard to the safety of financial and accounting systems.

02

Control systems work effectively and facilitate work to mitigate potential risks that may be faced by L'azurde and its subsidiaries. The Board of Directors has not been informed of any issues of substantial importance or requiring disclosure related to the work of internal controls.

03

All necessary corrective measures and actions have been taken on all observations and recommendations submitted by the Internal Audit Department to the Audit Committee.

Preparation of Financial Reports

- The Department shall be responsible for developing appropriate and effective internal controls and procedures on preparing and maintaining financial reporting. These controls are designed to provide a reasonable guarantee regarding the reliability of financial reporting and financial statements for external reporting purposes.
- The Group has a comprehensive package of processes, procedures and programs necessary for planning, budget preparation, management of prospects and monthly financial reporting system. The Group's financial results summary supported by the exhibits and performance measures are provided monthly to the Board of Directors.
- The reporting process is supported through consolidated financial systems related to transactions. The financial management reviews financial reporting controls, while the Board of Directors examines the results of these reviews as part of its observation of the performance and effectiveness of financial reporting controls.

- The Audit Committee reviews the application of financial reporting standards and any accounting estimates made by the management. These matters are also discussed with external auditors.
- Overall, the annual financial statements should be fair, balanced, understandable and providing necessary information to shareholders to assess the financial position of the Group, its performance, work model and strategy. The Board of Directors expresses its conviction that the financial statements meet this commitment.
- The Committee is concerned with the submission of recommendations and follow-up the implementation of the Company's strategies, future plans, internal policies and regulations by submitting their recommendations and following up the implementation of the projects and the investment objectives of the Company. This is in addition to supervising the budget plan and following up the performance of the Company, and approving some issues on behalf of the Board of Directors within the limits of powers granted to it by the Board of Directors. The Committee also addresses some specific tasks authorized to the Committee by the Board of Directors, which need further study and analysis.



02 NOMINATION AND REMUNERATION COMMITTEE



The Committee is concerned with the development of policies and regulations for nomination for membership of the Board and Committees in line with relevant regulations and laws issued by the supervisory agencies supervising the Company's work. This is in addition to developing and reviewing and updating policies on compensation and Remunerations of members of the Council, committees, executive management and raising any recommendations to the Board of Directors in preparation for submission to the General Assembly. It also ensures the adequate disclosure of Remunerations and compensations in the Company's annual report in accordance with relevant regulations and laws, and examine the topics referred to the Committee from the Council and provide recommendations regarding them.

The Nomination and Remuneration Committee was established by the Board of Directors. The primary purpose of it is to provide recommendations to the Board of Directors on the nomination and re-nomination of members of the Board of Directors and the provision of recommendations on the policy of Remunerations and the individual benefits and Remuneration of the members of the Board of Directors, members of the Committee and the Executive Committee, and other issues relating to the performance of the Board of Directors and the Company's committees and executive committees.

The Nomination and Remuneration Committee is one of the Council's committees and directly reporting to the Board of Directors through its Chairman.

The Chairman of the Committee shall draw the attention of the Board of Directors to any issues that require the approval of the Board and/or take action by it at the earliest meeting scheduled for the Board.

The Committee consists of at least three members; Two of them are non-executive Board members, and another one should be an independent Board member. The Chairman of the Committee must be one of independent Board members. The Executive Members of the Board are not entitled to get membership of the Committee. The members of the Committee shall be appointed by the Board of Directors for a period coinciding with the membership period of the Board of Directors.

In order to implement its duties, the Committee shall be entitled to gain access directly to all staff at different functional levels in the Company as required by its job responsibilities. The Committee maintains effective working relationships with the Executive Management. The role of the Committee is represented in the following main objectives:

01 With regard to Nominations

Propose the policy and standards of the membership of the Board of Directors and the Executive Management.

Make recommendations to the Board of Directors on candidates for new appointments or reappointment at the Board and the Company's committees.

Evaluate the various things related to nominations, Board performance, committees and executive management, and make recommendations to the Board of Directors.

Review succession plans for the Board of Directors and Executive Management.

Review of employment policy, termination of services and termination of the service of executive management.

02 With regard to Remunerations

Develop incentive plans.

Establish retirement arrangements.

Highlight any cases of deviation from the policy of Remunerations, and review this policy periodically.

Provide recommendations on the individual Remunerations and advantages package for the members of the Board of Directors and its committees and the Executive Committee in accordance with the appropriate reward policy.

Provide recommendations to the Board of Directors regarding Remunerations policy for its members, committees and executive management.



Members of the Nomination and Remuneration Committee

The following table shows the formation of the Nomination and Remuneration Committee, the names and positions of the members of the Committee:

Members of the Committee during the period from 26 April 2021 until 25 April 2024

Name	Position	Membership Status
Mr. Salim Maroun Fakhouri	Chairmanof the Nomination and Remuneration Committee	Independent, Non-Executive
Mr. Samer Al-Khawashki	Member of the Nomination and Remuneration Committee	Independent, Non-Executive
Ms. Sabah Khalil Ebrahim Al Moayyad	Member of the Nomination and Remuneration Committee	Independent, Non-Executive
Mr. Brian Norman Dickie	Member of the Nomination and Remuneration Committee	Not Independent, Non-Executive

Meetings of Nomination and Remuneration Committee

The Nomination and Remuneration Committee held during 2021 eleven meetings. The following table shows a schedule of meetings of the Nomination and Remuneration Committee and the Attendance ratio during the year 2021

Member Name	4 Jan 2021	28 Jan 2021	9 Feb 2021	8 Mar 2021	19 May 2021	25 May 2021	23 June 2021	13 July 2021	15 Sept. 2021	28 Oct. 2021	29 Nov. 2021	Attendance Ratio
Mr. Brian Norman Dickie	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	100%
Mr. Salim Maroun Fakhouri	N/A	N/A	N/A	Present	Present	Present	Present	Present	Present	Present	Present	100%
Mr. Samer Al-Khawashki	N/A	N/A	N/A	Present	Present	Absent	Present	Present	Present	Present	Present	83.3%
Ms. Sabah Khalil Ebrahim Al Moayya	N/A	N/A	N/A	Present	Present	Present	Present	Present	N/A	Present	Present	100%
Mr. Abdul Karim Asaad Abu Al-Nasr	Present	Present	Present	Present	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%
Mr. Adel Abdullah Saleh Al-Maiman	Present	Absent	Present	Present	N/A	N/A	N/A	N/A	N/A	N/A	N/A	75%
Mr. Bandar Talaat Hamoh	Absent	Present	Absent	Absent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25%

Members of the Committee during the period 1 January 2021 until 25 April 2021

Name	Position	Membership Status
Mr.Abdul karim Asaad Abu Al-nasr	Chairman of the s Committee	Independent Non-executive
Mr. Brian Norman Dickie	Member of the Committee	Non-Independent, Non-executive
Mr. Bandar Talaat Hamooh	Member of the Committee	Independent Non-executive
Mr. Adel Abdullah Saleh Al-Maiman	Member of the Committee	Non-Independent, Non-executive

03 EXECUTIVE COMMITTEE

According to the regulation of Corporate Governance issued by the Capital Market Authority and the internal regulation of Governance, and to meet the needs of the work as appropriate, the Board of Directors formed the Executive Committee for the following objectives:



Provide recommendations and follow up the implementation of the Company strategies, future plans, policies and internal regulations.



Provide recommendations and follow up the implementation of the Company's projects and operational and investment objectives.



Supervise the budget plan and follow up the performance of the Company.



Approve some issues on behalf of the Board of Directors within the limits of powers granted to it by the Board of Directors.



Address some specific tasks authorized to the committee by the Board of Directors, which need further study and analysis.

The Executive Committee is one of the Board's committees and reports directly to the Board of Directors through its Chairman. The Chairman of the Executive Committee shall present to the Board of Directors any issues or matters requiring the approval or action to be taken by the Board at the earliest meeting of the Board. In order to implement its duties, the Executive Committee is entitled to access to staff of different career levels directly and as required by its work tasks. The Executive Committee also maintains effective working relationships with the Executive Management.

MEMBERS OF EXECUTIVE COMMITTEE

Members of the Committee during the period from 26 April 2021 until 25 April 2024

Name	Position	Membership Status
Mr. Brian Norman Dickie	Chairman of the Executive Committee	Non-Independent, Non-Executive
Mr. Selim Chidiac	Member of the Executive Committee	Member from outside the Board/CEO
Mr. Abdullah Abdul Aziz Al Othaim	Member of the Executive Committee	Non-Independent, Non-Executive
Mr. Saud Ghassan Alsulaiman	Member of the Executive Committee	Independent, Non-Executive

Members of the Committee during the period from 1 January 2021 until 25 April 2021

Name	Position	Membership Status
Mr. Brian Norman Dickie	Chairman of the Executive Committee	Non-Independent, Non- Executive
Mr. Selim Chidiac	Member of the Executive Committee	CEO
Mr. Khalifa Hassan Khalifa Mohammed Al Jalahmah	Member of the Executive Committee	Non-Independent, Non- Executive

Meetings of the Executive Committee

The Executive Committee shall hold their meetings every three months or when necessary at a call from the Chairman of the Committee to follow up their activities and operational activities of the Company and other relevant matters.

The Executive Committee holds its meetings quarterly every three months or when necessary based on an invitation from the Chairman of the Committee to follow up on its activities and operational processes of the Company and other related matters.

Member Name	27 May 2021	8 June 2021	27 June 2021	20 Sept. 2021	26 Sept. 2021	16 Nov. 2021	Attendance Ratio
Mr. Brian Norman Dickie	Present	Present	Present	Present	Present	Present	100%
Mr. Abdullah Al Othaim	Present	Present	Absent	Absent	Absent	Present	40%
Mr. Selim Chidiac	Present	Present	Present	Present	Present	Present	100%
Mr. Saud Ghassan Alsulaiman	Present	Present	Present	Present	Present	Present	100%
Mr. Khalifa Hassan Khalifa Mohammed Al Jalahmah	N/A	N/A	N/A	N/A	N/A	N/A	-

Responsibilities and Duties

The Executive Committee shall enjoy all powers and authorities to carry out the following tasks without prejudice to the powers of the Board:

- 01 Prepare strategies, future plans, internal policies, regulations and subsidiaries, and submit their recommendations to the Board of Directors and supervise their implementation.
- 02 Provide recommendations to the Board of Directors on the adoption of projects and investment objectives of the Company and supervise their implementation.
- 03 Appoint external advisers to provide advisory services to L'azurde Group.
- 04 Approve opening or closing of new retail stores.
- 05 Approve the establishment of new subsidiaries.
- 06 Approve unbudgeted capital expenditures not included in the annual budget of the Company with a value not exceeding five hundred thousand (500,000) Saudi Riyals for each case and a total value of two million (2,000,000) Saudi Riyals for each financial year.
- 07 Review and assess the Company's business plan and annual budgets and make recommendations to the Board of Directors.
- 08 Review the Company's performance during each meeting of the Executive Committee and assess performance against objectives, examine and submit inquiries on factors, trends and major developments, and based on that provide the advice to the Management.
- 09 Review the Company's performance on a monthly basis in light of approved goals and budgets, according to the reports of the specific performance indicators provided monthly by the Company's executive management. Notify the Management and the Board of Directors of the important developments observed. The Committee is entitled to ask the Company to hold additional meetings when needed.
- 10 Advise the Board of Directors on the determination of dividends, taking into account any recommendations provided by the Audit Committee.
- 11 Review the policies and procedures developed by the Executive Management, but without adoption of any order requiring the Board's approval.
- 12 Implementation of any other tasks determined by the Board of Directors.

Members of the Executive Management



Mr. Selim Chidiac

Chief Executive Officer (CEO)



Mr. Ayman Gamil Ammar

Group Chief Financial Officer (CFO)



Mr. Abdullah Ahmed Al Obeid

Head of Administrative and Human Resources



Mr. Ihab Ebrahim Ishaq

Chief Operating Officer L'azurde Egypt



Mr. Rizwan Rajpoot

Chief Digital Officer



Mr. Mohammed Akoum

Managing Director of Retail Sector



Mr. Basel Abo Shami

Managing Director of Wholesale Sector



Selim Chidiac

Chief Executive Officer (CEO)

- | Area Director Middle East, North Africa, Greece Red Bull, Austria, 1999 to 2004
- | Marketing Manager Procter & Gamble, Geneva, Switzerland, 1994 to 1998

Qualifications

- | Master Degree in Engineering. High School of Chemistry, Physics and Electronics, Lyon, France
- | Holds Executive Management Programs from: INSEAD, Paris; London Business School; IMD, Lausanne, Switzerland Harvard Business School; University of California and GCC Board of Directors Institute

Current Jobs

- | CEO L'azurde Company for Jewelry, since 2010
- | Board Director at Theeb Car Rental Company, Saudi Arabia; since Feb 2020
- | Member of the Executive Committee at L'azurde Company for Jewelry

Previous Jobs and Expertise

- | Board Executive Director, L'azurde Company from Dec. 2018 until March 2020
- | CEO Red Bull North America, Santa Monica, USA, 2006 to 2010
- | CEO Red Bull Japan and Head of Region Asia Pacific Middle East Africa (APMEA), Tokyo, Japan, 2005 to 2006
- | Head of Region Red Bull Asia Pacific Middle East Africa (APMEA), Dubai, UAE, 2004 to 2005



Ayman Gamil Ammar

Group Chief Financial Officer (CFO)

Current Jobs

- | Group Chief Financial Officer for L'azurde Jewelry Company, since 2014.

Previous Jobs and Expertise

- | Group Chief Financial Officer of National Printing Co., Joint stock Company for printing, packaging and Media from 2012 to 2014.
- | International Markets Financial Controller (for Africa, Middle East, Near East, CIS, Turkey and Pakistan), SC Johnson, A Group of FMCG companies, from 2010 to 2012.
- | Regional Financial Director (Middle East and North Africa), SC Johnson, from 2006 to 2010.
- | Financial Manager, SC Johnson (Egypt), from 2004 to 2006.
- | Finance Director, Fromageries Bel Egypt, FMCG, from 2001 to 2004
- | Financial Controller, GlaxoSmithKline, a Joint stock limited Company, Pharmaceutical, from 1997 to 2001
- | Senior Accountant, Ernst & Young, Partnerships Company, from 1994 to 1997.
- | Account Manager, CR & S, IT, from 1992 to 1994.

Qualifications

- | B.Sc. Commerce, Accounting - Cairo University, 1991
- | Fellow Chartered Certified Accountant - (FCCA) UK, 1999
- | Certified Internal Auditor (CIA) - USA, 2001
- | Certified Treasury Professional (CTP) - USA, 2002

- | Investment Management Specialization - University of Geneva, 2020
- | MicroMaster Digital Leadership - Boston University, USA, 2020
- | MicroMaster Digital Product Management - Boston University, USA, 2020
- | Professional Certificate in Strategic Management - Wharton, Univ. of Penn., 2020
- | Regulatory Compliance Specialization - University of Pennsylvania, 2021



Abdullah Ahmed Al-Obeid

Head of Administrative and
Human Resources

Current Jobs

- Head of Administrative and Human Resources of L'azurde Jewelry Co. since 2006

Previous Jobs and Expertise

- Director of Public Relations, L'azurde Jewelry Company, since 1995 until 2000.
- Director of government relations, State Telecommunications Company (STC), a joint stock Company specialized in communications, since 1990 until 1994.

Qualifications

- Business Administration Diploma, Gulf Institute, Riyadh, Saudi Arabia, 1995.

Current Jobs

- Executive Director - L'azurde Egypt Jewelry Company, since 2011.

Previous Jobs and Expertise

- Commercial manager of Oro Egypt for precious metals, a joint stock Company worker in the manufacturing, formulating and selling of jewelry and gold works, since 2009 until 2011.
- Marketing and sales manager of Oro Egypt for precious metals, a joint stock Company worker in the manufacturing, formulating and selling of jewelry and gold works, since 2003 until 2009.
- Deputy General Manager, Senior Sales Managers and Regional Director of the Arab Trading and Distribution Company, a joint stock Company, since 1992 until 2003.

Qualifications

- Bachelor of Commerce - Business Administration Section, Helwan University, Egypt, 1990.
- Diploma of Computer Sciences, American University in Cairo, Arab Republic of Egypt, 1990.
- Marketing Diploma from the Chartered Institute for Marketing, American University in Cairo, Cairo, Egypt, 2007.



Ihab Ebrahim Ishaq

Chief Operating Officer
L'azurde Egypt

Current Jobs

- Chief Digital Officer at L'azurde Jewelry Company, since Sep 2021

Previous Jobs and Expertise

- More than 20 years of digital technology experience throughout Europe, Australia, Southeast Asia and the Middle East, working with many multi-channel retailers, across fashion, sports goods, electronics, communications, home and handicrafts.

Qualifications

- Bachelor of Computer Networks Engineering (honor).



Rizwan Rajpoot

Chief Digital Officer

Current Jobs

- Managing Director of retail sales sector at L'azurde Jewelry Co, since March 2021.

Previous Jobs and Expertise

- Director of textile logistics for PH Admac, Beirut, Lebanon since March 2002 and September 2007.
- Commercial Manager of Al Hokair for Retail Fashions, Riyadh, Saudi Arabia, since June 2011 until January 2017.
- Retail sales manager of Al Hokair Fashion Company, since January 2017 until March 2021.

Qualifications

- Bachelor of Accounting from Beirut Arab University, Lebanon in 2003.



Mr. Mohammed Akoum

Managing Director of
Retail Sector



Mr. Basel Abo Shami

Managing Director of Wholesale Sector

| Head of Branches Accounts, L'azurde Jewelry Company, since 2003 until 2008.

Qualifications

| Bachelor of Economy from Aleppo University, Syria in 2002.

| Master of Business Administration in International Business, Swiss Business School, 2020.

| GIA Gemstone Graduate (US Institute for Gemstones) Diamond Rating Lab.

Current Jobs

| Managing Director of Wholesale Sector at L'azurde Jewelry Co., since 2021.

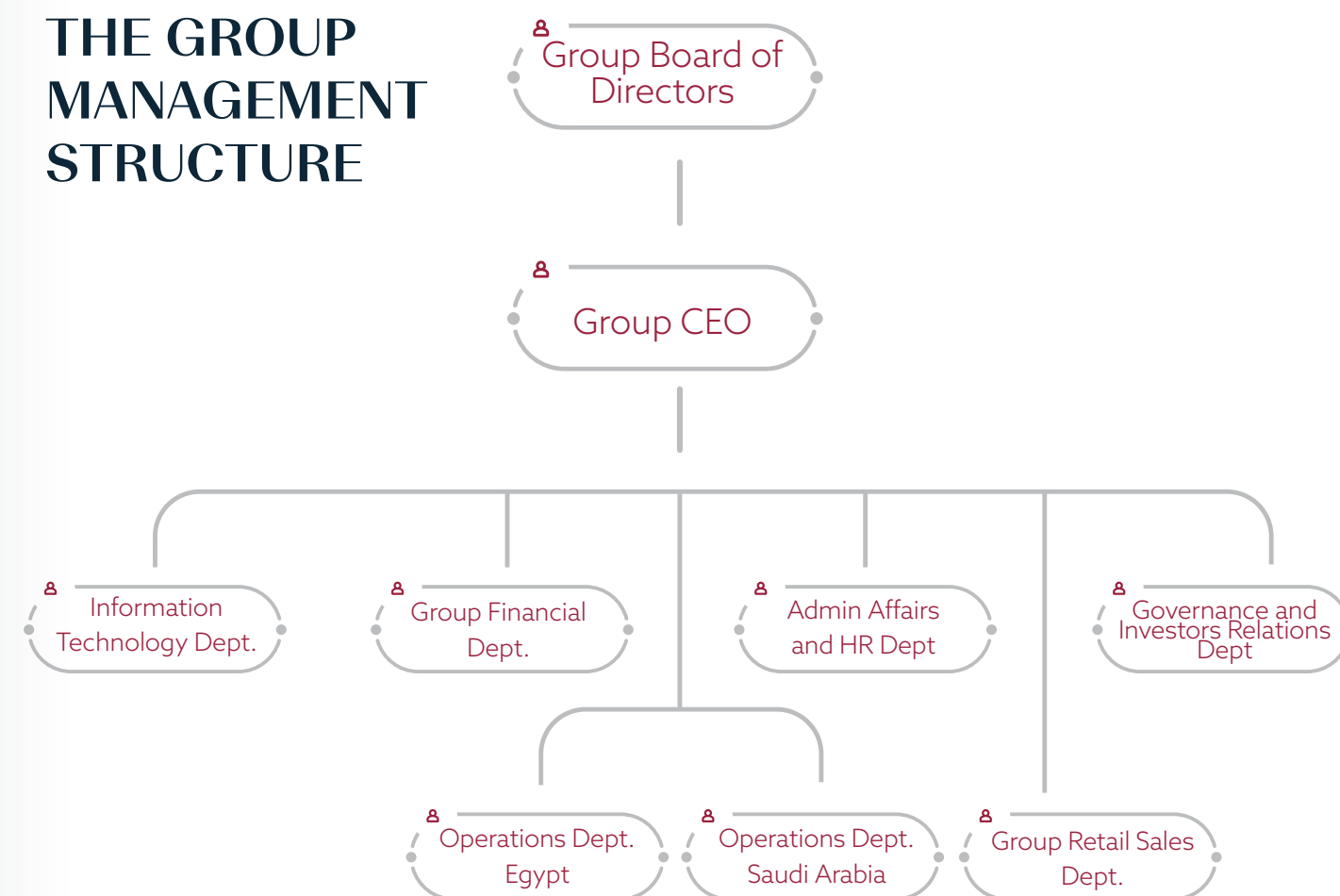
Previous Jobs and Expertise

| Sales Manager at L'azurde Jewelry Co. since 2011 until 2020.

| Business Development Manager for the Group, L'azurde Jewelry Company, since 2008 until 2011.

| Group Financial Controller, L'azurde Jewelry Company, since 2008 until 2010.

THE GROUP MANAGEMENT STRUCTURE



02

Promising Facts
of Performance
and Achievement
Impact

EXECUTIVE SUMMARY

PERFORMANCE INDICATORS

TOTAL GROUP REVENUES

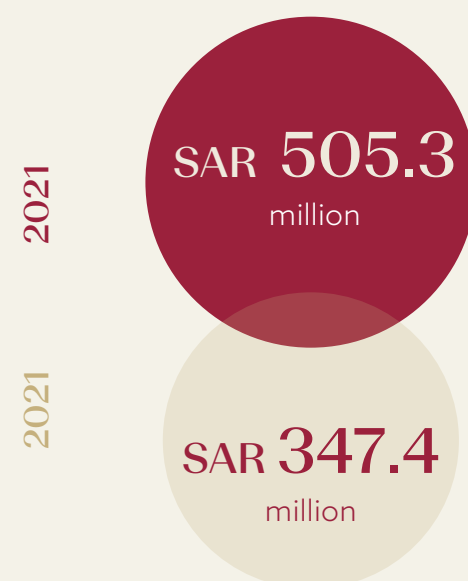
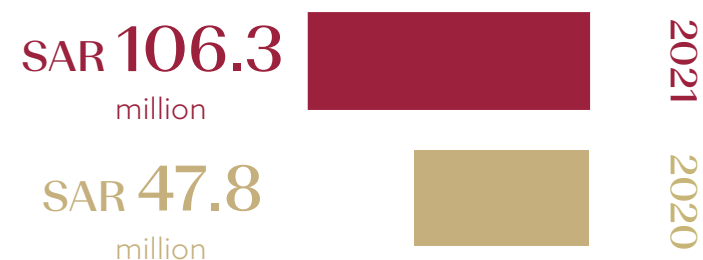
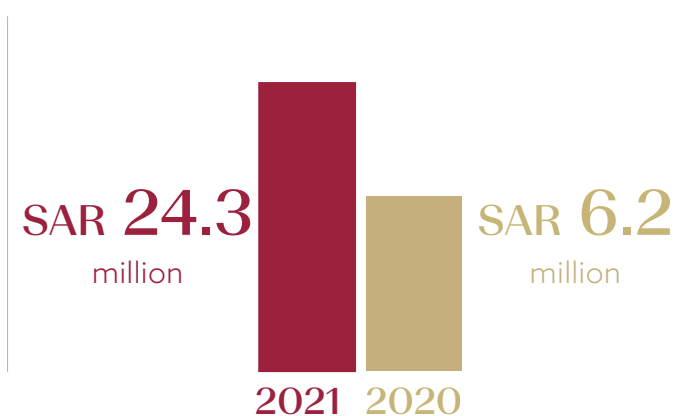
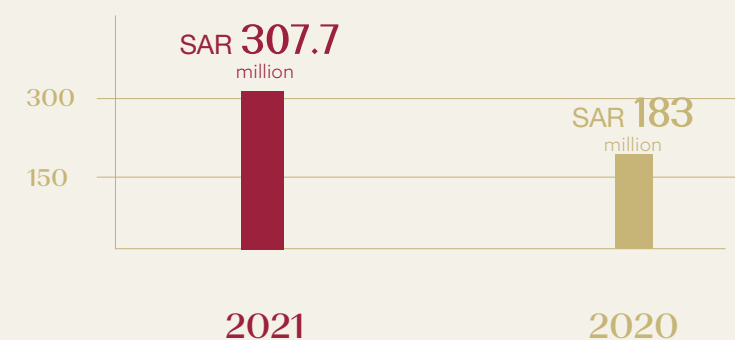
△ 54.2 %

SAR 1,278.4
million

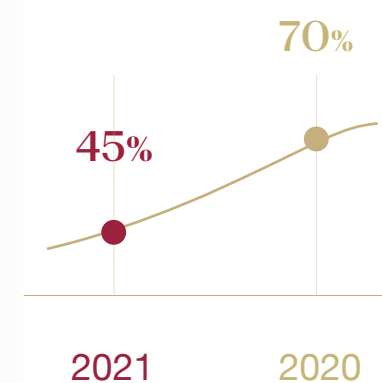
SAR 1,971.5
million

2020

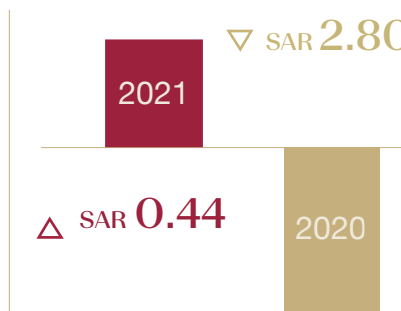
2021

GROUP OPERATING
REVENUESGROUP FINANCING
COSTSREVENUES OF
(MISS L' AND L'AZURDE IN STYLE)
BRANDSGROUP E-COMMERCE
REVENUESGROUP GROSS
PROFITS

Group Net (Loss) / Profit

GROUP OPERATING
EXPENSES AS % OF GROUP
OPERATING REVENUES *

* As a result of cost control initiatives

EARNINGS / (LOSS)
PER SHAREBUSINESS
CONTINUITY

Despite the adverse repercussions caused by adopted measures to curb the spread of COVID-19 on society and the markets in the Kingdom and Egypt, including the gold and jewelry industry, the Company did not face any suspension or interruption of activity during 2021. On the contrary, the Company's management leveraged the COVID-19 crisis to accelerate a positive transformation at L'azurde, leading to a very strong turnaround and solid financial results in 2021. The Company came out of the COVID-19 crisis in a much stronger position than prior to the pandemic and with promising new foundations to grow revenues and profitability faster over the coming years.

CAPITAL INCREASE

L'azurde announced an increase in the Company's capital by

SAR 145
million

L'azurde announced an increase in the Company's capital by SAR 145,000,000 through a rights issue of 14,500,000 new ordinary shares, representing a proposed capital increase from SAR 430 million to SAR 575 million. The Capital increase aims at repaying the long-term credit facilities previously obtained by the Company, and to enhance its tireless efforts to implement its ambitious strategy of expanding in the retail sector, a promising sector for further prosperity and growth, by opening new stores in the most important and developed malls. The capital increase aims also at developing the Company's E-Commerce platforms, which witnessed great achievements since its launch in 2020.

On April 7, 2021, the Capital Market Authority ("CMA") issued its approval on the Company's application to increase its capital through a rights issue by offering 14,500,000 new ordinary shares, subject to obtaining approval of the extraordinary general assembly. On 18/05/2021, the rights issue prospectus was published on the website of the Capital Market Authority.

L'azurde Company for Jewelry repaid long-term credit facility amounting to SAR 75 million, using the proceeds from Rights issue capital increase, as previously announced in the Rights Issue Prospectus. As the main purpose of the capital increase by offering the rights issue shares, according to the Prospectus published on CMA website, is to use the proceeds of the offering to finance expansion plans in retail activities, reduce debt and development of e-commerce platforms. For more details, please refer to Section No. (6-2) of the Rights Issue prospectus.

The Company will disclose to the public on the website of the Saudi Inventory Exchange (Tadawul) when there is a difference of (5%) or more between the actual uses of the Proceeds of the Offering in exchange for what was disclosed in this Prospectus, as soon as it becomes aware, according to Article (55) Paragraph (B) of the Rules of the Offer of Securities and Continuing Obligations.

Noting that until December 31, 2021, there was no difference of 5% or more between the actual uses of the proceeds of the offering compared to what was disclosed in the prospectus.



SIGNIFICANT ACHIEVEMENTS IN 2021

L'azurde continued to develop its innovation programs, retail expansion, launch of new affordable jewelry and the e-commerce business to enhance performance and maximize results in 2021. This reinforced the Company's leading regional presence as the most famous and prestigious brand in the Arab world. L'azurde pursued its path to strengthen its position as the largest designer, manufacturer, wholesaler and retailer of gold and diamond jewelry in the Middle East and North Africa. Following are the major successes and achievements of L'azurde:



The development of the new Miss L' brand through more distribution, marketing campaigns and a wider product assortment.



The significant improvement in the performance of the L'azurde retail stores across the Kingdom and Egypt.



The successful launch of L'azurde Instyle, the affordable jewelry line selling by piece in the traditional Gold Souks, to reinforce the Wholesale business.



The opening of new retail points of sale for L'azurde and Miss L' in the Kingdom and Egypt.



The development of new TOUS franchise through improvement of operations and a new strong product assortment.



The fast expansion of the Group E-commerce business and launch of the new TOUS E-commerce platform.



The material reduction of working capital which helped reduce financing costs and debt to equity ratio.



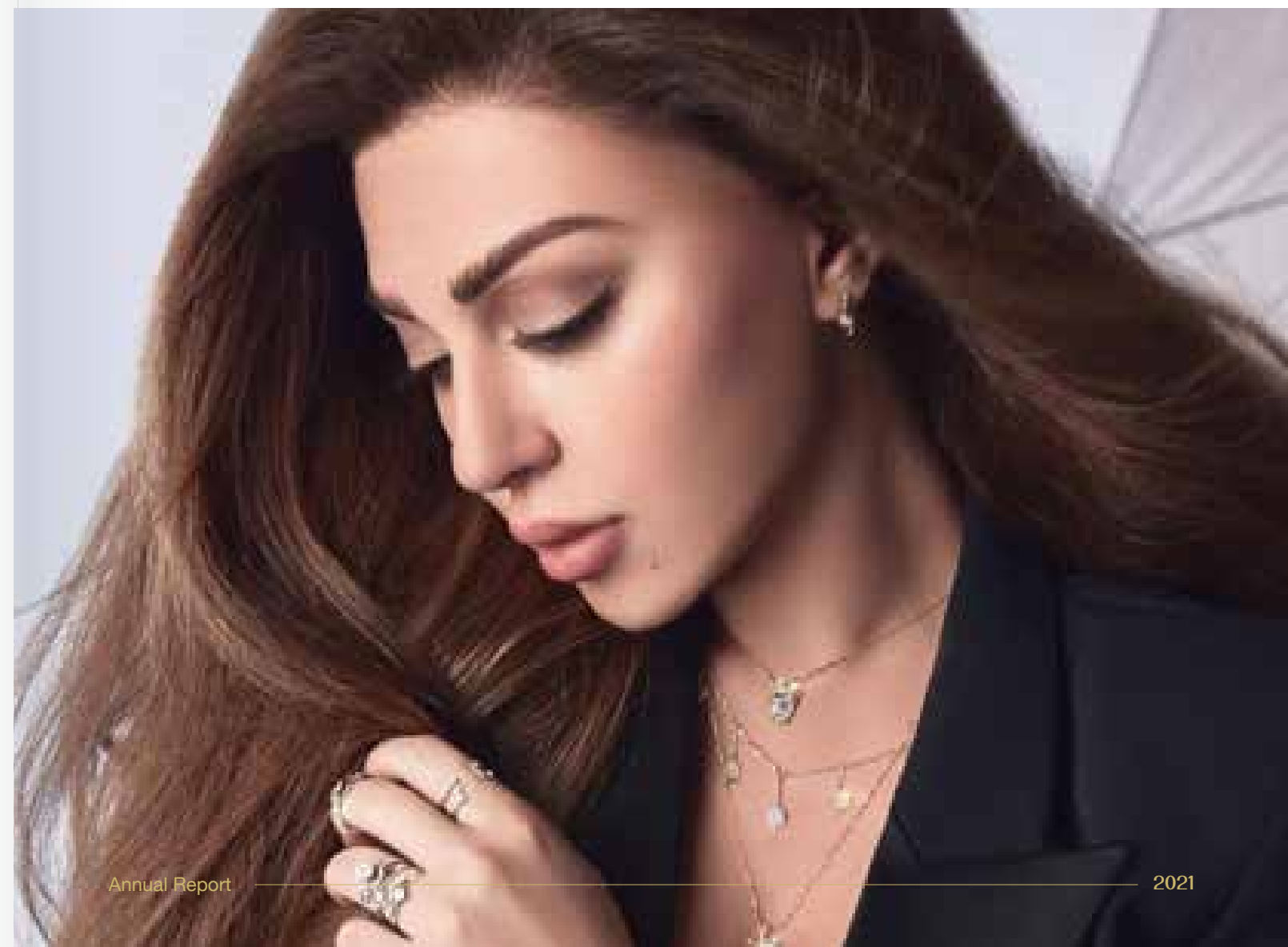
The delivery of a strong operational cash flow to support the recommendation for paying dividends to shareholders in the year 2021.



Following of the COVID-19 precautionary measures issued by the Ministry of Health and compliance with all the guiding regulations and government directives to protect public health and safety.



The increasing of the Company's capital from SAR 430 million to SAR 575 million by offering the rights issue shares, that aimed to repay off long-term credit facilities and expansion in the retail sector, opening new stores, and developing e-commerce platforms.



CHALLENGES IN 2021

The Company continues its successful transformation plan at a strong pace that is reflected in the results since the first quarter of 2021. In fact, L'azurde has emerged from the COVID-19 crisis in a much stronger position than it was before that crisis. We took advantage of the crisis to speed up the Company's transformation into affordable fashion jewelry at higher profit margins and lower working capital. At the same time, we launched an e-commerce platform that quickly achieved a promising share of our retail business and has significant growth potential. Whilst L'azurde aggressively pursues efforts to implement its long-term growth, there are some challenges that may adversely affect or slow down the the pace of future development. The Company's management was able to identify such challenges and is continuously trying to find solutions and options to mitigate them and potentially turn them into opportunities. Following are the most significant challenges:

- 01 The increased competition due to a growing number of regional and international brands, results in more pressure on market share and margins.
- 02 The Gold price volatility and potential price increase can impact our wholesale volume, our financing costs and some operational expenses.

Significant Plans and Decisions

Throughout 2021, the Company executed plans and decisions, crucial to achieving increased growth, and ensuring sustainable development of its revenues and profits in the coming years. The following is an overview of some of the initiatives related to significant plans and decisions:

- 01 Investment in the development of the affordable fashion jewelry lines L'azurde Instyle and Miss L' through marketing campaigns, new products and greater distribution.
- 02 L'azurde Company for Jewelry repaid long-term credit facility amounting to SAR 75 million, using the proceeds from Rights issue capital increase, as previously announced in the Rights Issue Prospectus. For more details please refer to capital increase section in the Annual report.

- 03 Opening of 8 new retail shops in Egypt and 7 in Saudi Arabia to continue developing this business to its full potential.
- 04 Closing of some old non-performing stores in Egypt and Kingdom in-line with the Company's strategy to continuously adjust its network of retail stores through regular openings and closings based on the market developments.
- 05 Opening of 3 TOUS showrooms in Jeddah, Abha and Khamis Mushit to grow the revenues and profits of the TOUS brand.
- 06 Investing in marketing and promoting the brands L'azurde, Miss L', TOUS, Kenaz and L'azurde Instyle through digital advertising campaigns, influencers and celebrities marketing.
- 07 Developing new designs of Gold and Diamond jewelry across a wide variety of categories and price ranges for all the Group's brands and distribution channels across wholesale, retail and E-Commerce.
- 08 Driving the developments of its wholesale operations for the sale of jewelry by weight, in addition to the new focus on selling jewelry by piece. The new focus on selling jewelry by piece will come on top of selling jewelry by weight and contribute to reducing the Company's working capital and enhance the gross margin.
- 09 Expanding the E-Commerce business through new technology, services, a larger skilled organization, wider product offering and more omni-channel strategies.



GROWTH OPPORTUNITIES AND FUTURE PLANS

The Company continues to focus on the execution of the following strategic initiatives in 2022:

- 01 Developing the fast-growing Miss L' fashion jewelry line to its full potential through our own retail points of sales, E-Commerce, and 3rd party retailers.
- 02 Expanding our successful L'azurde retail business in Egypt and KSA through new points of sales and a stronger assortment.
- 03 Improving the performance of the traditional wholesale trade sector, and selling gold jewelry by weight by reducing working capital and increasing operational efficiency.
- 04 Leveraging our solid customers' network in the traditional Gold jewelry market by launching our jewelry line sold by piece. As a market leader, L'azurde will help reshape and transform the traditional Gold jewelry segment by offering a new jewelry line meeting the consumers' latest trends and proposing to retailers a very attractive commercial offer.
- 05 Scaling our promising fast growing E-Commerce business through more investments in technology, infrastructure, systems and a state-of-the-art experienced digital organization.
- 06 Expanding the TOUS global franchise business in KSA through E-Commerce and more investments in marketing and product assortment. We plan to grow our KSA users' base and turn TOUS into a strong household brand name in KSA, similarly to what we did with L'azurde.
- 07 Maintaining our strong cash position and great banking relationships to support the Company's transformation.
- 08 Improving manufacturing productivity by reducing costs, leveraging new technologies and 3D printing capabilities.
- 09 Optimizing working capital through the digitization of the route-to-market strategy in the wholesale sector, reduction of old stocks and accounts receivable.

03

Evolution with
Impressive Leadership
Presence

L'AZURDE OVERVIEW

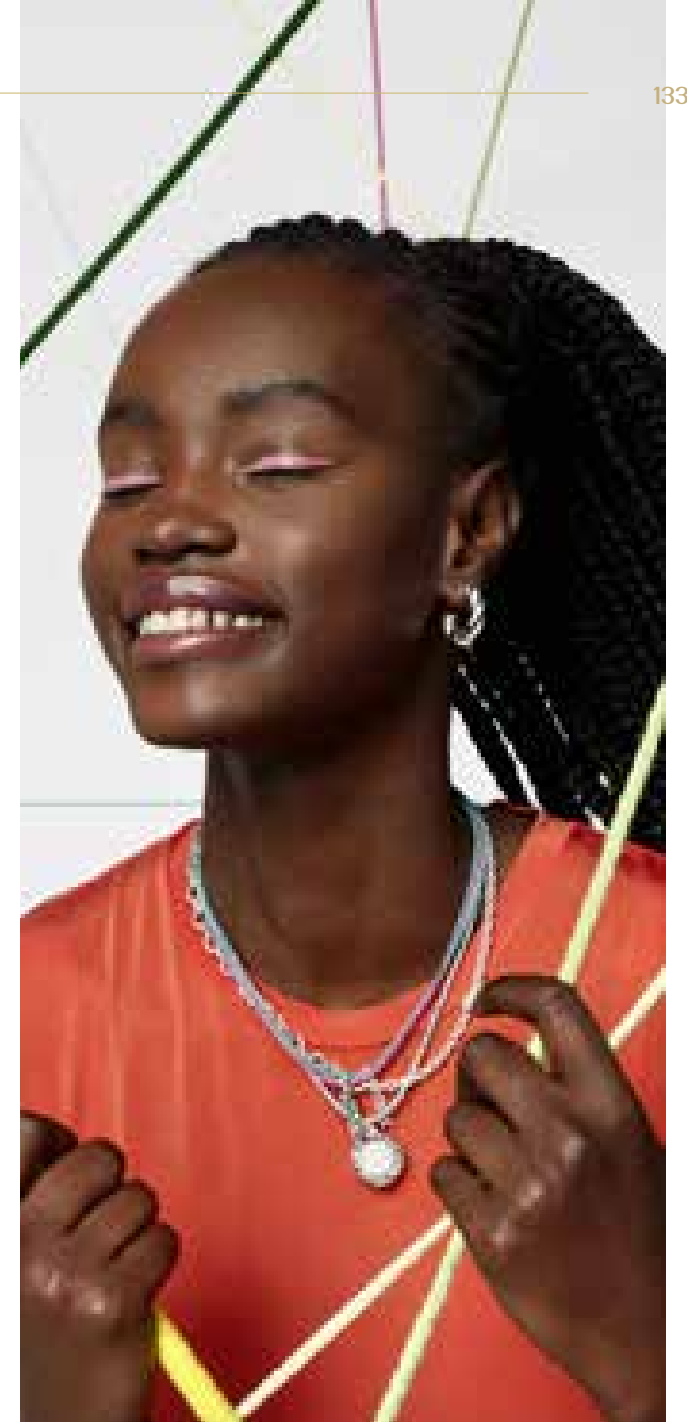


ABOUT L'AZURDE

Founded in the Kingdom of Saudi Arabia in 1992, L'azurde Company for Jewelry ("L'azurde") is the largest designer, manufacturer, wholesaler and retailer of Gold and Diamonds jewelry in the Middle East and North Africa ("MENA") region and the fourth largest gold jewelry manufacturer in the world. L'azurde sells over one million pieces of jewelry every year. L'azurde has established itself as a household name across the MENA region, thanks to its high quality jewelry, excellent reputation, brand ambassadors, a wide distribution network and innovative marketing strategies. The Company is well recognized with its distinctive, exceptional, elegant and intricate jewelry pieces. The year 2018 was a key milestone as the Company embarked on a new growth strategy by moving from a mono-brand organization to managing several brands. The Company focus moved to L'azurde alongside a few other top franchises and own jewelry brands. The first step was the acquisition in 2018 of the KSA franchise for the global jewelry brand TOUS.

TOUS

In line with its strategy to become a multi-brand Company, on October 2018 L'azurde finalized the acquisition to become the exclusive TOUS franchisee in KSA. TOUS is an international lifestyle brand focused on affordable luxury, covering a wide range of products including fine jewelry with diamonds, gold and silver, handbags, fragrances and accessories. TOUS has been present in KSA since 2008 and is sold today through a network of 26 stores across the Kingdom.



Miss L'

During 2019, L'azurde launched its new high potential fashion jewelry line Miss L'. Miss L' has a wide variety of 18K gold collections that are stylish, effortlessly chic and produced according to the highest standards of jewelry making. Miss L' jewelry is the best companion to the modern woman of today, as it reflects her personality and allows her to express her mood at any time of the day. Miss L' offers classic and fashion jewelry products sold by piece in many malls in KSA and Egypt.

5,000

DESIGNS OF JEWELRY

In 2021, L'azurde has over 1,700 employees and produces more than 5,000 different jewelry designs every year in 21-karat and 18-karat gold as well as classic and fashion diamond jewelry. L'azurde's international design team uses advanced, high-tech equipment including 3D printing, micro setting, laser cutting, and other modern technologies. Manufactured at the Company's factories in Saudi Arabia and Egypt, L'azurde jewelry is distributed to more than 1,300 retailers mainly across the GCC and MENA region.

A summary of the main activities of the Company

- Article (3) of the Company's statute stipulates the objectives of its practice, which mainly include production, manufacturing, shaping and crafting of gold crafts, jewelry, gold bars, gemstones, gold sets wrought with precious stones, wholesale and retail trade in precious metals, gem stones, gold jewelry, and goldsmiths.
- The Company's commercial register (CR) indicates that the activity it is licensed to practice is (the production of precious ores from gold, and of precious ores from precious metals in the platinum Group, and wrought gold, the production of precious or semi-precious stones, the manufacture of precious metals and gemstones, and the production of wrought diamond).
- The Company may establish branches, offices or agencies within the Kingdom by a decision of the Chairman or CEO. The establishment of branches, offices or agencies outside the Kingdom requires a decision from the Board of Directors. As of the date of publishing this prospectus, the Company has established nine (9) branches distributed over the Kingdom's regional regions (Riyadh, Dammam and Jeddah).

- Likewise, the Company may establish on its own Companies with limited liability or closed shareholding, provided that the capital is not less than (5) million riyals. The Company may also have an interest, or participate in any way with other Companies that engage in activities similar to their work or may help it to achieve its purpose. It may also acquire shares and stakes in other existing Companies or merge with them, and have the right to participate with others in establishing joint-stock companies or limited liability companies, after fulfilling the requirements of the applicable regulations and instructions in this regard. Besides, the Company may dispose of these shares or stakes, provided that this does not include mediation in its trading.



VISION

L'azurde aims to become the most trusted and inspiring producer, wholesaler and retailer of jewelry brands in the MENA Region.

MISSION

To inspire women in the world to show their beauty and express their different personalities and styles with our elegant, fashionable and innovative jewelry through an immersive omnichannel shopping experience.



GOVERNANCE

We are committed to maintaining the highest standards of governance as a substantial tool for protecting shareholders' equity and achieving the highest possible value for their long-term investments, enhancing oversight mechanisms and supervision by activating the role of the Board of Directors and its committees, and ensuring the implementation of our vision and mission.

COMPANY STRATEGY AND ITS MAIN PILLARS



L'azurde Group seeks to consolidate its leadership presence as a reputable designer, manufacturer, distributor and retailer of Gold, and diamond jewelry in the MENA region. To achieve this vision, L'azurde Group has adopted the following business strategy:

- 01 Develop the Miss L' brand of fast-growing fashion jewelry to reach its full potential.
- 02 Expand the successful retail business of L'azurde in Egypt and KSA through new points of sale.
- 03 Improve the performance of the traditional wholesale business by reducing the working capital and raising operational efficiency.
- 04 Reinforce the wholesale business by developing the new L'azurde Instyle jewelry line selling jewelry by piece.
- 05 Expand the promising, fast-growing e-commerce through more investments in technology, infrastructure, state-of-the-art digital organization and omni-channel strategies.
- 06 Expand the TOUS brand in the Kingdom of Saudi Arabia through E-Commerce and more investments in marketing, product diversification and excellent retail operations.
- 07 Continue to maintain positive cash flows for the Company and our strong banking relationships to support the Company.

COMPETITIVE ADVANTAGES OF THE COMPANY

There are a number of factors that give L'azurde Group an advantage over existing and potential new competitors, and provide a platform for sustainable and profitable growth, and thereby increase shareholders' wealth. These include:



L'azurde Group's resilient business model allows it to be less vulnerable to fluctuations and volatility in gold prices. Moreover, The Group's technology and manufacturing capabilities, strong brand and design capabilities, allow it to protect its market share in case of volatile gold prices. During periods of high gold prices, L'azurde has the technology and craftsmanship capabilities to produce jewelry at lower weight and hence meet the right consumer price points. In addition, L'azurde has very low gold loss in the manufacturing process, which puts limited financial pressure at high gold prices. As part of its commodity price risk management strategy, instead of buying gold and being exposed to the risk of gold price fluctuations, L'azurde gets its entire gold needs directly from banks whilst matching, at all times, its gold assets with its gold liabilities, thus mitigating the risk of gold price fluctuations. L'azurde intends to continue using gold facility agreements

to mitigate its exposure to gold price fluctuations. L'azurde has marketed its brand to be the leading jewelry brand in the MENA region. This was achieved over the years through major TV, print, outdoor and on-line advertising campaigns, as well as using many celebrities as brand ambassadors, such as Myriam Fares, Nelly Karim and others. The L'azurde Group has also developed its marketing strategy, shifting a majority of its investments to online marketing, e-commerce support and the retail sector, to drive the the sale of gold jewelry by piece, at reasonable prices, via its new brands and collections, Miss L' and L'azurde Instyle, in Saudi Arabia and Egypt.

The Group has Islamic Murabaha facilities to obtain gold from various banks with maturity periods ranging from 1 month to 3 months, and for the purpose of financing working capital requirements at agreed profit rates. All these facilities comply with the provisions of Islamic Sharia law, according to the Sharia certificates issued by the internal Sharia committees of these banks, including the Murabaha facility (Tawarruq) to finance the purchase of gold, where banks buy goods other than gold or silver and then sell them to the Group on a credit basis. The Group sells the goods to a third party, and the bank immediately purchases the gold using the cash sales proceeds of the commodity.



L'azurde has solid retail capabilities with its mono-brand and various stores format across its portfolio of brands:

L'azurde, TOUS, Kenaz, Miss L' and points of sale at airports. The Group succeeds in acquiring and fully developing retail shops across a wide network of malls. The Group plans to expand its retail business through more retail banners to fully leverage its design, marketing and consumer knowhow capabilities and offer different shoppers an attractive wide offering of brands and products.

5,000
DESIGNS
ANNUALLY

L'azurde Group's manufacturing facilities enable it to efficiently design and produce a wide variety of unique products to meet the evolving demands of consumers. L'azurde introduces over 5,000 designs each year, maintaining its status of a leading trend setter in the Arab world. Also, L'azurde maintains a significant technological advantage with a park of more than 500 jewelry manufacturing machines.



Through its successful operational and financial performance, brand identity and operational and advertising initiatives, L'azurde has achieved a competitive position in the industry in the MENA region. The market's share of L'azurde grew consistently during the past years to reach 20% to 25% in the Kingdom and Egypt, making it the leading provider of wholesale jewelry in these two markets.

L'azurde Group's senior management team comprises experienced skilled and engaged executives with a solid proven track record of financial and operational success, and a thorough knowledge and understanding of every facet of financing, manufacturing, marketing and retailing of gold and diamond jewelry. Over the years, the senior management has been working efficiently as a team to identify, evaluate, and execute L'azurde Group's expansion plans, and growth initiatives.

1,300
INDEPENDENT RETAILS
CUSTOMERS AND E-COMMERCE

Distribution of Finished Gold Jewelry Products

L'azurde has three main distribution channels:



Wholesale primarily consists of wholesale to more than 1,300 third party independent retailers of gold jewelry in the MENA region. Wholesale consists of offering term facilities to the Group's wholesale customers to pay their commitments, including the value of the gold purchased. These credit terms are in response to the demand of Group's wholesale customers, and are authorized by a number of contemporary Sharia Scholars, according to the recommendations of the Sharia panel discussion held by the Council of Saudi Chambers under the title: Credit Terms in Gold Trade, in the presence of a number of Sharia Scholars and experts in gold industry and trade, and according to the Sharia opinion issued by the Sharia Advisory Committee of the Council of Saudi Chambers. Credit sales are only offered to the Group's wholesale customers and not retail customers. L'azurde's second distribution channel is retail which primarily consists of selling classic and fashion gold, and diamond jewelry to end consumers across L'azurde mono-brand retail shops, Miss L' stores and kiosks, TOUS stores, Kenaz kiosks and travel retail locations in KSA. L'azurde's third distribution covers its E-Commerce business selling Gold and Diamond jewelry on lazurde.com, missl.com and TOUS.com and 3rd party market places.

L'azurde Group launched in 2017 a diamond jewelry value brand under a separate brand called 'Kenaz'. While L'azurde is a premium high-quality brand, Kenaz is a value brand targeted at daily wear occasions or gifting, and is sold at kiosks and some shops in key malls in KSA.

L'azurde Group maintains a balanced and diversified wholesale customers' base and also generates revenues through sales to end consumers from L'azurde Group's retail shops. With an aim to develop its business and grow its revenues, L'azurde Group is expanding its retail segment through the acquisition of top global franchise brands. This new growth strategy started in 2018 with the acquisition of the KSA franchise for the global affordable jewelry brand TOUS. On top of TOUS, L'azurde has its own network of mono-brand retail shops. The L'azurde mono-brand retail business is different from the gold jewelry wholesale business as the Group focuses on diamond jewelry sold by piece in its own shops. In addition, almost all of the L'azurde branded retail shops are located in shopping malls whereas the majority of gold wholesale customers are located in gold souks and on street shops.

MILESTONES IN L'AZURDE HISTORY

1992

The Company was established under the name "Saudi Gold and Pearl Factory" owned by Mr. Abdul Aziz Saleh Al-Othaim" in Riyadh.

1994

Registration of the "L'azurde" trademark.

1995

The launch of the "L'azurde" brand in Jeddah, Saudi Arabia.

2003

Mr. Abdul Aziz Al Othaim established Oro Egypt as the first L'azurde factory in Egypt.

2005

Contributing to the establishment of the International Company for the Jewelry Industry in Egypt (now known as L'azurde Egypt for Jewelry LLC).

2006

Changing the legal entity to a closed joint stock Company under the name "L'azurde Company for Jewelry" with a capital of SAR 200,000,000.

2007

1. L'azurde Group acquired 100% of Euro Egypt for the operation of precious metals.
2. L'azurde Group signed an employment contract with the Lebanese star Elissa.
3. Increasing L'azurde's capital from SAR 200 million to SAR 300 million by capitalizing the Company's undistributed profits.

2009

1. The Consortium of Companies, which includes Investcorp, Eastgate and The National Investor, acquired an indirect stake of 77.5% in L'azurde Holding Company.
2. Opening more retail showrooms in the Kingdom of Saudi Arabia.

2012

Establishing a second factory with a total capacity of 15 tons in Egypt under the name of L'azurde Egypt for Jewelry LLC (previously known as the International Company for the Jewelry Industry).

2015

1. Increasing the Company's capital to SAR 430 million by issuing 13 million new shares.
2. Signing a cooperation agreement with BMA to produce golden wedding rings in Egypt for the purpose of selling them in the Middle East and North African markets. It is a leading Company in the wedding rings sector, as it has extensive experience in designing and producing a variety of wedding rings in Turkey.

2016

1. L'azurde Company completed its initial public offering on June 29 and its shares began trading on the Saudi Stock Exchange (Tadawul).
2. Kenaz Jewelry - The launch of the second brand of L'azurde Company in the Kingdom of Saudi Arabia which offers diamond jewelry at affordable prices.
3. L'azurde acquired the franchise of "Amazing Jewelry", the international franchise brand in Copenhagen, Denmark.

2017

1. Signing an exclusive distribution agreement with the Saudi French Duty-Free Company for distribution at international airports in Riyadh, Jeddah and Dammam.
2. Opening of six new retail stores for L'azurde Company in Saudi Arabia and Egypt.
3. Signing a Memorandum of Understanding to acquire franchise rights and a leading retailer operating in the affordable luxury jewelry sector in the Kingdom of Saudi Arabia.

2018

1. Acquisition of the franchise operator of the global brand "TOUS" in the Kingdom of Saudi Arabia specialized in the affordable jewelry sector, giving the Company a primary engine for growth by entering the growing segment of affordable and luxury jewelry.
2. Establishing a new production unit in Egypt.
3. Opening of 7 L'azurde retail stores in Egypt.
4. Opening a wholesale office in the Sultanate of Oman in order to support the wholesale gold sales sector.
5. Choosing the star, Myriam Fares, as a brand ambassador.

2019

1. Launch of Miss L' brand of affordable fashion jewelry, sold by piece.

2020

2. Announcing a transformational strategy for growth and expansion in the field of selling gold works by piece, at acceptable prices in the markets of Saudi Arabia and Egypt.
3. The successful launch of his L'azurde E-Commerce platform.
4. The launch of the new L'azurde Instyle collection of affordable fashion jewelry, sold by piece in traditional gold markets through an extensive network of retailers.

2021

1. Increasing the Company's capital by SAR 145,000,000 through offering a rights issue comprising (14,500,000) new ordinary shares, so the proposed increase of the capital from SAR 430 million to SAR 575 million.
2. Establishment of Miss L' retail outlets (showrooms) of fast-growing fashionable jewelry on an e-commerce platform.
3. The complete development of the recently launched L'azurde Instyle collection Instyle, which is sold by piece.

L'azurde Group operates through its head office in the Saudi capital, Riyadh. As of 31 December 2021 it manages its operational and production activities directly through the following:

- 16

L'azurde Group operated through (16) wholesale offices located in the Kingdom
- 4

Manufacturing facilities (one in the Kingdom and Three in Egypt).
- 21

Retail showrooms L'azurde jewelry mono-brand (located across the Kingdom and Egypt)
- 15

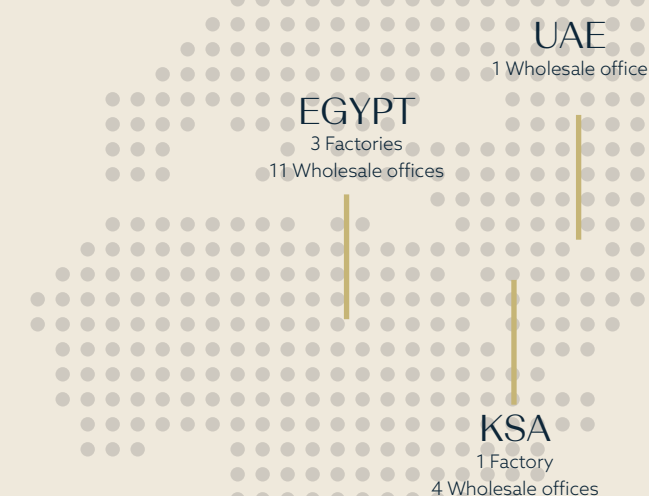
Kiosks and showrooms for Kenaz brand
- 10

Miss L' mono-brand locations
- 5

Travel retail outlets at Saudi airports

The acquired Company "Izdiad Commercial Company of Arabia", the operator of TOUS, added to the L'azurde retail network additional (26) TOUS mono-brand showrooms in KSA.






L'AZURDE'S GEOGRAPHICAL PRESENCE



RETAIL ACTIVITIES

Brand	KSA	EGYPT	Total
L'azurde	3	18	21
Travel Retail	5	-	5
TOUS	26	-	26
Kenaz	15	-	15
Miss L'	2	8	10

Geographical distribution of the L'azurde Group as of December 31, 2021

Country	City	Operating Company	Nature of presence
 Saudi Arabia	Riyadh	L'azurde Company for Jewelry, a joint stock Company listed on Tadawul	Factory, wholesale offices and retail stores
	Riyadh	Diamond Jewelry Company, a limited liability Company	Trade in gold, silver and precious stones
	Riyadh	Kenaz, LLC	Trade in gold, silver and precious stones
	Riyadh	Izdiad Arab Trading Company - a limited liability Company owned by one person	Retail
 Egypt	Cairo	Oro Egypt Company for Precious Metals Manufacturing, a closed joint stock Company	Factory and wholesale offices
	Al Obour	L'azurde Egypt Company for Jewelry, a limited liability Company	Factory, wholesale offices and retail stores
 UAE	Dubai	-L'azurde Company for Jewelry, a limited liability Company -L'azurde Group for Gold and Jewelry, Dubai Free Zone, a limited liability Company	-Wholesale offices -Trade in pearls, gemstones and gold works
	Abu Dhabi	L'azurde Jewelry, LLC	Retail
 Qatar	Doha	L'azurde Jewelry, LLC	wholesale office
 Oman	Muscat	L'azurde Jewelry, LLC	wholesale office

DISTRIBUTION CHANNELS

Gold Jewelry Wholesale

L'azurde Group designs and manufactures gold jewelry in the Kingdom and Egypt and sells gold jewelry across more than 1300 third party independent retailers in the Kingdom and Egypt. L'azurde operates directly through 16 wholesale offices within the Kingdom, Egypt and the United Arab Emirates.

Sales are primarily made by a well-established and professional wholesale sales team continually reinforcing collaboration and partnership with customers and key accounts. The sales team is continuously seeking opportunities to expand jewelry distribution to new customers while preserving and developing the brand image. L'azurde Group maintains a strong marketing presence in the windows of third-party retailers through the supply of branded L'azurde displays and effective trade marketing strategies.

The marketing team supports the retailers with events in the market to help drive the sales of L'azurde Group's jewelry. Customer knowledge and close collaboration is a major competitive advantage for L'azurde. L'azurde has its own wholesale team in the Kingdom, Egypt and the UAE whilst in other markets L'azurde Group sells through exclusive and non-exclusive distributors or sells directly to various retailers.



Retail

To diversify its revenues, enhance its margins and leverage its management capabilities, the Group decided to expand into the retail business.

L'azurde has established a dedicated and experienced retail management team with strong organizational support to grow the retail business.


L'azurde mono-brand retail shops: This network focuses on diamond jewelry products and Miss L' fashion jewelry sold through the Company's own shops in the Kingdom and Egypt. As at 31 December 2021, L'azurde operates its own portfolio of 21 L'azurde branded jewelry stores and Kiosks, 3 shops in Saudi Arabia, 18 stores in Egypt, 13 shops and 5 Kiosks. During 2021, L'azurde expanded its retail network through the opening of 6 new showrooms at top locations in Egypt and closed 1 non profitable shop in Saudi Arabia and 4 showroom in Egypt for the same reason. The retail business does not conflict with the wholesale business as the retail focus of L'azurde is on diamond jewelry sold by piece whilst the gold jewelry wholesale business sells gold jewelry by weight. In addition, L'azurde branded retail stores owned by L'azurde Group are mostly located in the shopping malls whereas the majority of the gold wholesale customers are in gold souks.



L'azurde retail showroom locations as of December 31, 2021

Country	Area	Location	Brand	Opening date
<div>Saudi Arabia</div>	Riyadh	Nakheel Mall	L'azurde mono brand	2015/03/25
	Dammam	Dhahran Mall	L'azurde mono brand	2011/01/02
	Jeddah	Red sea Mall	L'azurde mono brand	2011/01/03
<div>Egypt</div>	Cairo	Arab Mall	L'azurde mono brand	2015/07/01
	Cairo	City Stars Mall	L'azurde mono brand	2016/04/01
	Cairo	Mall Misr	L'azurde mono brand	2017/03/01
	Cairo	Downtown Area	L'azurde mono brand	2017/12/01
	Cairo	Kurba district	L'azurde mono brand	2017/12/01
	Cairo	Maadi district	L'azurde mono brand	2018/08/01
	Al Jizah	Mohandseen district	L'azurde mono brand	2018/06/01
	Alexandria	City Centre	L'azurde mono brand	2018/03/01
	Alexandria	Street Shop	L'azurde mono brand	2019/03/01
	Cairo	Almaza City Center	L'azurde mono brand	2019/10/01
	Tanta	Mall of Tanta	L'azurde mono brand	2019/12/01
	Cairo	Maadi City Center	L'azurde mono brand	2021/04/22
	Cairo	Arkan Mall	L'azurde mono brand	2021/09/04

"L'azurde" retail kiosk locations as on December 31, 2021

Country	Aera	Location	Brand	Opening date
 Egypt	Cairo	Mall Cairo Festival	L'azurde mono brand	01/04/2018
	Cairo	90 Point Mall	L'azurde mono brand	01/03/2019
	Cairo	City Stars Mall	L'azurde mono brand	01/02/2019
	Cairo	Mall Misr	L'azurde mono brand	09/11/2021
	Cairo	Cairo Festival 2	L'azurde mono brand	15/11/2021


TOUS

In 2018, the Group acquired Izdiad Commercial Company of Arabia, the exclusive franchisee in the Kingdom for TOUS (a Spanish brand), having a network of 26 retails shop providing the Company an entry into the fast-growing segment of affordable jewelry.

TOUS is an international lifestyle brand focused on affordable luxury that has been in business for almost 100 years and with more than 620 stores in over 53 countries. As a franchiser, TOUS designs, manufactures and sells jewelry, bags and accessories for women and men. Their offering covers a wide range of products including handbags, fragrances and accessories, fine jewelry with diamond, gold and silver. TOUS has been present in KSA since 2008 with a network of 26 stores across the Kingdom as of at the end of 2021. Through the TOUS brand L'azurde has reinforced its jewelry portfolio and grown its customer base by diversifying revenues and complementing its assortment. The Company management is proud to partner with TOUS, a world leader in jewelry.



Locations of the "TOUS" brand jewelry outlets as on December 31, 2021

Country	Area	Location	Opening date
 Saudi Arabia	Jeddah	Tahlia Street	01/01/2008
	Jeddah	Khayatt Street	25/03/2008
	Al Khobar	Al-Rashid Mall	22/09/2008
	Riyadh	Nakheel Mall	17/07/2009
	Riyadh	Panorama Mall	13/08/2010
	Jeddah	Red sea Mall	06/05/2013
	Dhahran	Dhahran Mall	17/11/2014
	Riyadh	Hayatt Mall	17/04/2015
	Madina	Noor Mall	10/07/2015
	Jeddah	Mall of Arabia	23/04/2016
	Jeddah	Salam Mall	29/11/2016
	Riyadh	Hamra Mall	30/12/2016
	Jeddah	Yasmeen Mall	13/06/2017
	Makka	Makkah Mall	21/06/2017
	Jeddah	Boulevard Street	27/07/2017
	Jeddah	Jouri Mall	26/10/2017
	Riyadh	Granada Mall	14/12/2017
	Riyadh	Riyadh Park Mall	11/06/2018
	Dhahran	Dhahran Mall	02/01/2018

Locations of the "TOUS" brand jewelry outlets as on December 31, 2021

Country	Area	Location	Opening date
 Saudi Arabia	Tabuk	Tabuk Park	12/26/2018
	Qaseem	Nakheel Plaza	31/12/2018
	Dammam	Nakheel Mall	01/07/2020
	Khamis Mushait	Mujan Mall	23/12/2021
	Dammam	Nakheel Mall	01/07/2020
	Abha	Al Rashid Mall	12/05/2021
	Jeddah	Jeddah Park	02/12/2021

Travel Retail at Saudi Airports - Exclusive Distribution Agreement

During 2021, L'azurde renewed the exclusive distribution agreement with the Saudi French Duty Free Operations and Management Company (a division of Lagardère Travel Retail) to be the exclusive retailer of gold and diamond jewelry at the International Airport showrooms in Riyadh, Jeddah, and Dammam, providing new revenue streams to the Company, and diversifying its revenues by expanding its retail operations by targeting a new segment of customers. As on 31 December 2021, there are 5 pop-up stores (kiosks) in various KSA airports.

Kenaz Diamond Jewelry Retail:

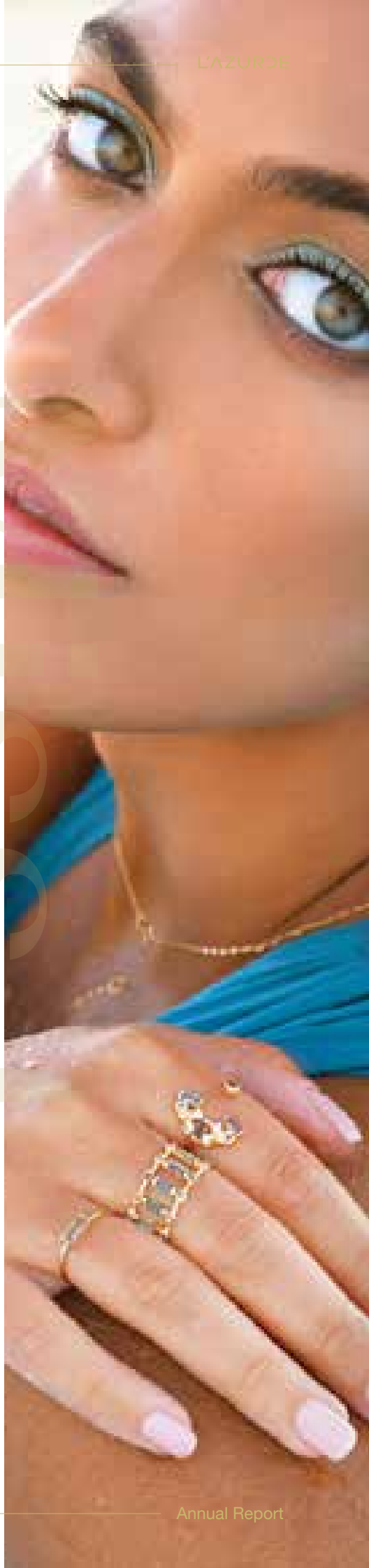
Kenaz is a value brand of diamond jewelry targeted at daily wear occasions and gifting and is offered at 13 exclusive mono-brand pop-up kiosks in major malls in Riyadh, Dammam and Jeddah and 2 shops in Riyadh. L'azurde Group's vision is to accelerate the expansion of Kenaz diamond jewelry retail kiosks throughout the KSA initially and later on in Egypt and the GCC.

Locations of shops and kiosks for retail selling of "Kenaz" brand and points of sale at airports as on December 31, 2021

Country	Area	Location	Opening date
Kiosk	Jeddah	Mall of Arabia	17/11/2016
	Riyadh	Hayat Mall	30/03/2017
	Riyadh	Hamra Mall	22/09/2017
	Jeddah	Andalus Mall	27/04/2017
	Jeddah	Yasmin Mall	05/08/2017
	Al-Madinah	Noor Mall	05/03/2017
	Jubail	Galleria Mall	20/06/2017
	Abha	Asser Mall	30/07/2017
	Jazan	Kadi Mall	22/08/2017
	Jamam	West Avenue Mall	23/09/2018
	Tabuk	Tabuk Park Mall	13/10/2018
	Abha	Al-Rashed Mall	18/01/2021
	Riyadh	Granada Mall	18/09/2021
Showrooms	Riyadh	Hayatt Mall	29/05/2019
	Riyadh	Panorama Mall	
Airport and travel Kiosks	Jeddah	North International Terminal	10/07/2017
	Riyadh	International - Terminal 1	23/08/2017
	Riyadh	International - Terminal 2	24/08/2017
	Dammam	International - Terminal 1	23/08/2017
	Mammad	International - Terminal 2	16/10/2017

Miss L'

Miss L' offers classic and fashion jewelry products sold by piece in malls in KSA and Egypt. Miss L' is building on the fast-growing segment of affordable fashion jewelry globally and in the region. Miss L' is sold today in L'azurde mono-brand shops, through its own dedicated kiosks, online on L'azurde websites and key 3rd party fashion retailers in malls. Miss L' has a high potential of growth as it's a fast-growing segment having a separate sub-brand with high gross margin, requiring very low working capital and offering highly attractive value proposition to consumers. Miss L' product prices range from SAR 549 to SAR 3,000. Launched in 2019, Miss L' has a wide variety of 18K gold collections that are stylish, effortlessly chic and produced according to the highest standards in jewelry making. Miss L' jewelry is the best companion of the modern woman of today as it reflects her personality and allows her to express her mood at any time of the day. Through Miss L', fashionable women can now express their style and their positive outlook on life in creative and fun ways. Miss L' jewelry is therefore the perfect gift for every woman who has a passion for style and who is constantly looking for new ways to express herself. A focused digital marketing strategy is adopted to reach the millennials who are particularly receptive to new technology and innovative ideas. Both macro and micro influencers are used to endorse the brand values and feature the new collections launched in key consumption periods with exciting shopping experiences, either in our own stores or at 3rd parties, to infuse a spirit of fun among customers while maintaining the sense of luxury.



Locations of shops and kiosks selling of "Miss L'" brand as on December 31, 2021


Country	Aera	Location	Brand	Opening date
Kingdom of Saudi Arabia				
Kiosk	Dammam	Dhahran Mall	Miss L'	24/02/2021
Commercial Shops	Abha	Al-Rashid Mall	Miss L'	23/06/2021
Egypt				
Kiosk	Cairo	City Center Al Maza	Miss L'	01/10/2019
	Alexandria	City Center Mall	Miss L'	01/01/2020
	Cairo	Arab Mall	Miss L'	01/01/2020
	Cairo	Mall Cairo Festival	Miss L'	01/07/2020
	Alexandria	SanStefano	Miss L'	05/01/2021
Commercial Shops	Cairo	Mall of Egypt	Miss L'	18/03/2021
	Alexandria	City Center Mall	Miss L'	19/12/2021
	Cairo	90 Point Mall	Miss L'	01/01/2020

Changes in outlets during 2021

Management has a plan to improve the profitability of the L'azurde retail business in KSA by rationalizing our footprint, reinvigorating our flagship shops, leveraging our exclusive travel retail operations at airports and staff training, and driving the promising Miss L' affordable fashion gold jewelry line through 3rd party retailers and own shops and kiosks.

As part of above mentioned plan, the following showrooms were closed during 2021, due to their negative impact on the Company profitability which led to the management taking this decision to improve the Company performance and maximize shareholders' equity.


List of showrooms and kiosks that were closed in the Kingdom of Saudi Arabia in 2021:

Country	Area	Location	Brand	Closing date
 Saudi Arabia	Jeddah	Jeddah Mall	L'azurde mono brand	22/08/2021
	Riyadh	Riyadh Park	Kenaz	13/08/2021
	Jeddah	Stars Avenue Mall	TOUS	31/03/2021
	Al Ahsa	Square Mall	TOUS	16/12/2021
	Al Khobar	Al Sheikh Street	TOUS	31/10/2021


List of showrooms and kiosks that were closed in Arab Republic of Egypt in 2021

Country	Area	Location	Brand	Closing date
 Egypt	Cairo	Cairo Festival City	L'azurde mono brand	31/12/2021
	Western Governorate	Al Orouba Mall	L'azurde mono brand	09/10/2021
	Cairo	City Center Maadi	L'azurde mono brand	21/04/2021
	Cairo	Dandy Mall	L'azurde mono brand	05/05/2021
	Cairo	Mall Misr	Miss L'	08/11/2021
	Cairo	Point Mall 90	Miss L'	17/12/2021

List of showrooms and kiosks that opened in Saudi Arabia in 2021

Country	Area	Location	Brand	Closing date
 Saudi Arabia	Abha	Al-Rashid Mall	TOUS	05/12-2021
	Jeddah	Jeddah Park Mall	TOUS	02/12/2021
	Khamis Mushait	Mujan Mall	TOUS	23/12/2021
	Abha	Al-Rashid Mall	Kenaz	18/01/2021
	Riyadh	Granada Mall	Kenaz	18/09/2021
	Dammam	Dhahran Mall	Miss L'	24/02/2021
	Abha	Al-Rashid Mall	Miss L'	23/06/2021

List of showrooms and kiosks that opened in the Arab Republic of Egypt in 2021

Country	Area	Location	Brand	Closing date
 Egypt	Cairo	Maadi City Center	L'azurde brand	22/04/2021
	Cairo	Arkan Mall	L'azurde brand	04/09/2021
	Cairo	Mall Misr	L'azurde brand	09/11/2021
	Cairo	Cairo Festival Mall	L'azurde brand	15/11/2021
	Alexandria	SanStefano	Miss L'	05/01/2021
	Cairo	Mall of Egypt	Miss L'	15/02/2021
	Alexandria	City Center Mall	Miss L'	18/03/2021
	Cairo	Point Mall 90	Miss L'	19/12/2021

CHARACTERISTICS OF THE JEWELRY SECTOR

The Saudi jewelry and gold sector is known to comprise gold and diamond jewelry, as it has four basic characteristics, all outlined in the section below.

01

Social and Cultural Importance

The Saudi consumption rate of gold remains among the highest in terms of individual use. It is driven by the strong cultural affinity for gold, and its social importance at birth events, weddings and other special occasions. Jewelry is particularly important to women who conceive it as a trendy and a means to save wealth. In addition, gold is considered a safe investment of wealth.

02

Observed Traditions

Gold Jewelry are still largely sold across the Kingdom, by weight rather than by piece, as is the custom in Western markets. Gold is mainly sold in traditional markets located in urban and rural areas where retailers are concentrated in close proximity to one another. Most of these merchants are deemed as well-established domestic companies (whether locally or nationally), while their exhibitions feature jewelry crafted by several limited-brand manufacturers. Additionally, traditional family retailers continue to play an important role in the jewelry trade (especially diamonds), as these merchants are known for their trustworthiness and integrity.

03

An industry Driven by Skill and Technology

The gold and diamond jewelry industry in the Kingdom includes a small number of recognized manufacturing companies that enjoy advanced design and manufacturing facilities. It also includes a large proportion of small family-owned workshops with limited capabilities. Traditionally, workers and skilled craftsmen have always been major assets for manufacturers, providing them with the opportunity to produce unique designs by producing exclusive jewelry pieces that are difficult to imitate. Today, however, large companies are taking advantage of modern technology to differentiate their products, and ensure their uniqueness in a commodity market - for example. L'azurde is currently the only Company that applies the latest 3D printing technique.

04

A Volatile Sector for Small Manufacturing Firms

Unlike large manufacturing firms that have the ability to protect gold consumption from fluctuations in gold prices (like L'azurde), small manufacturing firms are under severe financial pressure during the surge in gold prices. Small jewelry manufacturers and wholesalers, who use basic manufacturing techniques, have limited control over the size of the gold content in the jewelry they create. As a result, they are hindered from producing lightweight jewelry, in order to preserve customers' cash expenditure which exposes them to increased vulnerability to price fluctuations. Contrarily, previously inactive firms can regain part of their ability to operate during periods of low gold prices. However, high capital requirements and local labor regulations make scalability more difficult, forcing small businesses to lose their market share as a result. Thus, this market volatility represents a huge impediment to the entry of small firms.

05

Restrictions on Entering the Saudi Market

The jewelry market in the Kingdom is characterized by the presence of restrictions for new companies due to the large working capital requirements, the presence of consumers attracted to brands, in addition to the requirements of in-depth knowledge of the local market, consumer tastes, and the high competition among companies distinguished in terms of their technological capabilities. Furthermore, Saudi labor laws, especially Saudization regulations, impose legal and administrative restrictions on the growth and expansion of small companies in the future.

GROWTH DRIVERS OF THE JEWELRY AND GOLD SECTOR

The population of the Kingdom and the GCC countries is expected to grow at an annual rate of 2.3% between 2021 and 2025. The growing consumer base, which is dominated by a high percentage of expatriates, youth, and the working-class population, is the main driver.

Increases are predicted in the GDP per capita at a steady rate in KSA according to the targeted plan, and the countries of the GCC at a compound annual growth rate of 0.4% during the next five years. Therefore, the expected recovery in economic conditions is likely to improve consumer sentiment and spending.

The retail and crafts industry in the Kingdom and the GCC states will witness a major transformation in the coming years with the possibility of introducing artificial intelligence technologies, virtual reality, image recognition and electronic vision technologies through computers. This technological advancement will improve profit margins and focus on customers through a better understanding of changing consumer preferences using data analytics.

National brands are gaining great popularity, and have exhibited a strong presence among global brands. Many major malls and shopping centers are currently being developed in the GCC countries, amidst investments by governments, and private entities specialized in developing infrastructure in order to complement the population growth, the flourishing tourism sector, and the increase in GDP per capita.

The growth of the electronic retail market in the Kingdom and the GCC states continues to expand due to the increasing prevalence of smartphones, and the use of social media platforms. Moreover, providing access to secure payment gateways and gradual improvement in logistical capabilities increases penetration levels leading to industry growth.

Other growth driver factors are the encouragement of Saudi women to work, the increase in the GDP per capita in terms of wealth and disposable income, and high rates of urbanization across the Kingdom.

The presence of a large and growing local and international demand for jewelry and gold Jewelry provides a large and strong market for extravagance and luxury products, jewelry and gold Jewelry in the Group's main markets.

The rate of market growth is driven by strong repetitive purchasing patterns and behaviors, as consumers enjoy a high level of exposure to the jewelry and gold Jewelry markets, in addition to increased levels of knowledge of gemology.

E-Commerce Sector

The E-Commerce industry in the Kingdom and the GCC countries is witnessing rapid development, mainly driven by the growing number of technology-savvy populations, the widespread use of the internet and smartphones, and the increasing demand for international luxury products. The E-Commerce market has gained momentum across the Kingdom and the GCC as the retail sector has witnessed a regular shift in consumers buying patterns from traditional stores to online shopping. As a result, traditional retailers are hiring IT companies to create their own online selling platforms, while either investing or collaborating with them, so as to enhance their digital presence and logistical capabilities. Although the E-Commerce market in the GCC is still in its nascent stage, it is starting to flourish.

The COVID-19 pandemic has prompted customers and consumers to shop online. Consumers feel increasingly comfortable shopping online for jewelry and gold Jewelry. The end consumer is likely to make higher value purchases online than five years ago. The closure restrictions resulting from the spread of the COVID-19 virus, along with the Kingdom's efforts to shift towards digital transformation and the growing online shopping activity since the outbreak of COVID-19, the Kingdom has witnessed a double digit growth in retail sales for specific products over the internet. In addition, a massive increase of online orders was noticed during 2020, compared to 2019.

THE CHALLENGES FACING THE JEWELRY AND GOLD SECTOR

The increase in the number of international brands operating in the Kingdom and the region has intensified competition in the gold and jewelry market, especially for the retail sector. This prompted retailers to rely on aggressive promotional campaigns by offering deep discounts to support increased revenue. Although such strategies should increase earnings growth, they have resulted in margin pressures.

SCOPE OF WORK AND PRODUCTS

L'azurde, through its main head office, branches, and subsidiaries, is active in producing gold and diamond jewelry with, precious or semi-precious stones. The Company's main activities are as follows:



01 FIRST - INDUSTRIAL ACTIVITY

Gold and diamond jewelry design and manufacturing sector:

It mainly consists of the design and production of gold, diamond, precious and semi-precious stones jewelry. The industry value chain generally includes the following stages:



Sources

Gold sources in Saudi Arabia are obtained from three channels:

- Banks and merchants
- Gold mines
- Raw gold processing and fracture recovery

Diamonds are imported from multiple sources, including Belgium, India and South Africa. Usually imported diamonds are already polished for use directly in the manufacture of jewelry.



Design

Jewelry designs differ from one region to another due to different tastes according to geographical location and purchase motives. Customers in rural and traditional areas prefer 21 karat gold jewelry unlike urban customers who seek 18 karat gold jewelry with modern designs that keep pace with fashion.



Manufacturing

Manufacturing in the gold and diamond jewelry sector relies on the following three main technologies:

- Pressing

It is the use of automatic or manual machines intended to mint gold and silver using hydraulic force, and designs made with this technology are usually simple, inexpensive and can be manufactured quickly.

I Casting

The process of making a wax mold that is used to hold hot metal (gold, silver, etc.) to form a standardized design model based on the basic model. This method provides a higher level of quality compared to pressing, as well as the possibility of mass production from the same mold.

I Other advanced technologies such as 3D printing and microscopy synthesis

02 SECOND - COMMERCIAL ACTIVITY (WHOLESALE AND RETAIL)

Wholesale sector

This segment includes the following sales channels:

I Specialized wholesalers

They work mainly with retailers who do not have direct contact with the manufacturing companies, whether these companies are located in Saudi Arabia or outside (mainly in Far East Asia). Moreover, retailers prefer to deal with wholesalers as they offer attractive discounts and accept credit payments, rather than cash.

I Integrated companies that combine manufacturing and retail businesses

They are vertically integrated manufacturers with their own network of retail stores that sell exclusive parts from the main manufacturer. Wholesalers in this category do not compete with other wholesalers in that they do not target the general retail market for jewelry.

Manufacturer/wholesaler

Manufacturers that operate and manage their own wholesale channels, allowing them to achieve higher profit margins, as retail jewelry outlets can limit the overall profit of manufacturers. Companies in this category focus on enhancing their capabilities to supply a wide network of independent retailers across the Kingdom of Saudi Arabia.

Retail sector

Retail operations in the Kingdom of Saudi Arabia are focused on:

I Gold markets

They are bazaar-like markets with many shops selling both low-end and high-end jewelry. They are considered as ones of the most popular retail destinations for customers wishing to purchase gold jewelry sold by weight.

I Main streets

Independent showrooms are located on the main streets of the city center, where this category of retail stores focuses on the sale of diamond jewelry by piece as this type of retail operation requires a higher profit margin.

I Shopping centers

Stores in malls sell gold jewelry that may be sold by piece as well as by weight.

Retail Customers of Gold

Retail gold customers are divided into the following segments:

I Consumption motivated by occasions

Social occasions, such as weddings, births, occasions such as mother or love celebrations and anniversaries.

I Fashion-driven consumption

This motive is due to the spread of urbanization and the high level of income of the youth Group, most of whom are young women who buy jewelry to wear as part of their daily life to attend social events.

I Consumption motivated by saving

This category believes that gold purchases, specifically of 21 karat gold, is a way to save, as gold jewelry in Saudi Arabia and Egypt is a way to preserve a woman's wealth after marriage. It is also used as a financial cover in difficult times or in the event of high rates of inflation.

I Consumption motivated by investment

It is usually in the form of 24 karat gold coins and bars.

03 THIRD – E-COMMERCE SECTOR

The e-commerce sector is mainly focused on selling classic and modern gold and diamond jewelry through the electronic platform of the Company (Lazurde.com) and the subsidiary Company Kenaz (www.kenazjewelry.com), which is documented by the Ministry of Commerce in line with the requirements of the e-commerce regulations in the Kingdom. The e-commerce industry in the Kingdom and the GCC is developing rapidly, driven primarily by a growing tech-savvy population, increased penetration of the Internet and smartphones, and demand for global luxury products. The e-commerce market has gained momentum across the Kingdom and the GCC as the retail sector has seen a regular shift in purchasing patterns from traditional stores to online shopping. As a result, traditional retailers are hiring IT companies to build and invest in or collaborate with their own online selling platforms to enhance their digital presence and logistical capabilities. Although the e-commerce market in the GCC is still in its infancy stage, it has started to flourish.

The COVID-19 pandemic has prompted customers and consumers to shop online as consumers are becoming increasingly comfortable when shopping online for jewelry and gold, and the end consumer is more likely to make higher value purchases online than they were five years ago. The closure restrictions caused by the spread of the COVID-19 virus along with the efforts of the Government of the Kingdom of Saudi Arabia towards the digital transformation of the Kingdom and the increase in online shopping activity, since the beginning of the outbreak of the COVID-19 virus, the Kingdom of Saudi Arabia has witnessed a double growth in online retail sales of certain products. In addition, a massive increase in online orders was observed during 2020, compared to online orders in 2019. The number of online shoppers was expected to reach 2.1 billion shoppers worldwide in 2021, compared to 1.66 billion shoppers in 2016.

SOURCES:

Statista - a German Company that specializes in market and consumer data) and according to reports from those sources also:

INTERNET USERS

85%

3.4
billion people

6

hours a day

85% of Internet users (3.4 billion people) spend six hours a day browsing websites, which means that consumers are spending more time on the Internet. With the increasing ease of Internet connectivity and the spread of smart phones, it has become necessary for retail companies to establish an e-commerce site if he wants his customers to see the products he offers in order to buy them.

TOTAL GLOBAL RETAIL SALES

14.1%

7.4%

2019

2015

the share of e-commerce
in total global retail sale

total sales
estimated

During 2019, the share of e-commerce in total global retail sales doubled from only 7.4% in 2015 to 14.1% in 2019, with total sales estimated at \$3.5 trillion.

04 JEWELRY MANUFACTURING MACHINERY DISTRIBUTION SECTOR

In addition to the wholesale and retail trade in jewelry and diamonds, L'azurde Group represents several manufacturers of jewelry machinery equipment and sells their equipment, such as jewelry casting, laser and ultrasound welding machines, in the Kingdom to various local manufacturers of gold and diamond jewelry. This small and strategic business helps L'azurde strengthen its cooperation with global jewelry equipment manufacturers and stay abreast of the latest developments in the market.

Business Model

The core business model of L'azurde Group consists of designing, manufacturing and selling gold jewelry by weight in its wholesale network. In addition, L'azurde has its own mono brands retail showrooms and a global franchise brand TOUS where it sells gold and diamond jewelry by piece, to secure a higher gross margin without competition with its wholesale channel.

L'azurde activities related to gold jewelry by weight in the wholesale network represent its core business that utilizes most of its resources and generates almost half of the Company revenues. At the same time, diamond jewelry sold by piece, precious and semi-precious stones, are gaining traction and taking over time a higher share of the business.

L'azurde Group conducts the manufacturing operations of gold jewelry through a well-established and efficient business model offering it a significant competitive edge. This model comprises an operating cycle that consists of three main stages, and value is added at each stage.



The following is a detailed explanation of the gold operations' business model:

UNIQUE SUPPLY CHAIN OF PURE GOLD

L'azurde does not take any exposure position to volatility of gold prices in global markets where total assets and liabilities of gold are always equal. Most of its gold input comes through Sharia compliant financial facilities agreements, in form of Murabaha or Tawarruq with local banks, and a small part of the gold comes through financing facilities agreements with international banks.

DISTRIBUTION OF FINISHED GOLD JEWELRY PRODUCTS

L'azurde has two distribution channels, wholesale and retail channels. Wholesale primarily consists of wholesale to more than 1300 third party independent retailers of gold jewelry in the MENA region, with the vast majority in KSA and Egypt.

L'azurde core wholesale consists of selling gold jewelry by weight. However in 2020, L'azurde launched for the first time ever a new promising L'azurde Instyle selling gold and diamond jewelry by piece in the wholesale network. This move came part of the Company's transformation to reduce working capital and enhance the gross margin by leverage by brand strength. L'azurde Instyle has a promising start with solid acceptance and support from retailers keen to innovate and enhance the economics of the traditional wholesale gold jewelry market.





Accounts receivable originate from offering term facilities to the Group's wholesale customers to pay their commitments, including the value of the gold purchased. These credit terms are in response to the demand of Group's wholesale customers, and are considered to be in compliance with the Sharia provisions, according to the recommendations issued by the Sharia Advisory Committee of the Council of Saudi Chambers, a number of Sharia Scholars, and the conclusion of meetings between these Scholars and the Group's management. Credit sales are only offered to the Group's wholesale customers and not retail customers.

L'azurde second distribution channel is retail which primarily consists of selling classic and fashion gold and diamond jewelry to end consumers across L'azurde mono-brand retail shops, TOUS stores, Kenaz kiosks, Miss L' stores and kiosks and travel retail locations in KSA. L'azurde Group maintains a balanced and diversified wholesale customers' base, and generates revenues through sales to end consumers from L'azurde Group's retail shops. With an aim to develop its business and grow its revenues, L'azurde Group is expanding its retail segment through the acquisition of top global franchise brands and the development of own collections and brands. This new growth strategy was aligned in 2018 and started with the acquisition of the KSA franchisee for the global affordable jewelry brand TOUS. On top of TOUS, L'azurde has its own network of mono brand retail shops. The L'azurde mono-brand retail business is different from the gold jewelry wholesale business as the Group focuses on diamond jewelry sold by piece in its own shops. In addition, almost all of the L'azurde branded retail shops are located in shopping malls whereas majority of gold wholesale customers are located in gold souks or street shops.

L'azurde Group identified in 2017 an opportunity to launch a diamond jewelry value brand under a separate brand called 'Kenaz'. While L'azurde is a premium high-quality brand, Kenaz is a value brand targeted at daily wear occasions and gifting sold mainly at kiosks in key malls in KSA.

Miss L' BRAND CONCEPT

During 2019, L'azurde launched its new high potential fashion jewelry line Miss L', by L'azurde. Miss L' offers classic and fashion jewelry products sold by piece at malls in KSA and Egypt. Miss L' is building on the fast-growing segment of fashion affordable jewelry globally and in the region. Miss L' is sold today at L'azurde mono-brand shops, through its own dedicated kiosks and key 3rd party fashion retailers in shopping malls. This is a high potential growth opportunity for the Company where for the very first time L'azurde enters a major fast-growing segment through a separate sub-brand at high gross margin, very low working capital and highly attractive value proposition to consumers. Miss L' products prices range from SAR475 to 5,000.

Miss L' was launched by L'azurde with a vision that reflects the Group's drive to enter a new market segment by producing and selling luxury jewelry pieces at affordable prices. The new endeavor will be of great added value to L'azurde, drawing on the Company's brand expertise as the largest gold and jewelry designer, manufacturer, and distributor in the region, and its reputation spanning 40 years of perfection in the jewelry industry.

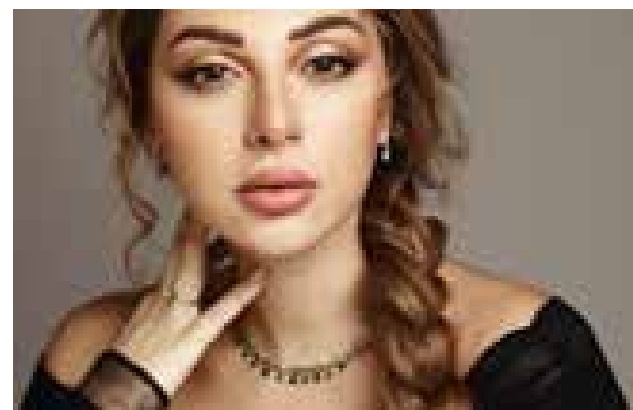
Miss L' has a wide variety of 18K gold collections that are stylish, effortlessly chic and produced according to the highest standards in jewelry making. Miss L' jewelry is the best companion of the modern woman of today as it reflects her personality and allows her to express her mood at any time of the day. Through Miss L', fashionable women can now express their style and their positive outlook on life in creative and fun ways. Miss L' jewelry is therefore the perfect gift to every woman who has a passion for style and who is constantly looking for new ways to express herself.



L'AZURDE

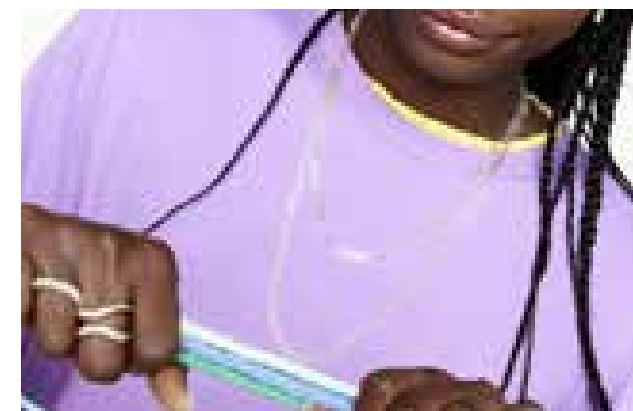
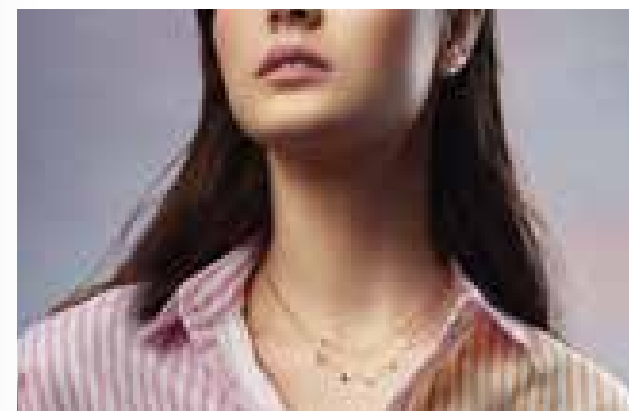
L'AZURDE

INSTYLE

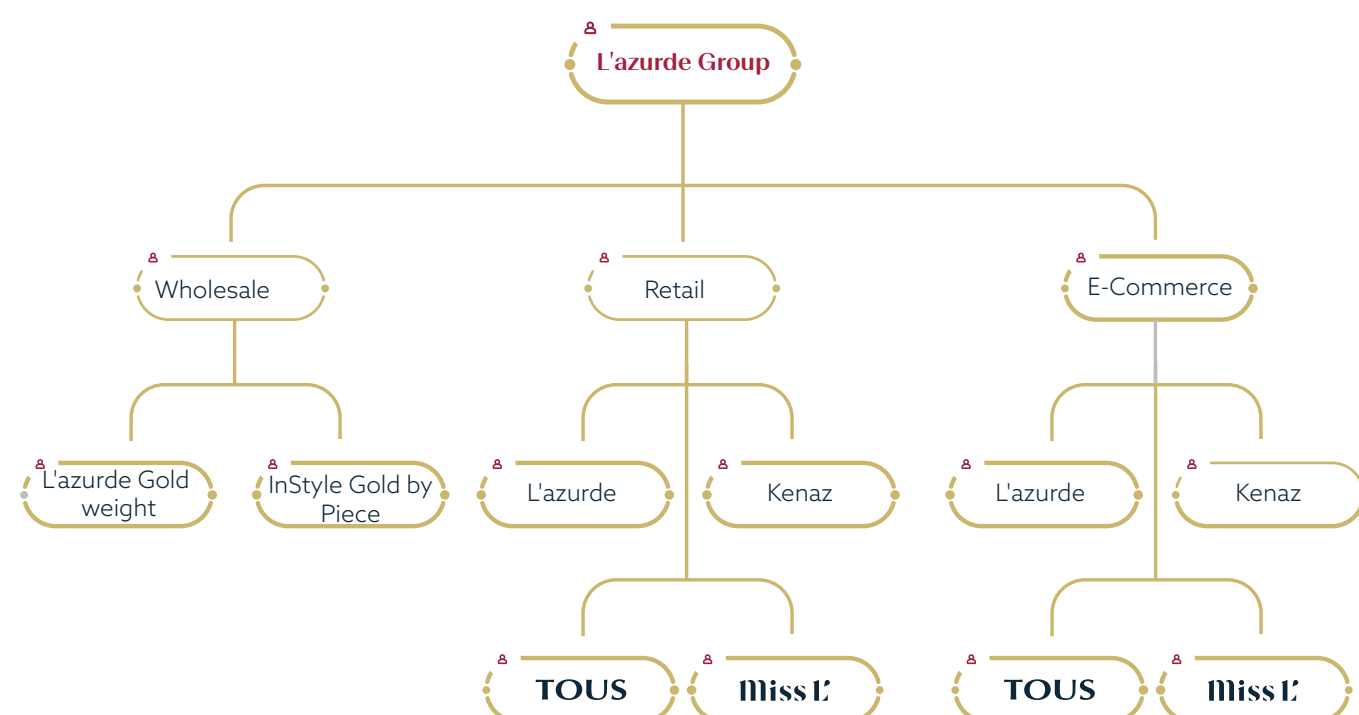
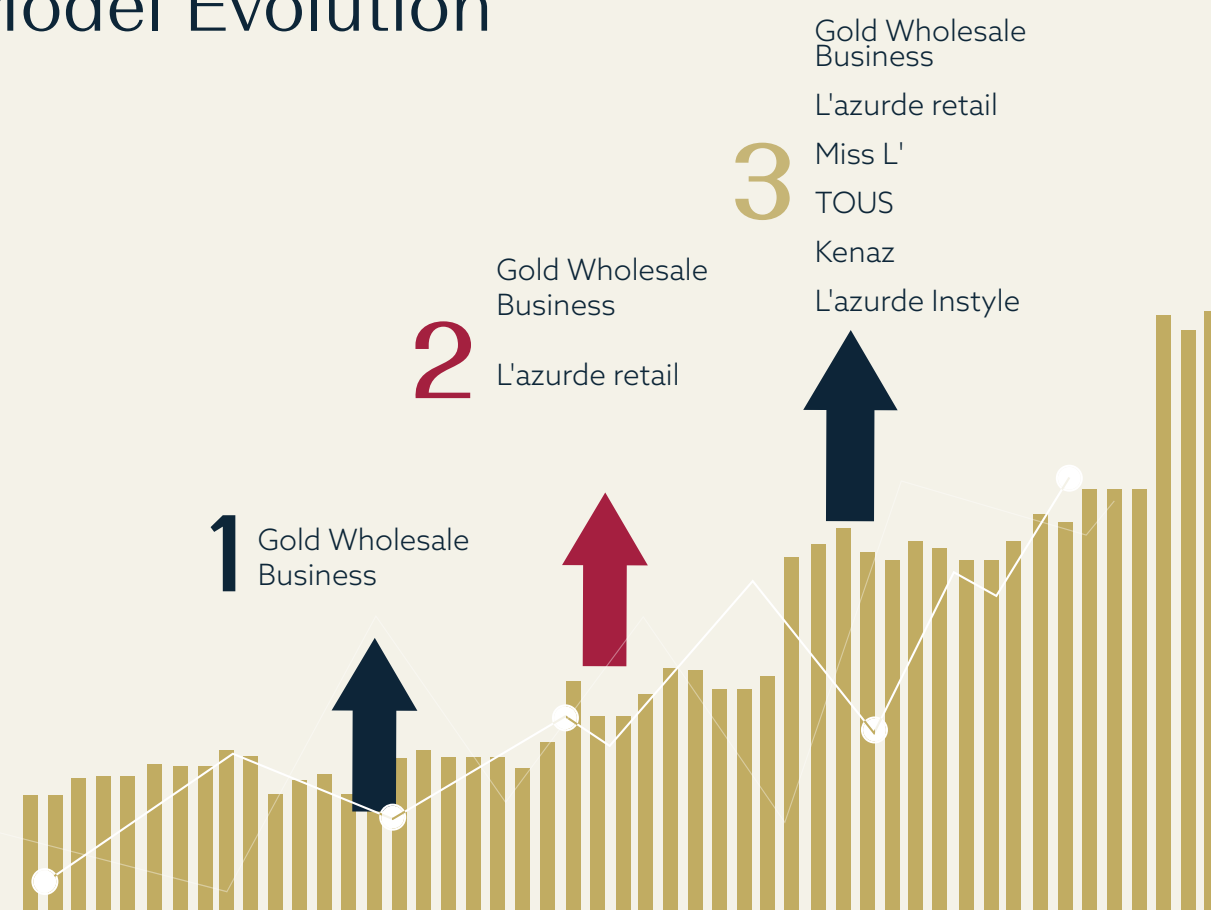


Miss L'

TOUS

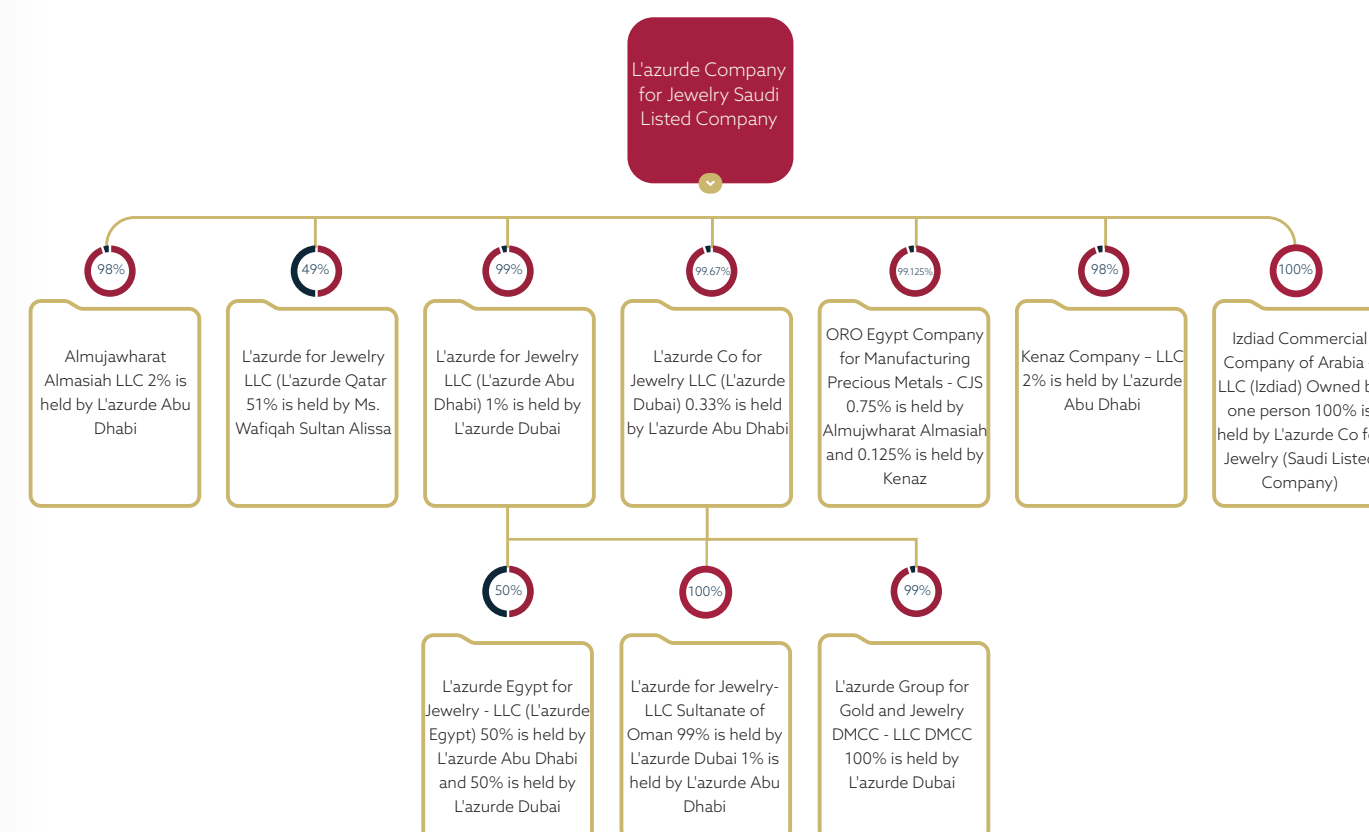


L'azurde Business Model Evolution



Ownership Structure of L'azurde and its subsidiaries

L'azurde operates its business through a variety of subsidiaries in the Middle East and North Africa. The Company also maintains its long-term investments while exercising all effective means of control through its full ability to monitor and directly control economic performance, financial policies and operational processes. L'azurde also unifies its financial operations and operational results as a single economic unit by issuing consolidated financial statements at the Group level after excluding all important balances and transactions within the Group. L'azurde Company for Jewelry owns controlling ownership stakes in subsidiaries, directly and indirectly, in the Kingdom of Saudi Arabia and in the MENA region. The following chart shows the current structure of L'azurde Group.



Description of the types of the main Company's activities and its subsidiaries

The following table shows the names of the subsidiaries, their capital, ownership shares, main business activities, country of incorporation, and country of operation. Noting that there are no shares or debt instruments issued to any of these companies.

No	Name of subsidiary	Capital currency	Business activities	Country of incorporation and operation
1	Almujawharat Almasiah Company (1)	SAR 1,300,000	Trading of precious stones and gold Jewelry	 Saudi Arabia
2	Kenaz Company (2)	SAR 3,000,000	Trading of precious stones and gold Jewelry	 Saudi Arabia
3	L'azurde Company for Jewelry	AED 300,000	Wholesale office	 Dubai, United Arab Emirates
4	L'azurde for Jewelry	AED 300,000	Retail showrooms	 Abu Dhabi, United Arab Emirates
5	L'azurde for Jewelry	QR 200,000	Wholesale office	 Qatar
6	L'azurde Egypt for Jewelry (3)	EGP 323,25,000	Manufacturing, wholesale offices and retail shops	 Egypt
7	Oro Egypt Company for Manufacturing Precious Metals	EGP 40,000,000	Manufacturing, wholesale offices and retail shops	 Egypt
8	L'azurde Group for Gold and Jewelry (DMCC)	Dirhams 50,000	Trading of pearls, precious stones and gold Jewelry	 Dubai, United Arab Emirates
9	L'azurde for Jewelry	OMR 20,000	Gold Manufacturing and wholesale offices	 Sultanate of Oman
10	Izdiad Commercial Company of Arabia - LLC	SAR 12,000,000	Retail showrooms	 Saudi Arabia

1,3MILLION

INCREASE THE COMPANY'S CAPITAL

2021

(1) On February 28, 2021, the partners agreed to increase the Company's capital to SAR 1.3 million (one million three hundred thousand Saudi riyals) by paying an additional amount of one million Saudi riyals by bank transfer and issuing new shares equivalent to the proposed increase in the Company's capital. All partners are obligated to pay the capital increase in proportion to their existing shares. Regulatory procedures for updating the commercial registration and the Company's articles of association were completed on October 5, 2021.

3MILLION

INCREASE THE COMPANY'S CAPITAL

2017

(2) On April 23, 2017, the partners agreed to increase the Company's capital to SAR 3.0 million (three million Saudi riyals) by paying the required amount through the partners' current account in 2017 and issuing new shares equivalent to the proposed increase in the Company's capital. All partners are obligated to pay the capital increase in proportion to their existing shares. Regulatory procedures to update the commercial registration and the Company's articles of association were completed on June 17, 2019.

223.25MILLION

INCREASE THE COMPANY'S CAPITAL

2021

(3) On May 9, 2021, the partners agreed to increase the Company's capital to 223.25 million Egyptian pounds, by paying the required amount in cash and issuing new shares equivalent to the proposed increase in the Company's capital. On October 4, 2021, the partners agreed to increase the Company's capital to 323.25 million Egyptian pounds, by paying the required amount in cash and issuing new shares equivalent to the proposed increase in the Company's capital. All partners are obligated to pay the capital increase in proportion to their existing shares. Regulatory procedures to update the commercial registration and the Company's articles of association were completed on October 4, 2021.

100%

COMPLETED THE ACQUISITION

2018

(4) On October 31, 2018, the Company completed the acquisition of 100% of the shares in the Arabian Trading Company, in accordance with the terms and conditions of the share purchase agreement signed on August 5, 2018. Izdiad is the franchisee and sole operator of the TOUS international franchise in the Kingdom of Saudi Arabia. TOUS is a global lifestyle brand focused on affordable luxury that has been in business for nearly 100 years, with more than 620 stores in more than 53 countries. As a franchisor, TOUS designs, manufactures and sells jewelry, bags, and accessories for women and men. Its offerings cover a wide range of products including fine jewelry with diamonds, gold and silver, as part of its core business, as well as handbags, perfumes and accessories. TOUS has been present in Saudi Arabia since 2008, and its network currently includes 26 stores across the Kingdom. Through the (TOUS) brand, L'azurde will enhance its jewelry portfolio and grow its client base by diversifying revenues and complementing its diversified assortment. The Company's management is proud to partner with (TOUS), the world's leading manufacturer of jewelry. This transaction represents a great strategic fit with L'azurde Group, which is striving to enter the affordable luxury jewelry segment with strong margins and profits, helps diversify the Company's portfolio, and tackle entirely new product offerings.



Almujawharat Almasiah Company

Almujawharat Almasiah Company ("Almujawharat Almasiah") is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010236734 dated 25/07/1428H (08/08/2007). The head office of Almujawharat Almasiah is located in Riyadh City, P.O. Box 41270, Riyadh 11521- Kingdom of Saudi Arabia. The current share capital of Almujawharat Almasiah is SAR 1,300,000, divided into 50 shares with a fully paid nominal value of SAR 26,000 per share.

The following table summarizes the ownership structure of Almujawharat Almasiah as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (SAR)	Value of Shares (SAR)	Ownership Percentage
L'azurde Company for Jewelry - JSC	49	26,000	1,274,000	98%
L'azurde Company for Jewelry - LLC 1	1	26,000	26,000	2%
Total	50	26,000	1,300,000	100%

1. L'azurde Company for Jewelry is a Limited Liability Company incorporated in Abu Dhabi, United Arab Emirates.

The following table summarizes the ownership structure of Almujawharat Almasiah before share capital increase:

Shareholders	No. of Shares	Nominal Value per Share (SAR)	Value of Shares (SAR)	Ownership Percentage
L'azurde Company for Jewelry - JSC	49	6,000	294,000	98%
L'azurde Company for Jewelry - LLC1	1	6,000	6,000	2%
Total	50	6,000	300,000	100%

The principal activities of Almujawharat Almasiah include the trading of gold, silver products, and precious stones. Almujawharat Almasiah was established primarily for the purpose of holding shares in certain subsidiaries, and does not have any operational business activities as at 31 December 2021.



Kenaz Company

Kenaz Company ("Kenaz") is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010352574 dated 21/11/1433 H (06/10/2012). The head office of Kenaz is located in Riyadh City, Second Industrial Area, P. O. Box 41270, Riyadh 11521 - Kingdom of Saudi Arabia. The current share capital of Kenaz is SAR 3,000,000 divided into 50 shares with a fully paid nominal value of SAR 60,000 per share.

On April 23, 2017, L'azurde, based on the decision of the partners' Board, submitted a letter of support and continuity of the subsidiary Company (Kenaz Company). The partners agreed to increase the Company's capital to SAR 3.0 million (three million Saudi riyals) by paying the required amount through the current account. of partners in 2017 and issue new shares equivalent to the proposed increase in the Company's capital. All partners are obligated to pay the capital increase in proportion to their current shares. Regulatory procedures to update the commercial register and the Company's articles of association were completed on June 17, 2019.

The following table summarizes the ownership structure of Kenaz as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (SAR)	Value of Shares (SAR)	Ownership Percentage
L'azurde Company for Jewelry - JSC	49	60,000	2,940,000	98%
L'azurde Company for Jewelry - LLC1	1	60,000	60,000	2%
Total	50	26,000	3,000,000	100%

L'azurde Company for Jewelry is a Limited Liability Company incorporated in Abu Dhabi, United Arab Emirates.

The following table summarizes the ownership structure of Kenaz before capital increase:

Shareholders	No. of Shares	Nominal Value per Share (SAR)	Value of Shares (SAR)	Ownership Percentage
L'azurde Company for Jewelry - JSC	49	60,000	2,940,000	98%
L'azurde Company for Jewelry - LLC1	1	60,000	60,000	2%
Total	50	60,000	3,000,000	100%



L'azurde Company for Jewelry - (UAE- Dubai)

L'azurde Company for Jewelry ("L'azurde Dubai") is a Limited Liability Company registered in Dubai, United Arab Emirates under commercial registration No. 1039193 dated 25/12/1429H (23/12/2008). The head office of L'azurde Dubai is located in Ra'as District, P.O. Box 60843, Dubai, United Arab Emirates. The current share capital of L'azurde Dubai is AED 300,000 (equivalent to SAR 306,000), divided into 300 shares, with a fully paid nominal value of AED 1,000 (equivalent to SAR 1,020 per share).

The following table summarizes the ownership structure of L'azurde Dubai as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (AED)	Value of Shares (AED)	Ownership Percentage
L'azurde Company for Jewelry - JSC	299	1,000	299,000	99.67%
L'azurde Company for Jewelry - LLC ¹	1	1,000	1,000	0.33%
Total	300	1,000	300,000	100.00%

1. L'azurde Company for Jewelry is a Limited Liability Company incorporated in Abu Dhabi, United Arab Emirates.

The principal activities of L'azurde Dubai include trading in Jewelry, pearls, precious and semi-precious stones, watches, their spare parts, and the forging of gold and jewelry.

L'azurde Dubai owns equity stakes worth 161,625,000 Egyptian pounds in L'azurde Egypt (representing 50% of its capital) as of December 31, 2021. L'azurde Dubai also owns 100% of the shares of L'azurde Group for Gold and Jewelry, (DMCC), a limited liability Company.



L'azurde Company for Jewelry (Abu Dhabi)

L'azurde Company for Jewelry ("L'azurde Abu Dhabi") is a Limited Liability Company registered in Abu Dhabi, United Arab Emirates under commercial registration No. 1060233 dated 19 October 2003. The head office of L'azurde Abu Dhabi is located at Al Ain Mall, Abu Dhabi, UAE. The current share capital of L'azurde Abu Dhabi is AED 300,000 (equivalent to SAR 306,000), divided into 300 shares with a fully paid nominal value of AED 1,000 (equivalent to SAR 1,020 per share).

The following table summarizes the ownership structure of L'azurde Dubai as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (AED)	Value of Shares (AED)	Ownership Percentage
L'azurde Company for Jewelry	297	1,000	297,000	99%
L'azurde Company for Jewelry LLC1	3	1,000	3,000	1%
Total	300	1,000	300,000	100%

1. L'azurde Company for Jewelry is a limited liability Company incorporated in Dubai, United Arab Emirates.

The principal activities of L'azurde Abu Dhabi include the retail trade in jewelry, diamond, precious, and semi-precious stones, and watches.

L'azurde Abu Dhabi owns ownership stakes worth 161,625,500 Egyptian pounds in L'azurde Egypt (representing 50% of its capital) as of December 31, 2021.



L'azurde Egypt for Jewelry

L'azurde Egypt for Jewelry ("L'azurde Egypt") is a Limited Liability Company registered in Cairo, Egypt under commercial registration No. 14997 dated 01/05/1426 H (08/06/2005). The head office of L'azurde Egypt is located in the First Industrial Zone, P.O. Box 62, El-Obour City, Egypt. The current paid up capital of L'azurde Egypt is EGP 323,250,000 divided into 323,250,000 shares.

The following table summarizes the ownership structure of L'azurde Egypt as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (EGP)	Value of Shares (EGP)	Ownership Percentage
L'azurde Company for Jewelry LLC1	161,625,000	1	161,625,000	50%
L'azurde Company for Jewelry LLC2	161,625,000	1	161,625,000	50%
Total	323,250,000	1	323,250,000	100%

1. L'azurde Company for Jewelry is a Limited Liability Company incorporated in Abu Dhabi, United Arab Emirates.

2. L'azurde Company for Jewelry is a Limited Liability Company incorporated in Dubai, United Arab Emirates.

The following table summarizes the ownership structure of L'azurde Egypt before share capital increase:

Shareholders	No. of Shares	Nominal Value per Share (EGP)	Value of Shares (EGP)	Ownership Percentage
L'azurde Company for Jewelry LLC1	71,625,000	1	71,625,000	50%
L'azurde Company for Jewelry LLC2	71,625,000	1	71,625,000	50%
Total	143,250,000	1	143,250,000	100%

The principal activities of L'azurde Egypt include the establishment and operation of a plant for the design, manufacturing, distribution and sale of gold and diamond jewelry.



L'azurde for Jewelry (Qatar)

L'azurde for Jewelry ("L'azurde Qatar") is a Limited Liability Company registered in the State of Qatar under commercial registration No. 60716 dated 11/07/1434 H (21/05/2013). The head office of L'azurde Qatar is located in Gabar Ban Mohamed Street, P.O. Box 20464, Doha, Qatar. The current capital of L'azurde Qatar is QAR 200,000 (equivalent to SAR 206,054), divided into 200 shares with a fully paid nominal value of QAR 1,000 (equivalent to SAR 1,030 per share).

The following table summarizes the ownership structure of L'azurde Qatar as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (QAR)	Value of Shares (QAR)	Ownership Percentage
Wafiqah Sultan Al Essa	102	1,000	102,000	51%
L'azurde Company for Jewelry -Listed Company	98	1,000	98,000	49%
Total	200	1,000	200,000	100%

The principal activities of L'azurde Qatar include trading in gold, unworked precious metals, jewelry, gold and silver jewelry and wares, in addition to forging gold, precious metals and jewels, repairing gold, jewelry, jewels and wares, and implementing alterations thereto.



Oro Egypt Company for Manufacturing Precious Metals

Oro Egypt Company for Manufacturing Precious Metals ("Oro Egypt") is a Closed Joint Stock Company registered in Cairo, Egypt under commercial registration No. 7877 dated 14/11/1423 H (17/01/ 2003). The head office of Oro Egypt is located in Obour Market, P.O. Box 3067, Qalyubia, Egypt. The current capital of Oro Egypt is EGP 40,000,000 (equivalent to SAR 9,344,047) divided into 1,600,000 shares with a fully paid nominal value of EGP 25 (equivalent to SAR 5.84 per share).

The following table summarizes the ownership structure of Oro Egypt as at 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (EGP)	Value of Shares (EGP)	Ownership Percentage
L'azurde Company for Jewelry - Listed Company	1,586,000	25	39,650,000	99.13%
Almujwharat Almasiah - LLC	12,000	25	300,000	0.75%
Kenaz - LLC	2,000	25	50,000	0.13%
Total	1,600,000	25	40,000,000	100%

The principal activities of Oro Egypt include the establishment and operation of a plant for the manufacturing of jewelry, gold wares, and precious stones of all types, in addition to the establishment of a training centre. Oro Egypt operates a manufacturing unit in Qalyubia, and six branches across Egypt.

L'azurde Group for Gold and Jewelry DMCC

L'azurde Group for Gold and Jewelry DMCC ("L'azurde DMCC") is a Limited Liability Company registered with Dubai Multi Commodities Centre Authority, U.A.E under Trade License No. DMCC 108442 dated 26 February 2015. The principal activity of L'azurde DMCC is the trading of pearls, precious stones, and gold jewelry. As of 31 December 2021, L'azurde DMCC is fully owned by L'azurde Company for Jewelry ("L'azurde Dubai")



L'azurde Company for Jewelry (Oman)

L'azurde Company for Jewelry ("L'azurde Oman") is a Limited Liability Company registered in the Sultanate of Oman under commercial registration No. 1320525 dated 30 May 2018. The head office of L'azurde Sultanate of Oman is located in Al Seeb Market, Muscat P.O. Box 122, Muscat 125, Sultanate of Oman. The current capital of L'azurde Oman is OMR 20,000 (equivalent to SAR 195,000), divided into 20,000 shares with a fully paid nominal value of OMR 1 (equivalent to SAR 9.75 per share).

The following table summarizes the ownership structure of L'azurde Oman as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (OMR)	Value of Shares (OMR)	Ownership Percentage
L'azurde Company for Jewelry - (UAE- Dubai)	19,800	1	19,800	51%
L'azurde Company for Jewelry (Abu Dhabi)	200	1	200	49%
Total	20,000	1	20,000	100%

The principal activities of L'azurde Oman include manufacturing and trading of jewelry made from precious metals or stones.



Izdiad Commercial Company of Arabia

Izdiad Commercial Company of Arabia ("Izdiad") is a Limited Liability Company owned by one person registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010458297 dated 5 September 2015. The head office of Izdiad is located in Riyadh, P.O. Box 41270, Riyadh 11521 Kingdom of Saudi Arabia. The current capital of Izdiad is SR 12,000,000, divided into 100 shares with a fully paid nominal value of SR 120,000.

The following table summarizes the ownership structure of Izdiad Commercial Company of Arabia as of 31 December 2021:

Shareholders	No. of Shares	Nominal Value per Share (SAR)	Value of Shares (SAR)	Ownership Percentage
L'azurde Company for Jewelry -Listed Company	100	120,000	12,000,000	100%

The principal activities of Izdiad Commercial Company of Arabia include trading of jewelry, perfume, men and women accessories, leather products, and managing franchises and trademarks

On October 31, 2018, the Company acquired 100% of the shares in Izdiad Arabia Trading Company, in accordance with the terms and conditions contained in the share purchase agreement signed on August 5, 2018. Izdiad is the franchisor and operator of the global TOUS brand in the Kingdom of Saudi Arabia. TOUS is an international affordable luxury brand with nearly 100 years of business experience and more than 620 stores in more than 53 countries. TOUS designs, manufactures and sells jewelry, bags and accessories for women and men, and its offerings include a wide range of goods including diamond jewelry, gold and silver, at the core of its business, in addition to handbags, perfumes and accessories. The brand has been present in the Kingdom of Saudi Arabia since 2008 and today has a network of 26 stores across the Kingdom.

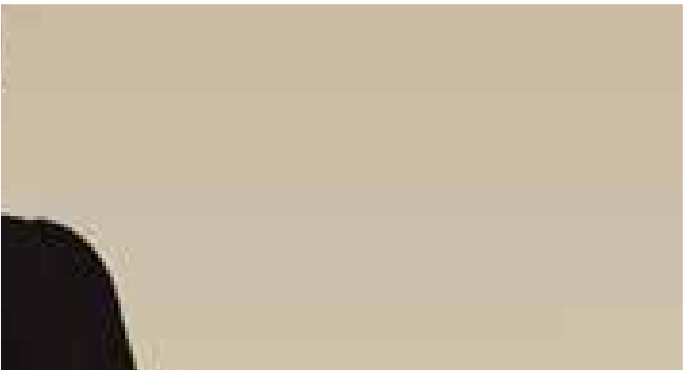
L'azurde, through the TOUS brand, seeks to strengthen its portfolio and expand its customer base by diversifying its revenues and completing its assortment. The Company's management is also proud of its partnership with the world leader in the jewelry industry "TOUS". This step is part of the L'azurde Group's strategy of seeking to enter the luxury jewelry sector at low prices that offer a strong profit margin and contribute to diversifying the Company's portfolio by introducing completely new products.

SOCIAL RESPONSIBILITY INITIATIVES

L'azurde is committed to launching effective initiatives as part of its continuous efforts to engage its community and clients on many occasions that contribute to their support in line with its ethical values towards them. In the past the Company undertook various initiatives. Here are some past programs.

01 KINGDOM HOSPITAL NURSES GIFTS INITIATIVE

The activity of combating the COVID-19 virus is of great importance to all members of society in the Kingdom, and activists and specialists in providing health care services are on the first line to confront this epidemic. Therefore, L'azurde's social initiatives focused on supporting the medical workforce and expressing appreciation and gratitude to those heroes every day. In this context, and as a gesture of appreciation for the nurses' dedication and hard work, L'azurde thought of a way to put a smile on their lips. The Company contributed by providing thank you gifts to nurses working in various hospitals in the Kingdom of Saudi Arabia.



02 MOTHER'S DAY GIFT INITIATIVE

L'azurde, in cooperation with the Saudi Ministry of Health, made a sincere gesture towards the mothers infected with the coronavirus who were isolated in quarantine centres in Riyadh, far from their families, and in a position that did not allow them to celebrate this occasion with their children. We tried to relieve a little of their pain and suffering and wish them a speedy recovery and a better future.

04

We inspire lovers to
express their feelings

L'AZURDE GROUP JEWELRY BRANDS

Since the L'azurde brand was launched forty years ago , it has become synonymous with exquisite jewelry which combines stylish beauty and outstanding craftsmanship. Underpinned by this reputation, it has established a market-leading position across the Middle East and North Africa. Today, L'azurde's vision is centered on building its own strong brand to create a house of jewelry brands which are trusted, endearing and inspiring. As consumers increasingly seek out brands which resonate with their own lives, L'azurde is dedicated to putting the customer at the heart of everything it does. That is why it has chosen to focus on establishing and leveraging a range of brands, each with its own unique voice and personality that will attract new and existing customers. Whether buying for themselves or as a gift, to celebrate an occasion or to keep up with the latest fashions, L'azurde aims to offer brands which appeal to a clientele of all ages and outlooks and deliver a personalized experience to each and every customer. By developing both own brand collections as well as brand franchise, L'azurde objective is to further expand its business and grow its revenues.

01 L'AZURDE MONO BRAND

The L'azurde brand is renowned in the Middle East, the GCC and beyond as a brand with a solid name, a strong heritage spanning 40 years of experience, and a great traditional high-quality craftsmanship mixed with modern contemporary jewelry design and the latest in the field of precision technologies. This positioning is underpinned by ongoing investments in marketing both through traditional means such as broadcast and print media, and through digital and social media, together with a variety



of carefully selected celebrity brand ambassadors as part of its multi-celebrity marketing strategy. L'azurde recently celebrated its fortieth anniversary with a creative campaign under the slogan "40 years of perfection". As part of the campaign, the Company launched a collection of iconic statement pieces engraved with L'azurde brand name and encrusted with diamonds that were an instant hit among L'azurde fans. L'azurde launched many brand building campaigns in 2021 across online platforms to support its various new collections sold in the wholesale, retail and on the e-commerce platform.

As part of the drive to appeal to a more diverse customer base, L'azurde launched several new collections which were highly welcomed by customers and influencers alike. A special 18K gold collection was launched and endorsed by L'azurde's brand ambassador, Myriam Fares who made several appearances wearing the 18K gold pieces. Many prominent female media figures in Saudi Arabia followed suit, revealing the reasons they'd prefer 18 K gold as their go-to jewelry choice. For Valentine's Day, a special collection was unveiled by L'azurde, featuring exquisite jewelry pieces encrusted with diamonds and heart-shaped rubies. The success of the collection was imminent as L'azurde fans found in it a way to express their love and passion for partners and soul mates. In 2021, the Company witnessed the development of L'azurde Instyle, a line of gold jewelry with special visual identity, packaging, display materials and marketing support. Instyle was especially made to be sold by piece in traditional gold souks in KSA. The new line was massively supported by Saudi influencers who visited L'azurde's wholesale partners and endorsed the initiative.



02 FRANCHISE BRAND TOUS

L'azurde identified opportunities to leverage its well-established expertise and capabilities across the MENA by acquiring or introducing selected global franchise brands in the region. Within this perspective, the Company acquired the exclusive franchise of TOUS in KSA, as a significant milestone in the Group's multi-brand strategy, which contributed to establishing a strong presence in the fastest growing segment of the jewelry industry and adding a new source of growth and profitability. TOUS is an international fashion jewelry brand with a long-standing heritage of offering affordable luxury products.

In 2021, L'azurde invested in marketing TOUS through various campaigns during KCPs (Key Consumptions Periods) and at various stores in the Kingdom. In addition to that, the Company advertised the launch of new jewelry collections and fashion bags for the Spring-Summer and Autumn-Winter seasons. Also the new tous.com e-commerce platform was supported by an awareness campaign in Q4 2021 when it was launched.



03 L'AZURDE INSTYLE

In 2021, L'azurde supported the awareness and image building of the new gold jewelry line sold by piece, for the first time, in traditional gold souks through a large network of third-party retailers. The new collections launched under the name of L'azurde Instyle featured exquisite pieces of meticulously made jewelry, all crafted in the highest-quality gold and encrusted with diamonds, pearls, precious and semi-precious stones, according to the highest standards in jewelry making. As its name suggests, L'azurde Instyle promises all L'azurde jewelry lovers fashionable and ultra-modern ornaments which can be styled in glamorous looks to keep up with the latest design and color trends in the world of fashion and jewelry.

The new line was advertised in collaboration with L'azurde's brand ambassador, the Queen of Stage, Myriam Fares in a bold, modern and super stylish advertising campaign targeting women who seek to look and feel glamorous, confident and unique at any time of day.

The L'azurde Instyle jewelry line grew well in 2021 and is showing a promising potential for selling gold jewelry by piece in the wholesale channel, with its versatile pieces embodying the different sides of every modern woman. The jewels of the collection are vibrant with color, reflecting a happy and confident outlook on life, with beautifully made designs all encrusted with precious stones, diamonds, pearls and zirconia so that every woman finds her perfect match.



04 KENAZ JEWELRY

Kenaz Jewelry is one of the fastest growing diamond value fashion brands in Saudi Arabia today, having only been launched by L'azurde as its first stand-alone brand 2017. The brand promises to deliver "luxury within your reach" which is attracting a new segment of customers to the L'azurde family, as well as extending its scope with existing clients.

To support higher conversion, Kenaz marketing activities included mainly attractive marketing materials to support point of sale with messages related to the consumption period or to the launch of multi-colored stones or innovative pearl varieties that are offered at affordable prices to the female customer who wants to own diamonds but is on limited budget.

05 MISS L'

Miss L', launched by L'azurde in 2019, offers classic and fashion jewelry products sold by piece at malls in KSA and Egypt. Building on the fast-growing segment of fashion affordable jewelry globally and in the region, Miss L' is sold today at L'azurde mono-brand shops, through its own dedicated kiosks and key 3rd party fashion retailers in malls, and online at missl.com.

Miss L' has a wide variety of 18K gold collections with precious and semi-precious stones that are stylish, effortlessly chic and produced according to the highest standards in jewelry making. Through Miss L', fashionable women can express their style and their positive outlook on life in creative and fun ways.

2021 was a remarkable year for Miss L' marked by the growth of the new Miss L' website-commerce platform, the growth of the Miss L' awareness and brand image attributes. This was achieved through major marketing campaigns targeting shoppers online and at the malls in the Kingdom and Egypt. Miss L' has a very high growth and shows a significant potential for the future.

In 2021, Miss L' launched many collections regularly on time for holidays and special occasions.

Throughout the year 2021, Miss L' was worn by many celebrities and social media influencers across the Middle East.

06 L'AZURDE CELEBRITY COLLABORATIONS

As the Middle East's largest gold and diamond jewelry designer, manufacturer, wholesaler and retailer, L'azurde has a focused marketing strategy designed to maintain and build its presence across the region. A key driver of the ongoing success of this strategy is L'azurde collaboration with superstars from the worlds of fashion, film and music.

This multi-celebrity approach is perfectly aligned with L'azurde clientele, which is diverse and multi-faceted. Mother, daughter, businesswoman, celebrity – L'azurde wants to help women of all ages and outlooks, from every walk of life, showcase their beauty at its best. Therefore, it has carefully selected each celebrity for her diversity and achievements, creating a portfolio of brand ambassadors which appeals different audiences and markets across the Arab World and beyond.

Nevertheless, the celebrities that L'azurde chooses to work with all have something in common. Like the brand itself, they are Middle Eastern, glamorous, confident, independent and proud. That is why they represent such strong brand ambassadors for the Company – they show the variety amongst all women and how they all shine within the different roles in their lives. Through distinctive collaborations and campaigns for each celebrity, which include digital and social media as well as traditional advertisements and appearances, L'azurde is able to showcase its unique and exquisite jewelry to a broad range of women. Such partnerships have helped L'azurde successfully strengthen its brand awareness and support revenue growth.





07 ADVANCED DESIGN AND MANUFACTURING FACILITIES

L'azurde Group's manufacturing facilities enable it to efficiently design and produce a wide variety of unique products to meet the evolving demands of consumers. L'azurde introduces over 5,000 designs each year, enabling it to maintain its status as an influential trendsetter in the market. L'azurde maintains a significant technological advantage with a park of more than 500 advanced jewelry manufacturing machines. For example, L'azurde Group was the first manufacturer in the Kingdom to implement 3D printing as part of the design and manufacturing process. Furthermore, L'azurde Group's efficient management of the supply chain provides it with the flexibility to change designs. Finally, L'azurde has streamlined labor intensive processes to drive the efficiency of its production processes. These advantages enable L'azurde to charge a premium labor service charge, meet a wide variety of consumer tastes, and create distinguished pieces of jewelry.

08 MANUFACTURING FACILITIES AND CAPACITY

L'azurde operates more than 32,000 square meters of manufacturing space for gold and diamond jewelry. The Group has four factories, one in the Kingdom and three in Egypt. The Kingdom's factory located in Riyadh was established on 23 January 1992 and manufactures gold and diamond jewelry to be sold in both the Kingdom and international markets. The first factory in Egypt which manufacture products mainly for sale in the local Egyptian market, located in Cairo, was established on 8 January 2003. The second factory in Egypt, located in Qalyubia, was acquired on 30 July 2012. The third factory in Egypt is Al-Madinah Munawwara factory, also located in Qalyubia.

09 LEADERSHIP POSITION

Through its successful operational performance, financial performance, brand strength and advertising initiatives, L'azurde has achieved a competitive position in the industry in the MENA region. The market's share of L'azurde grew consistently during the past years to reach approximately 20% to 25% today in the Kingdom and Egypt, making it the leading supplier of jewelry. L'azurde works continuously on implementing new products initiatives, new collections, and innovative technologies to continue winning more consumers and expanding its market share.

05

Integrated Professional Practices

SUSTAINABILITY

OUR FUTURE COMMITMENT TO THE ENVIRONMENT, SOCIETY AND GOVERNANCE

Quality and Safety Management

L'azurde is committed to strengthening its capacity to manage security and safety in all business environments, various production facilities, wholesale and retail offices, and during jewelry handling processes. It periodically cooperates with the security advisers to review and update its own security and security standards.

The Company is also largely concerned with strengthening compliance with all controls and procedures for maintaining health and safety in production processes, in line with its "safety first" logo, which represents its sustainable policy, in order to achieve its basic objective in "avoiding accidents."

L'azurde is applying many procedures and controls that are in line with local safety standards and systems (PME, Modon) and international ones to keep its staff safe and provide them with high quality work equipment and provide them with personal safety tools that fit the nature of their work and surrounding risks.

Also, "L'azurde" always provides a healthy and sound professional environment to all its staff. It is committed to applying an advanced safety and health management system with a view to providing a safe and healthy environment for other employees. The Company's safety department provides training and surveillance services with procedures to ensure an effective safety system at the hands of the security services team, supported by the latest equipment, equipment and related systems.

L'azurde is keen to provide the necessary medical care by providing an equipped medical clinic in its plants, to ensure immediate professional medical care and health control for its employees. In this context, L'azurde received several global certificates for its compliance with the global standards of health, safety and environment, such as:



ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

The Board of Directors is committed to having L'azurde implement all its activities and businesses in accordance with principles and foundations that are compatible with the applicable values of the Company, taking into account the interests of the society in general. The Board also recognizes all effects of the Company's activities and businesses, either on employees, shareholders, society, other stakeholders or on the environment where it operates, and the compliance with regulations and bylaws issued by official authorities. The Board of Directors is committed to L'azurde's initiative to take proactive steps, aimed at driving diversity across its workforce and improving living standards among employees and their families, and contributing to the realization of the community welfare, and accordingly, having sustainable contribution to economic and social development.

L'azurde applies a range of measures towards the environment in accordance with related legislation. It seriously strives to strictly control and avoid any potential harm on the environment. In addition to that, the Company undertakes various initiatives to reduce energy consumption and carbon emissions in the environmen

01 GOVERNANCE OF ENVIRONMENTAL RELATIONS

The Company depends on strict professional standards to sustainably control its environmental practices and its commitment to each of the following:

- Compliance with environmental laws and regulations in all manufacturing and operational work environments.
- Setting standards, procedures, environmental management controls and maintain them, to ensure equal balance of environmental considerations with commercial activities.
- Communicate with full transparency and clarity with staff, regulatory bodies, public and shareholders, on environmental issues and continuously improve them.



The Company's environmental management system also depends on the following international principles and practices:

- Evaluation of environmental impact and conservation of biodiversity
- Managing the waste of the manufacturing and production operations that can be harmful to the human beings and the environment
- Water treatment management, air pollution and chemical waste
- Work on energy conservation

GOVERNANCE OF HEALTH AND SAFETY CONTROLS AND PROCEDURES

L'azurde applies the highest health and safety standards to provide a safe working environment for staff, customers, suppliers and partners. It is always committed to observe the following controls and criteria:

- Merge concepts of health and safety as key intrinsic values for the Company.
- Adoption and implementation of applicable health and safety systems.
- Training and providing staff with tools, instruments and equipment to safely perform their work.
- Adopt and apply best practices to sustainably operate and maintain manufacturing equipment.
- Compliance with applicable laws and regulations in the societies where it operates.
- Provide a safe working environment by reducing or removing all risks.
- Follow up and implement accident prevention programs.
- Conducting regular reviews and reporting to the Board of Directors at once to ensure compliance with health and safety policies and procedures.

RISK FACTORS AND BUSINESS CONTINUITY

Effective management of risk is essential to the execution of the Group's strategies, the achievement of sustainable shareholder value, the protection of the brand and the guarantee of good governance.

01 RISK MANAGEMENT POLICY

Globally and across the last three decades, many legislative, economic and commercial changes, especially in MENA, have impacted the business environment and activities in different sectors and have exposed them to additional elements of risk. L'azurde has defined its internal control and risk management processes according to the global best practices and principles. L'azurde's Board of Directors and senior management use these principles in the course of setting the strategy and making decisions. Management then plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that the Company's objectives can be achieved while ensuring that associated risks are kept within the agreed risk appetite at all times.

The Board is responsible for overseeing the Group's risk management and internal controls system and reviewing its effectiveness. The system is designed to identify and manage, rather than eliminate the risk of failure. This is done to achieve the Group's strategic objectives and provide reasonable but not absolute guarantee against material misstatement or loss. The Board has an overall responsibility for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives, and for ensuring that risks are managed effectively.



The Board has delegated to the Audit Committee the responsibility for reviewing the effectiveness of the Group's systems of internal control and risk management methodology. The internal control processes consist of the following five closely-related components:

- Control environment
- Risk assessment
- Control activities
- Communication
- Continuous monitoring

L'azurde management gives attention to the risk management process, as a means of identifying, assessing, prioritizing and mitigating risks across its subsidiaries and business units. All that is executed with a coordinated and cost-effective application of resources to minimize, monitor, and control both the probability and the impact of adverse events so as to maximize the realization of opportunities.

Risks are effectively managed by L'azurde through the effective implementation of various controls, which include:

- Board approved risk management framework
- Documented policies and procedures
- Maintenance of registers
- Ongoing monitoring of regulatory obligations
- Internal and external reports

02 RISK MANAGEMENT GOVERNANCE

The Board has delegated to the Audit Committee the responsibility for reviewing the effectiveness of the Group's systems of internal control and risk management methodology.

The Board of L'azurde supervises risk management process through the Audit Committee that takes upon reviewing the risk management framework to make sure it effectively identifies all areas of potential risk. The adequacy of policies and processes have been designed and implemented by the Management to detect and oversee identified risks and annually report them to the Board and the General Assembly.

The Audit Committee regularly reviews the Group's established internal control systems, including all related functions, policies and procedures to ensure that they are appropriate and sufficient to identify and mitigate risks. In the case of highly complex transactions and contracts, we work with advisers to mitigate risks.

The Executive Management is responsible for setting the tone of the risk management. Management at all levels is responsible for identifying and appropriately managing risks related to their business area. Group functions support and facilitate the implementation of the risk process.



03 RISK MANAGEMENT ACTIVITIES

In 2021, we focused on mitigating and managing key risks reported in the year 2020. L'azurde has focused on increasing awareness of risk management across the Company and its subsidiaries and defining roles and responsibilities for identifying business risks.

At L'azurde, we prioritize risks to establish a focus on the most relevant risks. Risks are evaluated based on the potential impact and likelihood analysis. Relevant actions are implemented to manage or mitigate the risk.

The L'azurde approach to risk management begins with establishing the context in which the Company and the relevant business units operate, including consideration of relevant strategic and business objectives. All types of risks are managed through the same process.

The primary responsibility for risk management at L'azurde rests with the business unit, in particular with the Management. The latter is responsible for identifying, analyzing, monitoring, controlling and reporting risks within the business. It is therefore a key part of L'azurde's risk management framework.



L'AZURDE RISK FACTORS

Managing risk appropriately is critical to the direct and future success of L'azurde; therefore, the Company has developed a risk management methodology aligned with the Board of Directors and managed by the Executive Management Board. This methodology is dynamic and constantly evolving, thereby allowing L'azurde to manage its risks efficiently, ensuring that short and long term strategic and business-related objectives can be met.

As a publicly listed Company, L'azurde operates in a highly regulated environment, which is increasingly complex and demanding. The Company is therefore required to comply with a number of regulatory requirements and legal obligations. The key regulators of L'azurde Group's activities are the Capital Market Authority (CMA), the Saudi Stock Exchange (TADAWUL) and other Governmental bodies, mainly the Ministry of Commerce and Investment (MOCI). L'azurde is also subject to a number of other GCC and regional legislative requirements.

The risks set out below represent the principal risks and uncertainties which may adversely impact the performance of the Group and execution of its key strategies:

I THE RISKS OF THE CORONAVIRUS (COVID-19) PANDEMIC

The new Coronavirus (COVID-19) began to spread in December 2019, and the World Health Organization declared the virus a global pandemic in March 2020, and thereafter the virus has spread widely and rapidly to affect more than 194 countries around the world which were all facing an unprecedented health and economic crisis. In the second half of February 2020, when the virus spread and reached many countries around the world, governments began imposing public health containment measures to delay its spread and strengthen the capacity of the health sector. The situation in this way led to a sudden halt in economic activities and a sharp decline in economic prospects. As a result, the spread of the virus had a significant impact on the global economy and put pressure on individuals, companies, and governments. The government of the Kingdom of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing outbreak of the virus, like many countries in the world and the region. Health measures included imposing a complete and partial closure of economic and government activities, quarantine, and travel restrictions and prevention. Economic measures included financial support for citizens and people affected by the Corona pandemic, family and sickness leaves paid by the state, expansion of unemployment compensation, delayed tax payments, and other measures to support companies.

Like other companies, L'azurde's activities were affected during the year 2020. Wholesale and retail sales decreased by a large percentage compared to the year 2019, as a result of the temporary closure of retail showrooms in the Kingdom of Saudi Arabia, and all activities within the commercial complexes, except supermarkets and pharmacies in the Kingdom of Saudi Arabia. The suspension of all domestic and international flights had also a huge impact on sales in different outlets at airports. Moreover, a complete and partial curfew was imposed during the period from March 23 to June 21, 2020, Hence, production operations were affected due to the reduction of working hours and employees number. All these factors reflected negatively on the performance of the Company, and had an unfortunate effect on its operations and business.

As a consequence, the financial impact of this global pandemic (Coronavirus) may extend until the first quarter of 2021. However, due to the uncertainty of the current situation and the potential future circumstances of the repercussions of this pandemic, it is not possible for the Company at this stage to determine full financial impact of the COVID-19's outbreak.

I THE RISKS OF RELYING ON MAJOR SUPPLIERS

The Group's subsidiary Company (Izdiad Al-Arabia Trading Company) has an exclusive franchise right for the "TOUS" brands and products, and it mainly depends on the franchisor (the Spanish Company TOUS) from which the purchases represent 90% of the general purchases. As a matter of fact, the Spanish Company TOUS is the exclusive supplier for most TOUS products sold by the subsidiary Company Izdiad. Any change in the terms, prices, or quality of the supplied materials, or a sudden interruption of supply for any reason, will directly and negatively affect the Company's business and its operational results. This, in turn, will lead to a decrease in the Group's profitability, an increase in its losses, and its financial position being negatively affected.

I DECREASE IN END CONSUMER SPENDING

Different economic fluctuations in the Kingdom and other countries where L'azurde conducts its business can negatively affect the end consumer consumption and behavior patterns towards luxury products and leisure goods notably gold and diamond jewelry. Moreover, due to the decrease in end consumer disposable income, the increase in gold prices, high inflation, the changes in fashion trends, and many other factors, consumers may tend to resell, return or exchange their gold jewelry. In some countries, L'azurde Group's internal policies accept returns and exchanges of gold jewelry under specific conditions.

If these returns and exchanges exceed the usual levels due to the above-mentioned factors, this may have a material adverse effect on L'azurde's business, financial conditions, and results of operations or prospects.



I CHANGING END CONSUMER PREFERENCES

The jewelry industry is characterized by changing fashion trends and changing or evolving end consumer preferences. The L'azurde Group strives to anticipate, identify and capitalize on emerging fashion trends by designing, developing, marketing and delivering innovative, good quality, well priced classic and fashionable jewelry. Failing to achieve the above can have significant negative impact on the consumer demand on L'azurde products and its revenues.

I IMPACT OF SEASONALITY ON L'AZURDE GROUP'S REVENUES

The jewelry industry is seasonal in nature and the demand for L'azurde Group's products is event driven. As a result, L'azurde Group's sales are subject to seasonal fluctuations. Due to these seasonal factors, comparison of sales and operating results between different periods within a single financial year may not be meaningful and should not be relied upon as indicator of L'azurde Group's annual performance. In addition, this seasonal consumption pattern may cause L'azurde Group's operating results and financial condition to fluctuate from period to period.

I IMPACT OF GOLD PRICE FLUCTUATIONS AND INCREASE

International gold prices have significantly fluctuated over the past few years and more frequently this year. Periods of high fluctuations create uncertainty and can delay the purchase decision until gold price stabilizes. High gold prices may reduce the quantity of gold jewelry bought by wholesalers and end consumers and in particular demand for heavier weight gold jewelry. If L'azurde is unable to change its product mix to manufacture and offer lighter weight gold jewelry within a reasonable time, this may have a negative impact on L'azurde Group's sales to wholesale customers and end consumers. In addition to the possible decline on gold jewelry sales when gold price fluctuates and increases, the rise in gold prices increases the value of the gold facilities utilized, which L'azurde Group obtains from banks, and may subsequently increase the finance charges and the cash margin requirements. If L'azurde Group is unable to reduce its working capital and gold facilities utilization, the finance charges and cash margin requirements might increase. All the above may have a material adverse impact on L'azurde Group's business, financial condition, results of operations or prospects



I RISKS RELATED TO INTANGIBLE ASSETS AND GOODWILL

On 05/08/2018, the Company acquired 100% of the international franchise operator "TOUS" in the Kingdom of Saudi Arabia, for an estimated fee of 185.5 million Saudi riyals. Goodwill amounting to 109.9 million Saudi riyals, was recorded within the long-term intangible assets in the Company's financial statements as of December 2019. In accordance with the requirements of the state standards for the preparation of financial reports, this goodwill is subjected to test a decline in the value on an annual basis. It is considered to a challenging issue due to estimates, complex accounting requirements, and significant judgments required in determining the assumptions used in estimating the recoverable amount. Consequently, any significant change or reduction in future estimates and assumptions for the results of the brand's business, financial position and cash flows, including estimates of future sales growth rates, terminal value growth rates, and weighted average cost of capital (discount rate) may lead to a reduction in the goodwill value, which may have an impact on the Company's profitability, results of operations and future prospects.

I SECURITY, TRANSPORT AND FRAUD RISKS

L'azurde Group operates in a business that is susceptible to theft, and the high value of its inventory makes it even more susceptible. The transportation of L'azurde Group's gold and diamond jewelry products to wholesale customers and its own retail outlets also exposes L'azurde to security risks.

In addition, any security breach at the Company's factories, offices, and shops or any failure in transport logistics may result in a material loss in inventory, and may have a material adverse impact on L'azurde Group's business, financial condition, and results of operations or prospects.

I RISKS RELATED TO THE VALUE OF RETURNED STONES WITH PROCEEDS OF GOLD JEWELRY

The Company collects gold in exchange for gold from its wholesale customers in order to avoid the effect of price fluctuation of gold between the dates of sale and collection. The collection received from the customers is in the form of either gold bars or used gold jewelry. In the case of used gold artifacts, they may contain some stones, which upon melting, lose their weight equivalent to gold. If the collection rate of used gold artifacts containing a high percentage of stones is high, an increase of the cost incurred by the Company will occur. The Company currently takes gold artifacts with stones. Nonetheless, if it decides to no longer accept these stones from customers or consumers in the future, the costs related to the stones will decrease but on the other hand, it may have an impact on relations with both customers and consumers. In this case, future sales and gold collection may be negatively affected. The Company can't predict the quantity or percentage of stones that will be returned from customers and consumers in the future as it is subject to many economic and social factors that are difficult to predict.

I ABILITY TO EXECUTE THE TARGETED BUSINESS PLAN AND GROWTH STRATEGY

L'azurde Group's future performance depends on the successful execution of its business plan and growth strategy. Due to the diversity of L'azurde Group's activities and its international geographical spread, its ability to successfully expand to new markets or expand its penetration in already existing ones is dependent on a number of factors, some of which are outside the control of the Company. There can be no assurance that L'azurde will be able to successfully execute its business plan and growth strategy. Any failure to execute L'azurde Group's business plan and growth strategy may have a material adverse effect on its business, financial condition, results of operations or prospects.



I OPERATIONAL AND MARKET RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS

L'azurde generates substantial revenue outside the Kingdom. It also provides foreign manufacturing operations to Egypt and foreign suppliers. As a result, the Company is subject to the risks of doing business outside the Kingdom, such as potentially adverse tax consequences, including changes in taxation policies or inconsistent enforcement. Furthermore, it can be subject to different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations. In addition to import and export licensing requirements and regulations, as well as unforeseen changes in regulatory requirements, and restrictions on repatriation of the foreign subsidiaries' profits to L'azurde. Most importantly, the Group's results of operations may be affected positively or negatively by volatility in currency exchange rates and its ability to effectively manage currency transaction risks, especially in relation to the Egyptian Pound, in light of its fluctuation over the past couple of years.



I CLIENT CREDIT RISK

Credit risk is the peril of financial loss due to the default of L'azurde Group's wholesale customers in meeting their financial obligations towards it. The Group's credit risk is mainly related to its accounts receivable. L'azurde may not be able to obtain collaterals in support of all its accounts receivable. There can be no assurance that L'azurde would be able to evaluate the current financial condition of its wholesale customers and accurately determine the ability of such counterparties to fulfill their relevant financial obligations. Some customers may be highly leveraged and subject to their own operating and regulatory risks, which increases the risk that they may default on obligations to the Group. The inability or failure of significant wholesale customers to meet their obligations to the Company, and their insolvency or liquidation may have a material adverse impact on L'azurde Group's business, financial condition, and results of operations or prospects.

I TAX AND ZAKAT LIABILITY

The Company is currently subject to several types of taxes other than zakat, like taxes on business and industrial profits in Egypt and other types of taxes. In case new taxes are implemented on companies or new fees other than those implemented nowadays, this will have a material adverse impact on the Company's net profits. Oro Egypt Co. was exempt from corporate tax from 1 January 2005 to 31 December 2014 while L'azurde Egypt was exempt from corporate tax from 1 January 2009 to 31 December 2018. Therefore, Oro Egypt and L'azurde Egyptare are now paying corporate taxes. However, there is no guarantee that the tax laws and regulations in Egypt will not change without prior notice, or that the tax authorities may challenge the exemptions status of the Egyptian entities and subject them to tax, which may have a material adverse impact on L'azurde Group's business, financial condition, and results of operations or prospects.

Besides, the Company pays zakat on behalf of its shareholders. It has submitted zakat returns on due dates. Nonetheless, there is still a risk that the General Authority of Zakat and Tax in Saudi Arabia may refer to a specific historical year and challenge the submitted zakat returns while imposing an assessment on the Company and requesting it to pay additional zakat. This may have a material adverse impact on L'azurde Group's business, financial condition, results of operations or prospects.



I RISKS ASSOCIATED WITH IMPLEMENTING VALUE ADDED TAX VAT

The Value Added Tax (VAT) regulation has become effective in the Kingdom of Saudi Arabia as of January 1, 2018. The value-added tax (VAT) is an indirect tax that is imposed on every stage of the supply chain, from production and distribution to the final sale of a good or service, with some exceptions. The Kingdom of Saudi Arabia imposed value-added tax (VAT) at a standard rate of 5% on all gold products and diamond jewelry. Therefore, there is a risk that VAT will be applied in general, and in particular on the sector elegant jewelry and products, which may affect consumer demand in the Kingdom of Saudi Arabia and thus the sales volume.

On 10/17/1441H, corresponding to 06/09/2020 G., the Board of Directors of the General Authority for Zakat and Income issued Decision No. (20-3-2) to increase the value-added tax (VAT) rate, to become 15% of the sale price, starting from 07/01/2020 AD. Since the value-added tax (VAT) is by nature borne by the final consumer, the Company has added the value-added tax (VAT) to its prices, which led to an increase in the prices of the Company's products, and this may lead to a significant decline in sales, which may have a significant negative impact on the business of L'azurde Group or its financial position, results of its operations, or future prospects.



05

GENERAL RISK CATEGORIES

The following are some of the general risks that affect L'azurde Group's business environment:

Business risks	Market Risks	Economic and regulatory risks
Unexpected business interruption	Gold prices fluctuations	Economic and political risk
Gold facility agreements	General slowdown in economy	Regulatory risk
Adequacy of insurance coverage	Foreign exchange rates	Labor force regulation
Protection of intellectual property	Competitive environment	-
Dependence on "L'azurde" brand	Fall in demand of jewelry	-
Lease agreements not renewed	Expansion strategy	-

06

BUSINESS CONTINUITY

The nature of our business requires us to be able to provide a rapid recovery of major products, models, designs and after-sales services in the cases of business interruption. L'azurde Company has used an effective business continuity management methodology to address cases of work activities interruption and protect important business processes from the effects of large failures and material disasters. Accordingly, there are no real doubts regarding the capacity of L'azurde and its subsidiaries to continue their business operations.

There are no plans or decisions with regards to restructuring or stopping operations of the Company or its subsidiaries.



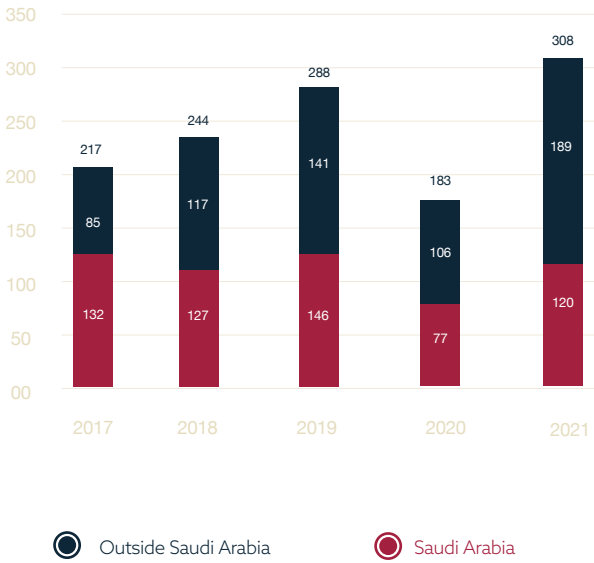
06

Resilient and Skillful
Development

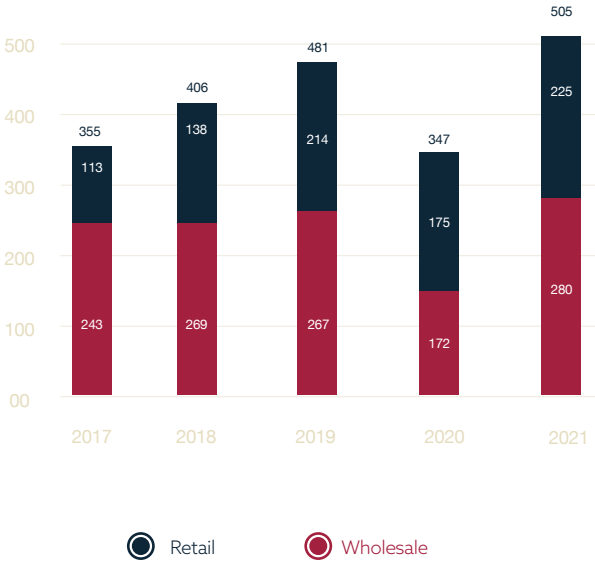
FINANCIAL
PERFORMANCE

L'AZURDE KEY FINANCIAL HIGHLIGHTS 2021

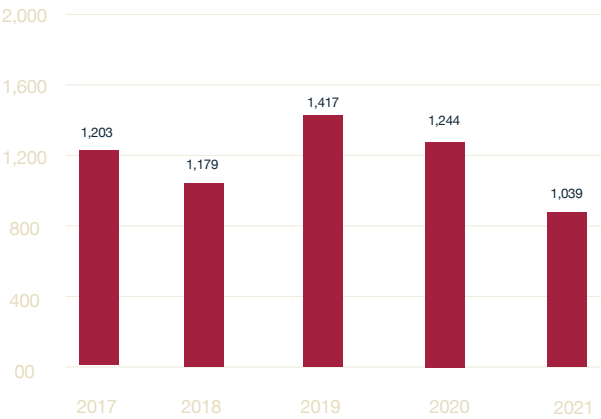
GROUP'S GROSS PROFIT REVENUE BY REGION (SAR MM)



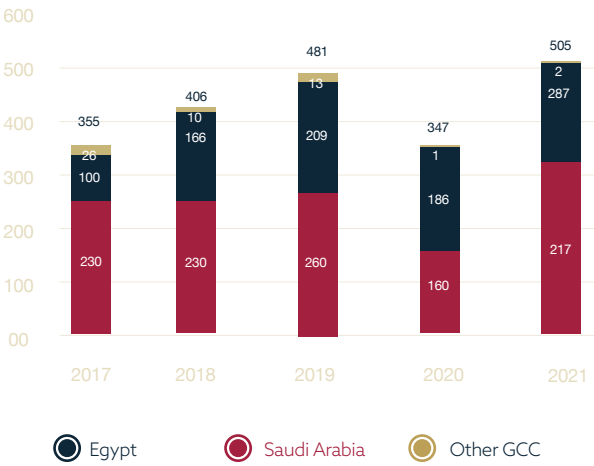
GROUP'S OPERATING REVENUE BY DISTRIBUTION CHANNEL(SAR MM)



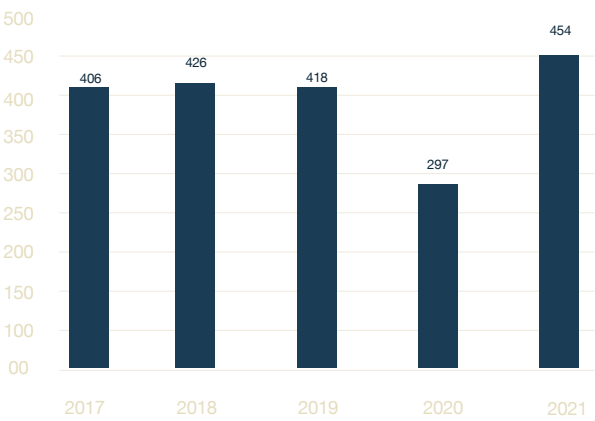
CURRENT LIABILITIES (SAR MM)



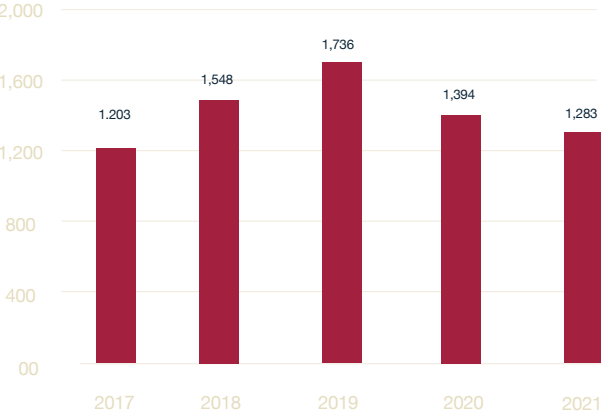
GROUP'S OPERATING REVENUE BY REGION (SAR MM)



EQUITY (SAR MM)



CURRENT ASSETS (SAR MM)



STATEMENTS OF INCOME AND FINANCIAL POSITION FOR THE LAST FIVE YEARS

L'azurde key financial highlights (SAR million)

Statements of Income and financial position for the last five years

	2017	2018	2019	2020	2021
STATEMENT OF INCOME:					
Gold revenues	1,397	1,506	1,495	931	1,466
Operating revenue	355	406	481	347	505
Cost of revenues	(1,535)	(1,668)	(1,689)	(1,095)	(1,664)
Gross profit	217	244	288	183	308
Selling and marketing expenses	(105)	(132)	(180)	(165)	(181)
General and administrative expenses	(38)	(42)	(43)	(42)	(45)
Impairment of inventories	-	-	(18)	-	-
Loss on recall of products	-	-	-	(35)	0
Operating profit/(loss)	75	70	47	(59)	81
Finance costs – net	(31)	(36)	(51)	(50)	(31)
Other income/(expenses) – net	(1)	(4)	1	0	(10)
Zakat and income tax	(12)	(12)	(14)	(12)	(18)
Net profit/(loss)	32	18	(18)	(120)	22
STATEMENT OF FINANCIAL POSITION:					
Inventories	915	789	859	818	840
Accounts receivable	460	570	665	264	249
Other current assets	27	39	59	101	82
Cash margins	110	102	100	70	36
Cash and cash equivalents	57	48	54	141	75
Total current assets	1,569	1,548	1,737	1,394	1,283
Non-current assets	79	236	278	256	267

Total assets	1,648	1,783	2,015	1,650	1,550
Short-term murabaha facilities	1,134	1,106	1,137	858	530
Other current liabilities	69	73	280	386	509
Total current liabilities	1,203	1,179	1,417	1,244	1,039
Non-current liabilities	38	178	180	109	57
Total liabilities	1,241	1,357	1,597	1,353	1,096
Equity	582	602	584	462	619
Foreign currency translation reserve	(175)	(176)	(166)	(165)	(165)
Total shareholders' equity	406	426	418	297	454
Total liabilities and shareholders' equity	1,648	1,783	2,015	1,650	1,550

CASH FLOW STATEMENT:

Cash flow from operating activities	(12)	(20)	30	59	78
Cash flow from investing activities	(20)	(144)	(12)	(10)	(14)
Cash flow from financing activities	50.3	153.8	(15.6)	37.8	(131.5)

KEY INDICATORS:

Return to operating revenue	8.9%	4.3%	-3.6%	-34.7%	4.4%
EBITDA to operating revenue	24.0%	20.0%	19.0%	-3.9%	25.3%
EBIT to operating revenue	21.2%	17.2%	9.7%	-16.9%	16.1%
Return on operating assets	1.9%	1.0%	-0.9%	-7.3%	1.4%
Return on equity	7.8%	4.1%	-4.2%	-40.5%	4.9%
Current ratio	1.3	1.3	1.2	1.1	1.2
Operating revenue growth	-12.3%	14.4%	18.4%	-27.8%	45.4%
Earnings / (Loss) per share	0.73	0.41	(0.41)	(2.80)	0.44

COMPLIANCE OF THE COMPANY’S ACTIVITY WITH ISLAMIC SHARIAH

According to the Legal Standard No. (21) on securities "stocks and bonds" issued by the Association of Accounting and Auditing of Islamic Financial Institutions (AAOIFI), the following are paragraphs extracted by the Company's Management:

1

The main activity of the Group in gold and jewelry industry is a legitimate activity in principle.

2

Credit facilities and financing obtained from banks during the audit period agrees with the provisions of Islamic Shariah.

3

Cash sales through the Group's retail outlets and wholesale cash and credit sales are compatible with Shariah controls.

The Group’s policy in wholesale selling of gold depends on the sale of worked gold with the credit in lieu of raw or broken gold equal to it in the amount with an additional amount against the work. This is in accordance with the saying of those who said that it is permissible to sell gold jewelry on credit. This is the saying of a Group of Islamic Jurisprudence Scholars, including Imam Ibn Taymiyyah and his student Ibn Al-Qayyim, and also the saying of a number of contemporary scholars, including a number of members of the Shariah Council of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). With that, the Shariah opinion was issued by the Shariah Advisory Committee formed by the Council of Saudi Chambers to consider a number of inquiries submitted by the National Committee for Precious Metals and Precious Stones regarding dealing in gold jewelry by gold dealers and manufacturers and expressing the Shariah opinion on them, which included in summary that it is permissible to sell jewelry Gold and silver at a deferred price, between factories, wholesalers and retailers, after fulfilling the following controls:

- The industry in the ornaments should be permissible.
- The industry in the ornaments should be of a significant value, and not for by passing provisions of usury.
- The industry in the ornaments is intended itself for purchase and not only gold material.



It is one of the appreciated legal jurisprudence regarding dealing in the gold jewelry trade, and its application is not considered a breach of the Group's commitment to Shariah controls, and it does not affect the legal classification of the Group's activity.

It should be noted that L'azurde Jewelry ("The Company") received on Tuesday, 25/11/1443H (30/11/2121) the legitimate assessment report (LAE-787-02-11-21) issued by Dar for Legal Reviews ("AlDar") in its capacity as the Company's legitimate adviser. The report clarified that the work and activities of the Company during the third quarter of 2021 were compatible with legitimate controls and standards.

It should be noted that the "AlDar ") was appointed to examine and study the compatibility of the Company's operations and activities with the legal controls and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as well as other controls and standards contained in the report. Also, AlDar will provide legal consultations necessary for the adherence of the Company with the controls and standards mentioned throughout the term of the assignment period, as well as its legitimate control and review tasks of the Company's financial operations by submitting a quarterly report after the quarterly financial statements.



REVENUE OF THE COMPANY AND ITS SUBSIDIARIES

Total revenue includes both gold sales revenue and operating income. Gold revenue represents the weight of gold value used to generate operating revenue from wholesale channels. Gold revenues are presented in financial reports as statistical information only, because the Group does not realize any profits or losses from selling gold metal through wholesale channels. As for the operating revenues, they are related to the value-added element of the piece of jewelry, especially the revenue from manufacturing wages, the value of additions and any other revenue sources recorded through wholesale channels, gold and diamond jewelry and other products sold in retail channels, which constitute the actual revenue of the Group.



Analysis for the Group's gold revenues:

SAR million	2021	2020	VARIANCE %
Gold revenues	1,466	931	57.5%

▲ 57.5%
1,466
Group gold
revenues for the year

Group gold revenues for the year ended 31 December 2021 were SAR 1,466 million, an increase of 57.5% compared to SAR 931 million last year. It is worth noting that the Group does not make profits or losses from selling gold as a metal.

Analysis for the Group's operating revenue per geographic distribution:

Group's Operating Revenue per Geographic Distribution

SAR million	2021	of revenue %	2020	of revenue %	% Variance
Saudi Arabia	217	43%	160	46%	35.20%
Egypt	287	57%	186	54%	54.10%
Other GCC	2	0%	1	0%	68.40%
Total	505	100%	347	100%	45.40%

▲ 45.4%
505
The Group's
operating revenues
for the year

The Group's operating revenues for the year ended December 31, 2021 amounted to SAR 505 million, which better represents the Group's revenues after excluding the value of gold metal, increased by 45.4% compared to last year, which amounted to 347 million Saudi riyals.

Group's operating revenue by distribution channel

Operating revenue by distribution channel

SAR million	2021	of revenue %	2020	of revenue %	Variance %
Wholesale gold and diamond	280	55%	172	50%	62.70%
Retail	225	45%	175	50%	28.50%
Total	505	100%	347	100%	45.40%

Analysis of Group's operating revenue

	31 December 2021		31 December 2020	
	SAR	% Total	SAR	% Total
On cash basis	261,781,121	51.80%	197,753,562	56.90%
On credit basis	243,525,830	48.20%	149,662,776	43.10%
Total revenue from operations	505,306,951	100.00%	347,416,338	100.00%

Wholesale channel revenue increased 62.7% year-over-year. Wholesale revenue in Saudi Arabia increased by 60.0% from last year, as 2020 was significantly affected by the closure of gold markets and malls, as well as the successful launch of L’azurde Instyle to sell modern and affordable jewelry by the piece in traditional gold markets. In Egypt, the revenues from wholesale operations grew significantly by 64.1% compared to last year with the continued high demand for L’azurde gold jewelry in Egypt, and advertising campaigns had a positive impact on demand.

Retail channel revenue is up 28.5% year over year. Retail revenue in Saudi Arabia has increased significantly by 20.9% compared to last year. This is mainly due to revenue growth in the same stores, growth in the Miss L' and L'azurde Instyle brands, L'azurde's rapidly growing e-commerce platforms, the opening of new outlets in the past 12 months, and the easing of precautionary measures to limit the spread of the Coronavirus. 19 This was partially offset by a decrease in sales at airports. In Egypt, retail operating revenue increased significantly by 38.9% compared to last year, mainly due to revenue growth in same-stores, new outlet openings in the past 12 months, growth in the Miss L' and L’azurde Instyle brands, and fast-growing L’azurde e-commerce platforms. Relaxation of precautionary measures related to COVID-19.

Accounts Receivable	31 December 2021	31 December 2020
	SAR	SAR
Accounts receivable - gross	284,136,069	298,336,378
Provision for expected credit loss	(34,724,275)	(34,271,778)
Accounts receivable - Net	249,411,794	264,064,600

Accounts receivable arise from the provision of term facilities to the Group's wholesale customers to pay their obligations, including the value of purchased gold. These credit terms come in response to the request of the Group’s wholesale customers and are considered in accordance with the provisions of Islamic Shariah according to the Shariah opinion issued by the Shariah Advisory Committee of the Council of Saudi Chambers, a number of Shariah scholars, and the results of the meetings between these scholars and the management of the Group. Credit sales are only offered to wholesale Group customers and not to retail customers.



Summary of major changes in Group's financial results

SAR million	2021		2020		Variance %
	SAR	% of Revenues	SAR	% of Revenues	
Operating revenue	505	100.00%	347	100.00%	45.40%
Cost of operating revenues	(198)	(39.10%)	(164)	(47.30%)	20.10%
Gross profit	308	60.90%	183	52.70%	68.20%
Operating expenses	(226)	(44.80%)	(207)	(59.60%)	9.40%
Loss on recall of products	-	0.00%	(35)	(10.00%)	(100.00%)
Operating (loss)/profit	81	16.10%	(59)	(16.90%)	(239.00%)
Net profit / (loss)	22	4.40%	(120)	(34.70%)	(118.30%)

Group operating revenues of SAR 505 million for 2021 have increased by 45.4% compared to SAR 347 million last year.

Operating cost of revenues decreased by 20% compared to last year due to lower operating revenues. Group gross profit of SAR 308 million for year 2021 was 68.1% higher than last year's Group gross profit of SAR 183 million mainly due to increase operating revenues. Also, the gross profit margin improved significantly to 60.9% in the current year compared to 52.7% in 2020. This reflects the ability of the Group to defend its profit margins and grow while also increasing its revenues.

The Group's operating profit of SAR 81 million for the year 2021 increased compared to the Group's operating loss of SAR 59 million due to higher operating income and lower operating expenses. Group operating expenses as a percentage of operating income were reduced to 45% in 2021 compared to 70% in 2020, due to cost control and revenue increase initiatives.

All strategic and commercial initiatives taken by the Company in the past year, including improvement of working capital for gold and issuance of rights issue in June 2021, have resulted in a significant reduction in funding costs. The Group's financing costs in 2021 were SAR 31 million, a significant decrease of 38.1% from SAR 50 million in financing costs last year.

The net profit for the year 2021 amounted to 22 million riyals, compared to a net loss of 120 million riyals last year for the reasons mentioned above. This is a huge shift of SAR 142 million in profitability compared to last year reflecting all the strong and rapid measures taken by the Group to emerge stronger from the Coronavirus crisis.

Short-term gold and cash facilities

	Notes	31 December 2021 SAR	31 December 2020 SAR
Murabaha Facility (Golden)	a	529,677,916	709,354,312
Cash Facility (Tawarruq)	b	-	128,245,957
Total		529,677,916	837,600,269

All the short-term murabaha facilities of the Group have been taken by the parent company, L'azurde Company for Jewelry, and no banking facilities have been taken by the subsidiaries.

The total gold purchase facilities for the Company on December 31, 2021 amounted to SAR 530 million, compared to SAR 709 million on December 31, 2020. All outstanding financial facilities agreements are in the form of Murabaha and Tawarruq agreements to finance the supply of pure gold.

The total cash facilities (Tawarruq) of the Company on December 31, 2021 amounted to nil, compared to 128 million Saudi riyals on December 31, 2020.

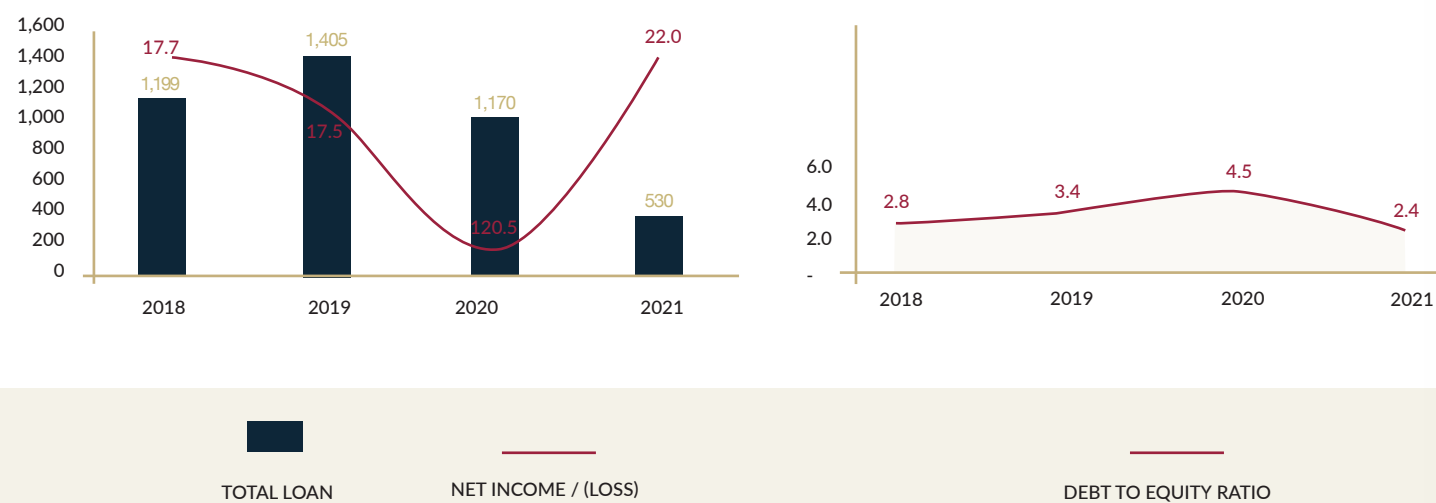
Cash and gold margins against the Company's gold purchase facilities as on December 31, 2021 amounted to SAR 36 million compared to SAR 70 million as of December 31, 2020.

All existing financial facility agreements are in the form of Murabaha and Tawarruq agreements.

Notes:

- (a) The total gold purchase facilities for the Group on December 31, 2021 amounted to 530 million Saudi riyals (while it amounted to 709 million Saudi riyals as at 31 December 2020). All existing financial facility agreements are in the form of Murabaha and Tawarruq agreements to finance the supply of pure gold. The Group has Islamic Murabaha facilities to obtain gold from different banks to finance the working capital requirements of gold, with maturities ranging from 1 to 3 months (2020: 1 to 3 months) at agreed profit rates. All of these financial facilities are Shariah-compliant in accordance with Shariah certificates issued by the internal Shariah boards of banks including the Murabaha (Tawarruq) facility to finance the purchase of gold, whereby the banks buy commodities other than gold or silver and then sell them to the Group on a credit basis. The Group then sells the goods to a third party, and the bank immediately purchases the gold using the proceeds from the cash sale of the commodity.
- (b) Islamic Tawarruq facilities represent cash from various banks and are only to finance the working capital requirements of the Group, with agreed profit rates and maturities ranging from 1 to 9 months.

Total Gold and Cash Bank Loans Higher profitability at lower borrowing levels Million SAR:



There are no investments or reserves established for the benefit of the Company's employees

Short and long-term facilities owed by the Company and a statement of total indebtedness of the Company and its subsidiaries

Lender	Principal amount of facilities	facilities Term	Payments made during the year	The value of the facilities as on December 31, 2021
SNB	404,780,878	3,277,355,260	(3,196,823,117)	485,313,021
SABB	20,000,000	40,000,000	(60,000,000)	-
SAMBA	284,296,283	467,838,619	(752,134,902)	-
BANQUE SAUDI FARANSI	63,277,151	275,458,110	(294,370,366)	44,364,895
The Saudi Investment Bank	31,000,000	26,000,000	(57,000,000)	-
Alinma Bank	34,245,957		(34,245,957)	-
SABB (Long term loan)	75,000,000		(75,000,000)	-
Total	912,600,269	4,086,651,989	(4,469,574,342)	529,677,916

The movement in the short-term facilities during the year was as follows:

	2021 SAR	2020 SAR
In the beginning of the year	837,600,269	1,117,990,648
Facilities granted during the year	4,086,651,989	12,098,810,690
Payments made during the year	(4,394,574,342)	(12,379,201,069)
At the end of the year	529,677,916	837,600,269

All the short-term Murabaha facilities of the Group have been taken by the parent Company, Lazurde Company for Jewelry, and no banking facilities have been taken by the subsidiaries.

Employees' end of service benefits

The Group provides end of service benefits to all its employees in accordance with labor regulations. The Group has not yet developed a plan to grant its shares or a percentage of the profits to its employees, with the exception of employees of subsidiaries in Egypt who are entitled to receive 10% of the dividends distributed in accordance with the Egyptian Companies Law. However, the General Assembly agreed to amend the bylaws to enable the Company to buy back its shares for the purposes of allocating them to the Company's employees as part of the employee stock plan. The Group has not yet established any employee pension scheme or established a separate fund for such scheme, other than mandatory state social insurance schemes.

The following is the movement in employees' end of service benefits:

	2021 SAR	2020 SAR
At the beginning of the year	27,508,541	29,334,858
Charge for this year	4,308,196	5,518,008
Payments during the year	(4,067,034)	(6,746,642)
Actuarial gains	2,696,338	(609,656)
Foreign exchange difference	2,974	11,973
At the end of the year	30,449,015	27,508,541

REGULATORY PAYMENTS AND PENALTIES,

Regulatory Payments

L'azurde is committed to paying certain taxes, fees and any other expenses to the Saudi Arabian Government as per applicable laws and regulations. These expenses are charged as a result of the Company's operations. The following table shows the statutory charges paid during year 2021 with a brief description and reason for each charge.

Type of pay- ment	Statutory organi- zation	2021 SAR	2020 SAR	Description	Reason
Zakat and Value Added Tax	General Author- ity of Zakat and Income Tax	32.5	15.7	Zakat expense and Value Added Tax paid in accordance with laws and regu- lations	Government requirement / Zakat and Value Added Tax laws and regulations
Visas and pass- ports	Ministry of Inte- rior	0.5	0.2	Amounts paid or charged as visa and passport expenses	Government requirement
Iqama expens- es	Ministry of Labor	1.5	1.9	Amounts paid or charged as iqama expenses	Government requirement
Social Insur- ance	General Organi- zation for Social Insurance	3	2.4	Amounts paid or charged as social insurance expense according to Labor and Social Insur- ance Laws	Government require- ment/ Labor and Social Insurance laws and regu- lations
Total		37.5	20.2		

Penalties

During 2021, L'azurde was not subjected to any material penalty, precautionary measure or precautionary restriction from any regulatory or judicial authority.

Preparation of the Company's consolidated financial statements

The Company has applied all international financial reporting standards approved by the Saudi Organization for Certified Public Accountants, without exception, which became effective as of December 31, 2021.

The consolidated interim financial statements are issued with a limited audit report, while the annual consolidated financial statements are issued with the audit report issued by the

external auditor.

Baker Tilly MKM & Co. Accountants has been appointed as an external auditor for the fiscal year 2021 and the first quarter of 2022, based on the recommendation made by the Audit Committee to the Board of Directors. The Board of Directors requested approval of the nomination of Baker Tilly MKM & Co. Accountants and determining its fees, during the General Assembly meeting held on June 3, 2021, during which this appointment was approved. After completing the audit of the consolidated financial statements for the fiscal year ending on December 31, 2021, the auditor, Baker Tilly MKM & Co. issued their report on them with an absolute and unqualified opinion of the fair representation in all material aspects of the Group's financial position, its financial performance, and consolidated cash flows in accordance with the International Financial Reporting Standards approved by the Saudi Organization for Certified Public Accountants, and other standards and statements issued by this organization. Furthermore, the audit report states that the consolidated financial statements, in general, comply with the regulatory requirements of the companies' regulations and the Group's articles of association to the extent that they affect the preparation and representation of the consolidated financial statements.

External auditor's report

The external auditor's report for the fiscal year ended December 31, 2021 included the following other considerations:

Other information included in the annual report of the Group

The other information comprises the information included in the Group's 2021 annual report, other than the consolidated financial statements and the auditor's report thereon. The Management is responsible for the other information contained in its annual report. It is expected that the annual report will be available after the date of this audit report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information described above and consider when making this, if the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or if the other information appears to be materially misstated in any other way. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to decide in this regard.

Responsibilities of management officers in charge of governance for the consolidated financial statements

The Management is responsible for preparing the consolidated financial statements and presenting them fairly in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants and in accordance with the Companies Law and the Company's articles of association. and it is responsible for the internal control it deems necessary to enable it to prepare It is also responsible for preparation of the consolidated financial statements 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 and for disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting, unless management intends to liquidate the Group or to cease operations, unless it has a realistic choice but to do so. Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting mechanism.

Annual Management report on internal control over the financial reporting process

L'azurde's Management is responsible for establishing and maintaining effective internal control over the financial reporting process. Internal control over the preparation of financial reports is a process designed to provide reasonable assurances about the reliability of these reports, and to prepare financial statements for external purposes in line with generally accepted accounting principles approved by the Saudi Organization for Certified Public Accountants. The internal control process that L'azurde applies to the preparation of financial reports includes the following policies and procedures:

- Pertain to the maintenance of records that contain reasonable detailed data that accurately and impartially reflect the transactions carried out by L'azurde and the ways in which its assets are used:
- Provide reasonable assurances that transactions are duly recorded in a professional manner necessary for the preparation of financial statements in accordance with International Financial Reporting Standards, and that L'azurde's revenues and expenses are made in accordance with the powers granted to the Company's Management and members of the Board of Directors.
- and providing reasonable safeguards to prevent or disclose in a timely manner the unauthorized acquisition, use or expenditure of L'azurde's assets, which may materially affect the consolidated financial statements.

Due to inherent limitations, internal control over financial reporting may not be able to prevent or detect errors. Also, expectations regarding any assessment of the effectiveness of internal control systems in the future may be at risk of becoming inadequate due to changing circumstances or a lower level of compliance with policies and procedures. L'azurde's Management has conducted an assessment of the effectiveness of the internal control over the financial reporting process, and based on this evaluation, management has concluded the effectiveness of the internal control applied by L'azurde to the financial reporting process until December 31, 2021.

There are no reservations in the auditor's report on the annual financial statements, and there is no recommendation from the Board of Directors to change the auditor before the end of the period for which it was appointed. There is also no difference from the accounting standards approved and in force in the Kingdom of Saudi Arabia.

THE COMPANY'S OPERATIONS RELATED TO PURCHASING ITS SHARES IN THE EXCHANGE AND THE PURPOSE OF ITS PURCHASE

- The Company may purchase its ordinary and preferred shares with the approval of the extraordinary general assembly, in accordance with the regulations set by the Capital Market Authority in this regard. The shares purchased by the Company do not have votes in the shareholders' assemblies.
- As of December 31, 2021, the Company did not undertake any purchase of its shares from the market.

BOARD OF DIRECTORS DECLARES THAT:

01

The books of account have been maintained properly.

02

The system of internal control is sound in design and has been effectively implemented.

03

There are no significant doubts concerning the Company's ability to continue as a going concern.

Other Declarations:

The Board of Directors was keen to ensure the professional performance of the Company during the year 2021. Accordingly, the Board of Directors confirms the following:

- There was no fundamental conflict of interest during the year 2021, other than what was disclosed.
- We have not received any request from shareholders who own 5% or more of the Company's capital to invite the General Assembly to convene during the year 2021.
- There are no procedures that may obstruct the shareholders' voting rights.
- Other than the claims of the emerging Coronavirus pandemic, there were no important events affecting the safety of the Company's financial position after the end of the fiscal year 2021 that required disclosure, other than the available and announced information.
- The accounting records have been prepared and updated properly.
- During the year 2021, there was no doubt about the Company's ability to continue its activity.
- The Company's consolidated financial statements were prepared during the fiscal year 2021 in accordance with the standards approved by the Saudi Organization for Certified Public Accountants.
- All information published by the Company, whether directly or indirectly, is accurate and true statements about material facts or a statement of opinion, and is not intended to influence the share price.

07

Integrated Professional
Performance

SHAREHOLDERS'
EQUITY

SHAREHOLDERS GENERAL ASSEMBLIES

The General Assembly held three meetings during the year 2021, as follows:

First meeting

Extraordinary General Assembly meeting,

which was held at (6:30) PM on Wednesday 07-06-1442H corresponding to 20-01-2021 through modern technology means using the Tadawulaty system which included approval to amend Article (18) of the Company's articles of association, related to (members of the board of Directors) by reducing the number of members of the Board of Directors from nine to seven, starting from the date of the beginning of the next board term on April 26, 2021.

Second meeting

Ordinary General Assembly meeting,

which was held on Wednesday 11 Shaaban 1442H corresponding to March 24, 2021, at exactly seven thirty in the evening through modern technology means using the Tadawulaty system. The meeting included approval of the election of members of the Board of Directors from among the candidates for the next term, which begins on 04-26-2021 and lasts for three years, ending on 25-04-2024. It was also agreed to form the Audit Committee, define its tasks, work controls, and remuneration for its members for the new term, starting from 26/04/2021 until the end of the session on 25/04/2024.

Third meeting

Extraordinary General Assembly meeting,

which was held at exactly eight thirty in the evening on Wednesday, Shawwal 21, 1442H, corresponding to June 02, 2021, by means of modern technology using the Tadawulaty system. The meeting included approval of increasing the Company's capital through a rights issue, from 430,000,000 Saudi riyals to 575,000,000 Saudi riyals. The aim is to repay long-term credit facilities and expand the retail sector by opening new stores and developing E-Commerce platforms

L'azurde uses the General Assembly as an opportunity to participate and communicate with its shareholders and solicit their contribution and proposals in the management of the Company.

Following is a list of the dates of the General Assembly meetings held during 2021 and the names of the members of the Board of Directors who attended them:

			Meeting dates	
Name	Position	07-06-1442H corresponding to Feb 01, 2021	11-11-1442H corresponding to March 24, 2021	21-10-1442H, corresponding to June 02, 2021
Current Board Members				
Mr. Mohammed Ebrahim Al-Shroogi	Chairman	Attended	Attended	Attended
Mr. Abdullah Abdul Aziz Al-Othaim	Deputy Chairman	Attended	Attended	Attended
Mr. Brian Norman Dickie	Board Member Chairman of Executive Committee	Attended	Attended	Absent
Ms. Sabah Khalil Ebrahim Al-Moayyad	Board Member Chairman of Audit Committee	Attended	Attended	Attended
Mr. Salim Maroun Fakhouri	Board Member Chairman of Nomination and Remuneration Committee	N/A	N/A	Absent
Mr. Samer Mohammed Eshaq Ahmed Al-Khawashki*	Board Member	N/A	N/A	Attended
Mr. Saud Ghassan Ahmed Alsulaiman	Board Member	N/A	N/A	Attended
Board members whose membership expired on 25 April 2021				
Mr. Adel Abdullah Saleh Al-Maiman	Board Member	Absent	Attended	N/A
Mr. Amin Mohammed Akef Al Maghrabi	Board Member	Absent	Absent	N/A
Mr. Abdul Karim Asaad Abu Al-Nasr	Board Member Chairman of Nomination and Remuneration Committee	Attended	Attended	N/A
Mr. Khalifa Hassan Khalifa Mohammed Al Jalahmah	Board Member	Attended	Attended	N/A
Mr. Bandar Talaat Hamo	Board Member	Attended	Attended	N/A
Executive Management				
Mr. Selim Chidiac	CEO	Attended	Attended	Attended
Mr. Ayman Gamil Ammar	CFO	Attended	Attended	Attended

RIGHTS OF SHAREHOLDERS AND GENERAL ASSEMBLY

L'azurde by-laws and Corporate Governance Manual ensure that shareholders enjoy all rights related to shares, in particular the right of receiving a share of approved dividends payments, the right to receive a share of the Company assets upon liquidation, the right to attend Shareholders' General Assembly meetings (participate in their deliberations and vote on their decisions), the right of share disposal, the right to oversee the work of the Board of Directors, file responsibility litigation against the Board members and the right to inquire and request information as long as it does not compromise the interest of the Company and does not conflict with the Terms and Executive Regulations of the CMA. L'azurde allows the maximum participation of its shareholders in General Assembly meetings and is keen to ensure that the choice of time and venue enable full participation. L'azurde by-laws and Corporate Governance Manual also provide provision related to the Shareholders' General Assembly, which include procedures and precautions necessary to ensure that all Shareholders are exercising their regular rights. In addition to the possibility of holding meetings of the General Assembly through modern technology.

The Shareholders' General Assembly has the highest power in the Company with sole authorities including the appointment and termination of Board Members, approval of the Consolidated Financial Statements, appointment of the external auditor and determination of their fees, approval of dividend distribution as recommended by the Board of Directors, increasing or decreasing of the share capital of the Company and the amendment of by-laws and Article of Association. L'azurde provides sufficient access for its shareholders to read the minutes of the General Assembly meeting through uploading on Company's website and provides the CMA with a copy of the minutes within (10) days of the date of the meeting.



Investor Relations (IR) function as a continuous communication channel with investors which answers their questions during working days and also works as a two-way communication channel between the investors, the Board and Executive Management.

INVESTOR RELATIONS ACTIVITIES

The Board of Directors recognizes the importance of regular and open dialogue with shareholders and other stakeholders, not only prior to the General Assembly meeting but throughout the year. The Group's Investor Relations Department and the Secretary of the Board of Directors serve as a center for constant communication with shareholders, investors and analysts. The Board of Directors receives regular updates regarding the opinions, suggestions and observations of the Group's shareholders about the Company and its performance through the Investor Relations Department and the Board Secretary.

The CEO informs the members of the Board of Directors of the views and suggestions of the shareholders and discusses these views and proposals with them during the meetings of the Board of Directors.

We aim to achieve a balance in the continuous participation of investors throughout the year, by providing continuous opportunities to interact with them through a variety of means, including meetings, quarterly and annual conference calls to discuss business, attending several investor conferences, and issuing management statements on the activities of the Company and its business results. In 2021, the Executive Management also held a Group of conference call with analysts and shareholders to understand L'azurde's business model and strategy, in addition to raising inquiries related to the Company's performance and management plans to manage the current changes in the economic environment and regulations.

MEANS OF COMMUNICATION WITH OUR SHAREHOLDERS

L'azurde is committed to promoting effective and open communication with all shareholders, ensuring consistency and clarity of disclosure at all times. We aim to engage with our shareholders transparently and regularly in order to facilitate a mutual understanding of our respective objectives. We strive to be accessible to both institutional and private investors, and pro-actively encourage all shareholders to participate at our Annual General Meeting (AGM). L'azurde is committed to providing greater disclosure and transparency in its financial reporting whether the quarterly or annual financials with the aim of being industry leaders. L'azurde aims to deliver all financial and strategic communications in a consistent and open way ensuring wherever possible, the use of both languages Arabic and English to make such disclosures easily intelligible and in order to present a fair, balanced and understandable assessment of the Company's position and prospects. L'azurde welcomes feedback and suggestions for improvement, which can be submitted to Investor Relations at the email address: investors@lazarde.com.

All financial reports, corporate governance policies, General Assembly minutes and regulatory announcements, as well as associated materials including management presentations and transcripts are made available on our website Lazarde.com on a timely basis for all investors to access.

L'azurde understands the importance of communicating effectively with shareholders and is committed to the constructive use of the AGM for the Board, Chairman and Directors to meet with shareholders, hear their views, and answer their questions and inquiries.

Hence, we pro-actively encourage shareholders' participation in the AGM, both by attending the meeting and voting, either in person or by proxy. The Company seeks to maximize shareholders' ability to participate in the General Assembly process by:

- 01 Appropriate arrangements for the General Assembly to encourage greatest number of Shareholders' participation, including determination of the appropriate place and time.
- 02 Making Directors, Executive Management, and the external statutory auditor available to shareholders at the General Assembly.
- 03 Allowing shareholders in attendance at the General Assembly an opportunity to inquire about the business agenda, including queries to the external statutory auditor regarding the conduct of the audit and the preparation and content of the external statutory auditor's report.
- 04 The Company may invite the General Assembly Shareholders to convene using methods of modern technology.
- 05 The Company invites the General Assembly Shareholders to electronic voting on the agenda items through Tadawulaty services portal.
- 06 Shareholders are encouraged to participate in General Assembly or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

ANNOUNCEMENTS ON THE TADAWUL WEBSITE

L'azurde had a busy year with a number of events and strategic activities announced to shareholders throughout the year. The most important events, activities and strategic decisions were announced on the official website of the Saudi Stock Exchange (Tadawul) and L'azurde Company website. In total, (32) announcements were made to L'azurde shareholders within the year 2021.

The following table summarizes those announcements by dates and subjects:

#	Date	Title of the Announcement
1	30/11/2021	L'azurde Company for Jewelry announces the receipt of the Shariaa Evaluation Report for the third Quarter of 2021
2	1/11/2021	L'azurde Company for Jewelry announces its Interim Financial Results for the Period Ending on 2021-09-30 (Nine Months)
3	10/8/2021	Announcement from L'azurde Company for Jewelry to the eligible investors who did not receive their dues as a result of non-exercise of their Subscription Rights and those eligible for fractions, due to unavailable or incomplete bank accounts data
4	8/8/2021	Correction announcement from L'azurde Company for Jewelry regarding the Company's announcement of its Condensed Consolidated Interim Financial Results for the Period Ended 30th June 2021 (Six Months)
5	8/8/2021	L'azurde Company for Jewelry Announces its Condensed Consolidated Interim Financial Results for the Period Ended 30th June 2021 (Six Months)
6	5/7/2021	L'azurde Company for Jewelry Announces the Distribution of Compensation to Right Issues Owners who did not Use their Rights to Subscribe to New Shares
7	1/7/2021	Announcement from L'azurde Company for Jewelry about repayment of long-term credit facility by using capital increase proceeds
8	28/6/2021	Correction announcement from L'azurde Company for Jewelry in regards to Date of Depositing the Subscribed Shares by Rights Issue into Shareholders Accounts
9	27/6/2021	L'azurde Company for Jewelry announces the Results of Remaining Offering and the Allotment of Right Issues

#	Date	Title of the Announcement
10	20/6/2021	L'azurde Company for Jewelry announces the Results of Rights Issue Trading and New Shares Subscription, and the details of Selling Unsubscribed Shares
11	16/6/2021	L'azurde Company for Jewelry announces the last day to subscribe for the new shares (reminder announcement)
12	13/6/2021	A reminder announcement from L'azurde Company for Jewelry about the Last Day for Right Issues Trading and New Shares Subscription
13	7/6/2021	A reminder announcement from L'azurde Company for Jewelry about the Start of the Right Issues Trading and New Shares Subscription Period
14	6/6/2021	L'azurde Company for Jewelry announces the Specification of the Period for Right Issues Trading and New Shares Subscription
15	3/6/2021	L'azurde Company for Jewelry Announces the Results of the Extraordinary General Assembly Meeting which included the approval of the Company's Capital Increase, (Second Meeting)
16	2/6/2021	L'azurde Company for Jewelry announces to its shareholders the commencement of the Electronic Voting on the Agenda items for the Extraordinary General Assembly Meeting for Capital Increase (First Meeting) (Reminder Announcement)
17	30/5/2021	L'azurde Company for Jewelry announces to its shareholders the commencement of the Electronic Voting on the Agenda items for the Extraordinary General Assembly Meeting for Capital Increase (First Meeting)
18	24/5/2021	L'azurde Company for Jewelry Invites its Shareholders to Attend the Extraordinary General Assembly Meeting for Capital Increase (First Meeting) (Reminder Announcement)
19	19/5/2021	L'azurde Company for Jewelry announces updates on increase of the Company's Capital by offering Right Issues and availability of related Right Issues prospectus
20	6/5/2021	L'azurde Company for Jewelry announces amendment the date of the Extraordinary General Assembly which includes the item of share capital increase (first meeting)
21	28/4/2021	L'azurde Company for Jewelry Invites its Shareholders to Attend the Extraordinary General Assembly Meeting for Capital Increase (First Meeting)

#	Date	Title of the Announcement
22	26/4/2021	L'azurde Company for Jewelry announces the appointing of the Chairman and Vice-Chairman of the Board of Directors, forms the Board committees, appoints the Company's representatives before the Capital Market Authority & Tadawul, and appoints the Board Secretary.
23	25/4/2021	L'azurde Company for Jewelry Announces Its Condensed Consolidated Interim Financial Results for the Period Ended 31st March 2021 (Three Months)
24	7/4/2021	L'azurde Company for Jewelry Announces updates on Increase of the Company's Capital by Offering Right Issues File at CMA
25	31/3/2021	L'azurde Company for Jewelry Announces Non-distribution of Cash Dividends to Shareholders for the year ending of 31 December 2020
26	31/3/2021	L'azurde Company for Jewelry Announces Its Annual Consolidated Financial Results for the Year Ended 31st December 2020
27	25/3/2021	L'azurde Company for Jewelry Announces the Results of the Ordinary General Assembly Meeting, (Second Meeting)
28	21/3/2021	L'azurde Company for Jewelry announces to Invites its Shareholders to Attend the (First Meeting) Ordinary General Assembly Meeting (Reminder Announcement)
29	21/3/2021	L'azurde Company for Jewelry Announces to its shareholders the commencement of the Electronic Voting on the Agenda items for the Ordinary General Assembly Meeting
30	25/2/2021	L'azurde Company for Jewelry announces to Invites its Shareholders to Attend the (First Meeting) Ordinary General Assembly Meeting
31	21/1/2021	L'azurde Company for Jewelry Announces the Results of the Extraordinary General Assembly Meeting, (Third Meeting)
32	17/1/2021	L'azurde Company for Jewelry announces to its shareholders the commencement of the Electronic Voting on the Agenda items for the extraordinary General Assembly Meeting (Third Meeting)

CAPITAL, INVESTORS, AND SHAREHOLDERS

The capital of L'azurde Company for Jewelry as on December 31, 2021

#	Description	Value /No. of shares
1	Authorized capital	SAR 575,000,000
2	Issued shares	57,500,000
3	Tradable shares	57,500,000
4	Paid up Capital	SAR 575,000,000
5	Nominal value / share	SAR 10

Major shareholders and ownership changes during 2021

By the end of 2021, L'azurde had 32,942 shareholders (2020: 31,708). Individual investors (natural persons) represent the majority with 98% (2020: 99%) of the total equity ownership. Only one investor owns more than 1 million shares, which represents 11.21% (2020: 14.89%) of the Company's issued shares. The following tables provide a description of the Company's shareholders.

L'azurde shareholders by type of investors

Type of shareholder	No. of shareholders	No. of shares	Ownership (%)
Individuals	32,914	56,293,204	98%
Corporate investors	28	1,206,796	2%
Total	32,942	57,500,000	100%

L'azurde shareholders by nationality

Type of shareholder	No. of shareholders	No. of shares	Ownership (%)
Saudi Arabia	32,914	55,856,846	97%
GCC	16	497,519	1%
Other nationalities	867	1,145,635	2%
Total	32,942	57,500,000	100%

SHAREHOLDERS RECORDS

The Company analyzes and investigates the shareholders' register on a monthly basis with the aim of communicating with shareholders for the purposes of the general assembly meetings. During 2021, 12 requests were submitted to the Stock Exchange Company (Tadawul) to obtain shareholder records on different dates and for various reasons, including:

#	Request date	Request type	Reasons
1	16 January 2021	Quantity Report - at the identity level	General Assembly Meetings
2	21 February 2021	Quantity Report - at the identity level	Company Procedures
3	8 March 2021	Quantity Report - at the identity level	General Assembly Meetings
4	18 March 2021	Quantity Report - at the identity level	Company Procedures
5	19 April 2021	Quantity Report - at the identity level	Company Procedures
6	24 May 2021	Quantity Report - at the identity level	General Assembly Meetings
7	24 May 2021	Quantity Report - at the identity level	Company Procedures
8	1 June 2021	Quantity Report - at the identity level	Company Procedures
9	30 June 2021	Quantity Report - at the identity level	Company Procedures
10	1 August 2021	Quantity Report - at the identity level	Company Procedures
11	15 August 2021	Quantity Report - at the identity level	Company Procedures
12	26 September 2021	Quantity Report - at the identity level	Company Procedures

Shareholders Ownership Notification:

According to Article (68) of The Rules on the Offer of Securities and Continuing Obligations, related to substantial shareholders issued by the Capital Market Authority (CMA), and Article (33) of the Listing Rules, Any person must notify the market when he becomes an owner or has an interest in 5% or more of any class of the issuer's voting shares or convertible debt instruments of the issuer within a period not exceeding the end of the third trading day following the execution of the transaction or the occurrence of the transaction. The event that led to the realization of such ownership or interest, and that the notice include a list of persons who have an interest in the shares or convertible debt instruments that they own or control.

The person who must notify the market of his ownership or interest in securities listed under the relevant executive regulations, must notify the market through the automated system designated for this purpose or any other means determined by the market. The market publishes a daily updated list that includes the name of any person who directly owns 5% or more of the issuer's shares listed in the market. Based on the aforementioned list and reviewing the company's shareholder register on September 26, 2021, it was found that the following changes occurred in the ownership of a major shareholder who owns more than 5% of the company's total shares. The table shows the details of the changes:

Shareholder	Adjective	No. of shares at the beginning of the year		Number of shares at the end of the year		Net change		
		No. of shares	Ownership (%)	No. of shares	Ownership (%)	No. of shares Ownership (%)		
Mr. Abdullah Abdul Aziz Saleh Al-Othaim	One of the major shareholders	6,404,850	11.14%	0	0%	-6,404,850	-11.14%	0
Mr. Abdullah Abdulaziz Alothaim.	Deputy Chairman of the Board	41,000	0.095348%	6,445,850	11.21%	6,404,850	11.11%	11.14%

None of the members of the Board of Directors, senior executives and their relatives have any interest, contractual securities, or rights to issue on shares or debt instruments issued by the Company or its subsidiaries, with the exception of Mr. Abdullah Abdul Aziz Saleh Al-Othaim, Deputy Chairman and Non-Executive Member, whose ownership changed on as per the following table:

Type of shareholder	No. of shares at the beginning of the year	No. of shares at the end of the year	Net Change %	Change (%)
Mr. Abdullah Abdul Aziz Saleh Al-Othaim	41,000	6,445,850	6,404,850	15.62%

During 2021, the Company did not issue or grant any class or number of any convertible debt instruments, contractual securities, pre-emptive rights, or similar rights other than what was disclosed in the annual report about the capital increase through rights issue. In addition, the Company did not have any treasury shares held, redeemed, purchased or canceled for any redeemable debt instruments.

There were no arrangements or agreements whereby any of the members of the board of Directors waive any salary or compensation.

Furthermore, no arrangement or agreement has been made under which a shareholder of the Company has waived any rights to dividends.

Members of the Board of Directors Appointed on 26 April 2021

Member Name	Position	Capacity	Appointment **Date	Nationality	Ownership Age (%)	Owned Shares			
						Directly		Indirectly	
						No.	%	No.	%
Mohammed Ebrahim Jemaah Al-Shorouki	Chairman	Independent Non-Executive	26/04/2021	Bahraini	69	None	None	None	None
Abdullah Abdul Aziz Saleh Al-Othaim	Deputy Chairman	Non-Independent Non-Executive	26/04/2021	Saudi	33	6,445,850	11.21%	None	None
Brian Norman Dickie	Board Member	Non-Independent Non-Executive	26/04/2021	Irish	66	None	None	None	None
Sabah Khalil Ebrahim Al-Moayyad	Board Member	Independent Non-Executive	26/04/2021	Bahraini	67	None	None	None	None
Samer Al-Khawashki	Board Member	Independent Non-Executive	26/04/2021	Saudi	59	None	None	None	None
Salim Maroun Fakhouri	Board Member	Independent Non-Executive	26/04/2021	Lebanese	50	None	None	None	None
Saud Alsulaiman	Board Member	Independent Non-Executive	26/04/2021	Saudi	40	None	None	None	None
Directors whose term ended on 25 April 2021									
Adel Abdullah Saleh Al-Maiman	Board Member	Independent Non-Executive	22/04/2018	Saudi	46	None	None	None	None
Abdul Karim Asaad Abu Al-Nasr	Board Member	Independent Non-Executive	22/04/2018	Saudi	60	None	None	None	None
Amin Mohammed Akef Al Maghrabi	Board Member	Independent Non-Executive	22/04/2018	Saudi	47	None	None	None	None
Khalifa Hassan Khalifa Mohammed Al Jalahmah	Board Member	Independent Non-Executive	10/12/2019	Bahraini	36	None	None	None	None
Bandar Talaat Hamo	Board Member	Independent Non-Executive	18/03/2020	Saudi	54	None	None	None	None

DIVIDEND POLICY

Policy objectives

This policy is designed to ensure that the process for determination, declaration and distribution of dividend of L'azurde is clear, transparent and is in the best interests of both the Company and its shareholders.

Shareholders are entitled to receive their share of dividend as per the decision of the General Assembly in respect of distribution of final dividend to shareholders or the Board resolution for distributing interim dividend.

The resolution shall specify the record date and the distribution date provided that the resolution shall be executed as per the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.

Dividend pay-out

Each year, the Board will estimate a dividend payment for the year, which will be subject to reduction or increase at the end of the year based on the Company's by-laws and certain circumstances, including changing market conditions and restrictions under laws of the Kingdom, if applicable.

On an annual basis and at the end of the year, the Board will recommend to the General Assembly to distribute dividend as a percentage of share capital. The Company's by-laws state that the net annual profits shall, after deduction of all general expenses, be divided as follows:

01

10% of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when the said reserve total has reached an amount equal to 30% of the share capital of Company's share capital. If the said reserve exceeds 30% of the paid-up capital, the General Assembly may resolve to distribute the excess to the shareholders.

02

The Ordinary General Assembly, upon a proposal by the Board of Directors, may set aside 10% of the net profits to constitute a consensual reserve to be allocated for a certain purpose or purposes. The consensual reserve may not be used for a purpose or purposes other than the purpose or purposes for which it was established without a resolution of the Extraordinary General Assembly, upon a recommendation from the Board of Directors.

03

Thereafter, the remainder shall be distributed amongst the shareholders as a first installment equal to 5% of the paid-up capital.

04

Without prejudice to the provisions of Article 21 of the by-laws and Article 76 of the Companies Law, in addition to the above, no more than 5% of the remaining profits shall be distributed as a bonus to the members of the Board of Directors, provided that the bonus is commensurate with the number of sessions attended by each member.

05

The remainder shall be distributed to the shareholders as an additional portion in the profits, or shall be transferred to the retained earnings, as may be determined by the Ordinary General Assembly, based on the recommendation of the Board of Directors.

06

The Board of Directors may recommend the distribution of interim quarterly or semi-annual profits provided that they are later endorsed by the Ordinary General Assembly. Such resolutions must be notified to CMA, and disclosed to the Stock Exchange.

07

The General Assembly shall approve the dividend and the date of distribution. This dividend, whether in the form of cash or bonus shares, shall be given, as of right, to the shareholders who are listed in the records kept at the Securities Depository Centre (currently operated by Exchange) as they appear at the end of trading session on the day on which the General Assembly is convened.

08

The dividend declared by the General Assembly or the Board (for interim dividend) shall be paid by L'azurde to the respective shareholders within 15 business days from the issuance of the resolution.

Shareholders shall be entitled to their dividend within the specified period from the General Assembly's approval of the percentage of share capital to be distributed as dividend. The Board of Directors shall ensure that the timeline is strictly adhered to and that the exact date of payment should be declared in advance.

Dividend distributions

As per Article 47 of L'azurde by-laws, each shareholder is entitled to a share of dividend in accordance with the decision of the Board of Directors regarding the distribution of interim dividends or in accordance with the resolution of the General Assembly. The decision or resolution shall be annotated with the due date and the date of distribution. The shareholders registered in the Shareholders' Register shall be entitled to the dividend at the end of the day on which maturity occurs.

The profits distributed to shareholders shall be paid at the locations and time determined by the Board of Directors, in compliance with Companies Law and CMA's instructions.

L'azurde has achieved an average dividend pay-out ratio of approximately 50% of the annual net profit for the years 2012 to 2016 included. While for the years from 2017 to 2020 the general assembly approved the board of Directors' recommendation to not distribute dividends to support Company's financial position.

There are no guarantees for the distribution of dividend on an ongoing basis. There are no guarantees to the value and percentage of expected dividend each year. Cash dividend is approved or recommended according to dividend policy and a number of aspects including profit achieved, future cash flows, new capital investment, taking into account the importance of maintaining a strong financial position. There are no arrangements or agreement under which a shareholder of the Company has waived his rights to dividend.

Dividends for the year 2021:

The Board of Directors issued a resolution for the recommendation to the General Assembly to vote on the distribution of cash dividends to the shareholders for the financial year ended on 31 December 2021, amounting to (SAR 14,375,000) AT (SAR 0.25) per share, representing (2.5%) of the company's capital. In case of approval, the eligibility of dividends distribution will be for shareholders of the Company who own shares at the end of the trading session of the General Assembly Meeting day, and are registered in the Company's Shareholders Register maintained at the Securities Depository Center Company (Edaa) at the end of the second trading day following the eligibility date. Noting that the distribution of dividends depends on the approval of the Extraordinary General Assembly meeting on the recommendation of the Board of Directors.

Dividend history

The following table provides details related to L'azurde Group's dividend payments during last five years.

Dividend paid compared to net income and share capital (SAR million):

Item	Dividends				
	2017	2018	2019	2020	2021
Net profit / (loss) for the year	31,543,923	17,665,938	(17,547,550)	(120,488,372)	22,042,833
Dividends paid from net profit for the year	-	-	-	-	-
% of dividend	-	-	-	-	-
Capital	430,000,000	430,000,000	430,000,000	430,000,000	575,000,000
Capital Return	-	-	-	-	-



- 1
- Board of Directors, on an annual basis, reviews dividend policy and makes a recommendation to the General Assembly based on its assessment of the Company's financial situation and opportunities for investment.
- 2
- There are no arrangements or agreements under which a shareholder of the Company has waived his rights to receive profits

08

The essence of
performance and
achievement

GOVERNANCE AND COMPLIANCE

INTRODUCTION

L'azurde is committed to maintaining high standards of Governance, as the good governance is a pivotal tool for achieving the greatest possible long-term shareholder value and ensuring its enduring commitment to quality in all its operations and products. The policies and rules contained in the Company's Corporate Governance Regulations are binding on all members of the Board of Directors and L'azurde employees, and may not be amended except by a decision issued by the Board of Directors or the General Assembly, as appropriate and required under the Corporate Governance Regulations issued by the Capital Market Authority.

Corporate Governance can be defined as "the System used to direct and lead the business of the Company". The Corporate Governance structure defines how powers and responsibilities are distributed among the various participants in the Company, such as members of the Board of Directors, Executive Management, Shareholders and other related parties; It also defines the rules and procedures followed in making decisions related to the Company's Affairs. Thus, it provides a structure through which the Company's goals and ways to achieve them are defined, as well as performance monitoring. The Board of Directors is responsible for developing and implementing L'azurde's Corporate Governance Regulations.

The role of Shareholders in Governance is to appoint members of the Board of Directors, members of the Audit Committee and Auditors, and to ensure the application of an appropriate Governance structure. The responsibility of the Board of Directors includes setting the Company's strategic goals, providing the leadership support necessary to achieve

these goals, supervising the management of the Company's business, and submitting reports to Shareholders to guide them, according to requirements of the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority.

The framework and procedures of the Board of Directors are governed by laws, regulations, and shareholders' meetings at the General Assembly. L'azurde's Corporate Governance Regulation has been prepared in accordance with the instructions of the Corporate Governance Regulation issued by the Capital Market Authority and in accordance with international principles and best practices of Corporate Governance, and should be considered as a framework for Corporate Governance. In all matters, the following regulatory requirements must be taken into consideration, and in particular, if there is no provision stipulated in the Corporate Governance Regulations when it comes to Corporate Governance issues:

- The Saudi Companies Law and the relevant official circulars issued by the Ministry of Commerce and Investment.
- Requirements and instructions of the Capital Market Authority "the Authority" and the Saudi Stock Exchange "Tadawul" in the Kingdom.
- Articles of Association of L'azurde Company.

The Board of Directors will approve any amendments to the framework of the Corporate Governance Regulations from time to time or call for holding the General Assembly to approve any amendments to the Company's corporate governance policies that require shareholder's approval, in order to comply with legal requirements and ensure sound management and governance practices.

In this context, L'azurde Company for Jewelry was recently honored among the best performing Companies in the corporate governance index active in the non-financial sector, traded on the Saudi Stock Exchange "Tadawul" by the Corporate Governance Center at Al-Faisal University.



REMUNERATION POLICY FOR BOARD MEMBERS AND SENIOR EXECUTIVES OF THE COMPANY

- 01 The purpose of the remuneration policy for members of the Board of Directors and Senior Executives of the Company is to organize and set clear standards regarding the remuneration of members of the Board of Directors, its committees and the Executive Management of L'azurde Company for Jewelry.
- 02 Board Members do not receive any annual bonuses for their role in managing the Company, unless approved by the General Assembly.
- 03 Independent Directors receive fixed remunerations for the membership of the Board of Directors based on the approval of the General Assembly on 2 June 2021, in order to maintain their independence as, the remuneration of independent Board members should not be linked to the Company's profits, in accordance with the guidelines of the Capital Market Authority.
- 04 Senior executives, including the CEO and Chief Financial Officer (CFO), shall receive remuneration in accordance with their employment contracts and the remuneration policy for Directors and senior executives.
- 05 Amendments have been made to the Remuneration Policy and approved by the Board of Directors and the General Assembly on 2 June 2021.

BOARD OF DIRECTORS REMUNERATION

- 01 There is no material deviation between the remunerations paid to members of the Company's remuneration policy in force for the directors and senior executives of.
- 02 The remuneration of the members of the Board of Directors is determined based on the remuneration policy of the members of the Board of Directors and the executive members and the recommendation of the Nomination and Remuneration Committee. There are no arrangements or agreements under which any member of the Board of Directors nor any of the members of the committees and senior executives have waived any remuneration.
- 03 There are no arrangements or agreements under which any of the Company's shareholders has waived their rights to profits.



FIXED REMUNERATIONS

	Specific amount	Allowance for attending Board meetings	Total allowance for attending meetings	In-kind benefits	Remuneration for technical, managerial and consultative work	Remuneration of the chairman, Managing Director or Secretary, if a member	Total
First: Independent Directors							
Mr. Abdul Kareem Assad Abu Alnasr	50,000	7,500	-	-	-	-	57,500
Mr. Amin Mohamed Akef Al-Maghrabi	50,000	4,500	-	-	-	-	54,500
Mr. Bandar Talaat Hamooh	50,000	3,000	-	-	-	-	53,000
Mr. Mohammed Ebrahim Juma Al Shroogi	200,000	24,000	-	-	-	-	224,000
Mr. Salim Fakhouri	136,986	18,000	-	-	-	-	154,987
Mr. Saud Alsulaiman	136,986	15,000	-	-	-	-	151,986
Mr. Samer Khawashki	136,986	13,500	-	-	-	-	150,486
Mrs. Sabah Khalil Almouyyed	200,000	24,000	-	-	-	-	224,000
Total	960,959	109,500					1,070,459
Second: Non-Executive Directors							
Mr. Mohammed Ebrahim Juma Al Shroogi	-	-	-	-	-	-	-
Mr. Abdullah Abdulaziz Saleh Al Othaim	136,986	-	-	-	-	-	136,986
Mr. Brian Norman Dickie	200,000	-	-	-	352,500	-	552,500
Mr. Khalifa Al Jalahma	-	-	-	-	-	-	-
Mr. Adel Abdullah Al-Maiman	-	-	-	-	-	-	-
Total	336,986				352,500		689,486
Third: Board Chairman							
Mr. Mohammed Ebrahim Juma Al Shroogi	50,000	-	-	-	-	-	50,000

VARIABLE REMUNERATIONS

Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total	End of Service award	Aggregate amount	Actual Expenses
	-	-	-	-	-	-	57,500	-
	-	-	-	-	-	-	54,500	-
	-	-	-	-	-	-	53,000	-
	-	-	-	-	-	-	224,000	-
	-	-	-	-	-	-	154,987	-
	-	-	-	-	-	-	151,986	-
	-	-	-	-	-	-	150,486	-
	-	-	-	-	-	-	224,000	-
	-						1,070,459	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	136,986	-
	-	-	-	-	-	-	552,500	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
							689,486	-
	-	-	-	-	-	-	50,000	-

SENIOR EXECUTIVES REMUNERATIONS

Senior executive officers including the CEO and Chief Financial Officer shall receive remuneration in accordance with the remuneration policy for Board members and executive officers and the recommendation of the Nomination and Remuneration Committee. The following table shows the remuneration and compensation paid to senior executives during 2021 (including the CEO and Chief Financial Officer).

The Company has disclosed the total compensation and remuneration of its Executive Management as per article (93) clause "4" item "B" of Corporate Governance Regulation issued by CMA. The Company aims to disclose the Executive Management remunerations to be in line with the common disclosure level in the Saudi Stock market and the practices prevailing therein. Also, the Company seeks to prevent related risks and to avoid unnecessary harm because of detailed disclosure guided by the discretionary authority in Article (60) of the Rules for Offering Securities and Continuing Obligations.



REMUNERATION OF SENIOR EXECUTIVES

FIXED REMUNERATION

Senior Executives (including CEO and CFO)	Salaries	Allowances	In-kind benefits	Total	Preiodic
Total	4,824,980	2,489,664	-	7,314,644	-

REMUNERATION OF BOARD
COMMITTEE MEMBERS

NOMINATION & REMUNERATION COMMITTEE

Nomination & Remuneration Committee Members	Fixed remuneration (except for the allowance for attending Board meetings	Allowance for attending Board meetings	Total
Mr. Bander Talaat Hamooh	25,000	1,500	26,500
Mr. Brian Norman Dickie	100,000	-	100,000
Mr. Salim Fakhouri	102,740	12,000	114,740
Mr. Samer Al-Khawashki	68,493	9,000	77,493
Mrs. Sabah Khalil Almouyyed	69,692	10,500	80,192
Mr. Abdul Karim Asaad Abu Al-Nasr	37,500	6,000	43,500
Mr. Adel Abdullah Al-Maiman	-	-	-
Total	403,425	39,000	442,425

VARIABLE REMUNERATIONS

Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value	Total	End of Service award	Total remuneration for Board excecitives if any	Aggregate amount
-	424,000	-	-	424,000	564,518	-	8,303,162

AUDIT COMMITTEE

Audit Committee Members	Fixed remuneration (except for the allowance for at- tending Board meetings	Allowance for attending Board meetings	Total
Mr. Brian Norman Dickie	100,000	-	100,000
Mr. Khalifa Al Jalahma	-	-	-
Mrs. Sabah Khalil Almouyyed	150,000	21,000	171,000
Mr. Salim Fakhouri	68,493	9,000	77,493
Mr. Adel Abdullah Al-Maiman	-	-	-
Total	318,493	30,000	348,493

EXECUTIVE COMMITTEE

Executive Committee Members	Fixed remuneration (except for the allowance for at- tending Board meetings	Allowance for attending Board meetings	Total
Mr. Khalifa Al-Jalahmah	-	-	-
Mr. Saud Ghassan Alsulaiman	68,493	9,000	77,493
Mr. Abdullah Saleh Al Othaim	68,493	-	68,493
Mr. Brian Norman Dickie	150,000	-	150,000
Total	286,986	9,000	295,986

OWNERSHIP OF BOARD MEMBERS AND EXECUTIVE DIRECTORS

None of the senior management members, their wives and minor children have any ownership in the L'azurde issued shares. According to the Company's internal policy of "trading in L'azurde's securities", all employees and their families are prohibited persons and they may not trade in L'azurde shares based on inside information, whether by themselves or through any of their family members, or any other related parties who have influence or control over them.

Transactions with related parties

01

Related parties include substantial shareholders, members of the Board of Directors and senior executives of the Group, and the entities controlled or over which these parties have significant influence.

02

L'azurde Group's corporate governance regulation protects against conflicts of interest and avoids any potential conflict situations between members of the Board of Directors, executive officers and shareholders. The General Assembly shall be notified of any situations that involve a conflict of interest and may require approval of the General Assembly.

03

During the year 2021, the Company entered into a consulting agreement with Mr. Brian Norman Dickie, a non-executive member of the Board of Directors, with a total value of 352,500 Saudi riyals, as it was approved by the Board of Directors that obtained approval of the General Assembly on June 2, 2021, delegating the Board of Directors with the authority of the Assembly, which grants the authority stipulated in paragraph (1) of Article 71 of the Companies Law, for a period of one year from the date of approval by the General Assembly or until the end of the delegated Board of Directors term, whichever is earlier, in accordance with the conditions set forth in Article (56) of the regulatory controls and procedures issued in implementation of the Companies Law of listed joint stock companies. The principal scope of this agreement is to advise the CEO and Senior Management of the Company regarding the Company's strategies, financial performance and operations. This agreement is subject to annual review and approval by the Board of Directors with the said authorization.

Note that this agreement is not subject to any exceptional, preferential or essential conditions.

04

During 2021, there are fixed remunerations paid to some Directors based on the internal remuneration policy for members of the Board of Directors and senior executives. Details of these bonuses are disclosed in the annual report, as required by Article (76) of the Companies Law and the Corporate Governance Regulations.

05

In accordance with the annual disclosures submitted by all members of the board of Directors for the year 2021G regarding conflicts of interest and matters of independence, and with the exception of the consultancy agreement for the Board member, Mr. Brian Norman Dickie, mentioned above, the members of the Board of Directors have no interest, whether financial or non-financial, directly or indirectly in the works and contracts that are executed for the benefit of the Company.

06

None of the Directors has any participation, directly or indirectly, in any of the businesses that may compete with the Company directly or indirectly in connection with any of its activities.



A STATEMENT OF TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR 2021

Name	Relation	Transaction type	Transaction amount (SAR)	Due balance 31 Decemeber 2021
Mr. Brian Deckie	Non-Executive board member	Consulting fees	352,500	88,125
Board members	Board members	remuneration	2,544,349	685,698

IMPLEMENTED AND NON-IMPLEMENTED PROVISIONS OF THE CORPORATE GOVERNANCE REGULATIONS, AND THE REASONS FOR THAT

This report sets out the Board’s approach and work during the financial year 2021 includes details of how the Company has applied and complied with the principles and provisions of the Corporate Governance Regulation issued by the Capital Market Authority. The Directors consider that the Company has complied with the provisions of the regulation throughout the year, except the following articles;

#	Article/Subject	Description	Remarks	Reasons of not applying
1	Article 54 - paragraph (C) the Audit Committee Charter	The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.	Partially applied	The policy of Board membership include the terms of appointment that must be met, and the appointment mechanism in the event that a member's position becomes vacant, and the company, at the end of the Audit Committee's session, follows the manner stipulated in the policy and criteria for membership in the Board of Directors and committees, which are standards that are compatible with the relevant regulations. Updating the Audit Committee Charter is underprocess to complete all requirements, and will be presented to the Board of Directors and submitted to the General Assembly for approval.
2	Charter	Article No. (61) Paragraph (4) - Functions of the Nomination and Remuneration Committee The Remuneration Committee competences shall include the following: 4) Recommend to the Board of Directors the remuneration of the members of the Board of Directors and its committees and senior executives of the Company in accordance with the approved policy.	Partially applied	The Nomination and Remuneration Committee reviews the remuneration policy of the board and the executive management and recommends annual remuneration for members of the board and its internal committees during the three-year term of the board. This recommendation is reviewed annually during the preparation of the committee's activities report. The recommendation is presented to the board of Directors during the discussion of the annual report of the committee's work during the annual board meeting. As for the salaries of senior executives, they are according to their employment contracts, which are reviewed by the Nominations and Remunerations Committee and approved by the board. To ensure optimal compliance with the requirements, the Nomination and Remuneration Committee will ensure that the recommendation is properly documented.
3	Article 43: Conflicts of Interest Policy, Paragraphs 6 & 7	The Board shall develop an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders. This policy shall include the following in particular: 6) clear procedures when the Company contracts or enters into a transaction with a Related Party, this shall include notifying the Authority and the public without any delay of that contract or transaction if it equals to or exceeds 1% of the Company's total revenues according to the last annual audited financial statements. 7) procedures to be taken by the Board when discovering that such policy is violated.	Partially applied	The Company's conflict of interest policy did not include what was stated in Paragraphs No. 6 and 7 of Article 43 of the Corporate Governance Regulations, and work is underway to update the policy and it will be presented to the Board of Directors for approval.

#	Article/Subject	Description	Remarks	Reasons of not applying
4	Articles 70: Composition of Risk Management Committee, Article 71: Competencies of the Risk Management Committee, Article 72: Meetings of the Risk Management Committee1	By a decision of the Company's Board of Directors, a committee called the "risk management committee" will be formed, with the committee's chairman and the majority of its members being non-executive members. Its members are required to have an adequate level of knowledge of risk management and financial affairs. Powers of the Risk Management Committee The Risk Management Committee shall hold regular meetings at least once every six months, and as deemed necessary.	Guiding Article	The Audit Committee was appointed by the General Assembly to control and supervise the Company's financial reporting process, internal control systems, the implementation of the internal audit department, and audit work by the external auditor, and to ensure compliance with applicable laws and regulations. Moreover, the General Assembly, based on Article No. 71, assigned the tasks and responsibilities of supervising the Company's risk management to the Audit Committee. Committees formed in accordance with the practices of Corporate Governance Regulations may exercise the duties and responsibilities of other optional committees set forth in the Guidance Articles.
5	Article 85: Employee Incentives	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following: 1. forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions. 2. establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such programs; and 3. establishing social organizations for the benefit of the Company's employees.	Guiding Article	The Company develops and stimulates the participation and performance of the Company's employees by holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics of important decisions. The Company has not put in place a plan to award Company stock or a percentage of the Company's earnings and retirement programs to employees. Despite this, the subject is part of the business plan of the Nomination and Remuneration Committee during the year 2021, where it will be studied by the Committee and its recommendations will be submitted to the Board of Directors. The existing internal regulations have been updated with the addition of a new article related to the repurchase of shares to be allocated to the Company's employees as part of the employee share program. The General Assembly approved this amendment on April 24, 2019

#	Article/Subject	Description	Remarks	Reasons of not applying
6	Article 87: Social Responsibility	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Guiding Article	The social responsibility policy is under preparation by the management, and it is expected to be approved by the Board of Directors during 2022, and then submitted to the General Assembly for approval.
7	Article 88: Social Initiatives	The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include: 1. establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities. 2. disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility. 3. disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and 4. establishing awareness programs to the community to familiarize them with the Company's social responsibility.	Guiding Article	The requirements of Article (88) - Social Initiatives - are subject to study by the management and the Executive Committee, and they will submit their recommendations to the Board of Directors during 2022.
8	Article 95: Formation of a Corporate Governance Committee	If the BoardBoard forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the BoardBoard with its reports and recommendations at least annually.	Guiding Article	The Board of Directors has set rules for corporate governance, and they have been documented through the internal governance regulations in accordance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority. The Board follows up on its implementation, checks its effectiveness, and amends it as necessary based on the recommendations of the Audit Committee and the Internal Audit Department. Specialized external consulting firms are also employed to carry out an external review of the corporate governance rules when required based on the recommendation of the Audit Committee and approval of the Board of Directors.



09

FINANCIARI STATIMENTI

FINANCIAL STATEMENTS

L'AZURDE COMPANY FOR JEWELRY AND ITS
SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2021

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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BAKER TILLY MKM & CO.
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders

L'azurde Company for Jewelry and its Subsidiaries

(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of L'azurde Company for Jewelry (the "Company") and its subsidiaries, collectively referred to as the "Group", which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant 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 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders

L'azurde Company for Jewelry and its Subsidiaries
(A Saudi Joint Stock Company)

Key Audit Matters (Continued)

The following is a description of each key audit matter and how we addressed them during our audit.

1-Impairment assessment of goodwill

Description of the key audit matter	How the matter was addressed in our audit
<p>The carrying value of goodwill as at 31 December 2021 amounted to SR 110 million (2020: SR 110 million).</p> <p>The impairment assessment for the goodwill with indefinite useful lives is considered a key audit matter due to the significant judgments involved by the management with respect to sales growth rates, terminal value, and discount rate.</p> <p>The Group's management performs on an annual basis an impairment test on the recoverability of the goodwill and assesses the recoverable amount of the cash-generating unit (CGU) to which the goodwill relates in order to determine if an impairment exists.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> Evaluated the methodology used by management to determine the recoverable amount based on value-in-use technique; Evaluated the appropriateness of the assumptions applied to key inputs such as sales growth rates, discount rates and long-term growth rates, and performed a sensitivity analysis on those key assumptions; Involved valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGU operates; Evaluated the adequacy of the Group's financial statements disclosures for compliance with the requirements of the relevant accounting standards.
Refer to Note (5) for accounting policy relating to goodwill and Note (9) for the goodwill details	

2-Revenue recognition

Description of the key audit matter	How the matter was addressed in our audit
<p>The Group recognized total revenues of SR 1,971 million (2020: SR 1,278 million). As the Group is mainly manufacturing and/or trading of gold jewelry and silver, almost all the Group's sales arrangements are considered straightforward, being on a point-in-time basis of recognition and requiring less judgment to be exercised.</p> <p>Revenue recognition is considered a key audit matter in view of the risk that management may override controls to intentionally misstate revenue transactions and due to the importance of the amount of revenue and the inherent risks.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards; Evaluated key contractual arrangements by considering relevant documentation and agreements with the customers; Assessed the design and implementation, and tested the effectiveness of the Group's controls, over the recognition of revenue as per the Group's policy; selected a sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; Evaluated the adequacy of the disclosures in the Group's consolidated financial statements as per the relevant financial reporting standard.
Refer to Note (5) for the accounting policy relating to revenue recognition and Note (32) for the relevant disclosures	



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders

L'azurde Company for Jewelry and its Subsidiaries
(A Saudi Joint Stock Company)

Key Audit Matters (Continued)

3-Valuation of inventories

Description of the key audit matter	How the matter was addressed in our audit
<p>The Group's inventories balance was SR 840 million as at 31 December 2021 (2020: SR 818 million) which are carried at lower of cost or net realizable value.</p> <p>The valuation of inventory is considered a key audit matters due to the significant judgments in determining an appropriate inventory provision.</p> <p>The factors considered in determining this provision includes:</p> <ul style="list-style-type: none"> Assessment of the level of slow-moving items inventories and the required provision for melting cost using the age analysis and historical sales experience in each age bracket, and Estimation of net realizable value based on future expectations. 	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> Assessed the design and implementation and tested the operating effectiveness of the key control relating to the Group processes over establishing and monitoring the inventory provision. Tested the calculation of provision for melting and slow-moving inventories in accordance with the Group's policy. Evaluated the inventory provision methodology and key assumptions made by the management in estimating the inventory provision. Tested the net realizable value (NRV) of inventories by examining the sales subsequent to year-end for a sample of items comparing this NRV with the carrying value of inventories at year-end to check appropriateness of associated provision Evaluated the adequacy of the disclosures in the Group's consolidated financial statements, in accordance with the requirements of the relevant accounting standards.
Refer to Note (5) for the accounting policy relating to valuation of inventories and Note (10) for the relevant disclosures	

Other Information Included in the Group's Annual Report

Other information consists of the information included in the Group's 2021 annual report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be made available to us after the date of this audit report.

Our opinion on the consolidated financial statements does cover the other information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders

L'azurde Company for Jewelry and its Subsidiaries
(A Saudi Joint Stock Company)

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 IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, applicable requirements of Regulation for Companies and by-laws of the Company 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.

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 ISA 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 users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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; and
- 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.



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders

L'azurde Company for Jewelry and its Subsidiaries

(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly MKM & Co.
Certified Public Accountants

Majed Monzer AlNemer
(License No. 381)
Riyadh, on Sha'ban 13, 1443H
Corresponding to March 16, 2022



L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 SAR	31 December 2020 SAR
ASSETS			
Non-Current Assets			
Property and equipment	7	77,307,161	80,923,715
Right-of-use-assets	8	49,797,196	33,696,747
Intangible assets and goodwill	9	137,932,585	139,167,816
Other non-current assets		1,239,933	1,798,095
Total Non-Current Assets		267,276,875	255,586,373
Current Assets			
Inventories	10	840,405,301	817,847,122
Accounts receivable	11	249,411,794	264,064,600
Other current assets	12	82,123,977	100,834,394
Gold margins		36,031,155	37,407,396
Cash margins		96,000	32,935,190
Cash and cash equivalents	13	74,501,484	141,363,622
Total Current Assets		1,282,569,711	1,394,452,324
TOTAL ASSETS		1,549,846,586	1,650,038,697
EQUITY AND LIABILITIES			
Equity			
Share capital	14	575,000,000	430,000,000
Statutory reserve	15	24,391,007	22,186,724
Retained earnings		19,356,835	9,911,958
Foreign currency translation reserve		(164,552,679)	(164,772,276)
Total Equity		454,195,163	297,326,406
Liabilities			
Non-Current Liabilities			
Long-term murabaha facility	16	-	55,003,000
Employees' end of service benefits	17	30,449,015	27,503,541
Lease liabilities	8	25,181,958	13,581,649
Deferred tax liability	18	1,830,416	1,725,119
Long-term payable	33	-	11,318,649
Total Non-Current Liabilities		57,461,389	109,133,938
Current Liabilities			
Accounts payable and other current liabilities	19	469,812,860	309,722,808
Current portion of long-term murabaha facility	16	-	20,000,000
Current portion of lease liabilities	8	13,469,283	15,872,614
Current portion of long-term payable	33	-	40,845,560
Short-term murabaha facilities	20	529,677,916	837,600,269
Zakat and income tax liability	27	25,229,955	19,537,082
Total Current Liabilities		1,038,190,014	1,243,578,333
Total Liabilities		1,095,651,403	1,352,712,291
TOTAL EQUITY AND LIABILITIES		1,549,846,586	1,650,038,697

Ayman Gamil
Chief Financial Officer

Selim Chidiac
Chief Executive Officer

Sabah Almoayyed
Authorized Board Member

Ayman Gamil
The annexed notes from 1 - 36 form an integral part of these Consolidated Financial Statements

Selim Chidiac

Sabah Al Moayyed

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 SAR	31 December 2020 SAR
REVENUE			
Gold	32	1,466,175,454	931,024,057
Operations	32	585,306,931	347,416,338
		<u>1,971,482,405</u>	<u>1,278,440,395</u>
COST OF REVENUE			
Gold		(1,466,175,454)	(931,024,057)
Operations	22	(197,560,580)	(164,436,396)
		<u>307,746,481</u>	<u>182,979,942</u>
GROSS PROFIT			
OPERATING EXPENSES			
Selling and marketing expenses	23	(178,009,044)	(150,778,855)
General and administrative expenses	24	(44,842,089)	(41,756,306)
Provision for expected credit loss	11	(3,440,063)	(14,354,980)
Loss on recall of products	21	-	(34,692,433)
OPERATING PROFIT / (LOSS)		<u>81,455,255</u>	<u>(58,602,632)</u>
OTHER EXPENSES			
Other (expenses) / income – net	25	(10,220,263)	428,816
Finance costs – net	26	(31,211,903)	(50,437,672)
PROFIT / (LOSS) BEFORE ZAKAT AND TAX		<u>40,023,089</u>	<u>(108,611,488)</u>
Zakat	27	(8,585,392)	(8,092,933)
Income tax	27	(9,394,864)	(3,783,951)
NET PROFIT / (LOSS) FOR THE YEAR		<u>22,042,833</u>	<u>(120,488,372)</u>
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the parent		<u>22,042,833</u>	<u>(120,488,372)</u>
EARNINGS / (LOSS) PER SHARE:			
Basic	28	0.44	(2.80)
Diluted	28	0.44	(2.80)

Ayman Gamil
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Chief Executive Officer

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Authorized Board Member

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L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021 SAR	31 December 2020 SAR
NET PROFIT / (LOSS) FOR THE YEAR	<u>22,042,833</u>	<u>(120,488,372)</u>
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss Re-measurement on employees' end of service benefits (see note 17)	(2,696,338)	609,656
Items that will be reclassified subsequently to profit or loss Exchange differences on translation of foreign operations	219,597	1,326,950
Other comprehensive (loss) / income for the year – net of tax	<u>(2,476,741)</u>	<u>1,936,606</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	<u>19,566,092</u>	<u>(118,551,766)</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Equity holders of the parent	<u>19,566,092</u>	<u>(118,551,766)</u>

Ayman Gamil
Ayman Gamil
Chief Financial Officer

Selim Chidiac
Selim Chidiac
Chief Executive Officer

Sabah Al Moayyed
Sabah Almoayyed
Authorized Board Member

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L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital SAR	Statutory Reserve SAR	Retained Earnings SAR	Foreign Currency Translation Reserve SAR	Total SAR
Balance at 1 January 2021	430,000,000	22,186,724	9,911,958	(164,772,276)	297,226,406
Share capital increase due to Rights issue (note 14)	145,000,000	-	-	-	145,000,000
Transaction costs of Rights issue (note 14)	-	-	(7,697,315)	-	(7,697,315)
Net profit for the year	-	-	22,042,833	-	22,042,833
Other comprehensive income for the year	-	-	(2,694,338)	219,997	(2,476,341)
Total comprehensive income for the year	-	-	19,348,495	219,997	19,568,092
Transfer to statutory reserve	-	2,204,283	(2,204,283)	-	-
BALANCE AT 31 DECEMBER 2021	575,000,000	24,391,007	19,356,855	(164,552,679)	454,195,183
Balance at 1 January 2020	430,000,000	22,186,724	132,123,563	(166,899,226)	418,211,061
Net loss for the year	-	-	(120,488,372)	-	(120,488,372)
Other comprehensive income for the year	-	-	609,656	1,326,950	1,936,606
Total comprehensive loss for the year	-	-	(119,878,716)	1,326,950	(118,551,766)
Dividends (note 34)	-	-	(2,332,889)	-	(2,332,889)
BALANCE AT 31 DECEMBER 2020	430,000,000	22,186,724	9,911,958	(164,772,276)	297,226,406

Ayman Gamil

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Chief Financial Officer

Selim Chidiac

Selim Chidiac
Chief Executive Officer

Sabah Almoayyed

Sabah Almoayyed
Authorized Board Member

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L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		31 December 2021 SAR	31 December 2020 SAR
OPERATING ACTIVITIES			
Profit / (loss) before zakat and income tax		40,823,889	(108,611,488)
Adjustments to reconcile profit / (loss) before zakat and income tax to net cash from operating activities:			
Depreciation of property and equipment	7	16,055,269	16,111,912
Depreciation of right-of-use assets	8	28,238,820	26,877,602
Amortization of intangible assets	9	2,184,994	2,206,205
Provision for employees' end of service benefits	17	4,388,196	5,514,608
Provision for expected credit losses	11	3,440,863	14,354,980
Finance costs – net		36,799,607	46,228,987
Gain on sale of property and equipment and intangible assets	29	(342,833)	(77,129)
Melting costs and charge for slow moving inventory	10	2,379,548	13,793,057
Foreign currency exchange differences – net		28,693	(1,679,133)
Operating cash flows before changes in working capital		127,255,978	84,551,601
Net changes in working capital:			
Inventories		(24,866,473)	28,855,887
Accounts receivable		11,238,948	346,863,324
Other current assets		18,685,754	2,851,979
Accounts payable and other current liabilities		8,436,232	8,583,087
Account payable for gold		184,768,955	61,039,727
Gold margins		1,378,241	(37,407,386)
Short-term murabaha facilities		(179,676,396)	(314,693,437)
Cash generated from operating activities		113,630,609	111,825,184
Employees' end of service benefits paid	17	(4,947,834)	(6,746,642)
Finance costs paid		(19,246,889)	(32,238,365)
Income taxes paid		(4,121,623)	(2,938,056)
Zakat paid		(8,898,119)	(11,228,043)
Net cash generated from operating activities		78,127,494	58,679,216
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(12,738,485)	(9,633,533)
Proceeds from sale of property and equipment		877,999	848,686
Purchase of intangible assets	9	(949,385)	(883,031)
Other non-current assets		(440,838)	(235,769)
Net cash used in investing activities		(13,350,699)	(9,703,647)
FINANCING ACTIVITIES			
Proceeds from capital increase	14	145,000,000	-
Transaction costs of Rights issue	14	(7,697,315)	-
Cash facilities (Tawana)		(128,245,937)	34,305,038
Long-term murabaha facility		(75,899,000)	(19,000,000)
Long-term payable		(32,344,389)	-
Repayments of lease liabilities	8	(38,585,173)	(29,659,249)
Finance costs paid – cash facilities		(7,649,642)	(12,353,597)
Cash margins		32,839,190	67,039,178
Dividends paid	34	-	(2,332,889)
Net cash (used in) / generated from financing activities		(31,582,584)	37,768,481
Net change in cash and cash equivalents		(86,916,089)	86,772,690
Cash and cash equivalents at beginning of the year		141,363,622	53,575,209
Exchange differences on cash and cash equivalents		24,263	1,613,722
Cash and cash equivalents at end of the year		74,581,484	141,363,622

Ayman Gamil
Chief Financial Officer

Selim Chidiac
Chief Executive Officer

Sabah Almoayyed
Authorized Board Member

Ayman Gamil

The annexed notes from 1 – 36 form an integral part of these Consolidated Financial Statements

Selim Chidiac

Sabah Almoayyed

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

L'azurde Company for Jewelry (the "Company", "Parent Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010221531 and dated 26 Jumad Thani 1427H (corresponding to 22 July 2006). The Company's head office is located in Second Industrial Area, P.O. Box 41270, Riyadh 11521, Kingdom of Saudi Arabia.

The Company and its subsidiaries (together referred to as the "Group") are engaged in the production, manufacturing, forming and forging of golden wares, jewelry, precious stones and golden alloys in accordance with the ministerial resolution number 1354/S and dated 15 Rabi Thani 1429H corresponding to 21 April 2008. The Group's other permissible activities include distribution of glasses, watches, accessories, pens, perfumes, leather products and export of gold wares, alloys and silver.

The Group carries out its activities through various branches in the Kingdom of Saudi Arabia and Kuwait and through subsidiaries in the Kingdom of Saudi Arabia, the United Arab Emirates, the Arab Republic of Egypt, the State of Qatar and the Sultanate of Oman. All these branches and subsidiaries are engaged in the manufacturing and/or trading of gold jewelry and silver products.

The Parent Company directly or indirectly owns 100% as at 31 December 2021 (31 December 2020: 100%) share capital in each subsidiary except L'azurde Company for Jewellery LLC ("LCJ Qatar") in the State of Qatar. The direct ownership of the Parent Company in LCJ Qatar is 49%, however, based on the agreement with the nominee shareholder of LCJ Qatar, the Parent Company is entitled to 98% of the economic benefits of LCJ Qatar.

The Group carries out its activities through the following subsidiaries as set out below:

- a) **ORO Egypt for Manufacturing Precious Metals ("ORO")**
ORO is a Joint Stock Company incorporated in the Arab Republic of Egypt under Commercial Registration number 7877 dated 27 January 2003. The principal activities of ORO are gold jewelry manufacturing and trading.
- b) **L'azurde Egypt for Jewellery LLC ("LJ Egypt")**
LJ Egypt is a Limited Liability Company incorporated in the Arab Republic of Egypt under Commercial Registration number 14997 dated 08 June 2005. The principal activities of LJ Egypt are gold jewelry manufacturing and trading.
- c) **L'azurde Company for Jewellery LLC ("LCJ Dubai")**
LCJ Dubai is a Limited Liability Company incorporated in the United Arab Emirates (Dubai) under Commercial Registration number 620369 dated 23 December 2008. The principal activity of LCJ Dubai is trading of gold jewelry items.
- d) **L'azurde Jewellery LLC ("LJ Abu Dhabi")**
LJ Abu Dhabi is a Limited Liability Company incorporated in the United Arab Emirates (Abu Dhabi) under Commercial Registration number 1060233 dated 1 June 2004. The principal activity of LJ Abu Dhabi is trading of gold jewelry items.
- e) **L'azurde Company for Jewellery LLC ("LCJ Qatar")**
LCJ Qatar is a Limited Liability Company incorporated in the State of Qatar under Commercial Registration number 60716 dated 21 May 2013. The principal activity of LCJ Qatar is trading of gold jewelry items.
- f) **Almujaharat Almasiah LLC ("AA")**
AA is a Limited Liability Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration number 1010236734 dated 25 Rajab 1428H (corresponding to 8 August 2007). The principal activities of AA are trading of gold and silver products and precious stones.

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)

- g) **Kenaz LLC ("Kenaz")**
Kenaz is a Limited Liability Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration number 1010352574 dated 21 Dhul Qadah 1433H (corresponding to 6 October 2012). The principal activities of Kenaz are trading of gold and silver products and precious stones.
- h) **L'azurde Group for Gold and Jewellery DMCC ("L'azurde DMCC")**
L'azurde DMCC is a Limited Liability Company registered with Dubai Multi Commodities Centre Authority, UAE under Trade License number DMCC 108442 dated 26 February 2015. The principal activity of L'azurde DMCC is trading of pearls, precious stones, and gold jewellery.
- i) **L'azurde Jewellery LLC ("LJ Oman")**
LJ Oman is a Limited Liability Company registered in the Sultanate of Oman under Commercial Registration number 1320525 dated 30 May 2018. The principal activity of LJ Oman is manufacturing, and trading of jewelry made from precious metals or stones.
- j) **Izdiad Commercial Company of Arabia ("Izdiad")**
Izdiad is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010458294 dated 25 Dhul Hijjah 1439 (corresponding to 5 September 2018). The principal activity of Izdiad is the trading of jewellery, perfume, men and women accessories, leather products and managing franchises and trademarks.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements include consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the consolidated financial statements. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and other standards and pronouncements issued by SOCPA.

The consolidated financial statements for the year ended 31 December 2021 were approved and authorized for issue by the Board of Directors on March 16, 2022.

3. BASIS OF PREPARATION

Basis of measurement

These consolidated financial statements have been prepared under historical cost basis as explained in the relevant accounting policies and measurement basis summarized below, except for employees' end of service benefits provision which has been valued by an independent professional actuary and certain financial assets and financial liabilities which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all its subsidiaries at each reporting date. All subsidiaries year-end is 31 December.

Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the invested entity.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

Thus, the principle of control sets out the following three elements of control:

- Power of the investor over the investee.
- Exposure, or rights, to variable returns on the investor from its involvement with the investee; and
- The ability of the investor to use power over the investee.

The subsidiaries' operations results are included in consolidated profit or loss and other comprehensive income from the date of owning them, which is the date on which the control commences.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests, if material.

Business combinations

The Group accounts for the business combination using the acquisition method when the control is transferred to the group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in consolidated statement of profit or loss and other comprehensive income. Contingent consideration payable is measured at fair value at the acquisition date if the contingent consideration was classified as equity. As a result, any transactions are treated through equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in consolidated statement of profit or loss and other comprehensive income.

The excess of the cost of acquisition and amount of non-controlling interest if any over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated statement of financial position. Any goodwill that arises is tested annually for impairment.

Functional and presentational currency

The consolidated financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Parent Company. All amounts have been rounded-off to the nearest Saudi Riyal unless otherwise stated.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRSs applicable in the Kingdom of Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Areas involving higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

Provision for expected credit losses of accounts receivable

The Group uses an allowance matrix to measure the ECLs of trade receivables from Group customers, which comprise individual and corporate. The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of and applying experienced credit judgement.

Useful lives, residual values, or depreciation method of property and equipment

The Group's management determines the estimated useful lives for property and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives, residual values, or depreciation method for property and equipment annually. Future depreciation expense would be adjusted where management believes that useful lives, residual values, or depreciation method differ from those used in previous periods.

Amortization of intangible assets

The Group's management determines the estimated useful lives, residual values, and impairment indicators for intangible assets annually. Intangible assets with infinite useful lives are checked annually for impairment. Amortization is reviewed annually and adjusted where management believes that future estimates will differ from those used in previous periods.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Inventories

Management estimates the net realizable values of inventories, considering the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future events or other market-driven changes that may reduce or increase future selling prices.

When inventory items become old or obsolete, an estimate is made for their market value. For significant items, this estimation is performed on an individual basis. Inventory items which are not individually significant, but are old or obsolete, are assessed collectively and a provision is applied based on inventory type, degree of ageing or obsolescence, and anticipated selling price.

At the reporting date, inventories were SAR 862.5 million (31 December 2020: SAR 842.5 million) with a provision for melting and slow-moving inventory items of SAR 22.1 million (31 December 2020: SAR 24.6 million). Differences between amounts actually realized and amounts expected to be realized in future periods will be recognized in the consolidated statement of profit or loss.

Impairment of non-financial assets

The Group's management periodically reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognized in the consolidated statement of profit or loss.

Provision for zakat and taxes

In making estimates for the zakat and tax payable by the Group, management considers applicable laws and past decisions and judgments of the General Authority of Zakat and Tax in Kingdom of Saudi Arabia and the regulations of relevant Tax Authorities in all the jurisdictions where the Group operates.

Provision for employees' end of service benefits

The liabilities relating to defined benefit plans are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting period. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 17 to these consolidated financial statements.

Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated financial statements for the year ended 31 December 2021 are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020, except for the following International Financial Reporting Standards amendments and improvements that become effective after 1 January 2021:

<u>New standards or amendments</u>	<u>Effective Date</u>
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 April 2021

The Group's management believes that the new standards effective from 1 January 2021 do not have a material effect on the Group's financial statements.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvements, or the term of the lease.

Expenditure for repair and maintenance are charged to the consolidated statement of profit or loss as incurred with the exception of costs that extend the useful life of the asset or increase its value, which are then capitalized.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognized in the consolidated statement of profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of assets.

The Group applies the following useful lives for depreciation to its property and equipment:

Asset Category	Life in years
Buildings	50
Machinery and equipment	10
Furniture and fixtures	6 – 7
Motor vehicles	4
Office equipment	7
Tools, dies and other assets	4 – 7
Leasehold improvements	Shorter of useful life or lease term

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital work in progress (CWIP)

Capital work in progress is stated at cost less any impairment losses. All expenditure incurred during installation and construction period, in connection with specific assets, are carried to CWIP. The cost of CWIP is transferred to the appropriate category of property and equipment when it is ready for use. The cost of CWIP comprises purchase price and costs directly attributable to bringing the CWIP for its intended use.

Right-of-use assets and lease liabilities

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset.

Measurement and recognition of leases

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the return rate implicit in the lease if that rate is readily available or the Group's incremental financing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets and goodwill

Intangible assets

An intangible asset is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition of the asset. The Group applies the following estimated useful lives for amortization of intangible assets:

Asset Category	Life in years
Franchise agreement	20
Computer software	2

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in consolidated statement of profit or loss when the asset is derecognized.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the Consolidated Statement of Profit or Loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of other inventory items are determined as follows:

- Raw materials in the form of gold are determined at purchase cost using the First-In-First-Out (FIFO) method and other raw materials, consumables and other manufacturing materials are determined at purchase costs on weighted average basis.
- Work in progress and finished goods are determined at cost of direct material, labour and overheads based on a normal level of activity.
- Re-sellable goods are determined on specific identification basis.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and bank account balances and are initially and subsequently recorded at fair value.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which have maturities of 90 days or less and are available for use by the Group unless otherwise stated.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where applicable.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorized as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of accounts receivable which is presented within selling and marketing expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, accounts receivable collected in cash and most other receivables and cash margins placed with banks fall into this category of financial instruments.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'held to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Accounts receivable collected in gold are classified under FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

The Group assesses on forward looking basis the Expected Credit Losses (ECL) for the impairment of financial assets.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounts and other receivables

For accounts receivable, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Other financial assets such as receivable from employees, bank balances and cash and gold margin deposits have low credit risk and the impact of applying ECL is immaterial.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities carried at amortized cost include long term Murabaha facility, short term cash facilities, accounts payable and other current liabilities. Short term gold facilities are designated at FVTPL.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related costs and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments, if any, are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group applies hedge accounting for transactions that meet specific criteria. In order to qualify for hedge accounting, the hedge should be expected to be highly effective i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and should be reliably measurable. At inception of the hedge, the risk management objective and strategy is documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Prospective testing is performed mainly through matching the critical terms of both hedge item and instrument.

Accounts payable and accruals

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

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past event, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but is not probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits

The Group provides end of service compensation to its employees in accordance with the provisions of the Labor Law applicable in the Kingdom of Saudi Arabia. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Provision is made annually based on valuation done by an independent professional actuary, in accordance with the requirements of IAS 19 "Employee Benefits" using Projected Unit Credit Method. Last valuation was carried out on 31 December 2021.

All past service costs are recognized as an expense immediately. All actuarial gains and losses on defined benefit obligation are recognized in consolidated statement of comprehensive income.

Zakat and taxes

Zakat is provided for on behalf of the Group and its effectively wholly owned subsidiaries in accordance with the Saudi Arabian fiscal regulations. The foreign subsidiaries provide for income tax liabilities, if any, in accordance with tax regulations of the country in which they operate. Zakat and income tax provisions are charged to the consolidated statement of profit or loss and consolidated statement of comprehensive income.

Deferred income tax is provided for foreign subsidiaries subject to tax, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date.

Dividends

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

Revenue

Revenue is recognized when the Group transfers the significant risks and rewards of ownership to the customer and cash recovery of the consideration is probable, when the associated costs and costs of goods can be estimated reliably, and there is no continuing management control over the goods.

Revenue is measured based on the consideration specified in a contract with a customer. To determine whether to recognize revenue, the Group follows a 5-steps process in accordance with IFRS 15 as follows:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations in the contract; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from Gold

Revenue from sale of gold refers to the value of gold weight sold to the wholesale customers. Revenue is recognized at the time of issuing invoices and delivering the quantities of jewelry stated in the invoices when the Group has performed its obligation as agreed in the contract, at the then price of gold in the international markets.

Revenue from gold and cost of revenue from gold are equal and offsetting each other as the gold used in jewelries sold to customers is valued at the international gold prices prevailing on the date of each transaction, without adding any margin.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

Revenue from Operations

Revenue from operations refers to the value-added component of the jewelry piece namely labor service charge, value of additions, sales of diamond jewelry and other revenues generated through wholesale and retail channels.

Revenue from operations is recognized in accordance with the fair value of the consideration received or receivable at the time the performance obligation is satisfied. The performance obligation is performed when the promised goods are delivered to the customers. Revenue is reduced for applicable discounts relating to the items sold.

Foreign currency transactions

Transactions in foreign currencies are translated into Saudi Riyals (SAR) at the relevant exchange rates prevailing at the time of the respective transactions. At the reporting date monetary assets and liabilities denominated in foreign currencies are converted into SAR at the exchange rates ruling on such date. Any resulting exchange differences are charged or credited to consolidated statement of profit or loss.

Translation of foreign operations

As at the reporting date, the assets and liabilities of the subsidiaries are translated into Saudi Riyal (SAR), at the rate of exchange ruling at the consolidated statement of financial position date and their consolidated statements of profit or loss are translated at the average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded through consolidated statement of other comprehensive income as a separate component of equity.

Expenses

Selling and marketing expenses are those which specifically relate to marketing and promotional activities. All other expenses are classified as general and administration expenses and cost of services.

Gold revaluation

Transactions denominated in gold are recorded in Saudi Riyals at the relevant market rates prevailing at the time of the respective transactions. Asset and liability balances denominated in gold, except for gold inventory, are revalued at the market price ruling at the consolidated statement of financial position date. All realized and unrealized gains and losses from revaluation of gold related items are recognized in the consolidated statement of profit or loss.

Basic and diluted earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the net income or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the net income or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares, if any.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee which makes decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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6. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

<u>New standards or amendments</u>	<u>Effective date</u>
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

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7. PROPERTY AND EQUIPMENT

	Land SAR	Buildings SAR	Machinery and equipment SAR	Furniture and fixtures SAR	Motor vehicles SAR	Office equipment SAR	Tools, dies and other assets SAR	Leasehold improvements SAR	Construction work in progress SAR	Total 2021 SAR
Cost:										
At the beginning of the year	349,363	88,727,559	72,043,403	26,837,717	8,049,122	25,865,390	13,675,027	45,724,264	403,656	281,675,501
Transfer from C/WIP	-	-	-	-	-	-	-	401,253	(401,253)	-
Additions	-	-	2,391,638	1,186,003	1,890,288	2,882,970	19,348	4,403,642	54,399	12,728,485
Disposals	-	-	(547,591)	(359,602)	(593,494)	(218,585)	-	(854,787)	-	(2,566,059)
Currency translation differences	301	21,293	28,775	2,844	1,097	11,359	2,325	13,308	(29)	73,373
At the end of the year	349,664	88,748,852	73,808,225	27,667,862	9,347,013	28,549,134	13,675,027	49,687,880	56,773	291,911,200
Accumulated depreciation:										
At the beginning of the year	-	40,186,689	57,607,548	22,204,486	7,020,512	21,428,292	12,010,232	31,294,027	-	200,751,786
Depreciation charge for the year	-	1,583,629	3,036,061	1,965,300	639,821	2,356,545	198,260	6,275,653	-	16,058,369
Relating to disposals	-	-	(289,685)	(359,601)	(593,489)	(178,275)	-	(809,043)	-	(2,330,093)
Currency translation differences	-	1,261	6,564	1,585	848	8,330	1,619	6,270	-	27,077
At the end of the year	-	50,772,179	60,360,488	23,811,770	7,067,692	23,614,892	12,210,111	36,766,907	-	214,604,039
Net book value:										
As at 31 December 2021	349,664	37,976,673	13,447,737	3,856,092	2,279,321	4,934,242	1,464,916	12,920,973	56,773	77,307,161

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7. PROPERTY AND EQUIPMENT (continued)

	Land SAR	Buildings SAR	Machinery and equipment SAR	Furniture and fixtures SAR	Motor vehicles SAR	Office equipment SAR	Tools, dies and other assets SAR	Leasehold improvements SAR	Construction work in progress SAR	Total 2020 SAR
Cost:										
At the beginning of the year	344,482	84,839,632	68,711,277	26,058,716	7,978,164	24,986,885	13,602,693	44,310,609	1,941,169	272,773,618
Reclassifications	-	2,912,511	(130)	368,167	230	2,297	-	900,974	(2,076,644)	2,107,485
Additions	-	666,499	3,689,179	890,838	434,219	1,871,948	34,580	1,534,215	314,035	9,635,533
Disposals	-	-	(650,936)	(523,849)	(391,533)	(1,182,985)	-	(1,240,113)	-	(3,989,436)
Currency translation differences	4,881	308,917	294,013	43,845	28,062	187,245	37,754	218,588	25,076	1,148,381
At the end of the year	349,363	88,727,559	72,043,403	26,837,717	8,049,122	25,865,390	13,675,027	45,724,264	403,656	281,675,501
Accumulated depreciation:										
At the beginning of the year	-	46,285,095	55,092,475	20,437,132	6,838,232	20,237,052	11,764,017	24,692,631	-	185,346,634
Reclassifications	-	1,270,818	(133)	(9,651)	218	12,390	-	833,763	-	2,107,409
Depreciation charge for the year	-	1,603,852	2,773,118	2,136,081	498,743	2,209,330	221,574	6,669,214	-	16,111,912
Relating to disposals	-	-	(335,714)	(383,707)	(330,822)	(1,156,061)	-	(991,775)	-	(3,218,079)
Currency translation differences	-	26,024	97,802	24,631	14,141	123,581	24,641	90,194	-	403,914
At the end of the year	-	49,186,689	57,607,548	22,204,486	7,020,512	21,428,292	12,010,232	31,294,027	-	200,751,786
Net book value:										
As at 31 December 2020	349,363	39,540,870	14,435,855	4,633,231	1,028,610	4,437,098	1,664,795	14,430,237	403,656	80,923,715

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7. PROPERTY AND EQUIPMENT (continued)

Depreciation charge for the year has been allocated as follows:

	Notes	31 December 2021 SAR	31 December 2020 SAR
Cost of operations	22	5,523,183	5,444,975
Selling and marketing expenses	23	9,370,241	9,546,664
General and administrative expenses	24	1,161,925	1,120,273
		<u>16,055,269</u>	<u>16,111,912</u>

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movement in recognized right-of-use assets relates to the following classes of assets:

	Land SAR	Buildings – shops SAR	Total SAR
2021:			
At beginning of the year	2,428,926	31,267,821	33,696,747
Additions	-	44,379,269	44,379,269
Depreciation charge for the year	(193,668)	(28,085,152)	(28,278,820)
At end of the year	<u>2,235,258</u>	<u>47,561,938</u>	<u>49,797,196</u>
2020:			
At beginning of the year	2,622,593	45,952,051	48,574,644
Additions	-	11,799,705	11,799,705
Depreciation charge for the year	(193,667)	(26,483,935)	(26,677,602)
At end of the year	<u>2,428,926</u>	<u>31,267,821</u>	<u>33,696,747</u>

The movement in lease liabilities is as follows:

	Note	31 December 2021 SAR	31 December 2020 SAR
At beginning of the year		29,454,263	43,882,708
Additions		44,379,269	11,799,705
Finance costs	26	3,402,882	3,431,099
Payments		(38,585,173)	(29,659,249)
At end of the year		<u>38,651,241</u>	<u>29,454,263</u>

Lease liabilities maturity profile at end of the year is as follows:

Non-current portion of lease liabilities	25,181,958	13,581,649
Current portion of lease liabilities	13,469,283	15,872,614
Total lease liabilities	<u>38,651,241</u>	<u>29,454,263</u>

Expense relating to short-term leases was SAR 1.1 million (2020: income of SAR 3.6 million) (see note 23).

9. INTANGIBLE ASSETS AND GOODWILL

	Notes	31 December 2021 SAR	31 December 2020 SAR
Franchise agreement and computer software	9.1	27,954,734	29,189,965
Goodwill	9.2	109,977,851	109,977,851
		<u>137,932,585</u>	<u>139,167,816</u>

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9. INTANGIBLE ASSETS AND GOODWILL (continued)

	31 December 2021 SAR	31 December 2020 SAR
9.1 Franchise agreement and computer software:		
Gross carrying amount:		
As at 1 January	40,225,536	39,529,483
Additions	949,565	683,051
Disposals	-	-
Foreign exchange differences	895	13,002
As at 31 December	<u>41,175,996</u>	<u>40,225,536</u>
Accumulated amortization:		
As at 1 January	11,035,571	8,818,378
Charge for the year	2,184,994	2,206,205
Disposals	-	-
Foreign exchange differences	697	10,988
As at 31 December	<u>13,221,262</u>	<u>11,035,571</u>
Net carrying amount as at 31 December	<u>27,954,734</u>	<u>29,189,965</u>

9.2 Goodwill

The goodwill relates to the acquisition of Izzad Commercial Company of Arabia in 2018 (note 33). Following is the movement in the net carrying amount of goodwill:

	31 December 2021 SAR	31 December 2020 SAR
Gross carrying amount:		
As at 1 January and 31 December	<u>109,977,851</u>	<u>109,977,851</u>
Accumulated impairment:		
As at 1 January and 31 December	-	-
Net carrying amount as at 31 December	<u>109,977,851</u>	<u>109,977,851</u>

Goodwill is subject to annual impairment testing. Assets are tested for impairment by comparing the carrying amount of each Cash-Generating Unit (CGU) to the recoverable amount which has been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by Company's Board of Directors covering a period of 10 years. A 10-year projections period was used as the acquisition value of the asset was based on 10 years projection which is the period needed for the asset to reach its full potential and the contracted network of shops agreed with the Franchisor. The discount rate applied to cash flow projections is 7.5% (2020: 7.5%) as relevant for the CGU and the terminal value and cash flows beyond the 10 years period are extrapolated using a 2% (2020: 2%) growth rate.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions:

- (a) **Sales growth assumption:** The anticipated annual revenue growth included in the cash flow projections has been based on historical experience and expectations of future changes in the market conditions.
- (b) **Discount rate:** Discount rate reflects the current market assessment of the risk specific to CGU. The discount rate is estimated based on the Weighted Average Cost of Capital (WACC).
- (c) **Growth rate used to extrapolate cash flows beyond the forecast period:** The expected long-term perpetual growth rate assumed is 2%, being the expected inflation rate as published by International Monetary Fund (IMF), specific to the country of operations of the CGU.

The Company believes that reasonable changes in the key assumptions would not trigger recognition of impairment losses.

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10. INVENTORIES

	31 December 2021 SAR	31 December 2020 SAR
By main components:		
Gold	701,290,980	701,225,633
Diamonds, stones, and pearls	135,270,492	111,848,589
Other materials and accessories	24,997,281	29,402,753
	<u>862,468,753</u>	<u>842,476,975</u>
Less: Provision for melting and slow-moving items	<u>(22,063,452)</u>	<u>(24,629,853)</u>
	<u>840,405,301</u>	<u>817,847,122</u>
By stage of completion:		
Finished goods	408,039,270	436,823,735
Raw materials	451,110,458	404,453,707
Work in progress	3,319,025	1,199,533
	<u>862,468,753</u>	<u>842,476,975</u>
Less: Provision for melting and slow-moving items	<u>(22,063,452)</u>	<u>(24,629,853)</u>
	<u>840,405,301</u>	<u>817,847,122</u>

The movement in provision for melting and slow-moving inventory items is as follows:

	Note	31 December 2021 SAR	31 December 2020 SAR
Balance at 1 January		24,629,853	30,784,288
Charge for the year	22	2,379,540	13,793,057
Utilization during the year		<u>(4,947,877)</u>	<u>(19,985,250)</u>
Foreign exchange differences		<u>1,136</u>	<u>37,758</u>
Balance at 31 December		<u>22,063,452</u>	<u>24,629,853</u>

11. ACCOUNTS RECEIVABLE

	31 December 2021 SAR	31 December 2020 SAR
Accounts receivable - Gross	284,136,069	298,336,378
Provision for expected credit losses	<u>(34,724,275)</u>	<u>(34,271,778)</u>
Accounts receivable - Net	<u>249,411,794</u>	<u>264,064,600</u>

Accounts receivable originate from offering term facilities to the Group's wholesale customers to pay their commitments, including the value of the gold purchased. These credit terms are in response to the demand of Group's wholesale customers and are considered to be in compliance with Shari'a provisions according to Shari'a opinion issued by the Shari'a Advisory Committee of the Council of Saudi Chambers, a number of Shari'a Scholars and the conclusion of the meetings between these Scholars and the Group's management (see note 35). Credit sales are only offered to the Group's wholesale customers and not retail customers.

The Group applies the IFRS 9 simplified approach to measure expected credit losses and uses a lifetime expected loss allowance for all accounts receivable. See note 31.1 (b) on ageing analysis and credit risk of accounts receivable, which explains how the Group manages and measures credit quality of accounts receivable.

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11. ACCOUNTS RECEIVABLE (continued)

Movement in the provision for expected credit losses is as follows:

	31 December 2021 SAR	31 December 2020 SAR
At beginning of the year	34,271,778	19,323,187
Charge for the year	3,440,963	14,354,980
Amounts recovered during the year	530,014	331,905
Utilization during the year	<u>(3,540,386)</u>	<u>-</u>
Foreign exchange differences	<u>22,806</u>	<u>261,706</u>
At the end of the year	<u>34,724,275</u>	<u>34,271,778</u>

12. OTHER CURRENT ASSETS

	31 December 2021 SAR	31 December 2020 SAR
Prepayments	11,863,427	14,023,760
Advance to suppliers	15,445,398	14,475,765
Advance to employees	3,187,162	3,580,254
Refundable VAT and other balances	18,357,580	16,204,107
Other receivables	<u>33,270,410</u>	<u>52,550,508</u>
	<u>82,123,977</u>	<u>100,834,394</u>

13. CASH AND CASH EQUIVALENTS

	31 December 2021 SAR	31 December 2020 SAR
Cash in hand	11,201,542	11,562,003
Cash at banks	63,299,942	111,051,619
Short-term deposit	-	18,750,000
	<u>74,501,484</u>	<u>141,363,622</u>

Short-term deposit is placed with a commercial bank having maturity period of three months.

14. SHARE CAPITAL

	31 December 2021 SAR	31 December 2020 SAR
At beginning of the year	430,000,000	430,000,000
Increase in share capital during the year	<u>145,000,000</u>	<u>-</u>
At end of the year	<u>575,000,000</u>	<u>430,000,000</u>

The authorized and paid-up share capital of the Company as at 31 December 2021 is SAR 575,000,000 (31 December 2020: SAR 430,000,000), divided into 57,500,000 shares (31 December 2020: 43,000,000 shares) with a face value of SAR 10 per share.

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14. SHARE CAPITAL (continued)

On 11 October 2020, the Board of directors of the Company recommended an increase of SAR 145,000,000 in the Company's share capital by way of rights issue of 14,500,000 shares at SAR 10 each. The Company's request for share capital increase was approved by the Capital Market Authority on 7 April 2021 and subsequently presented and approved by the Company's Shareholders at the Extraordinary General Assembly held on 2 June 2021. The Company finalized all regulatory requirements related to the share capital increase on 30 June 2021. The total transaction costs in relation to the share capital increase amounted to SAR 7.7 million and these were reduced from the retained earnings of the Company in line with the requirements of applicable accounting standards.

The purpose of the share capital increase is to use the proceeds of the offering to finance expansion plans in retail channel, reduce debt and develop e-commerce platforms.

15. STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies and Company's By-Laws, 10% of the net income for the year shall be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution to the shareholders.

16. LONG-TERM MURABAH FACILITY

	31 December 2021 SAR	31 December 2020 SAR
Long-term murabaha facility	-	75,000,000
Less: current portion	-	(20,000,000)
Non-current portion	-	55,000,000

The Group obtained a murabaha finance facility from a bank to finance the acquisition of Izdied Commercial Company of Arabia. The facility was for a period of seven years at profit rate of SAIBOR plus an agreed rate with the bank and payable in semi-annual installments. The whole amount of this long-term murabaha facility has been early repaid in the second quarter of 2021, using the proceeds of share capital increase by way of rights issue (see note 14).

17. EMPLOYEES' END OF SERVICE BENEFITS

General description

The Group's policy provides for end of service benefits for all employees who complete the qualifying period of service in accordance with the Labor laws.

The annual provision is based on the actuarial valuations. The most recent actuarial valuation was performed by an independent actuary, using the Projected Unit Credit Method as at 31 December 2021.

The movements in employees' end of service benefits during the years are as follows:

	31 December 2021 SAR	31 December 2020 SAR
At the beginning of the year	27,508,541	29,334,858
Charge for the year	4,308,196	5,518,008
Payments during the year	(4,067,034)	(6,746,642)
Actuarial loss / (gains)	2,696,338	(609,656)
Foreign exchange differences	2,974	11,973
At the end of the year	30,449,015	27,508,541

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17. EMPLOYEES' END OF SERVICE BENEFITS (continued)

	Note	31 December 2021 SAR	31 December 2020 SAR
Principal actuarial assumptions:			
Financial assumptions:			
Discount rate		2%	1.4% - 1.6%
Salary increase		2% - 5%	0% - 1.6%
Demographic assumption:			
Rate of employee turnover		Heavy	Heavy
Cost recognized in consolidated statement of profit or loss:			
Service costs:			
• Current service cost		3,895,899	4,740,422
• Interest cost on defined benefit obligation	26	412,297	777,586
		<u>4,308,196</u>	<u>5,518,008</u>

Sensitivity analysis:

An increase or decrease of 0.5% in significant actuarial assumptions such as discount rate and salary increases will not result in a material increase or decrease in employees' end of service benefits liability.

18. DEFERRED TAX LIABILITY - NET

Deferred tax liability relates to taxable temporary differences on property and equipment as follows:

	31 December 2021 SAR	31 December 2020 SAR
At the beginning of the year	1,725,119	1,403,075
Charge for the year	103,156	292,596
Foreign exchange differences	2,141	29,448
At the end of the year	<u>1,830,416</u>	<u>1,725,119</u>

19. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	Notes	31 December 2021 SAR	31 December 2020 SAR
Accounts payable		26,367,762	28,175,172
Account payable for gold	19.1	411,706,620	256,936,665
Accrued expenses		17,479,120	12,109,544
Accrued financial costs		1,600,444	1,838,184
Employees payables		2,481,154	1,671,906
Amounts due to related parties	29	773,823	273,575
Other payables		<u>10,803,937</u>	<u>8,717,762</u>
		<u>469,812,860</u>	<u>309,722,808</u>

19.1 The Group provided a standby letter of credit amounting to SAR 500 million (31 December 2020: SAR 500 million) as security against the gold.

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20. SHORT-TERM MURABAHA FACILITIES

		31 December 2021	31 December 2020
	Notes	SAR	SAR
Murabaha facilities (Gold)	20.1	529,677,916	709,354,312
Cash facilities (Tawaruq)	20.2	-	128,245,957
		<u>529,677,916</u>	<u>837,600,269</u>

20.1 Total gold procurement facilities of the Group as at 31 December 2021 amounted to SAR 529.7 million (31 December 2020: SAR 709.4 million). All outstanding financial facilities agreements are in the form of Murabaha and Tawaruq agreements to finance the supply of pure gold. The Group has Islamic Murabaha facilities to obtain gold from various banks to finance gold working capital requirements, with maturity periods ranging from 1 to 3 months (2020: 1 to 3 months) with agreed profit rates. All of these financial facilities are compliant with Shari'a principles as per Shari'a certificates issued by banks' internal Shari'a Committees including Murabaha facilities (Tawaruq) to finance the purchase of gold, as banks buy commodities other than gold or silver and then sell them to the Group on a credit basis. The Group then sells the goods to a third party, and the bank immediately buys the gold using cash sales proceeds of the commodity.

20.2 Represents Islamic Tawaruq cash facilities from various banks outstanding at 31 December 2020 solely to finance working capital requirements of the Group, with agreed profit rates and maturity periods ranging from 1 to 9 months.

21. REVENUE

Revenue includes revenue from gold and revenue from operations. Revenue from gold relates to the value of gold weight used in generating the operating revenues from wholesale channels. The presentation of revenue from gold serves as statistical information only as the Group does not generate any profit or loss from selling gold through wholesale channels. While revenue from operations relates to the value-added component of the jewelry piece, namely labor service charge revenue, value of additions and other sources of revenue generated through wholesale channels and gold and diamond jewelry sold in retail channels, which represents the real revenue of the Group.

Due to the effect of unusual and unprecedented factors such as COVID-19, sharp increase in gold price and tripling of VAT to 15% from July 1, 2020, the Company took a decision in 2020 to accept one-off cost of SAR 34.7 million related to the recall of some of its heavy weight products not meeting the latest consumer trends. This decision contributed to rationalize and optimize Company's investment in gold working capital in order to reduce finance costs.

Revenue from operations can be analyzed as follows:

	31 December 2021		31 December 2020	
	SAR	% of total	SAR	% of total
On cash basis	261,781,121	51.8%	197,753,562	56.9%
On credit basis	243,525,830	48.2%	149,662,776	43.1%
Total revenue from operations	<u>505,306,951</u>	<u>100.0%</u>	<u>347,416,338</u>	<u>100%</u>

22. COST OF OPERATIONS

		31 December 2021	31 December 2020
	Notes	SAR	SAR
Raw materials consumed		139,064,176	104,377,256
Salaries and employees' benefits		41,297,366	37,827,854
Melting costs and charge for slow-moving inventory	10	2,379,540	13,793,057
Depreciation of property and equipment	7	5,523,103	5,444,975
Other		<u>9,296,315</u>	<u>2,993,254</u>
		<u>197,560,500</u>	<u>164,436,396</u>

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23. SELLING AND MARKETING EXPENSES

		31 December 2021	31 December 2020
	Notes	SAR	SAR
Gold calibration costs		38,736,187	40,056,364
Salaries and employees' benefits		33,203,015	28,635,698
Depreciation of right-to-use assets		26,219,961	25,776,473
Advertisements and promotional activities		32,467,614	22,042,070
Sales commissions		17,760,695	13,198,876
Depreciation of property and equipment	7	9,370,241	9,546,664
Amortization of intangible assets		1,912,380	1,966,052
Travel expenses		1,494,962	1,138,151
Insurance expenses		926,370	835,878
Rent	8	1,067,165	(3,564,095)
Other expenses		<u>14,850,454</u>	<u>11,146,724</u>
		<u>178,009,044</u>	<u>150,778,855</u>

24. GENERAL AND ADMINISTRATIVE EXPENSES

		31 December 2021	31 December 2020
	Note	SAR	SAR
Salaries and employees' benefits		32,052,719	28,744,257
Consultancy and professional fees		2,575,732	3,933,296
Depreciation of property and equipment	7	1,161,925	1,120,273
Printing, stationery, and communication expenses		930,459	978,427
Travel expenses		778,418	623,062
Repairs and maintenance expenses		736,695	489,216
Depreciation of right-of-use assets		113,341	120,991
Other expenses		<u>6,492,800</u>	<u>5,746,784</u>
		<u>44,842,089</u>	<u>41,756,306</u>

25. OTHER (EXPENSES) / INCOME - NET

		31 December 2021	31 December 2020
		SAR	SAR
(Loss) / gain from foreign exchange differences - net		(146,737)	2,070,122
Gain on disposal of property and equipment		242,033	77,329
Restructuring costs		(7,344,003)	-
Bank charges		(2,355,297)	(1,218,571)
Miscellaneous		<u>(616,259)</u>	<u>(500,064)</u>
		<u>(10,220,263)</u>	<u>428,816</u>

26. FINANCE COSTS - NET

		31 December 2021	31 December 2020
	Notes	SAR	SAR
Financing costs		27,396,724	46,228,987
Interest cost on employees' end of service benefits	17	412,297	777,586
Interest on lease liabilities	8	<u>3,402,882</u>	<u>3,431,099</u>
		<u>31,211,903</u>	<u>50,437,672</u>

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27. ZAKAT AND INCOME TAX

Zakat charge

Group's zakat charge for 2021 amounted to SAR 8.6 million (2020: SAR 8.1 million).

	31 December 2021 SAR	31 December 2020 SAR
Zakat base		
Equity	530,178,203	581,977,399
Opening provisions and other adjustments	121,579,376	218,578,812
Book value of long-term assets	(431,829,553)	(420,358,649)
	219,928,026	380,197,562
Zakatable income for the year	50,150,888	(74,945,443)
Zakat base	270,078,914	305,252,119

Status of zakat assessments

The Company has filed the zakat returns for all the years up to 2020 and obtained respective zakat certificates. The Company has received an assessment for the years 2015-2020 with a liability of approximately SAR 6.9 million, in addition to delay penalty, relating to a potential income tax liability on one of its previous shareholders. The Company has appealed to General Secretariat for Zakat, Tax and Customs Committees (GSTC) and no response has been received from GSTC. No provision was created for this assessment as the Company believes that this matter relates to previous shareholders.

Income tax charge

The income tax charge for the year consists of the following:

	2021 SAR	2020 SAR
Income tax	9,291,708	3,491,355
Deferred tax	103,156	292,596
	9,394,864	3,783,951

ORO Egypt Company ("ORO") and L'azurde Egypt for Jewellery LLC ("LJ Egypt") have accrued income tax on their estimated taxable profit at 22.5%. L'azurde Company for Jewellery LLC ("LCJ Qatar") and L'azurde Jewellery LLC ("LJ Oman") have accrued income tax on their estimated taxable profits, if any, at 10% and 15% respectively.

Status of income tax assessments related to foreign subsidiaries

ORO, registered in Arab Republic of Egypt, was exempt from Corporate Income Tax until 31 December 2014 according to the Egyptian Law number 8 of the year 1997. ORO received tax assessments and settled its tax liabilities on non-exempt activities till the year 2014. ORO paid all taxes due on its non-exempt activities to date.

LJ Egypt, registered in Arab Republic of Egypt, was exempt from income tax on its commercial and manufacturing operations for a period of 10 years ended 31 December 2018. LJ Egypt paid all taxes due on its non-exempt activities to date.

L'azurde Jewellery LLC ("LJ Oman"), registered in the Sultanate of Oman, filed its first tax return for year ended 31 December 2020 and no assessment has been received yet.

L'azurde Company for Jewellery LLC ("LCJ Qatar"), registered in the State of Qatar, filed its tax return for year 2020 and the tax assessments for the company have been finalized up to year ended 31 December 2015.

Lazurde Company for Jewellery LLC ("LCJ Dubai"), L'azurde Jewellery LLC ("LJ Abu Dhabi") and L'azurde Group for Gold and Jewellery DMCC ("L'azurde DMCC") are registered in the United Arab Emirates which is a tax-free country, so no tax returns have been filed.

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28. EARNINGS PER SHARE - BASIC AND DILUTED

	31 December 2021	31 December 2020
Basic and diluted earnings per share		
Net profit / (loss) for the year attributable to equity holders of the parent (in SAR)	22,042,833	(120,488,372)
Weighted average number of ordinary shares during the year	50,250,000	43,000,000
Basic and diluted earnings / (loss) per share (in SAR)	0.44	(2.80)

There is no dilution effect on the basic earnings / (loss) per share of the Group as the Group has no convertible dilutive potential ordinary shares outstanding on 31 December 2021 (31 December 2020: nil).

The weighted average number of ordinary shares during the current year has changed as the capital increase by way of rights issue happened on 30 June 2021 (see note 14).

29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Group's management. Transactions with related parties are entered in the normal course of the Group's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length. Transactions with related parties during the year and the balances as at end of the year are as follows:

		<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Balances</u>	
			<u>December</u>	<u>December</u>	<u>December</u>	<u>December</u>
			<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	
<u>Due to related parties:</u>						
<u>Other affiliates:</u>						
Board of Directors	Remuneration	2,544,349	1,941,000	685,698	147,950	
Director	Consultancy	352,500	502,500	88,125	125,625	
		<u>2,896,849</u>	<u>2,443,500</u>	<u>773,823</u>	<u>273,575</u>	

Remuneration of key management personnel:

	31 December 2021 SAR	31 December 2020 SAR
Salaries	4,824,980	4,532,194
Allowances	2,489,664	2,410,083
Short-term incentive plans	424,000	1,078,005
	7,738,644	8,020,282

30. CONTINGENCIES AND COMMITMENTS

Contingencies:

The Group provided letters of guarantees amounting to SAR 8.8 million as at 31 December 2021 (31 December 2020: SAR 7.3 million) in relation to its operations.

Capital commitments:

The Group has SAR 0.1 million of commitments in respect of capital expenditures as at 31 December 2021 (31 December 2020: None).

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31. FINANCIAL INSTRUMENTS

31.1 Risk Management of Financial Instruments

The Group activities expose it to variety of financial risks; market risk (including gold price risk, currency risk and interest rate risk), liquidity risk and credit risk. The Group's overall risk management program focuses on the predictability of financial market and seeks to minimize potential adverse effect on the Group's financial performance. The Group's senior management carries out risk management under governance framework.

a) Gold price risk

Gold price risk is the risk that the value of assets and liabilities denominated in gold will fluctuate due to changes in the gold prices. The management minimizes its risk in gold by maintaining equal quantity of gold in assets and liabilities where deemed practical. As at 31 December gold accounts were as follows:

Net gold assets/(liabilities)	31 December 2021		31 December 2020	
	SAR	Grams (24 Karat)	SAR	Grams (24 Karat)
Gold – inventories (non-financial asset)	659,724,117	3,006,437	646,861,344	2,837,146
Gold asset – margins	36,031,155	164,198	37,407,396	164,198
Gold – accounts receivable	217,109,333	989,392	242,403,689	1,063,187
Gold – other current assets	28,595,816	130,314	39,734,410	174,276
Gold liabilities – payable for gold	(411,706,620)	(1,876,193)	(256,936,665)	(1,126,929)
Gold Murabaha facilities	(529,677,916)	(2,413,801)	(709,354,312)	(3,111,234)
Net gold assets	75,885	347	115,862	644

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding accounts receivable and maintains accounts with reputable, creditworthy banks.

The Group has established policies and procedures for timely recovery of accounts receivable and mitigates its exposure and credit risk by applying specific controls in accordance with the Group's policies and procedures. The table below shows Group's maximum exposure to credit risk for the components of the consolidated statement of financial position:

Notes	31 December 2021	31 December 2020
	SAR	SAR
Other non-current assets	2,239,933	1,798,095
Accounts receivable	249,411,794	264,064,600
Other current assets	54,815,152	72,334,869
Bank balances	63,299,942	129,801,619
Cash margins	96,000	32,935,190
Gold margins	36,031,155	37,407,396
	405,893,976	538,341,769

Cash balances are held with banks having sound credit ratings. The accounts receivable is shown net of allowance for expected credit losses. The Group applies the IFRS 9 simplified approach to measure expected credit losses and uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivable balance. As at 31 December, the ageing of unimpaired accounts receivable was as follows:

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31. FINANCIAL INSTRUMENTS (continued)

31.1 Risk Management of Financial Instruments (continued)

b) Credit risk (continued)

	31 December 2021	31 December 2020
	SAR	SAR
Neither past due nor impaired	208,739,117	177,125,947
Past due but not impaired:		
(a) Less than 180 days	25,705,622	40,456,326
(b) 181 – 270 days	1,928,719	21,899,161
(c) 271 – 360 days	507,602	5,353,881
(d) 361 – 540 days	1,550,911	17,656,973
(e) Greater than 540 days	10,979,823	1,872,312
	249,411,794	264,064,600

The geographical breakdown of the Group's accounts receivable balance is as follows:

	31 December 2021	31 December 2020
	SAR	SAR
Kingdom of Saudi Arabia	83,912,319	64,097,121
Arab Republic of Egypt	165,036,872	195,849,454
United Arab Emirates	462,603	1,701,807
Others	-	2,416,218
Accounts receivable - Net	249,411,794	264,064,600

c) Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. During the year, the Group undertook significant transactions in currencies other than Saudi Riyals such as US Dollars, Euros and Egyptian Pounds. Management regularly monitors the fluctuations in currency exchange rates and the effect of currency rates have been accounted for in the consolidated financial statements.

Since Saudi Riyal is on a fixed parity with the US Dollar and the Group does not have material net assets in Euros, the Group is exposed to currency risk due to Egyptian Pound only. The quantitative data regarding the Group's exposure to currency risk arising from Egyptian Pound is as follows:

	31 December 2021	31 December 2020
	SAR	SAR
Cash and cash equivalents	44,044,411	44,948,267
Accounts receivable	15,925,065	10,512,242
Accounts payable and other current liabilities	(12,517,776)	(11,203,653)
Net statement of financial position exposure	47,451,700	44,256,856

A strengthening/ (weakening) of the Egyptian Pound by 1% against Saudi Riyal would have affected the measurement of financial instruments denominated in Egyptian Pound and would have increased/ (decreased) equity by SAR 0.5 million at year ended 31 December 2021 (31 December 2020: SAR 0.4 million).

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31. FINANCIAL INSTRUMENTS (continued)

31.1 Risk Management of Financial Instruments (continued)

d) Market price risk

Market price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from gold price risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management is of the opinion that Group's exposure to market price risk is minimal. During 2020, the Group entered into an interest rate swap arrangement with a local bank to swap its floating rate loan arrangements to fixed rate.

e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise. Following table represents the maturity profiles of the financial liabilities:

31 December 2021:	Notes	0 - 12 months SAR	Over 12 months SAR	Total SAR
Financial liabilities:				
Lease liabilities	8	13,469,283	25,181,958	38,651,241
Accounts payable and other current liabilities	19	469,812,860	-	469,812,860
Short-term murabaha facilities	20	529,677,916	-	529,677,916
Total		1,012,960,059	25,181,958	1,038,142,017
31 December 2020:	Notes	0 - 12 months SAR	Over 12 months SAR	Total SAR
Financial liabilities:				
Long-term murabaha facility	16	20,000,000	55,000,000	75,000,000
Long-term payable	33	40,845,560	11,318,649	52,164,209
Lease liabilities	8	15,872,614	13,581,649	29,454,263
Accounts payable and other current liabilities	19	309,722,808	-	309,722,808
Short-term murabaha facilities	20	837,600,269	-	837,600,269
Total		1,224,041,251	79,900,298	1,303,941,549

f) Capital Management

The Board's policy is to maintain an efficient capital base to maintain investors, creditors, and market confidence and to sustain the future development of its business. The Board of directors monitor the return on capital employed and the level of dividends to its shareholders.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern; and
- to provide adequate return to shareholders.

31.2 Fair value of financial assets and financial liabilities

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchies. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

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31. FINANCIAL INSTRUMENTS (continued)

31.2 Fair value of financial assets and financial liabilities (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2021:	Fair value (in SAR)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Accounts receivable	217,109,333	-	-	217,109,333
Other current assets	28,595,816	-	-	28,595,816
Gold margins	36,031,155	-	-	36,031,155
Financial liabilities:				
Account payable for gold	411,706,620	-	-	411,706,620
Short-term murabaha facilities	529,677,916	-	-	529,677,916
31 December 2020:	Fair value (in SAR)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Accounts receivable	242,403,689	-	-	242,403,689
Other current assets	39,734,410	-	-	39,734,410
Gold margins	37,407,396	-	-	37,407,396
Financial liabilities:				
Account payable for gold	256,936,665	-	-	256,936,665
Short-term murabaha facilities	709,354,312	-	-	709,354,312

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32. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision makers of the Company. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments have been identified as the Executive Management and the Board of Directors. For management purpose, the Company is organized into the following operating and geographical segments:

A. Operating segments:

	Wholesale SAR	Retail SAR	Total SAR
31 December 2021:			
Revenue - Gold	1,466,175,454	-	1,466,175,454
- Operations	280,147,387	225,159,564	505,306,951
Gross profit	191,466,166	116,280,285	307,746,451
Net book value of property and equipment	65,675,051	11,632,110	77,307,161
Total assets	1,287,240,832	262,605,754	1,549,846,586
Total liabilities	(1,061,683,230)	(33,968,173)	(1,095,651,403)
31 December 2020:			
Revenue - Gold	931,024,057	-	931,024,057
- Operations	172,234,135	175,182,203	347,416,338
Gross profit	102,290,673	80,689,269	182,979,942
Net book value of property and equipment	66,111,163	14,812,552	80,923,715
Total assets	1,324,280,591	325,758,106	1,650,038,697
Total liabilities	(1,183,631,188)	(169,081,103)	(1,352,712,291)

B. Geographical segments:

	Gulf Cooperation Council (GCC) countries SAR	Arab Republic of Egypt SAR	Total SAR
31 December 2021:			
Revenue	354,663,455	1,616,818,950	1,971,482,405
Net book value of property and equipment	32,466,866	44,840,295	77,307,161
31 December 2020:			
Revenue	218,099,102	1,060,341,293	1,278,440,395
Net book value of property and equipment	36,793,390	44,130,325	80,923,715

33. LONG-TERM PAYABLE

On 30 October 2018, the Group acquired 100% of the equity instruments and obtained full control of Izdiad Commercial Company of Arabia ("Izdiad"), the sole-franchisee and operator of TOUS international franchise in KSA.

The fair value of the consideration transferred was SAR 185.5 million and the net assets acquired were SAR 44.6 million. The Company recognized Franchise Agreement intangible asset amounting to SAR 30.9 million (see note 9.1) with definite useful life of 20 years and also recognized goodwill balance of SAR 110.0 million (see note 9.2).

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33. LONG-TERM PAYABLE (continued)

The Company settled the purchase consideration in cash through a SAR 108 million Murabaha cash facility taken from a financial institution and SAR 27 million was settled from Company's own cash resources. An amount of SAR 50.5 million was recorded as deferred consideration at the acquisition date, payable within four years from the date of acquisition in two instalments. The fair value of this long-term payable at 31 December 2021 amounted to nil as the whole amount of this long-term payable has been early repaid in the third quarter of 2021, using the proceeds of share capital increase by way of rights issue (see note 14) (31 December 2020: SAR 52.1 million).

34. DIVIDENDS

One of the Group's subsidiary, ORO Egypt for Manufacturing Precious Metals, did not declare and pay dividends (2020: SAR 2,332,889 equivalent to EGP 9,785,536).

35. COMPLIANCE WITH SHARI'A RULES

In accordance with Shari'a Standard no. 21 "Financial Paper (Shares and Bonds)" issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Company's management has the following conclusions:

- The Group's main operations of gold and jewelry manufacturing is a Shari'a compliant activity in principle;
- All credit facilities and financing availed by the Group from banks during the audit period are in compliance with the Shari'a standards; and
- Cash sales through retail outlets and cash wholesale sales on credit are in compliance with Shari'a according to some Scholars and certain school of thoughts.

The Group relies in its policies for wholesale gold sales on selling gold jewelry on credit basis against gold or crushed gold that is equal to it in weight plus an additional charge for workmanship, based on the Shari'a opinion which permits selling of gold jewelry on credit basis. This is the point of view of a group of scholars of Islamic jurisprudence, including Imam Ibn Taymiyah and his disciple Ibn al-Qayyim, which also includes a number of contemporary scholars, including a number of members of the Shari'a Board of AAOIFI, as well as issuance of Shari'a opinion by the Shari'a Advisory Committee of the Council of Saudi Chambers; based on a request of the National Committee for Precious Metals and Gemstones regarding sale of gold jewelry by gold traders and manufacturers, where their conclusion stipulated the permissibility of gold and silver credit sales between retailers and wholesalers and manufacturers, subject to the following guidelines:

- Ensures the permissibility of gold ornaments manufacturing;
- Ensures that fabricated ornament has significant value and not unreal cover to usury provisions; and
- Ensures that ornament's fabricated gold is required for purchase by itself and not only the pure gold.

This is one of the legitimate conclusions on dealing in the trade of gold jewelry and is not considered a breach of the Group's compliance with the Shari'a rules and does not affect the Shari'a classification of the Group's activities.

36. SUBSEQUENT EVENT

On 13 Shaaban 1443H (corresponding to 16 March 2022), the Board of Directors proposed a distribution of cash dividends for the year 2021 amounting to SR 14,375,000 (at SR 0.25 per share). The proposed dividends are subject to approval of the shareholders in the upcoming Annual General Assembly.

L'AZURDE