



# Transfer Document of Raoom Trading Company from the Parallel Market to the Main Market

Raoom Trading Company is a Saudi public joint stock company pursuant Ministerial Resolution No. (Q/291) dated 04/09/1438 AH (corresponding to 30/05/2017) and Commercial Registration Certificate No. (1131010525) dated 05/02/1413 AH (corresponding to 04/08/1992). It is a company listed on the parallel market from 20/07/1443 AH (corresponding to 21/02/2022). The percentage of public ownership is (32.57%), through the transfer of the issuer's shares from the parallel market (Nomu) to the main market.

The Raoom Trading Company ("the Company" or "the Issuer") was established as a sole proprietorship owned by Mr. Abdulaziz bin Abdullah bin Mohammed Al-Humaid on 05/02/1413 H (corresponding to 04/08/1992 AD), with a capital of ninety-three thousand (93,000) Saudi Riyals, on 06/03/1436 H (corresponding to 28/12/2014 AD), the partners decided to convert it into a limited liability company with a capital of five million (5,000,000) Saudi Riyals. This conversion was carried out by deducting the retained earnings of the company in the amount of four million nine hundred and seven thousand (4,907,000) Saudi Riyals, divided into five thousand (5,000) equal cash shares, with each share valued at one thousand (1,000) Saudi Riyals. On 04/09/1438 H, (corresponding to 30/05/2017 AD), a decision was issued by the Director General of the Ministry of Commerce, numbered (Q/291), based on the authorities granted to him by the decision of His Excellency the Minister of Commerce No. (60476) and dated 19/11/1437 H (corresponding to 22/08/2016 AD), approval was granted to license the conversion of Raoom Trading Company from a limited liability company to a closed joint-stock company with a capital of one hundred and fifteen million (115,000,000) Saudi Riyals, divided into eleven million, five hundred thousand (11,500,000) ordinary shares, each valued at ten (10) Saudi Riyals, registered under the commercial registration number 1131010525 issued in Buraidah on 05/02/1413 H (corresponding to 04/08/1992 AD), and holds industrial license number 2910 dated 15/10/1437 H (corresponding to 20/07/2016 AD). On 11/09/1438 H (corresponding to 05/06/2017 AD), Ministerial Decision number (Q/307) was issued, approving the declaration of the conversion of Raoom Trading Company from a limited liability company to a closed joint-stock company. The company's capital was increased from five million (5,000,000) Saudi Riyals to one hundred and fifteen million (115,000,000) Saudi Riyals. This increase was achieved by deducting thirty-eight million, nine hundred and fifty-three thousand, three hundred and forty-four (38,953,344) Saudi Riyals from the retained earnings of the company and closing the current accounts in the capital with a total of seventy-one million, forty-six thousand, six hundred and fifty-six (71,046,656) Saudi Riyals. On 23/06/1441 H (corresponding to 17/02/2020 AD), the Extraordinary General Assembly approved a reduction in the company's capital by sixty-five million (65,000,000) Saudi Riyals through the cancellation of six million and five hundred thousand (6,500,000) shares. After the reduction, the company's capital becomes fifty million (50,000,000) Saudi Riyals, and the number of company shares becomes five million (5,000,000) shares, with each share valued at ten (10) Saudi Riyals. On 18/05/1443 H (corresponding to 22/12/2021 AD), a decision was issued by the Capital Market Authority approving the registration of the company's shares and the offering of one million (1,000,000) shares representing (20%) of its shares in the parallel market. On 20/07/1443 H (corresponding to 21/02/2022 AD), the company was listed on the parallel market (Nomu). On 09/01/1444 H (corresponding to 07/08/2022 AD), the Extraordinary General Assembly of the company approved an increase in the company's capital from fifty million (50,000,000) Saudi Riyals to sixty-two million and five hundred thousand (62,500,000) Saudi Riyals. This increase was achieved by granting one (1) free share for every (4) existing shares, with the cost of the capital increase being covered by transferring an amount of twelve million, five hundred thousand (12,500,000) Saudi Riyals from the "Retained Earnings" category. Consequently, the number of shares increased from five

million (5,000,000) shares to six million, two hundred and fifty thousand (6,250,000) shares, with an increase of one million, two hundred and fifty thousand (1,250,000) shares. The value of each share remains at ten (10) Saudi Riyals. All company shares are common shares of the same class, without any preferential rights. Each shareholder ("Shareholder") has the right to attend and vote at the General Assembly of Shareholders ("General Assembly"), regardless of the number of shares they hold.

The transfer will be for a number of six million two hundred and fifty thousand (6,250,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share, representing the total number of shares of the issuer.

The company's activities, as stated in its commercial registration number (1131010525) dated 05/02/1413 H (corresponding to 04/08/1992 AD), are primarily involved in the installation of glass and mirrors for buildings. Furthermore, the company's activities, as defined in its Articles of Association, include the following purposes:

- ◆ Manufacturing industries and their branches, in accordance with industrial licenses.
- ◆ Construction and contracting.
- ◆ Transportation, storage, and refrigeration.
- ◆ Financial, business, and other related services.
- ◆ Social, collective, and personal services.
- ◆ Trading
- ◆ Information technology.
- ◆ Security and safety services.
- ◆ Agriculture and fishing.
- ◆ Mining, petroleum, and their branches.
- ◆ Electricity, gas, water, and their branches.

The company operates its activities in accordance with applicable regulations and obtains the necessary licenses from relevant authorities, if required.

As of the date of this transfer document (This document), the major shareholders of the company who own (5.00%) or more of its capital are as follows: 1- Shareholder: Abdulaziz Abdullah Mohammed Al-Humaid, with 2,392,000 shares representing a percentage of (38.272%) of the total shares of the company. 2- Shareholder: Raghad Abdulaziz Abdullah Al-Humaid, with 900,000 shares representing a percentage of (14.4%). 3- Shareholder: Shahad Abdulaziz Abdullah Al-Humaid, with 325,000 shares representing a percentage of (5.2%). 4- Shareholder: Noura Abdulaziz Abdullah Al-Humaid, with 325,000 shares representing a percentage of (5.2%).

Investing in stocks transferring from the parallel market to the main market involves risks and uncertainties. Therefore, potential investors should carefully study the sections of the "Important Notice" and "Risk Factors" outlined in this transfer document before making a decision to invest in the shares after the transfer to the main market.

## Financial advisor

wasatah capital  
وساطة كابتال



This transfer document contains information provided as part of the application for transfer to the main market, in accordance with the listing requirements issued by the Saudi Stock Market. The members of the Board of Directors, whose names appear on page (c), assume full collective and individual responsibility for the accuracy of the information contained in this transfer document. They confirm, to the best of their knowledge and belief, after conducting all possible and reasonable studies, that there are no facts that, if not included in this transfer document, would make any statement contained therein misleading. The Capital Market Authority and the Saudi Stock Market do not assume any responsibility for this document and do not provide any assurances regarding its accuracy or completeness. They expressly disclaim any liability, regardless of its nature, for any losses arising from the information contained in this document or reliance on any part of it.

This document was issued on 06/07/1446 H (corresponding to 06/01/2025 AD).



ROOM  
R A O O M

## Important Notice.

This document provides detailed information about Raoom Trading Company and its stocks, including the transition of the company from the Parallel Market (Nomu) to the Main Market. Potential investors who wish to invest in the transferred shares after the transfer of the issuer's shares are completed, listed and begin trading on the Main Market will be treated on the basis that the investment decision is based on the information set out herein, and can access this information by visiting the company's website at ([www.raoomco.com](http://www.raoomco.com)), or the website of the financial advisor Al Wasatah Al Maliah Company (Wasatah Capital) at ([www.wasatah.com.sa](http://www.wasatah.com.sa)), or the Saudi Exchange website "Saudi Tadawul" at ([www.saudiexchange.sa](http://www.saudiexchange.sa)). (furthermore, the financial advisor Al Wasatah Al Maliah Company (Wasatah Capital), will also announce on the website of the Saudi Exchange website "Saudi Tadawul" the publication of the transfer document and its availability for review by investors during the specified period, following the listing rules. This period shall consist of ten trading days preceding the transfer date to the Main Market).

The issuer shall, after obtaining the approval of the Saudi Exchange "Saudi Tadawul" for the transfer request to the main market, publish the transfer document within three trading days following the announcement of the approval of the Saudi Exchange "Saudi Tadawul".

This transition document contains information provided in accordance with the requirements of the listing rules issued by the Saudi Stock Exchange (referred to as "Tadawul"). The members of the Board of Directors, whose names appear on page (c), collectively and individually assume full responsibility for the accuracy of the information contained in this transition document. They confirm, to the best of their knowledge and belief after conducting all possible and reasonable studies, that there are no other facts the omission of which in the transition to the main market document would render any statement contained therein misleading. The Authority and the Saudi Stock Exchange ("Tadawul") do not assume any responsibility for the contents of this document, nor do they provide any assurances regarding its accuracy or completeness. They explicitly disclaim any liability, regardless of the nature, for any loss arising from or in reliance upon any part of this document.

The issuer has appointed Al Wasatah Al Maliah Company (Wasatah Capital) as a financial advisor ("Financial Advisor") regarding the transfer of the company's shares and their listing on the main market.

The information contained in this document, as of its issuance date, is subject to change. Specifically, the financial position of the company and the value of its shares may be negatively affected by future developments related to inflation, interest rates, taxes, or any other external economic factors beyond the company's control (please refer to section number (2) "Risk factors" in this document). This document, as well as any verbal, written, or printed information regarding the shares transitioning to the main market, should not be considered, interpreted, or relied upon in any form as a promise, assurance, or acknowledgment regarding the realization of any future profits, revenues, results, or events.

This document should not be considered as a recommendation from the company, its board members, or any of its advisors to participate in the investment process in the shares transitioning. The information contained in this document is of a general nature, and it may have been prepared without taking into account individual investment objectives, financial situations, or specific investment needs of individuals interested in investing in the shares transitioning. Before making any investment decision, it is essential for every recipient of this document to obtain independent professional advice regarding the investment in the shares transitioning, after their commencement of trading, from a licensed financial advisor authorized by the authority. This is necessary to assess the suitability of the investment opportunity and the information contained in this document for their specific investment objectives, circumstances, and needs, including the advantages and risks associated with investing in the shares transitioning, investing in the shares transitioning may be suitable for some investors and not others. Potential investors should not rely on the decision of another party to invest or not invest as a basis for their own study regarding their investment opportunity or their specific circumstances. Each investor should carefully evaluate their own investment prospects and consider their unique circumstances before making any investment decisions.

## Financial information

The Company's interim financial statements for the six-month period ended June 30, 2024 AD (unaudited), the Company's audited financial statements for the fiscal year ended December 31, 2023 AD, the audited financial statements for the fiscal year ended December 31, 2022 AD, the audited financial statements for the fiscal year ended December 31, 2021 AD, and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants (SOCPA). The Company's financial statements for the six-month period ended June 30, 2024 AD (unaudited) were prepared by Baker Tilly MKM & Co. Chartered Accountants. The Company's financial statements for the two fiscal years ended December 31, 2023 AD and 2022 AD were reviewed and audited by Baker Tilly MKM & Co. Chartered Accountants, while the Company's financial statements for the fiscal year ended December 31, 2021 AD were reviewed and audited by Ibrahim Ahmed Al Bassam & Co. Chartered Accountants.

The financial information for the company for the fiscal years ended on December 31, 2022 AD, and December 31, 2021 AD, has been extracted without material changes from the comparative numbers included in the audited financial statements for the company for the fiscal years ended on December 31, 2023 AD, and December 31, 2022 AD, respectively. And the company's financial information for the financial period ending on June 30, 2024 AD and June 30, 2023 AD (unaudited) was extracted. It is worth noting that the Issuer issues its financial information in Saudi Riyals.

The numbers presented in this document are stated in Saudi Riyals. It should be noted that the aggregated financial numbers may differ from those presented in this document due to rounding. Therefore, the financial data provided in this document may differ from the information presented in the financial statements. Additionally, some of the Numbers and percentages included in this document are approximate. As a result, the numbers presented for the same category in different tables may vary slightly, and the numbers presented as totals in certain tables may not represent an arithmetic average or a sum of the preceding numbers.

## Future expectations and statements

The forecasts provided in this document have been prepared based on specific and disclosed assumptions in this document. The future circumstances of the company may differ from the assumptions used, and therefore, there is no guarantee, confirmation, or commitment regarding the accuracy or completeness of these forecasts.

Some of the expectations contained in this document represent "Future statements", which can generally be indicated by the use of certain words with future connotations such as "plans", "intends", "expects", "estimates", "believes". It is expected, "it is it is imaginable", "it is possible", "possible", "probably", "it is likely", "will", "may", "maybe", and their negative forms and other words that are close or similar in meaning. These disclosures reflect the current perspectives of the company regarding future events. However, they do not guarantee or confirm any actual future performance of the company, as there are numerous factors that may impact the actual performance, achievements, or results of the company, leading to significant variations from what is explicitly or implicitly included in these disclosures. The key risks and factors that may contribute to such variations have been reviewed in more detail in other sections of this document. (Review Section No. (2) "Risk factors") If one or more of these factors are achieved, or if any of the expectations or estimates contained in this document prove to be incorrect or inaccurate, the company's actual results may deteriorate Fundamentally different from Those described in this document.

As a result of these risks, uncertainties and estimates, the future events, conditions and forecasts addressed in this document may not occur as the issuer expects or may not occur at all. Accordingly, potential investors should examine all future statements in light of these clarifications and not rely solely on future statements.

## Company directory

### Board of Directors Members:

Members of the Board of Directors and their ownership as according to the shareholder register issued on 09/06/2024

Name <sup>†</sup>	Position	Membership status	Nationality	Age (Year)	Owned shares "Directly"		Owned shares "Indirect" <sup>†††</sup>		Membership Date
					Amount	Percentage	Amount	Percentage	
Abdulaziz Abdullah Al-Humaid	Chairman <sup>††</sup>	Non-Executive	Saudi	54	2,392,000	38.272%	185,351	%2.965	17/06/2022 AD
Saleh Abdullah Al-Arifi	Deputy Chairman <sup>††</sup>	Independent	Saudi	54	-	-	-	-	17/06/2022 AD
Humaid Abdullah Al-Humaid	Member	Executive	Saudi	34	33,880	0.54%	-	-	17/06/2022 AD
Badr Hamad Al-Qadi	Member	Independent	Saudi	44	-	-	-	-	17/06/2022 AD

#### Secretary of the Board of Directors

Muhammad Khaled Abdul Qayyum	Board of Directors Secretary <sup>††††</sup>		Indian	42	-	-	-	-	18/06/2022 AD
------------------------------	--	--	--------	----	---	---	---	---	---------------

Source: The company

<sup>†</sup>The Extraordinary General Assembly held on 15/11/1443 H (corresponding to 14/06/2022 AD) approved the election of the aforementioned members of the Board of Directors for a period of three years, starting from 18/11/1443 H (corresponding to 17/06/2022 AD) and ending on 20/12/1446 H (corresponding to 16/06/2025 AD).

<sup>††</sup>On 19/11/1443 H (corresponding to 18/06/2022 AD), the Board of Directors of the company decided to appoint Mr. Abdulaziz bin Abdullah Al-Humaid as the Chairman of the Board of Directors, Mr. Saleh bin Abdullah Al-Arifi as the Deputy Chairman of the Board of Directors.

<sup>†††</sup>The indirect ownership of member Abdulaziz Abdullah Al-Hamid resulted from the direct ownership of the following minor and the disposition by agreement of the following as follows:

1- Muhammad Abdulaziz Al-Hamid: He owns 35,318 ordinary shares, with an ownership rate of 0.57%. As a result, it was considered indirect ownership due to an act in agreement with the member Abdulaziz Al-Hamid.

2- Donia Abdulaziz Al-Hamid: She owns 50,000 ordinary shares with an ownership percentage of 0.80%. As a result, it was considered indirect property due to minor children of member Abdulaziz Al-Hamid.

3- Jannah Abdulaziz Al-Hamid: It owns 50,000 ordinary shares with an ownership percentage of 0.80% and as a result it was considered indirect property due to minor children of member Abdulaziz Al-Hamid.

4- Lina Abdulaziz Al-Hamid: She owns 50,000 ordinary shares with an ownership percentage of 0.80%, and as a result it was considered indirect property due to minor children of member Abdulaziz Al-Hamid.

<sup>††††</sup>The Board of Directors of Raoom Trading Company decided, in its session No. (11) on 18/06/2022, to appoint Mr. Muhammad Khaled Abdul Qayyum to be Secretary of the Board for the current period.

<sup>†††††</sup>The determination of the independence criteria for the members of the Board of Directors was based on the Corporate Governance Regulations issued by the Capital Market Authority.

## Registered company address

### Raoom Trading Company

Al-Qassim - Buraidah - King Abdulaziz Road

P.O. Box 48, Buraidah 52335

Kingdom of Saudi Arabia

Tel: +966 (16) 2222999

Fax: +966 (16) 3220817

E-mail: [humaid@raoom.com.sa](mailto:humaid@raoom.com.sa)

Company Website: [www.raoomco.com](http://www.raoomco.com)



## Company's Representatives

Description	First Representative	Second Representatives
<b>Name</b>	Abdulaziz Abdullah Al-Humaid	Humaid Abdullah Al-Humaid
<b>Position</b>	Chairman of Bord Director	CEO
<b>Address</b>	Al-Qassim - Buraidah - King Abdulaziz Road. P.O. Box 48, Buraidah 52335 Kingdom of Saudi Arabia	Al-Qassim - Buraidah - King Abdulaziz Road. P.O. Box 48, Buraidah 52335 Kingdom of Saudi Arabia
<b>Tel</b>	+966 0161222999	+966 0161222999
<b>Fax</b>	+966 0163220817	+966 0163220817
<b>E-mail</b>	<a href="mailto:Abdalaziz@raoom.com.sa">Abdalaziz@raoom.com.sa</a>	<a href="mailto:humaid@raoom.com.sa">humaid@raoom.com.sa</a>
<b>Website</b>	<a href="http://www.raoomco.com">www.raoomco.com</a>	

## Saudi Exchange

### Saudi Stock Exchange (Tadawul)

King Fahd Road, Olaya 6897

Unit No: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Tel: +966920001919

Fax: +966 11 2189133

E-mail: [csc@saudiexchange.sa](mailto:csc@saudiexchange.sa)

Website: [www.saudiexchange.sa](http://www.saudiexchange.sa)



## Advisors

### Financial Advisor

#### Al Wasatah Al Maliah Company (Wasatah Capital)

Riyadh - Al Olaya Main Street, Al Muruj District, Building No. 7459

Sub-number 2207, Postal Code 12283

Kingdom of Saudi Arabia

Phone: +966 11 4944067

Fax: +966 11 4944205

Email: [info@wasatah.com.sa](mailto:info@wasatah.com.sa)

Website: [www.wasatah.com.sa](http://www.wasatah.com.sa)

wasatah capital  
وساطة كابيتال



### Financial Due Diligence Advisor

#### RSM Allied Accountants Professional Services

Riyadh, Al-Orouba Road, Olaya District, Building No. 3193, Floor 1

P.O. Box 12333, Riyadh 8335

Kingdom of Saudi Arabia

Tel: +966 11 4169361

Fax: +966 11 4169349

E-mail: [Info@rsmksaudi.com](mailto:Info@rsmksaudi.com)

Website: [www.rsmksa.com](http://www.rsmksa.com)



### Legal Advisor

#### Suhail Partners, Lawyers and Legal Consultants Company

Al Orouba Road, Northen Al Maathar District

Unit No. (7) | Office House Complex

Riyadh 7795- 12334 | Kingdom of Saudi Arabia

Tel: +966 11 2605555

Website: [www.suhailpartners.sa](http://www.suhailpartners.sa)

E-mail: [CapitalMarkets@suhailpartners.sa](mailto:CapitalMarkets@suhailpartners.sa)

SUHAILPARTNERS  
شركاء سهيل محامون ومستشارون  
INSIGHT DEDICATION IMPACT RESOLUTION

## The company's auditor (for the financial years ending on December 31, 2022 AD, 2023 AD and for the six-month period ending on June 30, 2024 AD (unaudited))

### **Baker Tilly MKM & Co. Certified Accountants**

12476 – 4260 Othman bin Affan Street - Al Taawun district

P.O. Box 300467, Riyadh 11372

Kingdom of Saudi Arabia

Tel: +966 11 835 1600

Fax: +966 11 835 1600

Website: [www.bakertillyjfc.com](http://www.bakertillyjfc.com)

E-mail: [mmansour@bakertillyjfc.com](mailto:mmansour@bakertillyjfc.com)



## The company's auditor for the financial year ending on December 31, 2021

### **Ibrahim Ahmed Al-Bassam and Partners Company certified public accountants**

Al-Bassam and Partners – PKF

Prince Abdulaziz bin Musaed Road - Sulaymaniyah District

P.O. Box. 69658 - Riyadh 11557

Kingdom of Saudi Arabia

Tel: +966 11 2065333

Fax: +966 11 2065444

website: [www.pkfalbassam.com](http://www.pkfalbassam.com)

E-mail: [info.sa@pkf.com](mailto:info.sa@pkf.com)



### **Notice**

All of the above independent consultants and certified public accountants have given their written consent to the use of their names, logos, statements or reports (as applicable) in this document in the form and context appearing therein, and none of them have withdrawn their consent as of the date of this document.



## Transfer Timeline

This section includes the expected timeline of the transition process to the main market:

Expected Transfer Timeline	Date
Board Approval of the Transfer Process to the Main Market	Thursday 01/06/1445 H (corresponding to 14/12/2023 AD)
Publication of the Board of Directors' Report	Wednesday, 11/08/1445 H (corresponding to 21/02/2024 AD), and the Board of Directors' Report was republished on Monday, 04/04/1446H (corresponding to 07/10/2024 AD)
Submission of the Application for the Transfer Process to the Main Market	Wednesday 06/12/1445H (corresponding to 12/06/2024 AD)
Saudi Exchange Company Approval of the Transfer Application to the Main Market	Monday 06/07/1446H (corresponding to 06/01/2025 AD)
Public Review Period of the Transfer Document on the Websites of the Issuer, the Exchange, and the Financial Advisor	starts on Wednesday 08/07/1446 H (corresponding to 08/01/2025AD) and ends on Tuesday 21/07/1446 H (corresponding to 21/01/2025 AD) for ten trading days.
Suspension/Pause of Trading of the Company's Shares for the Purpose of its Transfer to the Main Market	Wednesday 22/07/1446H (corresponding to 22/01/2025 AD)
Last day of the Period of Suspension/Pause of Trading of the Company's Shares	Within a period not exceeding five trading days from the Date of Suspension/Pause of trading the Company's shares
Expected Date of Listing and Commencement of Trading of the Company's Shares on the Main Market	The Transfer date to the Main Market will be announced on the Saudi Exchange Company website

Dates and dates will be announced on the website of the Financial Advisor ([www.wasatah.com.sa](http://www.wasatah.com.sa)) and the website of the Company ([www.raoomco.com](http://www.raoomco.com)) and the Saudi Exchange website "Saudi Tadawul" at ([www.saudiexchange.sa](http://www.saudiexchange.sa)).

## Summary of risk factors

### ❖ Risk factors

#### ▪ Risks related to the company's activity and operations

- Risks related to concentration of revenues
- Risks related to a decline in the company's operating profits
- Risks related to supply and customer transactions
- Risks of dependence on main suppliers
- Risks related to the availability of raw materials and their price fluctuations
- Risks related to inventory obsolescence
- Risks related to expense classification
- Risks of investing in securities
- Risks related to the inability to implement the company's strategy
- Risks related to the fixed assets register
- Risks related to Enterprise resource planning system (ERB)
- Risks related to equipment and method of use
- Risks related to manufacturing defects
- Risks related to non-compliance with quality standards and specifications required by customers
- Risks related to non-compliance with the unified employment contract form and documentation of employment contracts for the company's employees
- Risks related to not obtaining or not renewing licenses, permits and certificates
- Risks related to withdrawal of industrial license
- Risks related to the adequacy of insurance coverage
- Risks related to operating systems and information technology
- Risks related to the inability to maintain or increase the company's qualified workforce
- Risks related to localization requirements
- Risks related to reliance on non-Saudi employees
- Risks related to government fees applied to non-Saudi employees
- Risks related to the company's reputation
- Risks related to lack of experience in managing companies listed on the main market
- Risks related to employee errors or misconduct
- Risks related to unforeseen operational and business interruption of the business
- Risks related to transportation and the impact of future energy price increases
- Risks related to foreign exchange rates
- Risks related to providing financing in the future
- Risks related to dependence on key personnel and executive management
- Risks related to errors or misconduct of senior management and members of the Board of Directors
- Risks related to environmental, health and safety systems and regulations
- Liquidity Risk
- Risks related to the company's non-compliance with ongoing disclosures
- Risks related to potential Sharia zakat entitlements and additional claims
- Risks related to protecting trademarks and property rights

- Risks related to transactions with related parties
- Risks of not documenting lease contracts electronically:
- Risks related to the presence of some of the company's assets on rented properties
- Risks related to lawsuits and government fines
- Risks related to the application of corporate governance regulations
- Risks related to non-compliance with the new companies law and amending the company's bylaws
- Risks related to non-compliance with the financial market system and its executive regulations
- **Risks related to the market and sector in which the company operates**
  - Economic Risks
  - Risks related to political and economic instability in the Middle East region
  - Risks related to growth opportunities
  - Risks related to the competitive environment
  - Risks related to the competition law and its implementing regulations
  - Risks related to non-compliance with current regulations and laws and/or the issuance of new regulations and laws
  - Risks related to energy, electricity and water products
  - Risks related to the occurrence of natural disasters
  - Risks related to climatic conditions
  - Risks related to stopping government incentives supporting industrial development
  - Risks related to value added tax
  - Risks related to consumer spending due to poor economic conditions
  - Risks related to the outbreak of infectious diseases or other threats to public health
- **Risks related to securities listed on the main market**
  - Risks related to not meeting liquidity requirements in the primary market after the transition
  - Risks related to potential fluctuations in the share price
  - Risks related to future data
  - Risks related to the possibility of issuing new shares
  - Risks related to non-distribution of profits to shareholders
  - Risks related to actual control by current shareholders after the transition
  - Risks related to selling a large number of shares in the market after the transition to the main market
  - Risks related to the suspension of trading or cancellation of the company's shares as a result of failure to publish its financial statements within the regulatory period

# Table of Contents

<b>1</b>	<b>Definitions and Terms</b>	<b>2</b>
<b>2</b>	<b>Risk factors</b>	<b>6</b>
2.1	Risks related to the company's activity and operations	6
2.1.1	Risks related to concentration of revenues	6
2.1.2	Risks related to a decline in the company's operating profits	6
2.1.3	Risks related to supply and customer transactions	6
2.1.4	Risks of dependence on main suppliers	6
2.1.5	Risks related to the availability of raw materials and their price fluctuations	7
2.1.6	Risks related to inventory obsolescence	7
2.1.7	Risks related to expense classification	7
2.1.8	Risks of investing in securities	7
2.1.9	Risks related to the inability to implement the company's strategy	8
2.1.10	Risks related to the fixed assets register	8
2.1.11	Risks related to Enterprise resource planning system (ERB)	8
2.1.12	Risks related to equipment and method of use	9
2.1.13	Risks related to manufacturing defects	10
2.1.14	Risks related to non-compliance with quality standards and specifications required by customers	10
2.1.15	Risks related to non-compliance with the unified employment contract form and documentation of employment contracts for the company's employees	
2.1.16	Risks related to not obtaining or not renewing licenses, permits and certificates	10
2.1.17	Risks related to withdrawal of industrial license	10
2.1.18	Risks related to the adequacy of insurance coverage	11
2.1.19	Risks related to operating systems and information technology	11
2.1.20	Risks related to the inability to maintain or increase the company's qualified workforce	11
2.1.21	Risks related to localization requirements	11
2.1.22	Risks related to reliance on non-Saudi employees	11
2.1.23	Risks related to government fees applied to non-Saudi employees	12
2.1.24	Risks related to the company's reputation	12
2.1.25	Risks related to lack of experience in managing companies listed on the main market	12
2.1.26	Risks related to employee errors or misconduct	12
2.1.27	Risks related to unforeseen operational and business interruption of the business	12
2.1.28	Risks related to transportation and the impact of future energy price increases	13
2.1.29	Risks related to foreign exchange rates	13
2.1.30	Risks related to providing financing in the future	13
2.1.31	Risks related to dependence on key personnel and executive management	13
2.1.32	Risks related to errors or misconduct of senior management and members of the Board of Directors	13
2.1.33	Risks related to environmental, health and safety systems and regulations	13
2.1.34	Liquidity Risk	14
2.1.35	Risks related to the company's non-compliance with ongoing disclosures	14
2.1.36	Risks related to potential Sharia zakat entitlements and additional claims	14
2.1.37	Risks related to protecting trademarks and property rights	14
2.1.38	Risks related to transactions with related parties	14
2.1.39	Risks of not documenting lease contracts electronically	15
2.1.40	Risks related to the presence of some of the company's assets on rented properties	15
2.1.41	Risks related to lawsuits and government fines	15
2.1.42	Risks related to the application of corporate governance regulations	16
2.1.43	Risks related to non-compliance with the new companies law and amending the company's bylaws	16
2.1.44	Risks related to non-compliance with the financial market system and its executive regulations	16

2.2	Risks related to the market and sector in which the company operates .....	17
2.2.1	Economic Risks .....	17
2.2.2	Risks related to political and economic instability in the Middle East region .....	17
2.2.3	Risks related to growth opportunities .....	17
2.2.4	Risks related to the competitive environment.....	17
2.2.5	Risks related to the competition Law and its implementing regulations .....	17
2.2.6	Risks related to non-compliance with current regulations and laws and/or the issuance of new regulations and laws .....	17
2.2.7	Risks related to energy, electricity and water products .....	18
2.2.8	Risks related to the occurrence of natural disasters.....	18
2.2.9	Risks related to climatic conditions.....	18
2.2.10	Risks related to stopping government incentives supporting industrial development .....	18
2.2.11	Risks related to value added tax .....	18
2.2.12	Risks related to consumer spending due to poor economic conditions.....	18
2.2.13	Risks related to the outbreak of infectious diseases or other threats to public health .....	19
2.3	Risks related to securities listed on the main market.....	19
2.3.1	Risks related to not meeting liquidity requirements in the primary market after the transition .....	19
2.3.2	Risks related to potential fluctuations in the share price .....	19
2.3.3	Risks related to future data .....	19
2.3.4	Risks related to the possibility of issuing new shares .....	19
2.3.5	Risks related to non-distribution of profits to shareholders .....	19
2.3.6	Risks related to actual control by current shareholders after the transition .....	19
2.3.7	Risks related to selling a large number of shares in the market after the transition to the main market .....	20
2.3.8	Risks related to the suspension of trading or cancellation of the company's shares as a result of failure to publish its financial statements within the regulatory period .....	20
<b>3</b>	<b>Purpose of transition to the main market.....</b>	<b>22</b>
3.1	Achieving the conditions for transition from the parallel market to the main market.....	22
<b>4</b>	<b>A brief overview of Raoom Trading .....</b>	<b>24</b>
4.1	The Company's Vision.....	24
4.2	The Company's Mission .....	24
4.3	The company's competitive strength and advantages .....	24
4.4	The company's main activity: .....	24
4.5	Manufacturing facilities and production capacity .....	25
4.6	Production capacity of lines .....	25
4.7	Future expansions .....	26
<b>5</b>	<b>Legal information and declarations of Board of Directors members.....</b>	<b>28</b>
5.1	Company information .....	28
5.1.1	Company Name.....	28
5.1.2	History and establishment.....	28
5.1.3	Main changes in capital .....	28
5.1.4	The Company's Objectives .....	29
5.1.5	The Company's Term .....	29
5.2	The Company's Organizational Structure .....	30
5.3	Board of Directors .....	31
5.3.1	Information of the Board.....	31
5.3.2	Shares owned by members of the Board of Directors according to the shareholder register dated (09/06/2024): .....	31
5.3.3	Board Remuneration.....	32
5.3.4	Attending Board meetings.....	32
5.4	Company's committees.....	33

5.4.1	Audit Committee .....	33
5.4.2	Nominations and Remuneration Committee .....	34
5.5	Executive management .....	36
5.6	Government approvals, licenses and certificates .....	40
5.7	Transactions with related parties .....	42
5.8	Financing Agreements .....	46
5.9	Material Agreements.....	46
5.10	Real estate.....	46
5.11	Lease contracts.....	46
5.12	Trademarks and property rights.....	49
5.13	Insurance coverage .....	49
5.14	Workforce .....	51
5.15	Disputes and lawsuits.....	51
5.16	Declarations related to legal information.....	51
<b>6</b>	<b>Financial information and management discussion and analysis.....</b>	<b>54</b>
6.1	Overview of the company .....	54
6.2	Declarations of Board of Directors members regarding the financial statements .....	55
6.3	Fundamentals of preparation and accounting policies .....	56
6.3.1	Basis for preparing financial statements .....	56
6.3.2	Changes in the company's accounting policies .....	57
6.4	Income statement .....	62
6.4.1	Revenues .....	63
6.4.2	Cost of revenue.....	64
6.4.3	General and administrative expenses.....	65
6.4.4	Selling and marketing expenses.....	66
6.4.5	Other revenues .....	66
6.4.6	Financing costs.....	67
6.5	Statement of financial position .....	67
6.5.1	Non-current assets.....	68
6.5.2	Property, machinery and equipment.....	69
6.5.3	Intangible assets.....	69
6.5.4	Right-of-use assets.....	70
6.5.5	Current assets .....	72
6.5.6	Inventory .....	72
6.5.7	Financial assets at fair value through profit or loss .....	73
6.5.8	Trade receivables.....	73
6.5.9	Prepaid expenses and other debit balances.....	74
6.5.10	Equity	74
6.5.11	Non-current liabilities .....	75
6.5.12	Defined benefit commitment for employees.....	75
6.5.13	Current liabilities .....	76
6.5.14	Accrued expenses and other credit balances.....	77
6.5.15	Zakat due .....	77
6.6	Statement of cash flows .....	78
6.6.1	Net cash available from operating activities .....	79
6.6.2	Net cash used in investing activities .....	79
6.6.3	Net cash used in financing activities .....	80
6.7	Financing structure.....	80
6.8	Key Performance Indicators .....	80

<b>7 Auditor's report</b> .....	<b>83</b>
7.1 Audited financial statements for the fiscal year ending on 31 December 2022AD And 31 December 2023AD .....	83
7.2 Unaudited interim condensed financial statements for the six-month period ended 30 June 2024G_.....	83

## Table index

Table 1: Inventory details.....	7
Table 2: lease contracts for industrial lands leased by the company and on which the factory is located .....	25
Table 3: Production lines.....	25
Table 4: Members of the Board of Directors .....	31
Table 5: Shares owned by members of the Board of Directors .....	31
Table 6: Members of the Audit Committee .....	33
Table 7: Members of the Nominations and Remuneration Committee .....	35
Table 8: Details of executive management.....	36
Table 9: The biography of Humaid Abdullah Al-Humaid .....	38
Table 10: Biography of Jamal Ramadan Muhammad.....	38
Table 11: Biography of Hassan Ahmed Ghabshah.....	38
Table 12: Biography of Fares Dahan Al-Humairi.....	39
Table 13: Biography of Abdulaziz Abdullah Al-Bulaihed.....	39
Table 14: Licenses and approvals obtained by the company. ....	40
Table 15: Valid and renewed lease contracts for the sites occupied by the company .....	46
Table 16: Details of the company's trademark.....	49
Table 17: Details of insurance policies .....	49
Table 18: Income statement.....	62
Table 19: revenues based on the type of goods sold.....	63
Table 20: Geographical distribution .....	63
Table 21: Cost of revenues .....	64
Table 22: General and administrative expenses.....	65
Table 23: Selling and marketing expenses .....	66
Table 24: Other revenues .....	66
Table 25: Financing costs .....	67
Table 26: Statement of financial position .....	67
Table 27: Non-current assets.....	68
Table 28: Property, machinery and equipment.....	69
Table 29: Intangible assets.....	69
Table 30: Right-of-use assets.....	70
Table 31: Movement of the company's lease obligations .....	70
Table 32: Current assets.....	72
Table 33: Inventory.....	72
Table 34: Financial assets at fair value through profit or loss.....	73
Table 35: Trade Receivables .....	73
Table 36: Movement of the provision for expected credit losses for trade receivables.....	74
Table 37: Prepaid expenses and other debit balances.....	74
Table 38: Equity .....	74
Table 39: Non-current liabilities .....	75
Table 40: Defined benefit commitment for employees.....	75
Table 41: Employee defined benefit expense charged to the statement of profit or loss. ....	76
Table 42: The key actuarial assumptions for employee benefit commitment .....	76
Table 43: Current liabilities.....	76
Table 44: Accrued expenses and other credit balances.....	77
Table 45: Zakat due .....	77
Table 46: Main elements of the zakat base .....	78
Table 47: Cash flow .....	78
Table 48: Financing structure .....	80
Table 49: Key performance indicators .....	80





**[01]**

# **DEFINITIONS AND TERMS**

# 1 DEFINITIONS AND TERMS

The following table shows a list of definitions and terminology for terms used in this document:

Defined term or abbreviation	Definition
The Company/ Issuer	Raoom Trading Company
The Board or the Board of Directors	The Company's board of directors
The Management or Senior Management	Company's management
By-laws	The Company's by-laws
The General Assembly	The ordinary general assembly of the company's shareholders
The Ordinary General Assembly	The ordinary general assembly of the company's shareholders
The Extraordinary General Assembly	Extraordinary general assembly of the company's shareholders
The Government	Government of the Kingdom of Saudi Arabia
The kingdom	Kingdom of Saudi Arabia
Ministry of Commerce	Ministry of Commerce of the Kingdom of Saudi Arabia
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority (formerly the General Authority of Zakat and Tax)
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia
Ministry of Industry and Mineral Resources	Ministry of Industry and Mineral Resources in the Kingdom of Saudi Arabia
General Authority of Meteorology and Environmental Protection	The General Authority of Meteorology and Environmental Protection in the Kingdom of Saudi Arabia
Saudi Industrial Development Fund	The Saudi Industrial Development Fund is a government entity affiliated with the Ministry of Finance. It was established in the year 1394 H (corresponding to 1974 AD), to develop industry in the Kingdom of Saudi Arabia and help establish, develop and expand factories in the Kingdom by granting long-term loans at low costs and compatible with the provisions of Islamic Sharia.
General Authority for Competition	The General Authority for Competition (formerly the Competition Council), which is an independent financial and administrative government body, was established in 1439 H (corresponding to 2018 AD). It aims to promote and encourage fair competition, combat illegal monopolistic practices, ensure abundance and diversity of goods and services of high quality and competitive prices, and encourage Innovation.
Companies Law	The Companies Law in the Kingdom of Saudi Arabia issued pursuant to Royal Decree No. (M/132) dated 01/12/1443 H (corresponding to 30/06/2022 AD), which entered into force on 26/06/1444 H (corresponding to 19/01/2023 AD), And any amendment made to it.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the Board of the CMA under Resolution No. (8-16-2017) dated 16/05/1438 H (corresponding to 13/02/2017 AD) based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437 H (corresponding to 10/11/2015 AD) and amended by Resolution No. (8-5-2023) dated 25/06/1444 H (corresponding to 18/01/2023 AD), And any modifications made thereto.
Rules for offering securities and continuing obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to its Resolution No. (3-123-2017) dated 09/04/1439 H (corresponding to 27/12/2017 AD), according to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424 H, as amended by the CMA Board Resolution No. (3-114-2024) dated 04/04/1446 H (corresponding to 07/10/2024 AD), and any amendments thereto.
Listing rules	The Listing Rules are issued by the Saudi Stock Exchange (Tadawul), approved by CMA Board Resolution No. (2-123-2017) dated 09/04/1439 H (corresponding to 27/12/2017 AD), as amended by Resolution No. (1-104-2019 AD) dated 01/02/1441 H (corresponding to 30/09/2019 AD), as amended by Resolution No. (1-22-2021) dated 12/07/1442 H (corresponding to 24/02/2021 AD), as amended by its Resolution No. (1-19-2022) dated 12/07/1443 H (corresponding to 13/02/2022 AD), as amended by Resolution No. (1-52-2-22) dated 12/09/1443 H (corresponding to 13/04/2022 AD), as amended by Resolution No. (3-96-2022) dated 10/02/1444 H (corresponding to 06/09/2022 AD), and as amended by Resolution No. (4-114-2024) dated 04/04/1446 H (corresponding to 07/10/2024 AD), and any amendments thereto.
Glossary of Defined Terms Used in the Exchange Rules	Glossary of Defined Terms Used in the Exchange Rules approved by CMA Board Resolution No. (2-17-2012) and amended by Resolution No. (5-122-2024) dated 13/04/1446 H (corresponding to 16/10/2024AD), and any amendments thereto.
The Capital Market Authority or the Authority	Capital Market Authority in the Kingdom of Saudi Arabia.

<b>Saudi Tadawul Company, the financial market, the stock market, the market, or Tadawul</b>	Saudi Tadawul Company “Saudi Stock Exchange” is a subsidiary of Saudi Tadawul Group. established in accordance with the decision of the Council of Ministers dated 29/02/1428 H (corresponding to 19/03/2007 AD), in implementation of the financial market system, is a Saudi joint stock company, and the only entity authorized to operate as a securities market in the Kingdom of Saudi Arabia, where it lists and trade securities.
<b>Main market</b>	The market in which securities that have been registered and offered in accordance with Chapter Four of the Rules on the Offer of Securities and Continuing Obligations are traded, and accepted for listing under Chapter Three of the Listing Rules.
<b>Parallel market</b>	The market in which securities that have been registered and offered in accordance with Chapter Eight of the Rules on the Offer of Securities and Continuing Obligations are traded, and accepted for listing under Chapter Eight of the Listing Rules.
<b>Transfer request</b>	Submit a request to the Saudi Stock Exchange to transfer the company’s shares from the parallel market to the main market.
<b>Shares of existing shareholders before moving to the main market</b>	100% of the company’s total capital shares, which amount to six million two hundred and fifty thousand (6,250,000) ordinary shares.
<b>share</b>	Ordinary share with a nominal value of (10) Saudi Riyals.
<b>Nominal value</b>	10 Saudi Riyals per share.
<b>the person</b>	Natural or legal person
<b>Shareholder or shareholders</b>	Shareholders of the company for any specified period of time.
<b>Investor</b>	Everyone who invests in shares, under transfer to the main market.
<b>Day or business day</b>	Any business day except Friday and Saturday, and any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banking institutions are closed for business in accordance with applicable regulations and other government procedures.
<b>Labor Law</b>	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426 H (corresponding to 27/09/2007 AD) and its amendments.
<b>Financial Statements</b>	The Company’s interim condensed (unaudited) financial statements for the six months ended 30 June 2024, and the company’s audited financial statements for the fiscal year ending on December 31, 2023 AD, the audited financial statements for the fiscal year ending on December 31, 2022 AD, and the audited financial statements for the fiscal year ending on December 31, 2021 AD, and the accompanying clarifications in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances. Approved by the Saudi Authority for Auditors and Accountants (SOCPA).
<b>Fiscal year/fiscal years</b>	It is the time period for displaying the result of the facility’s activity, the beginning and end of which are specified in the articles of incorporation or articles of association of the company in question. Note that the company’s fiscal year ends on December 31 of each year.
<b>H</b>	Hijri calendar.
<b>AD</b>	Gregorian calendar.
<b>Listing</b>	Listing securities on the market, whether in the main or parallel, or - where the context allows for this - submitting a listing application to the market
<b>Transfer</b>	Transfer of the company’s shares from the parallel market to the main market
<b>Transfer Document/Document</b>	This Transfer Document, which is the document required to transfer the issuer’s shares from the parallel market to the main market, under the Listing Rules.
<b>Advisors</b>	The company’s advisors whose names are shown on pages (c).
<b>financial Advisors</b>	Al Wasatah Al Maliah Company (Wasatah Capital)
<b>The company’s chartered accountant for the year ending December 31, 2021</b>	Ibrahim Ahmed Al-Bassam and Partners Company (Certified Accountants - Al-Bassam and Partners)
<b>The company’s chartered accountant for the years ending on December 31, 2022 AD and 2023 AD</b>	Baker Tilly MKM & Co. (certified accountants)
<b>Financial Due Diligence Advisor</b>	RSM Allied Accountants Professional Services
<b>Legal advisor</b>	Suhail Partners, Lawyers and Legal Consultants Company
<b>Tadawul</b>	Automated system for trading Saudi stocks
<b>Control</b>	According to the list of terms used in the market rules and the list of terms used in the regulations and rules of the Capital Market Authority issued by the Authority, control is the ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively with a relative or affiliate, through any from the following:

	<ol style="list-style-type: none"> <li>1. Owning a percentage equal to 30% or more of the voting rights in a company</li> <li>2. The right to appoint 30% or more of the members of the administrative body</li> </ol>
<b>Public</b>	<p>In the list of terms used in the Market Rules, it means persons not mentioned below:</p> <ol style="list-style-type: none"> <li>1. Affiliates of the issuer.</li> <li>2. Substantial shareholders of the issuer.</li> <li>3. Directors and senior executives of the issuer.</li> <li>4. Directors and senior executives of affiliates of the issuer.</li> <li>5. Directors and senior executives of substantial shareholders of the issuer.</li> <li>6. Any relative of the persons described at (1,2,3,4 or 5) above.</li> <li>7. Any company controlled by any persons described at (1,2,3,4,5 or 6) above.</li> <li>8. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.</li> </ol>
<b>International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia</b>	<p>A set of accounting standards and their interpretations issued by the International Accounting Standards Board (IFRS). Which are the international financial reporting standards approved by the Saudi Organization for Auditors and Accountants, which include international standards in addition to the additional requirements and disclosures required by the Saudi Organization for Auditors and Accountants and other standards and statements approved by the Saudi Organization for Auditors and Accountants, which include standards and technical publications related to matters not covered by international standards. Such as the issue of zakat.</p>
<b>Saudi Organization of Auditors and Accountants (SOCPA)</b>	The Saudi Authority for Auditors and Accountants in the Kingdom of Saudi Arabia
<b>Localization/Saudization</b>	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis and to replace expatriate workers in private sector jobs with Saudi citizens.
<b>Risk factors</b>	These are potential influences that must be known and hedged prior to making any investment decision in relation to the stock under transfer to the main market.
<b>Nitaqat</b>	The Saudization Program (Nitaqat) was approved by the Minister of Labor Decision No. (4040) dated 12/10/1432 H (corresponding to 10/09/2011 AD) pursuant to the decision of the Council of Ministers No. (50) dated 12/05/1415 H (corresponding to 27/10/1994 AD). The Ministry of Human Resources and Social Development (formerly Ministry of Labor and Social Development) in the Kingdom launched the (Nitaqat) program to provide incentives for establishments to employ Saudis. The program evaluates the performance of the establishment on the basis of specific ranges which are platinum, green, and red.
<b>Riyal</b>	Saudi Riyal – The official currency of the Kingdom of Saudi Arabia.
<b>Vision 2030</b>	The national strategic economic program that aims to reduce dependence on the oil and petrochemical industry, and diversify the Saudi economy, and develop public services.
<b>Value Added Tax (VAT)</b>	On 02/05/1438 H (corresponding to 30/01/2017 AD), the Council of Ministers decided to approve the unified agreement for value-added tax for the GCC countries, which came into effect from January 1, 2018 AD, as a new tax was added to the law of taxes and other fees must be applied by specific sectors in the Kingdom and GCC countries. The amount of this tax is (5%), And the Kingdom's government has decided to increase the value-added tax rate from 5% to 15% starting from July 2020 AD, Certain products are excluded from this tax (such as basic foods, services related to health care and education).
<b>Pandemic or Corona virus "Covid-19"</b>	A contagious virus disease known as (Coronavirus or "COVID-19"), began to spread early 2020 AD in most countries of the world, including the Kingdom of Saudi Arabia, and as a result, the World Health Organization declared COVID19 to be a global pandemic.



**[02]**

# **RISK FACTORS**

## 2 RISK FACTORS

Investing in shares subject to transfer to the main market involves high risks and investing in them may only be suitable for investors who are able to evaluate the merits and risks of this investment and bear any loss that may result from it.

Anyone who wishes to invest in shares subject to transfer and trading in the main market must carefully study all the information contained in this document, including the risk factors described below, before making an investment decision, noting that the risks described below may not include all the risks that the company may face. Rather, it is possible that there are additional factors that are not currently known to the company that could affect its operations.

The company's activity, financial conditions, future expectations, results of operations, and cash flows may be materially negatively affected if any of the risks included in this section occur or are materialized, and which the company's management currently believes are material, in addition to any other risks not identified by the Board of Directors. Or it is currently classified as non-material, but it may actually happen and become material.

And if it occurs or is achieved one of the risk factors that the company's management currently believes is material, or the occurrence of any other risks that the company's management has not been able to identify, or which it currently considers to be immaterial, this may lead to a decrease in the price of shares in the market. This weakens the company's ability to distribute profits to shareholders, and the investor may lose all or part of his investment in the company's shares.

The members of the Company's Board of Directors acknowledge that, to the best of their knowledge and belief, there are no other material risks as of the date of this document other than those mentioned in this section that could affect investors' decisions to invest in the shares subject to transfer to the main market.

The risks and uncertainties outlined below are presented in no particular order and do not indicate their relative importance, also additional risks and uncertainties, including those not currently known or considered immaterial, may have the effects described above.

### 2.1 Risks related to the company's activity and operations

#### 2.1.1 Risks related to concentration of revenues

The general nature of the company's business is the glass and plastic manufacturing, with a significant focus on glass sales, as they accounted for (68.48%), (76.91%), (79.14%), and (74.49%) of the company's total sales for the fiscal years ending on December 31, 2021 AD, 2022 AD, 2023 AD, and the period ending on June 30, 2024 AD respectively. For more information about the company's revenues, please refer to subsection (6.4.1) «Revenues» of Section (6) Financial information and management discussion and analysis" and the rest of the information contained in this document. Therefore, if the company's sales in general and glass sales in particular decrease, this will have a negative and material impact on the company's business, financial condition, results of its operations and future expectations.

#### 2.1.2 Risks related to a decline in the company's operating profits

Raoom Trading Company achieved positive results and continuous growth in net profits during the previous three years, as the company's net income reached 24.9 million Saudi Riyals, 30.7 million Saudi Riyals, and 46.6 million Saudi Riyals for the financial years ending on December 31, 2021 AD, December 31, 2022 AD, and December 31, 2023 AD, respectively, with a compound annual growth rate of 36.88%, despite the decrease in operating profits for the year 2023 AD by (9.58%) compared to the previous year.

It should be noted that the rate of increase in the company's net profit for the year 2023 AD and the period ending on June 30, 2024 AD is the result of the revaluation of financial assets at fair value through profit or loss valued at 18.37 million Saudi Riyals and 14.75 million Saudi Riyals respectively. and not from operational activity. Therefore, if the company's operating profits continue to decline, this will have a negative and material impact on the company's business, expectations, financial position, and future results.

#### 2.1.3 Risks related to supply and customer transactions

All of the company's transactions with its suppliers and customers are carried out according to purchase orders without concluding agreements or terms and conditions documenting its dealings with suppliers and customers. Which may result in the company being unable to protect its rights in the future due to the lack of a legal document such as agreements or terms and conditions regulating the rights and obligations of the parties. This may lead to the prolongation of judicial disputes - if they exist - due to the absence of a document regulating the relationship between the parties, or the difficulty of proving the company's right, which may affect its financial position if these disputes are material.

#### 2.1.4 Risks of dependence on main suppliers

The company relies on major local and global suppliers to buy raw materials The Company's purchases from the top 5 combined suppliers consist of 80.70%, 80.0%, 75.80%, and 87.26% of the Company's total purchases for the financial years ended December 31, 2021 AD, 31 December 2022 AD, 31 December 2023 AD, and the period ending on June 30, 2024 AD respectively. Thus, if a major supplier decides to terminate its relationship with the company the company may have difficulty replacing the supplier with another supplier at the same level of qualification, price and quality. The company is also competing with other companies to obtain the services of these suppliers and if the company cannot maintain continuous relations with these major suppliers, or if

the conditions under which the company purchases raw materials from these suppliers become unfavorable, Or the company's inability to implement its obligations towards suppliers. This will negatively affect the results of the company's operations, its future projections and its financial position in general.

## 2.1.5 Risks related to the availability of raw materials and their price fluctuations

The company's revenues and profits depend heavily on the prices of basic commodities and raw materials, especially glass and aluminum, and the cost of raw materials from sales represents 53.64% in 2021 AD, 57.46% in 2022 AD, 56.9% in 2023 AD, and 51.28% for the period ending on June 30, 2024 AD. the prices of these commodities depend on global markets governed by supply and demand, noting that these markets are subject to rapid and widespread fluctuations. Therefore, if the Company cannot control the factors affecting commodity prices, actual changes in supply and demand, market fears, speculation by market traders, and international economic and political factors could affect the prices and the accuracy of the Company's future assumptions and/or projections negatively. therefore, the occurrence of any of the effects will have a material impact on the company's business, results of operations, financial condition and future prospects.

## 2.1.6 Risks related to inventory obsolescence

Although some inventory items in the form of raw materials may not deteriorate due to aging or expiration of the expiration period, keeping a large percentage of inventory may lead to the obsolescence of products in the event that higher quality and less expensive materials are issued. Management's lack of familiarity with the required and logical levels to maintain a normal rate according to the nature of the activity may expose it to a number of risks, including:

- ◆ Risks of obsolescence in light of current technological progress.
- ◆ Risks of increased storage, transportation and space costs.
- ◆ Emergency risks such as fires and natural accidents such as damage and loss

The following table shows the value of inventory, the cost of raw materials, and the inventory turnover rate according to the company's financial statements for the fiscal years ending in 2021 AD, 2022 AD, and 2023 AD:

Table 1: Inventory details

Element	December 31, 2021 AD	December 31, 2022 AD	December 31, 2023 AD
	Saudi Riyals	Saudi Riyals	Saudi Riyals
Inventory	34,283,253	29,107,323	21,773,483
Cost of goods sold	72,196,459	91,520,569	91,748,518
Inventory turnover rate	2.11	3.14	4.21
Inventory turnover rate in days	173	116	87

It should be noted that the company does not have an official policy for identifying and classifying slow-moving inventory. The company should work to develop official policies and procedures for classifying slow-moving inventory. these policies must include defining the criteria used to identify slow-moving inventory, and defining procedures to manage and store it efficiently. And if the company is unable in the future to identify its slow-moving inventory, it will face the above-mentioned risks, which in turn will negatively affect the company's business, expectations, financial position, and operational results.

## 2.1.7 Risks related to expense classification

Financial statements are considered the basic element through which the results of accounting measurement are communicated in the form of financial information or data to its users, as the method of presenting the elements of the financial statements is considered one of the most important factors in the quality of the financial information that the company provides to internal or external users of the financial statements.

The quality of the presentation of financial information is affected by the classification of financial statement items in a way that makes reading the financial statements accurate and reflects the reality of the items appearing in the financial statements.

The company classifies the salaries of branch and warehouse employees and storage expenses under the heading of selling and marketing expenses. In addition, the entire rental cost is charged to the selling and distribution cost as well, while some rental expenses are related to direct costs. Incorrect classification of expenses may affect the quality of presentation financial reports. Therefore, the company must classify expenses and revenues in a correct manner in accordance with best accounting practices. The company's inability to adhere accurately to the classification of financial statement items affects internal and external users of the financial statements in using financial information for the purposes of evaluating the financial situation and analyzing it, and thus affects decisions taken on its basis.

## 2.1.8 Risks of investing in securities

The company decided at the end of the fourth quarter of 2022 AD to invest the surplus funds resulting from its operating revenues in securities, and after careful study of this decision and after discussion with management, the following was revealed:

1. Shares are classified at fair value through profit and loss.
2. There is no diversification in the invested funds, as investments are concentrated in only 4 companies during the previous periods 2022 AD, 2023 AD, and the period ending on June 30, 2024 AD.
3. Net profit for the year 2023 AD amounted to (46.58) million Saudi Riyals, of which 18.37 million Resulting from revaluation of investment in securities.
4. Net profit for the first half of 2024 amounted to (28.31) million, and about 14.75 million resulted from the revaluation of investment in securities.

We point out that the decision to invest in securities carries potential risks that may negatively affect the company's performance and future profitability, as stock prices in the market are exposed to daily fluctuations that may be significant, which could result in losses for the company, in addition to that during periods of economic recession, Demand for shares may fall back and prices may decline sharply, reducing the company's ability to dispose of its owned shares. Given the company's investment concentration in only four companies, this increases the investment risks, as the performance of these companies can be affected by specific factors that affect investment results. Accordingly, the company must take measures to manage these risks effectively, and implement investment strategies based on diversification and careful analysis of the markets to achieve its goals with the least possible risks. If the company fails to do so, it may be vulnerable to a significant decline in its investments, which will have a negative and material impact on the company's business and its results of operations and future expectations.

### 2.1.9 Risks related to the inability to implement the company's strategy

The company's ability to increase its revenues and improve its profitability depends on the extent to which it effectively implements its business plans, successfully achieves its strategy, improves current production lines, or expands by adding new production lines. The company's ability to expand its business in the future depends on its ability to continue implementing and improving operational, financial and administrative information systems in an efficient and timely manner, as well as on its ability to increase, train, motivate and manage its workforce. Furthermore, any business expansion plans that the Company intends to undertake in the future will be subject to estimated costs and the specified implementation schedule, For more information about future expansions, please refer to subparagraph (4.7) «Future expansions» from Section (4) "A brief overview of Raoom Trading" and the rest of the information contained in this document. and the Company may need to obtain additional financing to accomplish any expansion plans, and if it is unable to implement the expansion plans according to the specified schedule according to the estimated costs of the project, or in the event that the desired profitability is not achieved from these projects, which may be due to various reasons, including a change in the market situation at the time of implementing these projects, or in the event of a defect in the feasibility study, this will negatively affect the competitive position of the company, and thus the results. Its business, profitability and future expectations.

### 2.1.10 Risks related to the fixed assets register

Fixed assets are essential assets owned or operated by the company, with the aim of using them continuously in its business activities. Maintaining and tracking fixed assets and committing to maintenance and renovation work at the right times helps the company maximize its production capacity and maintain the required quality and achievement.

The availability of information about the company's assets contributes to obtaining accurate financial reports and ongoing assessments of its operational efficiency. Therefore, the company must follow professional best practices in maintaining fixed assets in order to achieve the best internal controls to maintain these assets.

It should be noted that the company does not maintain a record of each employee's fixed assets, which makes it difficult to track fixed assets and identify the person responsible for them. Accordingly, the lack of a fixed asset register in accordance with professional best practices may, but is not limited to, result in the company's inability to determine the timing of periodic maintenance of the asset, which will incur additional costs for the company as and when this occurs, thereby having a material negative impact on the company's business and financial and operational results.

### 2.1.11 Risks related to Enterprise resource planning system (ERB)

The company relies heavily on the Enterprise Resource Planning (ERP) system, and it is worth noting that the user has almost negligible access or lacks knowledge to operate the Enterprise Resource Planning (ERP) system. Below are the most prominent notes related to the Enterprise Resource Planning (ERP) system and preparing financial statements and governance.

1. The data extracted from the enterprise resource planning (ERP) system is insufficient in many cases as the company could not provide much of the required breakdowns and instead only provides ledgers which are the entries made by different users which is not a comprehensive report.
2. Management accounts provided by management require reconciliation as they are incomplete compared to the audited financial statements.
3. The company failed to provide any reconciliation of the data with the financial statements.

Which requires the company to work on developing and training users for the software, providing comprehensive data and reports, matching and auditing data. Failure to optimize data management and inability to verify its accuracy may lead to false decisions and inefficient resource management, which will negatively affect the company's performance and ability to achieve profits and growth.



## 2.1.12 Risks related to equipment and method of use

The company has specialized machines and equipment that it uses in the production of its products, and any unexpected malfunction that occurs to the machines or equipment or any prolonged maintenance of it would disrupt the company's production and weaken its ability to produce sufficient quantities of products continuously ensuring the quality of products in a way that meets the demands of its customers or comply with its contractual requirements. In the event of any failure, this will have a negative and material impact on the company's business, expectations and results of operations.

### 2.1.13 Risks related to manufacturing defects

A large part of the company's business is related to the trade and manufacture of glass, mirrors, and aluminum decorations and their installation, and these operations are exposed to some risks related to defects that may occur during their manufacture or transportation, or defects resulting from errors resulting from misconduct or behavior by employees, and any defects in the products manufactured by the company or Failure to adhere to the specifications contracted with customers will expose it to the risks of potential liability lawsuits, which will negatively affect the company's business expectations, the results of its operations, and its financial condition in a fundamental way.

### 2.1.14 Risks related to non-compliance with quality standards and specifications required by customers

The company seeks to maintain the satisfaction of its customers by continuing to provide a satisfactory level of quality of its products and strive to provide its products satisfactorily to the tastes of its customers, but in the event that the company is unable to continue to deliver its products of the same quality this will negatively affect its reputation with its customers and thus reluctance to deal with it, This will have a negative impact on its sales and decrease in size and thus substantially affect the company's business, expectations, financial position and operational results.

### 2.1.15 Risks related to non-compliance with the unified employment contract form and documentation of employment contracts for the company's employees

The Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426 H (corresponding to 27/09/2005 AD), and the Ministry of Human Resources and Social Development imposed on all companies to adhere to the unified employment contract model for all employees and document their contracts electronically to ensure that all employment contracts include the basic terms and mandatory provisions mentioned in the Labor Law, It should be noted that the company is committed to documenting all its employee contracts electronically, as the company complies (90%) and (87.83%) of the factory (company branch) with the requirement to document employment contracts with the Ministry of Human Resources and Social Development electronically. If the company does not commit to documenting its employees' contracts in the future, the company may be vulnerable to regulatory violations.

### 2.1.16 Risks related to not obtaining or not renewing licenses, permits and certificates

The company must obtain and maintain various permits, licenses and regulatory approvals in relation to its activities. These licenses include, but are not limited to: An industrial facility license issued by the Ministry of Industry and Mineral Resources, company registration certificates issued by the Ministry of Commerce, environmental operating permit issued by the General Authority of Meteorology and Environmental Protection, safety certificate issued by the General Directorate of Civil Defense, trademark registration certificates issued by the Saudi Authority for Intellectual Property, and Saudization certificates issued by the Ministry of Human Resources and Social Development, Saudization certificates issued by the Ministry of Human Resources and Social Development, zakat certificates, the value-added tax registration certificate issued by the Zakat, Tax and Customs Authority, and social insurance certificates issued by the General Organization for Social Insurance.

It is worth noting that the commercial activity expired for both License No. (39111332299) for Commercial Register No. (4030341718), and License No. (450112879326) for Commercial Register No. (1010611196), and License No. (440611307836) for Commercial Register No. (1131325346), and the Civil Defense Permit Certificate No. (42-000754201-1) issued to the branch registered in the commercial registry No. (4030341718) have expired, and the Civil Defense Permit Certificate No. (45-000733001-3) issued to the branch registered in the commercial registry No. (1132011097), and the Environmental Compliance Certificate for Operation No. (8861) for Commercial Register No. (1131024147) have expired. For more information about licenses and certificates, please refer to subsection (5.6) "Government approvals, licenses and certificates" of Section (5) "Legal information and declarations of Board of Directors members" and the rest of the information contained in this document.

And as of the date of this document, the company is working to renew a number of these certificates and is proceeding with their procedures. However, if the company is unable to renew its current licenses, permits, and certificates or obtain any of the licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses are renewed under conditions that are not suitable for the company, or in the event that the company is unable to obtain additional licenses, permits, and certificates that may be required of it in the future, this may expose the company to stopping and refraining from carrying out its work, such as closing the company or freezing all services provided by the regulatory authorities to the company (such as renewing licenses and certificates, obtaining visas, residence permits, and transferring sponsorships...etc.) or being exposed to financial fines imposed by the authorities related to licenses, permits, and certificates, which will result in the company's operations being disrupted and incurring additional costs, which in turn will negatively affect the company's business, the results of its operations, its financial position, and its future expectations.

### 2.1.17 Risks related to withdrawal of industrial license

The company operates under an industrial facility license issued by the Ministry of Industry and Mineral Resources under Resolution No. (451110128284) dated 06/01/1445 H (corresponding to 24/07/2023 AD), which expires on 02/03/1450 H (corresponding to 24/07/2028 AD).

The company must adhere to the conditions and instructions imposed by the Ministry of Industry and Mineral Resources on companies that have obtained industrial licenses, and all industrial companies licensed by the Ministry of Industry and Mineral Resources must submit a request to amend their license according to any amendments to their data, including, for example, amending the trade name or increasing the number of workers. If the company does not adhere to the terms and instructions of the Ministry of Industry and Mineral Resources, it will be subject to the withdrawal of its industrial license, and if the license is withdrawn from the company, it will not be able to continue practicing its activity. This will have a negative and material impact on the company's business, the results of its operations, its financial condition, and its future expectations, as this license is essential and key to the performance of its business.

### 2.1.18 Risks related to the adequacy of insurance coverage

The company has a medical insurance policy for its employees and for workers in the company's branches in accordance with the medical insurance policy issued by (Tawuniya Company), which starts from 14/04/1445 H (corresponding to 29/10/2023 AD) until 25/04/1446 H (corresponding to 28/10/2024 AD), in addition to the medical insurance policy issued by (Tawuniya Company) starting from 04/05/1445 H (corresponding to 18/11/2023 AD) until 15/05/1446 H (corresponding to 17/11/2024 AD), The company also has a vehicle fleet insurance policy in accordance with the vehicle insurance policy issued by (Salama Cooperative Insurance Company), which is valid until 14/04/2025 AD and a vehicle insurance policy in accordance with the vehicle insurance policy issued by (Salama Cooperative Insurance Company), which is valid until 14/09/2025 AD. And an insurance policy for the property, buildings and facilities existing in the factory against all risks in accordance with the risk policy issued by (Allianz Saudi Fransi Company), which is valid until 28/02/2025 AD. (For more information, please refer to Subsection (5.13) "Insurance coverage" of Section (5) "Legal information and declarations of Board of Directors members" of this document.)

The company is committed to providing insurance cover for its business, assets, vehicles, and medical insurance for its employees. However, the company may not have all the important insurance contracts for its business and assets, or it may not have sufficient insurance cover in all cases, or it does not cover all the risks that the company may be exposed to. Such as risks resulting from natural disasters. It is also possible that events may occur in the future that the company is not insured against in a way that covers potential losses, or it may not be insured against them at all. There can be no assurance that the Company's insurance contracts will remain available on commercially acceptable terms, or at all. Any of these events or circumstances or the occurrence of an uninsured event for the Company will have negative and material affect the company's business, assets, financial conditions, business results and future expectations.

### 2.1.19 Risks related to operating systems and information technology

The company relies primarily on information technology systems to manage its assets and monitor its activities and financial records, the company may be exposed to the risks of failure of these systems, such as system downtime, failure of protection systems, penetration of company systems or electronic viruses, fires, communication errors, unavailability of skilled workers necessary to operate and manage these systems, leakage of confidential data and information related to the company, its customers, or its employees, or a decrease in The degree of security of that data and information, the company continues to update its accounting systems and resource management system periodically, and it is possible that some data will be lost or a disruption in some technical processes will occur. Given this, if the company fails to protect its operating and information technology systems, this will negatively affect the company's business, the results of its operations, and its future expectations.

### 2.1.20 Risks related to the inability to maintain or increase the company's qualified workforce

The company's ability to increase the number of its workforce, train it, motivate and manage it directly affects the company's growth and expansion plans, The significant increase in the number of customers will require the company to employ qualified sales personnel, but there is no guarantee that there will not be a shortage of these employees in the future. Therefore, if the company is unable to retain qualified employees or to renew, hire and retain suitable employees in the future, this will lead to negative and material consequences on the company's results, operations and cash flows.

### 2.1.21 Risks related to localization requirements

Compliance with localization requirements is considered a regulatory requirement in the Kingdom, according to which all companies operating in the Kingdom adhere, including the company, by employing a certain percentage of Saudi employees among its total employees and maintaining that percentage. According to the Nitaqat Program issued by the Ministry of Human Resources and Social Development, the company's localization rate as of 17/04/1446 H (corresponding to 20/10/2024 AD) reached (15%) and is classified within the "medium green" range, Also, the localization rate at the company's branch as of 17/04/1446 H (corresponding to 20/10/2024 AD) reached (28%) and is classified within the "low green" range, Which will expose the company to penalties by the relevant government authorities, which include suspending new work visa applications as the company's branch is classified within the low green range. For more information about the Company employment, please refer to subsection (5.14) "Workforce" From Section (5) "Legal information and declarations of Board of Directors members" of this document.

However, if the company is unable to increase the localization rate and continue to adhere to the requirements of the Nitaqat Program in the company's branch (factory), or if the company does not continue to maintain these percentages, or if the Ministry of Human Resources and Social Development decides to impose more severe localization policies in the future, and the company is unable to comply with the requirements of the Ministry of Human Resources and Social Development, this will lead to the imposition of penalties on the company imposed by the government authorities, which includes suspending applications for work visas and transferring sponsorship for non-Saudi workers, there is no guarantee that the Company will be able to secure the necessary manpower or employ the required number of foreign workers according to the appropriate terms for the Company. The Company may also face challenges in retaining its Saudi employees, and if the number of this category of employees decreases, this will lead to a decrease in its overall Saudization rate. which will have a material negative impact on the company's business, financial position, results of operations, and its expectations.

### 2.1.22 Risks related to reliance on non-Saudi employees

As of the date of this document, the number of employees in the company is seventy-one (71) employees, including 11 Saudis and 60 non-Saudis. The number of employees in the company's branch under commercial registration number (1131024147) is two hundred and twenty-nighen (229) employees, including 63 Saudi employees and 166 non-Saudi employees. If the company is unable to maintain its non-Saudi cadres or find replacements with the same required skills and experience, or if any change occurs in the policies, regulations and systems of the Ministry of Human Resources and Social Development resulting in an increase in the percentage of Saudization in the sector, which makes it difficult for the company to maintain its cadres of non-Saudi workers.

This will cause an increase in the financial cost to the company, which will negatively and fundamentally affect the company's business, financial position, operational results and profit results.

### 2.1.23 Risks related to government fees applied to non-Saudi employees

The government approved a number of decisions aimed at carrying out comprehensive reforms to the labor market in the Kingdom of Saudi Arabia, which included approving additional fees for every non-Saudi employee working for a Saudi entity as of 01/01/2018 AD, at the rate of two hundred 200 Saudi Riyals per month for each non-Saudi employee in 2018, increasing to four hundred 400 Saudi Riyals per month in 2019 AD, then six hundred 600 Saudi Riyals per month in 2020 AD. Which will lead to an increase in the government fees that the company will pay for its non-Saudi employees, and thus an increase in the company's costs in general, which will negatively affect its business, financial performance, and results of operations.

It is worth noting that on 25/01/1441 H (corresponding to 24/09/2019 AD), the Council of Ministers, headed by the Custodian of the Two Holy Mosques, agreed that the state would bear, for a period of five years, the financial compensation imposed on expatriate workers in accordance with paragraphs (1-A) and (2-A) From Clause (Second) of the decision of the Council of Ministers No. (197) dated 23/03/1438 H (corresponding to 22/12/2016 AD), regarding industrial establishments licensed under an industrial license as of 02/02/1441 H (corresponding to 01/10/2019 AD).

Accordingly, the company is exempt from financial compensation fees on its expatriate workers for a period of five years, and upon the expiry of the period specified for the state to bear these fees and not renew them, or in the event of this decision being cancelled, the company will be exposed to paying these fees, which will lead to an increase in government fees. that the company will pay for its non-Saudi employees, and thus an increase in the company's costs in general, which will negatively affect its business, financial performance, and results of operations.

In addition, the government also approved fees for issuing and renewing residency permits for dependents and companions of non-Saudi employees (Companions fees), which became effective as of 01/07/2017 AD, noting that they will gradually increase from two hundred 200 Saudi Riyals per month for each dependent in 2017 AD, to reach four hundred 400 Saudi Riyals per month for each dependent in 2020 AD. Therefore, the increase in fees for issuing and renewing residency that the non-Saudi employee will bear on behalf of his family could lead to an increase in the cost of living for him, which would lead him to work in other countries where the cost of living is lower. If such a thing happens, the company will face difficulty in maintaining its non-Saudi employees, which may force it to bear these costs for the non-Saudi employees, or part of them, directly, or indirectly, by raising the wages of its non-Saudi employees, which will lead to an increase in the company's costs, which will have a materially negative impact on its business, financial performance, and results of operations.

### 2.1.24 Risks related to the company's reputation

The company's reputation is crucial to attracting new customers, maintaining its customers, and establishing a strong relationship with counterparties. The company's reputation may be harmed in the future as a result of several factors, including a decline in the company's financial results, legal or regulatory measures against the company, or the behavior of one of its employees that may cause the company to violate applicable regulatory requirements. Damage to the company's reputation will negatively impact its business, financial condition, results of operations, profitability of its shares, and future expectations.

### 2.1.25 Risks related to lack of experience in managing companies listed on the main market

Although the company's senior management has experience in managing the company as a public joint stock company listed in the parallel market for more than two years, their experience may be relatively limited due to the limited governance requirements in the parallel market and the recent listing of the company, Their experience may not be sufficient to manage joint stock companies listed on the main market, and how to comply with the rules and regulations of joint stock companies listed on the main Saudi financial market, such as adherence to the continuous disclosure requirements to which companies listed on the main market are subject. Accordingly, the company's senior management must make additional efforts to ensure its compliance with the rules and regulations imposed on companies listed on the main Saudi financial market. In the event that the company does not adhere to these rules, or fails to comply with governance and disclosure requirements, this will expose the company to regulatory penalties and fines and their announcement, which will in turn have a materially negative impact on its business, expectations and financial position.

### 2.1.26 Risks related to employee errors or misconduct

The company may encounter employee errors or misconduct, and the company cannot guarantee the avoidance of employee misconduct or mistakes, such as fraud, intentional errors, embezzlement, fraud, theft, forgery, misuse of its property, and acting on its behalf without obtaining the required administrative authorizations. Consequently, these actions may result in consequences and responsibilities for the company, or regulatory penalties, or financial liability, which will affect the company's reputation, financial condition, results of its operations, and future expectations.

### 2.1.27 Risks related to unforeseen operational and business interruption of the business

The company depends for the continuation of its operations on the progress and effectiveness of its production lines and work systems, Industrial facilities are considered vulnerable to significant operational risks as a result of several factors, including natural disasters, sudden malfunctions of major equipment, failure to perform or stoppage of production lines and computers, or interruption of the supply of energy and electricity. These risks may cause significant damage to the facilities of industrial facilities or their workforce. Or it causes a disruption in the production process and the company's ability to deliver its products, resulting in the company incurring losses, and thus negatively affecting the company's business, results of its operations, financial condition, and future expectations.

### 2.1.28 Risks related to transportation and the impact of future energy price increases

The company maintains a flexible supply chain infrastructure that ensures continuous supply of its products to the market. Moreover, the company has a work team to manage the process of transporting products to its customers within all regions of the Kingdom of Saudi Arabia, and the company has three main branches through which it supplies its goods, including the cities of Riyadh, Jeddah, and Qassim. However, any disruption in transportation or an increase in the cost of fuel prices will affect the company's ability to supply its products to its customers, which will negatively affect the company's results and operations.

### 2.1.29 Risks related to foreign exchange rates

Some of the company's transactions regarding its acquisition of raw materials, industrial machinery and spare parts are subject to currencies other than the Saudi riyal, particularly the US dollar. As part of the Kingdom's monetary policy, the Saudi riyal is denominated as of the date of this document It is denominated in US dollars at an exchange rate estimated at 3.75 Saudi Riyals against 1.00 US dollars. however, there is no assurance about the stability of the exchange rate of the Saudi riyal against the US dollar, and these fluctuations may lead to fluctuations in the value of the Saudi riyal against the foreign currencies that the company uses to purchase raw materials and to pay other expenses related to machinery Industrial and spare parts (including US dollars) to increase expenses Which will have a negative impact on the company's business, the results of its operations, its financial position, and its future expectations.

### 2.1.30 Risks related to providing financing in the future

The company does not have any financing loans as in its financial statements for the year 2023 AD. The company may need to obtain loans and bank facilities to finance expansion plans in the future. It is worth noting that obtaining financing depends on the company's capital, its financial position, its cash flows, the guarantees provided, and its credit record. The company does not give any assurance or guarantee that it will obtain appropriate financing if the need arises. Therefore, the company's inability to obtain the financing it needs from financing parties, or financing on acceptable preferential terms that suit the company, will have a negative and material impact on the company's business and position. Financial information, results of its operations, profitability, and future expectations.

### 2.1.31 Risks related to dependence on key personnel and executive management

The company and its future plans for success depend on the expertise and competencies of its executive management and key employees. The company aims to attract and employ qualified people to ensure the efficiency and quality of business through effective management and proper operation. The company will also need to increase the salaries of its employees in order to ensure their retention or to attract new cadres with appropriate qualifications and experience. Therefore, if the company loses any of its senior executives or qualified employees and is unable to employ replacements with the same level of experience and qualifications and at a cost appropriate to the company, this will have a material negative impact on the company's business, the results of its operations and its future expectations.

### 2.1.32 Risks related to errors or misconduct of senior management and members of the Board of Directors

The Company's senior management and members of the Board of Directors may commit acts that could adversely affect the Company, including misuse of Company information or systems, disclosure of confidential information, dissemination of misleading information, or making incorrect decisions. The company may not always be able to prevent senior management and members of the Board of Directors from committing any serious misconduct or ensure their compliance with the company's internal regulations and policies, which may lead to the company incurring losses, fines, or financial obligations, or lead to damage to its reputation, this would have a negative and material impact on the company's business, results of operations, financial condition and future expectations.

### 2.1.33 Risks related to environmental, health and safety systems and regulations

The company's operations, like other companies in the same sector, are subject to a wide range of rules and regulations related to environmental protection, health and safety in the Kingdom, which increasingly impose strict standards that the company must adhere to on an ongoing basis. The costs of complying with these rules and regulations and the resulting fines may be significant, and compliance with new and stringent standards may require additional capital expenditures or modifications in operational practices. Incidents related to the environment, health, and safety may arise outside the scope of the company's control. For example, the company's operations may result in a number of waste materials and polluting materials that, if not properly controlled and managed, or if left untreated or managed, could result in intact, to the risk of environmental pollution. Failure to fully adhere to and comply with environmental legislation and regulations could lead to the closure of the company's industrial facilities. It will also expose the company to violations, fines, or penalties that may be imposed by regulatory authorities on it, which will negatively affect its operations by limiting the growth of its revenues or suspending its work or licensing. This affects its ability to conduct its business and thus negatively affects its financial results and profitability.

### 2.1.34 Liquidity Risk

Liquidity risk is the inability of the company to meet its obligations related to financial liabilities as they fall due. The company's financial liabilities consist of accrued expenses, trade creditors and lease obligations. Any sudden or unexpected events may occur that require immediate liquidity or require the sale of financial assets quickly enough and at their fair value to cover the required liquidity. The company's liquidity ratio reached approximately (12) times, (10) times, (16) times, and (16) times, as in 2021 AD, 2022 AD, 2023 AD, and the period ending on June 30, 2024 AD respectively, and there is no guarantee of the company's ability to fulfill its current or future obligations on their due dates, especially short-term ones. It will be vulnerable to financial default, which will have a negative and material impact on the company's business, the results of its operations, its financial position, and its future expectations.

### 2.1.35 Risks related to the company's non-compliance with ongoing disclosures

Since the company is a listed public joint stock company, it is committed to the market by disclosing the matters that must be disclosed in accordance with what is stipulated in the rules for offering securities, continuing obligations, and listing rules, and any changes that occur to them.

The company's commitment to disclosing the matters that must be disclosed is an ongoing obligation and its obligatory to provide information to the financial market by presenting all matters that occur in the company's activities and business, which in turn will have an impact on the investors' decision to invest in the company's shares or not. The company must adhere to continuous disclosure of important matters that must be published to the financial market immediately upon their occurrence.

The company's omission or delay in disclosing those matters that must be disclosed in accordance with what is stipulated in the rules for offering securities, continuing obligations, and listing rules is considered a violation of the rules of the financial market, which may expose the company to violations by the Capital Market Authority, or legal issues by its shareholders, which will have a negative and material impact on the company's reputation and the share performance.

### 2.1.36 Risks related to potential Sharia zakat entitlements and additional claims

Since its establishment, the company has submitted its zakat returns for all years until December 31, 2023 AD and paid the due zakat. The company obtained a certificate numbered (1112152004) dated 12/10/1445 H (corresponding to 21/04/2024 AD), which is valid until 02/11/1446 H. (corresponding to 30/04/2025 AD) regarding its zakat declaration submitted for the fiscal year 2023 AD. However, the Zakat, Tax and Customs Authority periodically reviews the zakat returns submitted by companies and re-evaluates them to ensure their accuracy.

According to the financial statements ending on 31 December 2023 AD, the company ended its zakat status until the year 2014 AD, and the Authority referred to the company with a zakat assessment for the years 2015 AD and 2016 AD in the amount of 481,021.06 Saudi riyals. The company objected to the assessment and the objection was accepted by the Committee for Resolution of Tax Violations and Disputes (for more information, please refer to subsection (5.15) "Disputes and lawsuits" of Section (5) "Legal information and declarations of Board of Directors members" and the rest of the information contained in this document.

As of the date of this document, the final assessment has not been received. Knowing that the years from 2017 AD to 2022 AD are still under review by the Zakat, Tax and Customs Authority. There is no guarantee that the decision issued by the Committee for Settlement of Tax Violations and Disputes regarding accepting Raoom Trading Company's objection will not change after the appeal session, nor does the company guarantee that the Zakat, Tax and Customs Authority will not review any previous restrictions and impose additional fees or costs on the company, which will affect On the company's profitability and financial flows, and thus on the results of its operations and financial performance.

### 2.1.37 Risks related to protecting trademarks and property rights

The company's ability to market its products and develop its business depends on the use of its name, logo and trademarks, which support its business and competitive position and give it a clear distinction in the market among customers. The company has registered its trademark with the competent authorities. (For more information about the company's registered trademarks, please refer to Subsection (5.12) "Trademarks and property rights" of Section (5) "Legal information and declarations of Board of Directors members" of this document). Any infringement of proprietary rights or illegal use of the company's trademarks will lead to an impact on the company's reputation, and the filing of lawsuits and claims before the competent courts to protect these rights. And it is an expensive process and requires a lot of time and effort from the administration to follow up. In the event that the company fails to effectively protect its trademark when renewing the registration certificate or tracking similar marks, this will negatively affect its value, which will reflect negatively on the company's business, results of its operations, financial position, and future expectations.

### 2.1.38 Risks related to transactions with related parties

In the ordinary course of its business, the Company deals with related parties (as related parties are defined in the market terminology list) who have a direct or indirect interest in companies in which members of the Company's Board of Directors own. All of these transactions were carried out on a commercial basis.

As of the date of this document, the number of related parties who dealt with the company reached one party, which is Mr. Abdulaziz Abdullah Al-Humaid, in his capacity as Chairman of the Company's Board of Directors, the purpose of these transactions was to rent (8) properties owned by Mr. Abdulaziz Abdullah Al-Hamid in which the company could carry out its purposes. It should be noted that the company has the approval of the Board of Directors and the Ordinary General Assembly for the transactions for the periods in question. For more information about contracts concluded with related parties, please refer to subparagraph (5.7) "Transactions with related parties" of Section (5) "Legal information and declarations of Board of Directors members" and the rest of the information contained in this document.

All transactions with related parties must be subject to the approval of the Board of Directors and the Ordinary General Assembly of the company. If the General Assembly of the company does not approve of these contracts, the company will be forced to search for other non-related parties to contract with them to carry out the work currently assigned to related parties.

In the event that the company is unable to find a suitable alternative for the relevant parties currently contracted with within a reasonable period of time, or the company is forced to conclude alternative contracts on terms that are not commensurate with its plan and strategic objectives, this may incur additional costs to the company for concluding those contracts, which will negatively and materially affect the company's business, financial condition and the results of its future operations. Also, if transactions and agreements with related parties are not concluded in the future on purely commercial basis, this will negatively and materially affect the company's business, financial condition, results of its operations and future expectations, and may lead to it committing many regulatory violations.

### 2.1.39 Risks of not documenting lease contracts electronically:

The company concluded (13) lease contracts as a lessee, (5) of which were contracts with government agencies (the Saudi Authority for Industrial Cities and Technology Zones) and (7) lease contracts with Mr. Abdulaziz Al-Humaid. And a contract (1) with Mr. Hazem Ahmed Al-Omari. and it should be noted that the company has documented all the lease contracts it concluded on the Ejar platform, in accordance with the decision of the Council of Ministers No. (292) dated 16/05/1438 H (corresponding to 13/02/2017 AD). which stipulates that a lease contract that is not registered on the electronic network should not be considered a valid, productive contract. Due to its administrative and judicial implications, and since the electronic network for rental services was launched in cooperation between the Ministries of Justice and Housing, on the date of 17/05/1439 H (corresponding to 03/02/2018 AD). The company has obtained annual approvals from the General Assembly to enter into these lease contracts with the related party. However, the General Assembly may withhold this approval in the future for any reason it deems appropriate, but at an inappropriate time to cancel the electronic contract in accordance with the provisions of the Ejar platform, which will then force the company not following the instructions of the General Assembly temporarily, which may expose it to violating the rules of governance and the companies law and thus being exposed to violations or fines that affect the company's workflow and financial position. (For more information, please refer to Subsection (5.14) "Lease contracts" of Section (5) "Legal information and declarations of Board of Directors members" of this document).

We would like to point out that the company may enter into lease contracts with other parties or entities in the future without documenting those contracts on the Ejar platform, which may result in the company being unable to protect its rights if it does not register those contracts, Considering that the lease contract documented on the Ejar platform is considered an executive document, and both parties can request its implementation directly, even by force, through the enforcement courts, without the need to file a lawsuit in the event that one of the parties violates his fundamental obligations arising from the contract. It also spares the company the risk of having the lawsuit rejected before the public courts for not registering the contract.

### 2.1.40 Risks related to the presence of some of the company's assets on rented properties

As of the date of this document, the company rents the properties on which the branches and the factory are located for the purpose of its business, the company uses thirteen (13) leased sites as of the date of this document. For more information on the leases entered into by the company, please refer to Subsection (5.11) "Lease contracts" of Section (5) "Legal Information and Declarations of the Board of Directors Members" and the rest of the information contained in this document. The Company's leases include terms for specific periods. and in the event that the company is unable to continue the lease contracts beyond the period specified in the contract or renew the contracts under the same current conditions, this will negatively affect the company and the results of its operations, as it may be difficult for the company to find alternative properties with spaces commensurate with the nature of its activity.

It should also be noted that compliance with the terms of these contracts or the inability to renew those contracts with landowners will lead to the company entering into legal disputes and the evacuation of rented properties, which will negatively and materially affect the company's growth plans and consequently the results of its operations and financial performance.

It is also not possible to assert that these parties will be at the level of the company's aspirations, and in the event that the company or its contracting parties are unable to comply with the terms of such contracts, or in the event of any future disputes or issues, and the company's loss of such disputes, this will negatively and materially affect its financial position, cash flows and operating results.

### 2.1.41 Risks related to lawsuits and government fines

The company has two (2) claims filed against it by the Zakat, Tax and Customs Authority, related to the zakat assessments for the years 2015 and 2016. On the date of 05/15/2023 AD, the decision of the Committee for Settlement of Tax Violations and Disputes was issued regarding the first claim in suit No. (Z-25268-202), and on the date of 05/15/2023 AD, in favor of the company and canceling the procedure of the Zakat, Tax and Customs Authority to adjust depreciation according to the group installment. In On 05/15/2023 AD, the decision of the Committee for Resolution of Tax Violations and Disputes was issued regarding the second claim in Case No. (Z-25272-2020), in favor of the company and canceling the procedure of the Zakat, Tax and Customs Authority to amend depreciation according to the groups' installment, and rejecting what is related to the partners.

Except as stated above, the Company is not a party to any suit, suit, complaint, demand, arbitration, administrative proceeding, or investigation existing or likely to be instituted, which, together or individually, would have a material impact on the business of the company or its financial situation, and the company's management has not been informed of any material legal disputes pending until the date of this document.

The Company or its directors or officers may be exposed to lawsuits and regulatory proceedings with other parties; Including its suppliers, employees, competitors, customers, any regulatory authorities, and owners of lands that the company leases for the purposes of its business or to conduct its activities on, any negative outcome regarding litigation and regulatory procedures could negatively impact the company's business, financial condition, results of its operations, and future expectations. The company cannot accurately predict the size of the cost of lawsuits or judicial procedures that may be filed or instituted against it in the future or the final results of those lawsuits or judgments issued therein and the compensation and penalties they contain, in addition to the fact that the company may incur heavy expenses in the form of legal costs. or attorneys' fees, requiring the Company to devote significant resources to responding to such claims and defending itself. These claims may include - but are not limited to - zakat and tax issues, labor regulations, errors, complaints and other damages that result from negligence or fraud by persons or institutions in a way that is outside the company's control. Therefore, any negative results of such cases will negatively and materially affect the company's business, results of operations, financial position and future prospects.

#### 2.1.42 Risks related to the application of corporate governance regulations

The company has taken measures related to implementing the mandatory provisions of the Corporate Governance Regulations issued by the Capital Market Authority. The company issued its own governance rules and they were approved by the General Assembly held on 16/10/1445 H (corresponding to 25/04/2024 AD). Although the Corporate Governance Regulations are considered indicative for companies listed on the parallel market (Nomu), after moving to the main market, the company is obligated to apply all the mandatory provisions imposed by the Corporate Governance Regulations on companies listed on the main market. Therefore, the inability of the members of the Board of Directors and members of the committees to carry out the responsibilities assigned to them in a way that ensures the protection of the interests of the company and its shareholders will affect the application of the governance system in the company. Also, the company's failure to comply with the requirements of continuous disclosure after moving to the main market, or its failure to implement any of the mandatory provisions contained in the Corporate Governance Regulations, will have a negative and material impact on the company's future business, financial position and operational results.

It is worth noting that the Board of Directors and the General Assembly approved a number of policies and regulations that were formulated in accordance with the Corporate Governance Regulations issued by the Capital Market Authority in preparation for submitting a request to transfer to the main market. All of these policies and regulations are approved in accordance with the Corporate Governance Regulations, and since the Corporate Governance Regulations were recently amended, the company has updated all its policies and regulations in line with the recent amendments to the Corporate Governance Regulations.

The company's success in the correct application of these policies and regulations depends on their correct understanding and perception by the Board of Directors, its committees, and the company's senior executives, especially with regard to the governance of the Board and its committees, especially policies related to conflicts of interest and transactions with related parties. Since these amendments are new, the Board of Directors, its committees, and the company's senior executives may face difficulties in quickly adapting to and implementing them, which would lead to the company for not complying and violation of the Corporate Governance Regulations, which will have a negative and material impact on the company's business, the results of its operations, its financial position, and its future expectations.

#### 2.1.43 Risks related to non-compliance with the new companies law and amending the company's bylaws

The most recent Companies Law was recently issued pursuant to Royal Decree No. (M/132) dated 01/12/1443 H. The Royal Decree in Paragraph (Third) included that existing companies amend their positions in accordance with the provisions of the law within a period not exceeding two years starting from the date of its entry into force. The new companies law was implemented on 26/06/1444 H (corresponding to 19/01/2023 AD). Therefore, the company's inability to amend its conditions and amend its bylaws during the statutory period may expose it to penalties or fines, which may have a negative and material impact on the company's business, financial condition and results of its operations.

The new companies law also imposes some regulatory requirements that the company must adhere to. This will require the company to take procedures and measures to comply with such requirements, which could affect its business plan or take a long time.

#### 2.1.44 Risks related to non-compliance with the financial market system and its executive regulations

The company is subject to all mandatory articles stipulated in the Financial Market Law and the rules, regulations and circulars issued by the Capital Market Authority and the Companies Law issued by the Ministry of Commerce and its executive regulations. Except for those articles that are considered indicative or do not apply to them, and in the event that the company is unable to comply with any of the rules and regulations to which it is subject, it will bear costs and penalties such as temporarily stopping trading in shares or canceling the listing of the company's shares in some cases. Which will negatively affect the company's business, results of operations, financial performance and profitability.



## 2.2 Risks related to the market and sector in which the company operates

### 2.2.1 Economic Risks

The company's expected future performance depends on a number of factors related to the economic conditions in the Kingdom in general, for example but not limited to, inflation factors, gross domestic product growth, average per capita income, and so on. The Kingdom's macro and micro economy depends mainly on oil and oil industries, which still controls a large share of the gross domestic product, and therefore any negative fluctuations that occur in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy and government spending in general, which would negatively impact the company's financial performance, given its work within the Kingdom's economic system and its impact on government spending rates. The continued growth of the Kingdom's economy also depends on several other factors, including continued population growth and government and private sector investments in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and will therefore have a negative and material impact on the company's business, financial results, and future expectations.

### 2.2.2 Risks related to political and economic instability in the Middle East region

The company's financial performance depends on the economic and political conditions prevailing in the Kingdom, in addition to global economic conditions, which in turn affect the Kingdom's economy. Some countries in the Middle East region suffer from economic or political instability, and there are no guarantees that these economic and political conditions in those countries or any other countries will not have a negative and material impact on the Kingdom, and therefore, any negative change in any of these circumstances will have a negative and material impact on the company's business, results of operations, financial condition and future expectations.

### 2.2.3 Risks related to growth opportunities

The company's ability to develop its business depends on the level of competition in the market, the availability of material and human resources, the ability of its management team, legal systems, and others. Despite the company's growth in the past, there is no guarantee that it will maintain a level of continuous growth, as the company may face difficulties in expanding its activity, developing its market share, and increasing its sales depending on local and global economic changes and the lack of workforce competencies. Therefore, if the company is unable to Managing its growth positively may affect its ability to develop its activity, increase or maintain its market share, increase its business profits, and enhance returns to its shareholders, which will negatively affect the company's performance, the results of its operations, its financial position, and its future expectations.

### 2.2.4 Risks related to the competitive environment

The company operates in a strong competitive environment, and there is no guarantee that the company will continue to be able to compete effectively with other companies in the market. The pricing policies of the company's competitors also greatly affect its financial performance, and the company may be unable to continually compete with those companies, which leads to a decrease in the company's market share, thus negatively and materially affecting the company's business, results of its operations, financial condition, and future expectations.

### 2.2.5 Risks related to the competition Law and its implementing regulations

If the company becomes in a dominant position in the market or is also classified by the General Authority for Competition, the company will be subject to the conditions and regulations set out in the competition regime issued by Royal Decree No. (M/75) dated 29/06/1440 H (corresponding to 06/03/2019 AD) and its executive regulation issued by the General Authority for Competition pursuant to Decision No. (327) dated 25/01/14441H (corresponding to 24/09/2019 AD). The competition regime aims to protect fair competition in Saudi markets and promote and strengthen market rules, price freedom and transparency. In the event of a breach of the Competition Regulations by the Company and judgement against the Company in respect of such breach, the Company is likely to be subject to substantial fines at the discretion of the Competition Authority not exceeding 10% per cent of the value of the annual sales (return) in place of the contract or not exceeding SAR 10 million if the annual return cannot be calculated.

In addition, the General Competition Authority has the right to request the suspension and suspension of the company's activities temporarily or permanently (in part or in whole) in case of repeated offences by the company. Furthermore, the proceedings may be physically costly for the company and may take a long time to decide. The occurrence of any of these risks referred to above may have a negative and material impact on the company's business, financial position, results of operations and future projections.

### 2.2.6 Risks related to non-compliance with current regulations and laws and/or the issuance of new regulations and laws

The company is subject to the supervision of a number of government agencies in the Kingdom, including but not limited to the Ministry of Industry and Mineral Resources, the General Authority of Meteorology and Environmental Protection, the Capital Market Authority, the Ministry of Commerce, and the Zakat, Tax and Customs Authority. Therefore, the company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of a number of laws and regulations, that is, it is more susceptible to change and development. Compliance costs for these systems are also considered high. If any changes are made to the current laws or regulations, or the issuance of new laws or regulations, this will lead to the company incurring unexpected additional financial expenses for the purposes of complying with these regulations and meeting the requirements of these laws, or it may be subject to penalties and fines imposed by the competent supervisory authorities if it does not comply with these rules and regulations on an ongoing basis, this will negatively affect its business, the results of its operations, its financial position, and its future expectations.

## 2.2.7 Risks related to energy, electricity and water products

The Council of Ministers issued its Resolution No. (95) dated 17/03/1437 H (corresponding to 28/12/2015 AD) raising the prices of energy products, electricity consumption tariffs, and the price of selling water and sanitation services to the residential, commercial, and industrial sectors, as part of policies related to raising the efficiency of government support in the Kingdom.

The Ministry of Energy (formerly Energy, Industry and Mineral Resources) also issued a statement on 24/03/1439 H (corresponding to 12/12/2017 AD) regarding the plan of the Financial Balance Program to correct the prices of energy products, starting on 14/04/1439 H (corresponding to 01/01/2018 AD). The company's operational operations depend on the availability of energy, electricity and water products, so any interruption or reduction in supplies of these products or any increase in their prices would affect the company's operational operations, which would lead to a reduction in its profit margins and thus negatively affecting its business, financial condition, results of operations and future expectations.

On Tuesday, 07 May 2024AD, the Council of Ministers also issued its decision to transform the Saline Water Conversion Corporation into the Saudi Water Authority and reconstitute the Water and Electricity Regulatory Authority to become the Saudi Electricity Authority; The matter will have an impact on the legislative and operational environment of the water and energy sectors in Saudi Arabia, which will affect the company's operational resources, alignment with expected changes, conformity and commitment. This will have a direct impact on the company's operational cost, which will have a negative and material impact on the company's business, financial position, results of its operations and future expectations.

## 2.2.8 Risks related to the occurrence of natural disasters

The company may be exposed to damage from natural disasters that affect its facilities, such as floods, fires, earthquakes, and other natural events for which there is not sufficient insurance coverage or that is not available on commercially reasonable terms, causing the company to incur large and huge costs, and it also severely affects the company's ability to perform and conduct its operations, and thus Reducing its operational results. If natural disasters occur and damage the company's facilities and assets, this will have a negative and material impact on the company's business, results of operations, financial position and future expectations.

## 2.2.9 Risks related to climatic conditions

Climate changes, such as high temperatures, heavy rainfall, and volatile weather patterns, may lead to the disruption of production operations in the company's factories or delay the delivery of the company's products to its customers. This may also affect the company's reputation and ability to perform and conduct its operations, thus reducing its operational results. This will have a negative and material impact on the company's business, the results of its operations, its financial position, and its future expectations.

## 2.2.10 Risks related to stopping government incentives supporting industrial development

In the future, the company may enjoy the Kingdom's government support incentives for the industrial sector to stimulate establishments in the industrial sector, or benefit from the incentives provided by the government to investors in order to support manufacturing in the Kingdom, including providing financing through the Saudi Industrial Development Fund, which provides soft loans to support the industrial sector, support infrastructure and provide lands, energy and water at reduced prices. It should be noted that the company is currently benefiting from the initiative to reduce the financial compensation for non-Saudi workers in industrial facilities. In the event that this initiative is raised or reduced, or if the company does not comply with instructions and circulars, or changes the relevant policies and regulations, or if any governmental body returns to the company regarding the provisions of any support whatever its nature, the company may face negative effects that affect the company's business, financial condition and results of operations.

## 2.2.11 Risks related to value added tax

The Kingdom issued a value-added tax system, which entered into force on January 1, 2018 AD. This system imposes an added value of 5% on a number of products and services, according to what is stated in the system. The Kingdom's government has decided to increase the value-added tax rate from 5% to 15%, starting from July 2020 AD. Therefore, relevant establishments must know the nature of value-added tax, how it is applied, and how it is calculated. It will also have to submit its own reports to the relevant government agencies. Accordingly, the company must adapt to the changes resulting from the application of the value-added tax, which include its collection and submission, and the impact of the application of the value-added tax system on the company's business. The application of the value-added tax in the Kingdom has led to an increase in the prices of most goods and services, including the company's products. Also, any violation or incorrect application of the tax system by the company's management will expose it to fines or penalties or lead to damage to its reputation, which will also increase operational costs and expenses, which can reduce the company's competitive position and the level of demand for its products, which will have negative impact on the company, its financial condition, the results of its operations, and its future expectations.

## 2.2.12 Risks related to consumer spending due to poor economic conditions

Fluctuations may affect economic elements outside the Company's control, including consumers' ability to borrow, interest rates, unemployment rates, salary levels, tax levels (such as value-added tax, which was increased from 5% to 15%, starting from July 1, 2020 AD), and water and electricity consumption costs, And canceling the Saudi government's support - whether completely or partially - for some items, which in turn negatively affects the level of income available for spending and the levels of consumer spending (including discretionary spending on various products) and thus negatively affects the demand for the company's products. Any decline in the number of consumers or their spending levels will negatively and materially affect the company's business, results of operations, financial condition and future expectations.

## 2.2.13 Risks related to the outbreak of infectious diseases or other threats to public health

Given the negative impacts on the Kingdom's economy as a result of the outbreak of infectious diseases, such as the Coronavirus (COVID-19), Middle East Respiratory Syndrome (MERS), Influenza Virus (HINI), and Acute Respiratory Syndrome (SARS) in the Middle East or any other region, If these epidemics spread again or new epidemics appear, this will have a negative and material impact on the Kingdom's economy, and thus the company's economy and operations will be affected. Also, if the infection spreads and the company's employees become infected with any of these diseases, This will lead to a shortage in the number of employees in all of the company's departments, including the project implementation and follow-up department, or will lead to a reduction in the number of work shifts or working hours, which would disrupt the company's operational operations, This may require the re-imposition of complete and partial closure in some cities of the Kingdom which may then affect the company's business and reduce its revenues, which will negatively and materially affect the continuation of the company's operational operations, The company cannot guarantee that its operations will not be affected or estimate the extent of losses resulting from any current or future pandemic, which will negatively and materially affect the company's business, financial position, and the results of its future operations.

## 2.3 Risks related to securities listed on the main market

### 2.3.1 Risks related to not meeting liquidity requirements in the primary market after the transition

The company must meet the liquidity requirements to move to the main market and not violate these requirements after the transition process. as liquidity requirements represent an ongoing obligation for the company. Any violation of liquidity requirements may cause the suspension of trading in the company's shares. For example, the public owns a percentage (32.57%) of the company's shares as in the shareholders register dated 08/05/1446 H (corresponding to 10/11/2024AD), and if ownership exceeds Any public shareholder (5%) of the company's total shares will make him non-public and thus public ownership in the company's shares will become less than 30%, which conflicts with liquidity requirements in the main market. if this happens, the company must immediately notify the market of this matter, and take the necessary corrective measures to ensure that the requirements are met according to the time limit specified by the market, after coordination with the Capital Market Authority. The company must continuously notify the market of any development regarding corrective measures, which may consist of the large shareholder selling a number of his shares to the public in order to ensure that the requirements are met, thus negatively impacting the company.

### 2.3.2 Risks related to potential fluctuations in the share price

The company's share price may be exposed to a large degree of fluctuation and instability after transferring from the parallel market to the main market. The share price may be negatively affected by several factors, for example but not limited to: stock market conditions, poor company performance, inability to implement the company's future plans, entry new competitors in the market, change in the vision or estimates of experts and analysts for the market.

### 2.3.3 Risks related to future data

The Company's expected future results and performance data cannot be determined with certainty, and may differ from those contained in this document. The company's achievements and ability to develop determine the actual results, and the inaccuracy of the expected data and actual results is considered one of the risks that the shareholder must recognize so that it does not affect his making of any investment decision.

### 2.3.4 Risks related to the possibility of issuing new shares

If the company decides to issue new shares in the future for the purpose of expansion, to cover losses, or for any other purposes, and obtains regulatory approvals for that, which include the approval of the Saudi Financial Market, the approval of the Capital Market Authority, and the approval of the extraordinary general assembly of shareholders, this could potentially lead to a negative impact on the share price on the market or a decrease in shareholder ownership in the company if they do not invest in the new shares at that time.

### 2.3.5 Risks related to non-distribution of profits to shareholders

The future distribution of profits depends on several factors including, but not limited to, future profits, financial condition, capital requirements, the company's distributable reserves, general economic conditions, opportunity and needs analysis, and other relevant factors, which the Board of Directors may consider it important from time to time. On the basis of which the Board of Directors will decide whether to submit any recommendation to the General Assembly of shareholders to distribute dividends in the future. The Company provides no guarantee whatsoever that the Board of Directors' recommendation to distribute any dividends will be approved by shareholders at the General Assembly meetings, nor does it provide any guarantee regarding the number of amounts that will be paid in any year.

### 2.3.6 Risks related to actual control by current shareholders after the transition

After completion of the transition, the existing shareholders together or with other shareholders may be able to control decisions and actions that require shareholder approval including but not limited to - mergers and acquisitions, election of directors, increase or decrease of capital, and the issuance or non-issuance of shares, dividend distribution, or any change in the company. if circumstances arise in which the interests of the current shareholders conflict with the interests of the minority shareholders, this may place the minority shareholders in a position that is not in their favor, and the current shareholders may exercise their control over the company in a way that negatively and fundamentally affects the company's business, financial condition, results of its operations and future expectations.

### 2.3.7 Risks related to selling a large number of shares in the market after the transition to the main market

The sale of a large number of the company's shares after the completion of the transition process, or the possibility of anticipating such a process, could negatively affect stock prices in the market. The sale of a large number of shares by current shareholders (particularly a large shareholder who completes 5% or more of the company's shares) may negatively impact the company's shares, and thus decrease their price in the market.

### 2.3.8 Risks related to the suspension of trading or cancellation of the company's shares as a result of failure to publish its financial statements within the regulatory period

In the event that the company is unable to publish its financial information within the regulatory period in the main market (thirty days from the end of the financial period for the initial financial statements, and three months from the end of the financial period for the annual financial statements), the procedures for suspending listed securities are applied in accordance with the listing rules issued by the Saudi Tadawul Company, "Saudi Tadawul," which stipulate that the market must suspend trading in securities for a period of one trading session following the expiration of the regulatory deadline. In the event that financial information is not published within twenty trading sessions following the first suspended trading session. The Saudi Tadawul Company announces the re-suspension of the company's securities until it announces its financial statements. If the suspension of trading in the company's shares continues for a period of six months without the company taking appropriate measures to correct that suspension, the Authority may cancel the listing of the company's securities. The Saudi Tadawul Company lifts the suspension after one trading session has passed following the announcement of the company's financial results. However, if the company is late in announcing its financial results, or if it is unable to publish them within the regulatory period referred to above, this will cause the company's shares to be suspended or the listing of its shares to be cancelled, which will have a negative and material impact on the interest of the company's shareholders and on the company's reputation, and the results of its operations.



**[03]**

# **PURPOSE OF TRANSITION TO THE MAIN MARKET**

## 3 PURPOSE OF TRANSITION TO THE MAIN MARKET

### 3.1 Achieving the conditions for transition from the parallel market to the main market

01/06/1445 H (corresponding to 14/12/2023 AD) The Board of Directors approved the transfer of the issuer's shares from the parallel market to the main market in accordance with what was stipulated in the listing rules issued by the Saudi Tadawul Company and approved by the decision of the Capital Market Authority Board No. (3-123-2017) dated 09/04/1439 H (corresponding to 27/12/2017 AD) and all amendments thereto, in accordance with what was stated in the rules for the offering of securities and continuing obligations issued by the Board of the Capital Market Authority No. (3-123-2017) dated 09/04/1439 H (corresponding to 27/12/2017 AD) based on the financial market system issued by Royal Decree No. (M/30) dated 02/06/1424 H (corresponding to 31/07/2003 AD) and amended by Capital Market Authority Board Resolution No. (3-6-2024) dated 05/07/1445 H (corresponding to 17/01/2024 AD), and any amendments thereto.

Whereas the Board of Directors of the Issuer believes that it is in the interest of the company and its shareholders to benefit from the available options contained in the listing rules regarding the transition from the parallel market to the main market and the benefits that accrue to the Issuer and its shareholders, as on 20/07/1443 H (corresponding to 21/02/2022 AD) The company's shares were listed on the parallel market, and thus the issuer spent two calendar years in accordance with what was stipulated in Paragraph (A) of Article Forty-Four of the Listing Rules.

Based on the shareholders' register dated 08/05/1446 H (corresponding to 10/11/2024AD), the company meets the liquidity requirements in accordance with Paragraph (B) of Article Seven of the rules for listing the shares that are the subject of the application transition to the main market, the number of shareholders from the public category, according to the definition of the public - contained in the marketer's glossary of terms - reached 446 shareholders, and their ownership amounts to the number of 2,035,912 shares, which represents a percentage of %32.57 of the company's total shares.

Based on the shareholder register dated 08/05/1446H (corresponding to 10/11/2024AD), the company meets the additional criteria related to the availability of liquidity in the shares subject to the request for transition to the main market, according to the fourth tranche, the number of shareholders from the public category who own 100 shares or more reached 374 shareholders, and their ownership amounts to 2,033,867 shares, which represents 32.54%. Of the company's total shares.

The company meets the total market value during the twelve months preceding the date of submitting the request to move to the main market submitted to the Saudi Tadawul. It also meets the governance requirements of the main market



**[04]**

# **A BRIEF OVERVIEW OF RAOOM TRADING**

## 4 A BRIEF OVERVIEW OF RAOOM TRADING

### 4.1 The Company's Vision

Raoom Company seeks to be the leading company par excellence in the field of glass manufacturing in the Middle East by providing high-quality products, in accordance with international standards in product quality and continuing to strive to develop services.

### 4.2 The Company's Mission

To be a success partner for all our customers by providing services that suit their aspirations and high-quality products that meet their needs and even exceed their expectations.

### 4.3 The company's competitive strength and advantages

- ◆ A diverse and unique range of products and services that help stabilize the company's financial results and reduce the impact of unfavorable economic cycles.
- ◆ Using the latest manufacturing and production equipment in strategic locations owned by the company.
- ◆ Financial strength and stable performance of the company's business.
- ◆ The debt-free capital structure allows the company to provide significant borrowing scope to finance future expansions.
- ◆ Ability to maintain and develop managerial, technical and financial skills.
- ◆ Strong relationships built over a long period of time with a diverse client base including construction and construction glass in the Qassim region.
- ◆ Experience in successfully launching new products in the industrial and construction sectors.

### 4.4 The company's main activity:

The company purchases glass mainly in the form of large panels from reliable suppliers. From these panels, various products are designed and shaped based on customers' desires. The following is a list of the types of glass panels that the company purchases:

1. **Transparent glass**  
The company purchases flat, transparent glass in the form of large panels in different sizes and thicknesses.
2. **Reflective glass**  
Glass designed in a way that allows it to reflect part of the light falling on it. It is generally used in windows and mirrors to reduce the reflection of heat and bright light, which helps improve the energy efficiency of buildings and vehicles.
3. **Colored glass**  
Glass that is dyed in different colors to give it an aesthetic or decorative appearance and helps reduce the transmittance of ultraviolet rays.

From these panels, the company designs various glass products based on customer requests, such as:

- ◆ **Tempered and heat-strengthened glass**  
It is a glass that is heat treated to high degrees close to its melting and then cooled at high speeds in order to obtain a glass with a very high resistance to breakage, equivalent to many times the normal glass, as well as heat resistance.
- ◆ **Double insulated glass**  
It consists of two or more layers of glass bonded together with a bonded material to become sound and heat insulating.
- ◆ **Sandblasted glass**  
Glass that is sprayed with sand to give it a tinted character, making it unseeable.
- ◆ **Glass doors**  
Glass doors are designed and used for storefronts, markets, malls, etc.
- ◆ **Glass facades, vitrines and handrails**  
Glass facades, vitrines and handrails are cut in different sizes and shapes according to the designs required by customers.
- ◆ **Decorative glass**  
It includes creating innovative designs and drawings that are etched on the surface of the glass to give it aesthetics.
- ◆ **Curved glass**  
Glass is heat treated to a temperature close to its melting point to give a specific curvature according to the customer's desire
- ◆ **Beveled glass**  
It is an aesthetic process that is added to the edges of the glass to give it an aesthetic appearance. It is used with most types of glass, but it is more common with mirrors of various sizes and thicknesses.



In addition, the company also supplies various types of silver and colored mirrors with treated edges.

With regard to the company's plastic products, the company purchases plastic panels from its suppliers and then sells them to its customers without making any modifications to these panels. The following is an enumeration of the types of plastic panels that the company distributes:

**1. Polycarbonate panels**

Polycarbonate panels are panels made of polycarbonate, a type of durable, transparent plastic. They are used in a variety of applications due to their excellent properties, such as hardness, toughness, light weight, and formability. These panels are used in the manufacture of windows, doors, screens, furniture coverings, advertising displays, and many more products.

**2. Acrylic panels**

Acrylic panels are a type of plastic that is flexible and transparent, and resistant to oils and moisture.

**3. Polystyrene panels**

Polystyrene panels are a type of plastic, and are characterized by their excellent performance as water and temperature insulating materials. It is used to insulate surfaces and protect them from leaks and harsh weather effects. Thanks to its ability to reduce temperature rise, it contributes to keeping the indoor climate comfortable.

Source: The company

## 4.5 Manufacturing facilities and production capacity

Room Trading Company operates a factory on lands leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON). Its area is (26,655) square meters in the city of Buraidah in the Qassim region of the Kingdom of Saudi Arabia.

The following table shows the lease contracts for industrial lands leased by the company and on which the factory is located:

Table 2: lease contracts for industrial lands leased by the company and on which the factory is located

#	Rented land	The lessor	Contract number	Area	City	Date of contract	Contract end date	Annual rent
The factory	First	MODON	807904	6,256 square meters	Buraidah	04/01/2011 AD	15/08/2029 AD	25,024 Saudi Riyals
	Second	MODON	807868	15,428 square meters	Buraidah	20/12/2016 AD	20/07/2030 AD	61,712 Saudi Riyals
	Third	MODON	802098	4,971 square meters	Buraidah	13/06/2011 AD	06/11/2030 AD	4,971 Saudi Riyals

Source: The company

## 4.6 Production capacity of lines

The following table also shows the actual production capacity and maximum production capacity of the factory's production lines as of December 31, 2023 AD:

Table 3: Production lines

Production line type	Maximum production capacity per day (Square meter)	Actual production capacity per day (Square meter)	The ratio of actual production capacity to maximum production capacity
Tempered glass line	4,500	3,100	68.89%
Sandblasting line, drawing and decoration machines, design and rinsing machines	2,000	1,500	75.00%
Shear line	6,000	4,600	76.67%
Cutting, perforation and washing line	3,200	2,400	75.00%
Double glass line	2,000	1,400	70.00%

Source: The company

## 4.7 Future expansions

On 17/10/2022 AD, Raoom Trading Company announced the decision of the Board of Directors regarding the purchase and supply of a new production line for gelatinized glass with the German company “Bentler” at a cost of 1.95 million Euros, self-funded from the company’s resources. The company stated that the purchase of this line comes in line with Its plan to expand and increase its share in the local and export market is in line with the Kingdom’s plans to increase the company’s market share. and indicated that the project will start on October 17, 2022 AD, and it is expected to be completed and trial production will begin on October 17, 2023 AD, to continue for two months, and commercial production of the project will begin as of January 1, 2024 AD.

And as of the date of this document, all machines related to the new production line are present in the company’s factory, but have not been installed yet. It is expected during the coming months that engineers from the German company Bentler will arrive from Germany to stabilize and install the production line. The company expects to start production for this line in the fourth four of 2024 AD, which will enable it to add the gelatinized (bullet-resistant) glass product alongside its products. It is worth noting that the gelatinized glass is a type of glass specially designed to provide superior protection.

This glass consists of two or more layers, with each layer of glass separated by a layer of polyvinyl butyral, which is a material characterized by high strength and the ability to absorb shocks.

These multiple layers form a strong barrier that directs impact energy and distributes it over a larger area, reducing the possibility of glass breakage and the spread of fragments. Thanks to these properties, gelatinized glass provides effective protection against threats such as bullets and explosions.

In addition, galvanized glass is transparent and able to retain the appearance of regular glass, making it an ideal choice for locations that require a high level of security without compromising on aesthetics or natural lighting.

In addition to expanding into glass products, the company is implementing an expansion plan into plastic products as well. This strategic step aims to enhance sustainability and independence in the production chain, enabling it to fully control manufacturing processes, improve efficiency, reduce production costs, and enhance profitability margins.

For more information about revenues from plastic products, please refer to subparagraph (6.4.1) “Revenues” of Section (6) “Financial information and management discussion and analysis” and the rest of the information contained in this document. Through the production of a wide range of plastic products such as sheet with polycarbonate, acrylic, and polystyrene within its plant, the company can effectively meet market needs and increase its market share, promoting sustainable growth and long-term profitability.

Source: The company



**[05]**

# **LEGAL INFORMATION AND DECLARATIONS OF BOARD OF DIRECTORS MEMBERS**

## 5 LEGAL INFORMATION AND DECLARATIONS OF BOARD OF DIRECTORS MEMBERS

### 5.1 Company information

#### 5.1.1 Company Name

The company has been registered in the commercial registry of joint-stock companies in the city of Buraidah under the trade name "Raoom Trading Company."

#### 5.1.2 History and establishment

Raoom Trading Company (hereinafter referred to as "the Company" or "the Issuer") was initially established as a sole proprietorship owned by Mr. Abdulaziz bin Abdullah bin Mohammed Al-Humaid on 05/02/1413 H (corresponding to 04/08/1992 AD) with a capital of ninety-three thousand. (93,000) Saudi Riyals.

On 18/05/1443 H (corresponding to 22/12/2021 AD), the decision of the Capital Market Authority Board was issued approving the request to register the company's shares for the purpose of offering them in the parallel market. on 20/07/1443 H (corresponding to 21/02/2022 AD), the company's shares were listed and traded in the parallel market. on 01/06/1445 H (corresponding to 14/12/2023 AD), the company's Board of Directors approved the transfer of the company's shares from the "parallel market" to the "main market."

The company's headquarters is located in Buraidah. The company's current capital is sixty-two million five hundred thousand (62,500,000) Saudi Riyals, divided into six million two hundred and fifty thousand (6,250,000) fully paid ordinary shares, the value of each share being ten (10) Saudi Riyals, and all of the company's shares are ordinary shares of one class.

#### 5.1.3 Main changes in capital

- ◆ Raoom Trading Company was initially established as a sole proprietorship owned by Mr. Abdulaziz bin Abdullah bin Mohammed Al-Humaid on 05/02/1413 H (corresponding to 04/08/1992 AD) with a capital of ninety-three thousand (93,000) Saudi Riyals.
- ◆ On 06/03/1436 H (corresponding to 28/12/2014 AD), the partners decided to transform the company into a limited liability company, with a capital of five million (5,000,000) Saudi Riyals, deducting from the company's retained earnings the amount of four million nine hundred and seven thousand ( 4,907,000) Saudi Riyals, divided into five thousand (5,000) cash shares of equal value. The value of the share is one thousand (1,000) Riyals.
- ◆ On 04/09/1438 H (corresponding to 30/05/2017 AD), the Director General of the Ministry of Commerce issued Decision No. (Q/291) based on the powers granted to him by the decision of His Excellency the Minister of Commerce No. (60476) dated 19/11/1437 H (corresponding to 22/08/2016 AD) by approving the license to transform the company from a limited liability company to a closed joint stock company with a capital of (115,000,000) one hundred and fifteen million Saudi Riyals, divided into eleven million five hundred thousand (11,500,000) shares. the nominal value of each share is ten (10) Saudi Riyals, all of which are fully paid ordinary shares, registered under Commercial Registry No. (1131010525) issued by the city of Buraidah on 05/02/1413 H (corresponding to 04/08/1992 AD) and industrial license No. (2910) dated 15/10/1437 H (corresponding to 20/07/2016 AD).
- ◆ On 11/09/1438 H (corresponding to 05/06/2017 AD), Ministerial Resolution No. (Q/307) was issued approving the announcement of the company's transformation from a limited liability company to a closed joint stock company. the company's capital was increased from five million (5,000,000) Saudi Riyals to one hundred and fifteen million (115,000,000) Saudi Riyals by deducting from the company's retained earnings the amount of thirty-eight million nine hundred and fifty-three thousand and three hundred and forty-four (38,953,344) Saudi Riyals and closing the current accounts in Capital amounting to seventy-one million and forty-six thousand six hundred and fifty-six (71,046,656) Saudi Riyals.
- ◆ On 23/06/1441 H (corresponding to 17/02/2020 AD), the Extraordinary General Assembly approved reducing the company's capital by an amount of sixty-five million (65,000,000) Saudi Riyals by canceling six million five hundred thousand (6,500,000) shares, so that the company's capital became After the reduction, fifty million (50,000,000) Saudi Riyals, and the number of company shares after the reduction becomes five million (5,000,000) shares.
- ◆ On 09/01/1444 H (corresponding to 07/08/2022 AD), the Extraordinary General Assembly approved an increase in the company's capital by an amount of twelve million five hundred thousand (12,500,000) Saudi Riyals by granting one million two hundred and fifty thousand (1,250,000) free shares, so that The company's capital after the increase is sixty-two million five hundred thousand (62,500,000) Saudi Riyals, and the number of company shares after the increase becomes six million two hundred and fifty (6,250,000) thousand shares.

#### 5.1.4 The Company's Objectives

In accordance with Article No. (3) of the bylaws, the company may carry out the following activities:

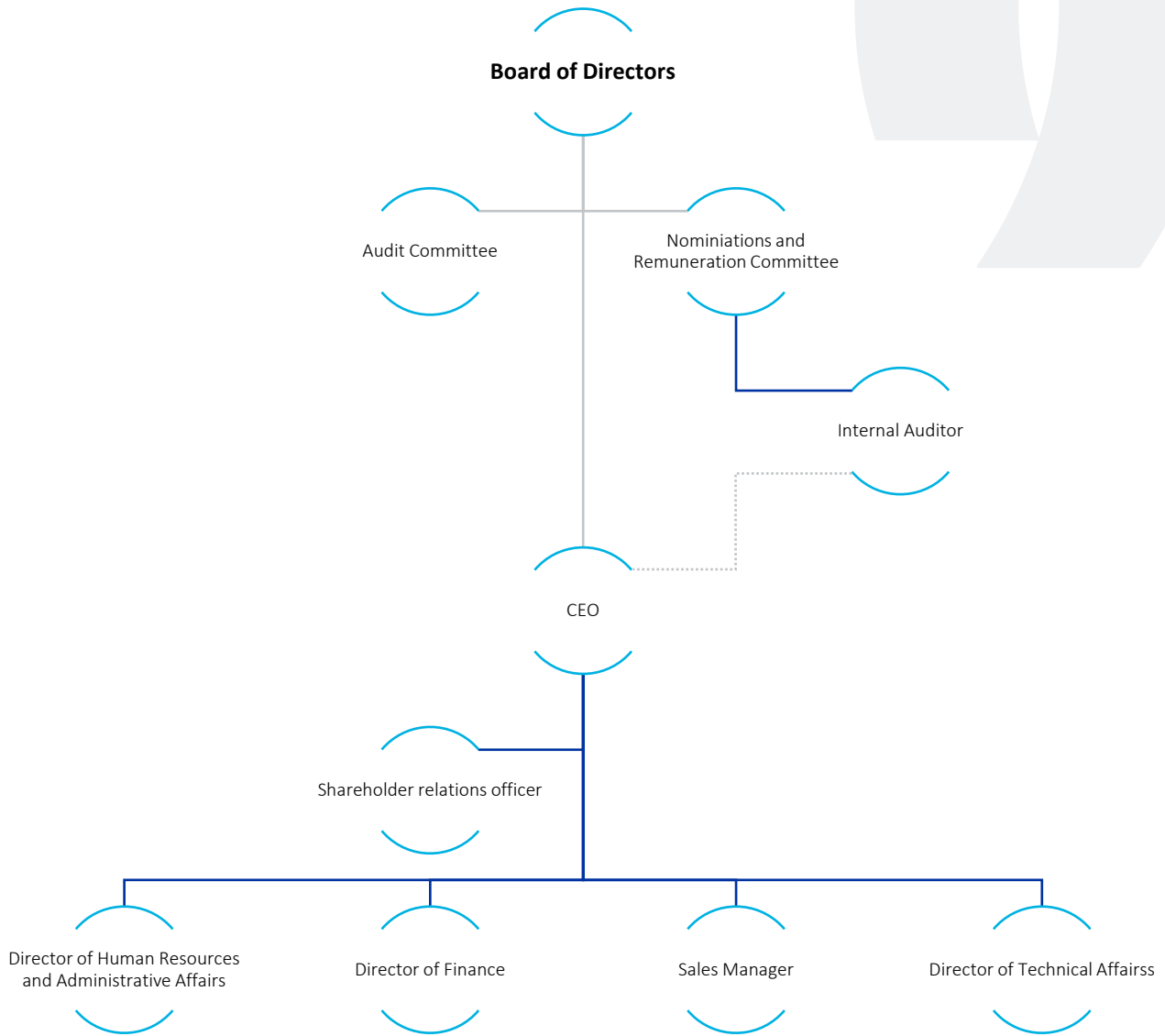
1. Manufacturing industries and their branches according to industrial licenses.
2. Construction and Building.
3. Transportation, storage and refrigeration.
4. Financial, business and other services.
5. Social, group and personal services.
6. Trading
7. Information technology.
8. Safety and Security.
9. Agriculture and fishing.
10. Mines, petroleum and its equivalents.
11. Electricity, gas, water and its equivalents.

The company does not carry out its activities except after obtaining the regulatory licenses, if any, required by the prevailing regulations in force in the Kingdom of Saudi Arabia.

#### 5.1.5 The Company's Term

Article Six (6) of the company's bylaws stipulates that the company's term shall be ninety-nine (99) Gregorian years starting from the date of registration in the commercial register as a joint-stock company. The term of the company may be extended by a decision issued by the Extraordinary General Assembly at least one year before its expiry.

## 5.2 The Company's Organizational Structure



Source: The Company.

## 5.3 Board of Directors

### 5.3.1 Information of the Board

The company shall be managed in accordance with Article (15) of its bylaws by a Board of Directors consisting of (4) four members elected by the Ordinary General Assembly for a period not exceeding three years.

On 15/11/1443 H (corresponding to 14/06/2022 AD), the Extraordinary General Assembly of shareholders elected members of the Board of Directors for the current session, which began on 18/11/1443 H (corresponding to 17/06/2022 AD), for a period of (3) years and ending on 20/12/1446 H (corresponding to 16/06/2025 AD). The Board of Directors for the aforementioned session was composed of the following:

Table 4: Members of the Board of Directors

Name	Position	Membership Status	Nationality
Abdulaziz bin Abdullah Al-Humaid	Chairman	Non-Executive	Saudi
Saleh bin Abdullah Al-Arifi	Deputy Chairman	Independent	Saudi
Humaid bin Abdullah Al-Humaid	Member	Executive	Saudi
Badr bin Hamad Al-Qadi	Member	Independent	Saudi

Source: The company.

Chairman, Deputy Chairman and Board Secretary

Name of the designated person	Position
Abdulaziz bin Abdullah Al-Humaid	Chairman
Saleh bin Abdullah Al-Arifi	Deputy Chairman
Muhammad Khaled Abdul Qayyum	Board Secretary*

Source: The company.

\* On 19/11/1443 H (corresponding to 18/06/2022 AD), the company's Board of Directors decided to appoint Mr. Muhammad Khaled Abdul Qayyum as Secretary of the Board, effective from 18/06/2022 AD until the end of the current Board session.

According to the company's bylaws, the Board of Directors has the broadest powers and authority to manage the company in order to achieve its objectives.

As stipulated in Article (20) of the Company's Articles of Association, the Board of Directors appoints from among its members a Chairman and Deputy Chairman. The Board of Directors also appoints, by a decision, a CEO of the Company in which he specifies his powers, authorities, remuneration, and the duration of his appointment. It is permissible to appoint a managing director from among its members, and separating between the powers of the Chairman of the Board of Directors and the CEO, it is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the company.

### 5.3.2 Shares owned by members of the Board of Directors according to the shareholder register dated (09/06/2024):

Table 5: Shares owned by members of the Board of Directors

S/N	Name*	Position	Directly		Indirectly <sup>†</sup>		Total	
			Number of shares (share)	Percentage of total capital (%)	Number of shares (share)	Percentage of total capital (%)	Number of shares (share)	Percentage of total capital (%)
1.	Abdulaziz bin Abdullah Al-Humaid	Chairman	2,392,000	38.272%	185,318	2.965%	2,577,318	%41.237
2.	Saleh bin Abdullah Al-Arifi	Deputy Chairman	-	-	-	-	-	-
3.	Humaid bin Abdullah Al-Humaid	Member	33,880	0.542%	-	-	33,880	%0.542
4.	Badr bin Hamad Al-Qadi	Member	-	-	-	-	-	-
Secretary of the Board of Directors								
5.	Muhammad Khaled Abdul Qayyum	Secretary	-	-	-	-	-	-
<b>Total</b>			<b>2,425,880</b>	<b>38.81%</b>	<b>185,318</b>	<b>2.965%</b>	<b>2,611,198</b>	<b>%41.779</b>

† The indirect ownership of member Abdulaziz Abdullah Al-Hamid resulted from the direct ownership of the following minor and the disposition by agreement of the following as follows:

- 1- Muhammad Abdulaziz Al-Hamid: He owns 35,318 ordinary shares, with an ownership rate of 0.57%. As a result, it was considered indirect ownership due to an act in agreement with the member Abdulaziz Al-Hamid.
- 2- Donia Abdulaziz Al-Hamid: She owns 50,000 ordinary shares with an ownership percentage of 0.80%. As a result, it was considered indirect property due to minor children of member Abdulaziz Al-Hamid.
- 3- Jannah Abdulaziz Al-Hamid: It owns 50,000 ordinary shares with an ownership percentage of 0.80% and as a result it was considered indirect property due to minor children of member Abdulaziz Al-Hamid.
- 4- Lina Abdulaziz Al-Hamid: She owns 50,000 ordinary shares with an ownership percentage of 0.80%, and as a result it was considered indirect property due to minor children of member Abdulaziz Al-Hamid.

### 5.3.3 Board Remuneration

The remuneration of the Board of Directors consists of fixed remuneration and an allowance for attending Board meetings in accordance with the Company's remuneration policy. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the remuneration, expense allowance, and other benefits that the members of the Board of Directors received during the fiscal year, and it must also include a statement of what members of the Board of Directors received in their capacity as workers or administrators and what they received in exchange for technical or administrative work or consultations. It should also include a statement of the number of Board meetings and the number of sessions attended by each member from the date of the last meeting of the General Assembly. The Board of Directors' report for each of the years 2021, 2022 and 2023 also shows a comprehensive statement of what the Board of Directors members received during the fiscal year in terms of remunerations, allowances, expenses and other benefits, in addition to the number of Board sessions and the number of sessions attended by each member. The following are the remunerations of the Board of Directors members for the previous three years:

Members of Board Remuneration for the previous three years:

Years	2021 AD	2022 AD	2023 AD
Total	No bonuses paid, waived	No bonuses paid, waived	No bonuses paid, waived

Source: The company

### 5.3.4 Attending Board meetings

1. The Board of Directors meeting shall not be valid unless attended by half of the members, provided that the number of attendees is not less than three members in person. A member of the Board of Directors may delegate other members to attend Board meetings on his behalf in accordance with the following controls:
  - A. A member of the Board of Directors may not have more than one member represent him in attending the same meeting.
  - B. The mandate must be confirmed in writing.
  - C. The representative may not vote on decisions on which the system prohibits the delegate from voting.

The Board's decisions are issued unanimously by the members present or represented therein. (In the event of equal opinions, the side with which the Speaker of the Board voted shall prevail), the Board of Directors may issue its decisions on urgent matters by circulation by presenting them to all members separately, unless one of the members requests a written meeting of the Board to deliberate on them. These decisions shall be issued if approved by an absolute majority of the members of the Board, these decisions are also presented to the Board of Directors at or after its subsequent meeting.

### 5.3.5 Board of Directors Meetings

According to the bylaws approved on 08/30/2024AD, the Board of Directors meets at least twice a year. The following is the number of Board meetings for the past three years and up to the date of this document:

- The Board of Directors held two (2) meetings in 2021AD.
- The Board of Directors held three (3) meetings in 2022AD.
- The Board of Directors held two (2) meetings in 2023AD.
- The Board of Directors held two (2) meetings in 2024AD.



## 5.4 Company's committees

The Board of Directors is concerned with forming committees to improve the company's management, as each committee has its own charter that specifies clear rules for its roles, powers, and responsibilities. The committees also hold periodic meetings for the purpose of carrying out their duties. These committees consist of the Audit Committee in addition to the Nominations and Remunerations Committee. The Audit Committee's work regulations and the amended Nominations and Remunerations Committee regulations were approved on 16/10/1445 H (corresponding to 25/04/2024 AD), in accordance with the requirements of the Corporate Governance Regulations.

The Board of Directors has two committees, which are as follows:

### 5.4.1 Audit Committee

The Audit Committee consists of three (3) members. The members of the Audit Committee were appointed pursuant to the decision of the Extraordinary General Assembly held on 15/11/1443 H (corresponding to 14/06/2022 AD), whose term begins on 18/11/1443 H (corresponding to 17/06/2022 AD) and ends at the end of the Board's term. The Committee consists of the following members:

Table 6: Members of the Audit Committee

Name	Position
Saleh bin Abdullah Al-Arifi	Chairman of the Committee - Independent Board Member
Sultan Ahmed Al-Shubaili	Committee member - from outside the Board and the Company
Badr bin Hamad Al-Qadi	Committee member - Independent Board Member

Source: The company.

## Audit Committee's Terms of Reference

The committee is responsible for monitoring the company's business and verifying the integrity and integrity of its reports, financial statements, and internal control systems. The committee's tasks and responsibilities include, in particular, the following:

### A. Financial reports:

1. Studying the company's initial and annual financial statements before presenting them to the Board and expressing its opinion and recommendation regarding them; To ensure its integrity, fairness and transparency.
2. Expressing a technical opinion, upon the Board's request, as to whether the Board's report and the company's financial statements are fair, balanced, and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model, and strategy.
3. Study any important or unusual issues included in the financial reports.
4. Thoroughly research any issues raised by the company's financial director, whoever assumes his duties, the company's compliance officer, or the auditor.
5. Verifying accounting estimates on the fundamental issues contained in the financial reports.
6. Study the accounting policies followed in the company and express an opinion and recommendation to the Board regarding them.

### B. Internal audit:

1. Study and review the company's internal and financial control and risk management systems.
2. Study internal audit reports and follow up on the implementation of corrective measures for the observations contained therein.
3. Monitoring and supervising the performance and activities of the company's internal audit unit; To verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to them.
4. Recommending to the Board to appoint the director of the internal audit unit or the internal auditor and proposing his remuneration.
5. Approval of the Internal Audit Unit's policies and procedures manual and any amendments thereto.

### C. Auditors:

1. Recommending to the Board to nominate auditors, dismiss them, determine their fees, and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2. Verifying the independence, objectivity and fairness of the auditor, and the effectiveness of the audit work, taking into account the relevant rules and standards.
3. Reviewing the company's auditor's plan and work, verifying that he is not submitting technical or administrative work that falls outside the scope of audit work, and expressing his views on that.
4. Answering the company's auditor's inquiries.
5. Studying the auditor's reports and his observations on the financial statements, expressing his views on them, if any, and following up on what was taken regarding them.

### D. Ensuring Compliance:

1. Reviewing the results of the regulatory authorities' reports and verifying that the company has taken the necessary measures regarding them.
2. Verifying the company's compliance with the relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and transactions proposed to be conducted by the company with related parties, and presenting its views regarding that to the Board.
4. Submit any issues it deems necessary to take action on to the Board, and make its recommendations regarding the measures that must be taken.

## Audit Committee Meetings:

- ◆ The committee held four (4) meetings during the year 2021 AD.
- ◆ The committee held three (3) meetings during the year 2022 AD.
- ◆ The committee held four (4) meetings during the year 2023 AD.
- ◆ The committee held four (4) meetings in 2024 AD until the date of this document.

## Audit Committee members' remuneration for the previous three years:

Years	2021 AD	2022 AD	2023 AD
Total	No bonuses were paid, only an attendance allowance of 22,500 Saudi Riyals.	22,500 Saudi Riyals.	180,000 Saudi Riyals.

Source: The company

### 5.4.2 Nominations and Remuneration Committee

The Nominations and Remuneration Committee consists of three (3) members. The members of the committee were appointed by the Board of Directors on 19/11/1443 H (corresponding to 18/06/2022 AD), and its session begins from the date of the decision and ends at the end of the Board's session. It consists of the following members whose names:

Table 7: Members of the Nominations and Remuneration Committee

Name	Position
Saleh bin Abdullah Al-Arifi	Chairman of the Committee - Independent Board Member
Shaker Abdullah Al-Humaid	Committee member - a member from outside the Board and the company
Badr bin Hamad Al-Qadi	Committee member - Independent Board Member

Source: The company.

## Terms of Reference of the Nominations and Remuneration Committee:

The committee undertakes the tasks and responsibilities related to two aspects: remuneration and nominations. The committee's tasks and responsibilities include, in particular, the following:

### A. Remuneration:

1. Prepare a clear policy for the remuneration of members of the Board and the committees emanating from the Board and management, and submit it to the Board for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account following standards related to performance, disclosing them, and verifying their implementation.
2. Clarifying the relationship between the remuneration granted and the applicable remuneration policy, and indicating any material deviation from this policy.
3. Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the desired goals.
4. Recommending to the Board the remuneration of Board members, committees emanating from it, and the company's senior executives in accordance with the approved policy.

### B. Nominations:

1. Proposing clear policies and standards for membership in the Board and management.
2. Recommending to the Board to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate anyone who has previously been convicted of a crime involving breach of trust.
3. Preparing a description of the capabilities and qualifications required for board membership and management positions.
4. Determine the time that the member must allocate to the board's work.
5. Annual review of the necessary skills or experience needed for board membership and management functions.
6. Reviewing the board and management structure and making recommendations regarding changes that can be made.
7. Verifying annually the independence of the independent members, and the absence of any conflict of interest if the member holds the board membership of another company.
8. Develop job descriptions for executive members, non-executive members, independent members, and senior executives.
9. Establishing special procedures in the event that the position of a Board member or senior executive becomes vacant.
10. Identify the weaknesses and strengths of the Board of Directors, and propose solutions to address them in accordance with the company's interest.

## Nominations and Remuneration Committee Meetings:

- ◆ The committee held one (1) meeting during the year 2021 AD.
- ◆ The committee held one (1) meeting during the year 2022 AD.
- ◆ The committee held one (1) meeting during the year 2023 AD.

## Nominations and Remuneration Committee members' remuneration for the previous three years:

Years	2021 AD	2022 AD	2023 AD
Total	No bonuses paid, waived	No bonuses paid, waived	No bonuses paid, waived

Source: The company

## 5.5 Executive management

The position of CEO is currently held by Mr. Humaid Abdullah Al-Humaid, as of 15/12/1444 H (corresponding to 01/01/2022 AD). The following table shows the details of the company's executive management:

Table 8: Details of executive management

Name	Position	Nationality	Age (Year)	Date of appointment	Owned shares			
					Direct		Indirect	
					Amount	Percentage	Amount	Percentage
Humaid Abdullah Al-Humaid	CEO	Saudi	34 Years	14/01/2020 AD	33,880	0.542%	-	-
Jamal Ramadan Muhammad	CFO	Egyptian	53 Years	02/08/2017 AD	-	-	-	-
Hassan Ahmed Ghabshah	Director of Technical Affairs	Yemeni	55 Years	02/08/2017 AD	-	-	-	-
Fares Dahan Al-Humairi	Sales Manager	Yemeni	41 Years	17/01/2021 AD.	-	-	-	-

Name	Position	Nationality	Age (Year)	Date of appointment	Owned shares			
					Direct		Indirect	
					Amount	Percentage	Amount	Percentage
Abdulaziz Abdullah Al-Bulaihed	Human Resources Manager	Saudi	29 Years	02/12/2021 AD.	-	-	-	-
<b>Total</b>					<b>33,880</b>	<b>0.542%</b>	-	-

Source: The company.

The following is a summary of the biographies of members of the executive management:

Table 9: The biography of Humaid Abdullah Al-Humaid

<b>Name</b>	Humaid Abdullah Al-Humaid
<b>Age</b>	33 Years
<b>Date of appointment</b>	14/01/2020 AD.
<b>Nationality</b>	Saudi
<b>Position</b>	CEO
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>◆ Bachelor's degree in Business Administration from King Abdulaziz University in 2017.</li> <li>◆ Master's degree in human resources management from the University of Hail in 2023.</li> </ul>
<b>Practical experiences</b>	<ul style="list-style-type: none"> <li>◆ Served as General Manager of Shaker Al-Humaid Contracting Company from 2008 AD to 2015 AD.</li> <li>◆ Served as founder and CEO of Car United Trading Company from 2016 AD to 2021 AD.</li> <li>◆ Member of the Board of Directors of Al-Qassim Holding Company from 2020 AD to 2023 AD.</li> <li>◆ Member of the Remuneration and Nominations Committee of Al-Qassim Holding Investment Company from 2020 AD to 2023 AD</li> <li>◆ Member of the Investment Committee of Al-Qassim Holding Company for Investment from 2020 AD to 2023 AD</li> <li>◆ Member of the Board of Directors of the Sayeb Road Foundation from 2011 AD to 2022 AD.</li> <li>◆ Member of the Board of Directors of Raoom Trading Company from 2020 AD to 2022 AD</li> <li>◆ Member of the Board of Directors of Raoom Trading Company from 2022 until now</li> <li>◆ CEO of Raoom Trading Company from 2020 AD until now.</li> </ul>

Source: The company.

Table 10: Biography of Jamal Ramadan Muhammad.

<b>Name</b>	Jamal Ramadan Muhammad
<b>Age</b>	53 Years
<b>Date of appointment</b>	02/08/2017 AD.
<b>Nationality</b>	Egyptian
<b>Position</b>	CFO
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>◆ Bachelor's degree in accounting from Menofia University in 1993.</li> </ul>
<b>Practical experiences</b>	<ul style="list-style-type: none"> <li>◆ Served as an accountant at Badr Concrete Factory from 2000 AD to 2005 AD.</li> <li>◆ Served as auditor at Raoom Trading Company from 2005 AD to 2011 AD.</li> <li>◆ Served as head of accounts at Raoom Trading Company from 2011 AD to 2016 AD.</li> <li>◆ Held the position of Chief Financial Officer at Raoom Trading Company from 2017 AD until now.</li> </ul>

Source: The company.

Table 11: Biography of Hassan Ahmed Ghabshah.

<b>Name</b>	Hassan Ahmed Ghabshah
<b>Age</b>	55 Years
<b>Date of appointment</b>	01/01/2024 AD.
<b>Nationality</b>	Yemeni
<b>Position</b>	<ul style="list-style-type: none"> <li>• Director of Technical Affairs</li> </ul>
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>◆ Bachelor's degree in Arabic Language from IBB University in 1993.</li> </ul>
<b>Practical experiences</b>	<ul style="list-style-type: none"> <li>◆ Served as production manager at Raoom Trading Establishment from 1997 AD to 2002 AD.</li> <li>◆ Served as purchasing manager at Raoom Trading Establishment from 2002 AD to 2010 AD.</li> <li>◆ Served as marketing manager at Raoom Trading Company from 2010 AD to 2016 AD.</li> <li>◆ Served as production manager at Raoom Trading Company from 2017 AD to 2023 AD.</li> <li>◆ Served as director of technical affairs at Raoom Trading Company from 2024 AD until now.</li> </ul>

Source: The company.

Table 12: Biography of Fares Dahan Al-Humairi.

<b>Name</b>	Fares Dahan Al-Humairi
<b>Age</b>	41 Years
<b>Date of appointment</b>	17/01/2021 AD.
<b>Nationality</b>	Yemeni
<b>Position</b>	Sales Manager
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>◆ Bachelor's degree in Accounting from Sana'a University in 2007.</li> <li>◆ Diploma in computers from the Higher Computer Institute in 2009.</li> </ul>
<b>Practical experiences</b>	<ul style="list-style-type: none"> <li>◆ Served as a salesman at Raoom Trading Establishment from 2009 to 2015 AD.</li> <li>◆ Served as a Sales Specialist at Raoom Trading Establishment from 2016 to 2020.</li> <li>◆ Served as Sales Manager at Raoom Trading Company from 2021 until now.</li> </ul>

Source: The company.

Table 13: Biography of Abdulaziz Abdullah Al-Bulaihed.

<b>Name</b>	Abdulaziz Abdullah Al-Bulaihed
<b>Age</b>	29 Years.
<b>Date of appointment</b>	02/12/2021 AD.
<b>Nationality</b>	Saudi
<b>Position</b>	Human Resources Manager
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>◆ Higher Diploma in Law from Qassim University in 2018</li> <li>◆ Bachelor's degree in Law from Future University in 2016</li> </ul>
<b>Practical experiences</b>	<ul style="list-style-type: none"> <li>◆ served as general supervisor at Sandan Al-Qassim from 2013 until 2019.</li> <li>◆ Human Resources Specialist at Al-Qassim Paper Products Factory Company from 2017 AD until 2019 AD.</li> <li>◆ Served as a Human Resources Director at Al-Qassim Paper Products Factory Company from 2019 AD until 2021 AD.</li> <li>◆ Served as Human Resources Director at Raoom Trading Company from 2021 until now.</li> </ul>

Source: The company.

## 5.6 Government approvals, licenses and certificates

The company (including its branches) has obtained several regulatory and operational licenses and certificates from the competent authorities. These licenses and certificates are renewed periodically, and any expired ones are under renewal according to the usual procedures. The members of the Board of Directors acknowledge that the company has all the necessary licenses and approvals to carry out its business and continue to do so, and that any of the completed ones are subject to renewal and that they are not aware of anything that prevents the renewal of any of the completed ones. The following tables show the current licenses and certificates obtained by the company:

Table 14: Licenses and approvals obtained by the company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Licenses and certificates issued to the company</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1131010525	05/02/1413 H (corresponding to 04/08/1992 AD)	19/06/1446 H (corresponding to 20/12/2024 AD)	Ministry of Commerce
2.	Chamber of Commerce	The company's commitment to participate in the Chamber of Commerce and Industry in accordance with the requirements of the system	601000117555	08/08/1445 H (corresponding to 18/02/2024 AD)	19/06/1446 H (corresponding to 20/12/2024 AD)	Riyadh Chamber
3.	Insurance certificate	The company's commitment to the requirements of the General Organization for Social Insurance	77374197	17/04/1446 H (corresponding to 20/10/2024 AD)	16/05/1446 H (corresponding to 18/11/2024 AD)	General Organization for Social Insurance
4.	Zakat certificate	To report that the company has submitted its declaration for the period ending on 18/06/1445 H	1112152004	12/10/1445 H (corresponding to 21/04/2024 AD)	02/11/1446 H (corresponding to 30/04/2025 AD)	Zakat, Tax and Customs Authority
5.	VAT registration certificate	The company's commitment with the requirements of the Zakat, Tax and Customs Authority	3100476902	30/11/1438 H (corresponding to 22/08/2017 AD)	-	Zakat, Tax and Customs Authority
6.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	3909660602	-	06/05/1450 H (corresponding to 25/09/2028 AD)	Ministry of Municipal and Rural Affairs
7.	Civil defense permit	The company's commitment to civil defense requirements	5-000117218-45	06/06/1445 H (corresponding to 19/12/2023 AD)	06/06/1446 H (corresponding to 07/12/2024 AD)	General Directorate of Civil Defense
8.	Localization certificate	The company's commitment to the requirements of the Ministry of Human Resources and Social Development	194280-58293566	26/01/1446 H (corresponding to 01/08/2024 AD)	18/07/1446 H (corresponding to 07/01/2025 AD)	Ministry of Human Resources and Social Development
9.	Certificate of commitment with the wage protection system	The company's commitment to the controls of the Wage Protection Program	116233-56169623	17/04/1446 H (corresponding to 20/10/2024 AD)	18/05/1446 H (corresponding to 20/11/2024 AD)	Ministry of Human Resources and Social Development

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Al-Rass)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1132011097	21/12/1438 H (corresponding to 12/09/2017 AD)	27/02/1451 H (corresponding to 09/07/2029 AD)	Ministry of Commerce
2.	Civil defense permit	The company's commitment to civil defense requirements	3-000733001-45	02/03/1445 H (corresponding to 17/09/2023 AD)	02/03/1446 H (corresponding to 05/09/2024 AD), (Expired)	General Directorate of Civil Defense
3.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	3909660602	-	06/05/1450 H (corresponding to 25/09/2028 AD)	Ministry of Municipal and Rural Affairs

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Riyadh)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1010611196	21/12/1438 H (corresponding to 12/09/2017 AD)	16/02/1450 H (corresponding to 09/07/2028 AD)	Ministry of Commerce
2.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	450112879326	-	23/01/1446 H (corresponding to 29/07/2024 AD), (Expired)	Ministry of Municipal and Rural Affairs



3.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	40031885113	-	25/06/1447 H (corresponding to 16/12/2025 AD)	Ministry of Municipal and Rural Affairs
----	-----------------------------	---	-------------	---	---	---

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Jeddah)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	4030341718	22/08/1436 H (corresponding to 09/06/2015 AD)	10/03/1451 H (corresponding to 22/07/2029 AD)	Ministry of Commerce
2.	Civil defense permit	The company's commitment to civil defense requirements	1-000754201-42	26/04/1443 H (corresponding to 01/12/2021 AD)	26/04/1444 H (corresponding to 20/11/2022 AD), (Expired)	General Directorate of Civil Defense
3.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	39111332299	-	19/02/1445 H (corresponding to 04/09/2023 AD), (Expired)	Ministry of Municipal and Rural Affairs

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Buraidah)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1131058013	20/12/1438 H (corresponding to 11/09/2017 AD)	15/02/1450 H (corresponding to 08/07/2028 AD)	Ministry of Commerce
2.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	390951282	-	21/05/1451 H (corresponding to 30/09/2029 AD)	Ministry of Municipal and Rural Affairs

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Unaizah)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1128019938	21/12/1438 H (corresponding to 12/09/2017 AD)	27/02/1451 H (corresponding to 09/07/2029 AD)	Ministry of Commerce
2.	Civil defense permit	The company's commitment to civil defense requirements	2-001162930-45	02/11/1444 H (corresponding to 22/05/2023 AD)	04/08/1446 H (corresponding to 03/02/2025 AD)	General Directorate of Civil Defense
3.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	40031894419	-	04/08/1446 H (corresponding to 03/02/2025 AD)	Ministry of Municipal and Rural Affairs

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Riyadh)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1010199419	11/05/1425 H (corresponding to 29/06/2004 AD)	16/01/1451 H (corresponding to 29/05/2029 AD)	Ministry of Commerce

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Buraidah)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1131024147	22/07/1428 H (corresponding to 05/08/2007 AD)	28/10/1449 H (corresponding to 24/03/2028 AD)	Ministry of Commerce
2.	Localization certificate	The company's commitment to human resources and social development requirements	264168-90049043	26/01/1446 H (corresponding to 01/08/2024 AD)	18/07/1446 H (corresponding to 18/01/2025 AD)	Ministry of Human Resources and Social Development
3.	Chamber of Commerce	The company's commitment to participate in the Chamber of Commerce and Industry in accordance with the requirements of the system	7014797760	08/08/1445 H (corresponding to 18/02/2024 AD)	28/10/1449 H (corresponding to 24/03/2028 AD)	Al-Qassim Chamber
4.	Insurance certificate	The company's commitment to the requirements of the General Organization for Social Insurance	77374385	17/04/1446 H (corresponding to 20/10/2024 AD)	16/05/1446 H (corresponding to 18/11/2024 AD)	General Organization for Social Insurance
5.	Certificate of compliance with the wage protection system	The company's commitment to the controls of the Wage Protection Program	156293-94252922	17/04/1446 H (corresponding to 20/10/2024 AD)	18/05/1446 H (corresponding to 20/11/2024 AD)	Ministry of Human Resources and Social Development
6.	Operating license	The company's commitment to MODON requirements	OLC-2500209707-24	19/01/1446 H (corresponding to 25/07/2024 AD)	30/01/1447 H (corresponding to 25/07/2025 AD)	MODON
7.	Industrial facility license	The company's commitment to the requirements of the Ministry of Industry and Mineral Resources	451110128284	06/01/1445 H (corresponding to 24/07/2023 AD)	02/03/1450 H (corresponding to 24/07/2028 AD)	Ministry of Industry and Mineral Resources
8.	Environmental permit for operation	The company's commitment to the requirements of the National Center for Environmental Compliance Control	8861	06/04/1443 H (corresponding to 11/11/2021 AD)	04/04/1446 H (corresponding to 01/10/2024 AD), (Expired)	National Center for Environmental Compliance

Source: The company.

S/N	Type of license	Purpose	License number	License date	Expiry date	Issuing Entity
<b>Company branch licenses (Buraidah)</b>						
1.	Commercial Registration	Registration of the Company at the Commercial register	1131325346	18/05/1446 H (corresponding to 12/12/2022 AD)	18/05/1444 H (corresponding to 20/11/2024 AD)	Ministry of Commerce
2.	Commercial activity license	The company's commitment to the requirements of the Ministry of Municipal and Rural Affairs	440611307836	-	18/04/1446 H (corresponding to 21/10/2024 AD), (Expired)	Ministry of Municipal and Rural Affairs

Source: The company.

## 5.7 Transactions with related parties

In accordance with Article (71) of the Companies Law, and taking into account the provisions of Article (27) of the Companies Law, a member of the Board of Directors must, upon becoming aware of any interest he has, whether direct or indirect, in the business and contracts that are on behalf of the company, inform the Board of this, and prove this reporting in the minutes of the Council meeting when it meets. this member may not participate in voting on the decision issued in this regard in the Board and the General Assemblies. the Board shall inform the General Assembly when it convenes of business and contracts in which the Board member has a direct or indirect interest, and a special report from the company's auditor prepared in accordance with the auditing standards approved in the Kingdom shall be attached to the report. the company's Ordinary General Assembly approved the transactions held on 01/05/1443 H (corresponding to 05/12/2021 AD). The Board of Directors acknowledge that all agreements with related parties described in this section are indeed all agreements with any related parties and that they do not include any preferential terms and that they have been concluded in a regular and legal manner and on appropriate and fair commercial bases. Except as stated in this section, the Board of Directors acknowledge that the Company is not involved in any dealings, agreements, commercial relationships or real estate transactions with a related party. The Board of Directors also acknowledge their intention to abide by the restrictions and requirements of Articles Twenty-Seven and Seventy-One of the Companies Law and the instructions of Articles Forty-Two and Forty-Four of the Corporate Governance Regulations issued by the Authority regarding dealings with related parties.

and the following table shows the transactions that took place with related parties until the date of this document:

Rental agreement	
<b>Tenant</b>	Raoom Glass Factory.
<b>Lessor</b>	Mr. Abdulaziz bin Abdullah Al-Humaid.
<b>Location</b>	Jeddah.
<b>Type of property use</b>	Commercial store and warehouse.

<b>Rental period</b>	The contract period is (364) days, starting on 22/09/1445 H, (corresponding to 01/04/2024 AD), and ending on 02/10/1446 H, (corresponding to 31/03/2025 AD).
<b>Annual rental value (Saudi Riyals)</b>	Total contract value is (1,518,000) Saudi Riyals.
<b>Termination</b>	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>

### Rental agreement

<b>Tenant</b>	Raoom Glass Factory.
<b>Lessor</b>	Mr. Abdulaziz bin Abdullah Al-Humaid.
<b>Location</b>	Unaizah.
<b>Type of property use</b>	Commercial.
<b>Rental period</b>	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).
<b>Annual rental value (Saudi Riyals)</b>	Total contract value is (94,875) Saudi Riyals.
<b>Termination</b>	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>

### Rental agreement

<b>Tenant</b>	Raoom Glass Factory.
<b>Lessor</b>	Mr. Abdulaziz bin Abdullah Al-Humaid.
<b>Location</b>	Buraidah.
<b>Type of property use</b>	Commercial.
<b>Rental period</b>	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).
<b>Annual rental value (Saudi Riyals)</b>	Total contract value is (379,500) Saudi Riyals.
<b>Termination</b>	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>

### Rental agreement

<b>Tenant</b>	Raoom Glass Factory.
<b>Lessor</b>	Mr. Abdulaziz bin Abdullah Al-Humaid.
<b>Location</b>	Riyadh.
<b>Type of property use</b>	Commercial.
<b>Rental period</b>	The contract period is (1095) days, starting on 08/06/1444 H, (corresponding to 01/01/2023 AD), and ending on 11/07/1447 H, (corresponding to 31/12/2025 AD).
<b>Annual rental value (Saudi Riyals)</b>	Total contract value is (525,004) Saudi Riyals.

**Termination**

Termination cases take place according to the following cases:

- ◆ Expiration of the contract.
  - ◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.
  - ◆ If government decisions require amending building regulations, resulting in the inability to use rental units.
  - ◆ The country owns the property or part of it so that the rental units cannot be used.
  - ◆ When there are compelling reasons.
-

### Rental agreement

<b>Tenant</b>	Raoom Glass Factory.
<b>Lessor</b>	Mr. Abdulaziz bin Abdullah Al-Humaid.
<b>Location</b>	Buraidah.
<b>Type of property use</b>	Commercial.
<b>Rental period</b>	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).
<b>Annual rental value (Saudi Riyals)</b>	Total contract value is (126,500) Saudi Riyals.
<b>Termination</b>	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>

### Rental agreement

<b>Tenant</b>	Raoom Glass Factory.
<b>Lessor</b>	Mr. Abdulaziz bin Abdullah Al-Humaid.
<b>Location</b>	Riyadh.
<b>Type of property use</b>	Commercial.
<b>Rental period</b>	The contract period is (365) days, starting on 10/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).
<b>Annual rental value (Saudi Riyals)</b>	Total contract value is (442,750) Saudi Riyals.
<b>Termination</b>	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>

### Rental agreement

<b>Tenant</b>	Raoom Glass Factory.
<b>Lessor</b>	Mr. Abdulaziz bin Abdullah Al-Humaid.
<b>Location</b>	Buraidah.
<b>Type of property use</b>	Commercial.
<b>Rental period</b>	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).
<b>Annual rental value (Saudi Riyals)</b>	Total contract value is (94,875) Saudi Riyals.
<b>Termination</b>	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>

## 5.8 Financing Agreements

As of the date of this document, the company has not previously concluded any facilitating agreements and has not benefited from any financing amounts during the last three financial years.

## 5.9 Material Agreements

The company concludes most of its contracts with its suppliers and customers through purchase orders and invoices and according to supply and demand. The company does not have Material contracts with any of its suppliers or customers.

## 5.10 Real estate

As of the date of this document, the Company does not have any registered properties under its ownership.

## 5.11 Lease contracts

With regard to the sites occupied by the company to conduct its activities, the company has entered into lease contracts that are considered traditional contracts. That is, it stipulates a rental amount that the company pays to the lessor annually. Below is a list of applicable lease contracts.

Table 15: Valid and renewed lease contracts for the sites occupied by the company

Tenant	Lessor	Location	Type of property use	Rental period and renewal method	Annual rental value (Saudi Riyals)	Termination
Raoom Glass Factory	MODON	Qassim 1 <sup>st</sup>	Undefined	Begins on 12/07/1432 H (corresponding to 14/06/2011 AD) and ends on 11/07/1452 H (corresponding to 07/11/2030 AD).	The total contract value is (4971) Saudi Riyals	<p>The contract terminates in the cases mentioned below: Except for force majeure outside the control of both parties, the contract is considered automatically void and terminated in the following cases:</p> <ul style="list-style-type: none"> <li>◆ Cases mentioned in Article Four (plans and construction implementation), Five (tenant obligations), Ninth (insurance), Tenth (leasing, assignment to others, and amendment), Twelfth (rental value of the penalty clause), Fourteenth (non-payment of financial obligations), and Sixteenth (cessation of production). From the contract.</li> <li>◆ If the tenant is late or unable to pay financial obligations, such as the rental value or security, after the end of the second fifteen-day period stipulated in Article Fourteen of the contract.</li> <li>◆ If MODON sees the futility of applying the penalty clause specified in Article Twelve and decides to cancel the contract.</li> <li>◆ If the tenant does not comply with the environmental requirements after being warned, or finds pollution or damage to the infrastructure, and MODON decides to terminate the contract.</li> <li>◆ If the two parties do not agree to renew it.</li> <li>◆ If the tenant becomes bankrupt or a court order is issued against him to seize his property, or if his insolvency is proven or he submits a request to declare his bankruptcy or if his creditors waive the contract or agree to implement it under the supervision of a committee of its creditors if the second party announces its liquidation.</li> <li>◆ If the tenant violates any of the terms of the contract, and MODON decides to terminate the contract.</li> <li>◆ If the tenant dies and his heirs do not wish to continue the contract or assign it to another tenant.</li> </ul>
Raoom Glass Factory	MODON	Qassim 1 <sup>st</sup>	Industrial	Begins on 06/04/1438 H (corresponding to 04/01/2017 AD) and ends on 05/04/1451 H (corresponding to 15/08/2029 AD).	Total contract value is (25,024) Saudi Riyals.	<p>The contract terminates in the cases mentioned below: Except for force majeure outside the control of both parties, the contract is considered automatically void and terminated in the following cases:</p> <ul style="list-style-type: none"> <li>◆ Cases mentioned in Article Four (plans and construction implementation), Five (tenant obligations), Ninth (insurance), Tenth (leasing, assignment to others, and amendment), Twelfth (rental value of the penalty clause), Fourteenth (non-payment of financial obligations), and Sixteenth (cessation of production). From the contract.</li> <li>◆ If the tenant is late or unable to pay financial obligations, such as the rental value or security, after the end of the second fifteen-day period stipulated in Article Fourteen of the contract.</li> <li>◆ If MODON sees the futility of applying the penalty clause specified in Article Twelve and decides to cancel the contract.</li> <li>◆ If the tenant does not comply with the environmental requirements after being warned, or finds pollution or damage to the infrastructure, and MODON decides to terminate the contract.</li> <li>◆ If the two parties do not agree to renew it.</li> <li>◆ If the tenant becomes bankrupt or a court order is issued against him to seize his property, or if his insolvency is proven or he submits a request to declare his bankruptcy or if his creditors waive the contract or agree to implement it under the supervision of a committee of its creditors if the second party announces its liquidation.</li> <li>◆ If the tenant violates any of the terms of the contract, and MODON decides to terminate the contract.</li> <li>◆ If the tenant dies and his heirs do not wish to continue the contract or assign it to another tenant.</li> </ul>

Tenant	Lessor	Location	Type of property use	Rental period and renewal method	Annual rental value (Saudi Riyals)	Termination
Raoom Glass Factory	MODON	Qassim 1 <sup>st</sup>	Industrial	Begins on 21/03/1438 H (corresponding to 20/12/2016 AD) and ends on 20/03/1452 H (corresponding to 21/07/2030 AD).	Total contract value is (61,712) Saudi Riyals.	<p>The contract terminates in the cases mentioned below: Except for force majeure outside the control of both parties, the contract is considered automatically void and terminated in the following cases:</p> <ul style="list-style-type: none"> <li>◆ Cases mentioned in Article Four (plans and construction implementation), Five (tenant obligations), Ninth (insurance), Tenth (leasing, assignment to others, and amendment), Twelfth (rental value of the penalty clause), Fourteenth (non-payment of financial obligations), and Sixteenth (cessation of production). From the contract.</li> <li>◆ If the tenant is late or unable to pay financial obligations, such as the rental value or security, after the end of the second fifteen-day period stipulated in Article Fourteen of the contract.</li> <li>◆ If MODON sees the futility of applying the penalty clause specified in Article Twelve and decides to cancel the contract.</li> <li>◆ If the tenant does not comply with the environmental requirements after being warned, or finds pollution or damage to the infrastructure, and MODON decides to terminate the contract.</li> <li>◆ If the two parties do not agree to renew it.</li> <li>◆ If the tenant becomes bankrupt or a court order is issued against him to seize his property, or if his insolvency is proven or he submits a request to declare his bankruptcy or if his creditors waive the contract or agree to implement it under the supervision of a committee of its creditors if the second party announces its liquidation.</li> <li>◆ If the tenant violates any of the terms of the contract, and MODON decides to terminate the contract.</li> <li>◆ If the tenant dies and his heirs do not wish to continue the contract or assign it to another tenant.</li> </ul>
Raoom Glass Factory	MODON	Qassim 1 <sup>st</sup>	Residential	Begins on 16/02/1444 H (corresponding to 12/09/2022 AD) and ends on 15/02/1447 H (corresponding to 09/08/2025 AD).	Total contract value is (6,660) Saudi Riyals.	<p>The contract ends in the cases mentioned below: The contract ends at the end of its term without renewal.</p> <ul style="list-style-type: none"> <li>◆ MODON has the right to cancel the contract automatically, without MODON's obligation to take any preliminary measures prior to cancellation, or grant the "investor" any time period, or apply any financial or administrative penalties stipulated in the contract, in the following cases:</li> <li>◆ The "investor" does not pay any amounts owed to him based on the contract, whether related to rent amounts, general expenses, administrative services, fines, the amount of the penalty clause, or anything else. This happens after thirty (30) days have passed from the due date of these amounts without him committing to pay.</li> <li>◆ The "investor" violates any pledge or obligation stipulated in the contract, and fails to correct it after notifying the "investor" to address the violation within thirty (30) days.</li> <li>◆ If the investor declares his bankruptcy or insolvency, or submits a request to declare his bankruptcy or insolvency, or a liquidator or receiver is appointed over him, or submits a request or agrees to appoint a receiver or liquidator for him. Or he waived the contract to his creditors or agreed to implement it under the supervision of a committee of his creditors. Or if he is unable or acknowledges in writing his inability to pay his debts when they fall due.</li> <li>◆ If the "investor" dies and is a natural person, and his heirs do not wish to continue the contract or are unable to implement its terms.</li> <li>◆ The investor has the right to terminate the contract at any time, provided that written notice is provided to "MODON" six months before the effective date of termination, provided that the "investor" when providing the notice and until the termination takes effect has fulfilled all his obligations and paid all the financial amounts due from him.</li> <li>◆ In the event of the expiration of the contract period, the "lessee" is obligated to return the land and the fixed structures on it to "MODON", and acknowledges the transfer of all fixed structures built on the land to "MODON". In the event that "MODON" decides to remove the fixed facilities and return the land and deliver it free of any occupants. The "tenant" is obligated to remove the construction and equipment on it within 30 working days from the date of notification. In the event of failure to do so, "MODON" has the right to enter the land on which the project is located and recover it according to its procedures, and the tenant is not entitled to claim any compensation or recover any amounts paid to "MODON". In all cases the "lessee" is obligated to pay all financial obligations due until the date "MODON" receives the land.</li> </ul>
Raoom Glass Factory	MODON	Qassim 1 <sup>st</sup>	Industrial land	Begins on 18/01/1446 H (corresponding to 24/07/2024 AD) and	Total annual rental value (221,468) Saudi Riyals.	<p>The contract terminates in the cases mentioned below: Except for force majeure outside the control of both parties, the contract is considered automatically void and terminated in the following cases:</p>

Tenant	Lessor	Location	Type of property use	Rental period and renewal method	Annual rental value (Saudi Riyals)	Termination
				ends on 17/01/1448 H (corresponding to 02/07/2026 AD).		<ul style="list-style-type: none"> <li>◆ Cases mentioned in Article Four (plans and construction implementation), Five (tenant obligations), Ninth (insurance), Tenth (leasing, assignment to others, and amendment), Twelfth (rental value of the penalty clause), Fourteenth (non-payment of financial obligations), and Sixteenth (cessation of production). From the contract.</li> <li>◆ If the tenant is late or unable to pay financial obligations, such as the rental value or security, after the end of the second fifteen-day period stipulated in Article Fourteen of the contract.</li> <li>◆ If MODON sees the futility of applying the penalty clause specified in Article Twelve and decides to cancel the contract.</li> <li>◆ If the tenant does not comply with the environmental requirements after being warned, or finds pollution or damage to the infrastructure, and MODON decides to terminate the contract.</li> <li>◆ If the two parties do not agree to renew it.</li> <li>◆ If the tenant becomes bankrupt or a court order is issued against him to seize his property, or if his insolvency is proven or he submits a request to declare his bankruptcy or if his creditors waive the contract or agree to implement it under the supervision of a committee of its creditors if the second party announces its liquidation.</li> <li>◆ If the tenant violates any of the terms of the contract, and MODON decides to terminate the contract.</li> <li>◆ If the tenant dies and his heirs do not wish to continue the contract or assign it to another tenant.</li> </ul>
<b>Raoom Glass Factory</b>	Mr. Abdulaziz bin Abdullah Al-Humaid	Unaizah	Commercial	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD)	Total contract value is (94,875.00) Saudi Riyals	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>
<b>Raoom Glass Factory</b>	Mr. Abdulaziz bin Abdullah Al-Humaid	Buraidah	Commercial	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).	Total contract value is (379,500) Saudi Riyals.	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons.</li> </ul>
<b>Raoom Glass Factory</b>	Mr. Abdulaziz bin Abdullah Al-Humaid	Riyadh	Commercial	The contract period is (1095) days, starting on 08/06/1444 H, (corresponding to 01/01/2023 AD), and ending on 11/07/1447 H, (corresponding to 31/12/2025 AD)	Total contract value is (525,004) Saudi Riyals.	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons</li> </ul>
<b>Raoom Glass Factory</b>	Mr. Abdulaziz bin Abdullah Al-Humaid	Buraidah	Commercial	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD)	Total contract value is (126,500) Saudi Riyals.	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons</li> </ul>
<b>Raoom Glass Factory</b>	Mr. Abdulaziz bin Abdullah Al-Humaid	Riyadh	Commercial	The contract period is (365) days, starting on 10/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).	Total contract value is (442,750) Saudi Riyals	<p>Termination cases take place according to the following cases:</p> <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons</li> </ul>



Tenant	Lessor	Location	Type of property use	Rental period and renewal method	Annual rental value (Saudi Riyals)	Termination
<b>Raoom Glass Factory</b>	Mr. Abdulaziz bin Abdullah Al-Humaid	Jeddah	Commercial	The contract period is (364) days, starting on 22/09/1445 H, (corresponding to 01/04/2024 AD), and ending on 10/02/1446 H, (corresponding to 31/03/2025 AD).	Total contract value is (1,518,000) Saudi Riyals	Termination cases take place according to the following cases: <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons</li> </ul>
<b>Raoom Glass Factory</b>	Mr. Abdulaziz bin Abdullah Al-Humaid	Buraidah	Commercial	The contract period is (365) days, starting on 19/06/1445 H, (corresponding to 01/01/2024 AD), and ending on 30/06/1446 H, (corresponding to 31/12/2024 AD).	Total contract value is (94,875) Saudi Riyals.	Termination cases take place according to the following cases: <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons</li> </ul>
<b>Raoom Trading company</b>	Mr. Hazem Ahmed Al-Omari	Buraidah	Commercial	Begins on 01/01/1446 H corresponding to (07/07/2024 AD) and ends on 29/01/1449 H corresponding to (04/07/2027 AD)	Total contract value (114,000) Saudi Riyals.	Termination cases take place according to the following cases: <ul style="list-style-type: none"> <li>◆ Expiration of the contract.</li> <li>◆ It is proven that the property is about to collapse according to a report from the Civil Defense or someone authorized by the approved government agency.</li> <li>◆ If government decisions require amending building regulations, resulting in the inability to use rental units.</li> <li>◆ The country owns the property or part of it so that the rental units cannot be used.</li> <li>◆ When there are compelling reasons</li> </ul>


Source: The company

## 5.12 Trademarks and property rights

The company has a trademark that has been registered with the Saudi Authority for Intellectual Property. This will enable the company to place its name and logo on the exterior of the building or offices occupied by the company, since it has registered the trademark and granted it the necessary legal protection in accordance with the trademark system.

In marketing its services and products, the company relies on its trade name registered in its commercial registry and reflected in its logo, which supports its business and competitive position, and gives it clear distinction in the market among customers.

Table 16: Details of the company's trademark

Trademark	Registration number	Class	Owner company	date of registration	Start of protection	End of protection
	1443016297	(21)	The Company	22/07/1443 H	10/05/1443 H	09/05/1453 H (corresponding to 28/08/2031 AD).

Source: The company

The company does not have any other registered intellectual property rights, and the company does not rely in its activity on any valuable intangible property such as patents, copyrights, or any other intellectual property.

## 5.13 Insurance coverage

The company and its branch (factory) maintain insurance policies that cover various types of risks to which it may be exposed. The following table shows the main details of the insurance policies maintained by the company:

Table 17: Details of insurance policies

Type	Insurance policy number	Insurance company	Duration of validity
<b>Insurance on the vehicle fleet against third parties</b>	7/2/91/2024	Salama Cooperative Insurance Company	From 15/04/2024 AD Until 14/04/2025 AD
<b>Third party insurance for vehicles</b>	A-SALM-1-B-08-009	Salama Cooperative Insurance Company	From 15/09/2024 AD Until 14/09/2025 AD
<b>Health insurance for workers</b>	40335297	Tawuniya	From 29/10/2024 AD Until 28/10/2025 AD

Health insurance for workers	35611426	Tawuniya	From 16/01/2024 AD Until 15/01/2025 AD
Health insurance for workers	33415685	Tawuniya	From 18/11/2023 AD Until 17/11/2024 AD
Property insurance against all risks	PAR/53439	Allianz Saudi Fransi	From 01/03/2024 AD Until 28/02/2025 AD

Source: The company

## 5.14 Workforce

As of the date of this document, the number of the company's employees reached (71) employees, where the percentage of localization in the company reached (15%). Accordingly, the company was classified within the range (medium green), according to the localization certificate issued by Human Resources and Social Development on 17/04/1446 H (corresponding to 20/10/2024 AD). The number of employees at the company's factory reached (229) employees, where the percentage of localization in the factory reached (28%). Accordingly, the factory was classified within the range (low green), according to the localization certificate issued by Human Resources and Social Development on 17/04/1446 H (corresponding to 20/10/2024 AD).

The Saudization program "Nitaqat" was approved pursuant to the decision of His Excellency the Minister of Human Resources and Social Development (formerly Minister of Labor) No. (4040) dated 12/10/1432 H (corresponding to 10/09/2011 AD). This is based on Council of Ministers Resolution No. (50) dated 21/05/1415 H (corresponding to 27/10/1994 AD), and the "Nitaqat" program was implemented on 12/10/1432 H (corresponding to 10/09/2011 AD). and the Ministry of Human Resources and Social Development has begun implementing the "Nitaqat" program to encourage institutions and provide incentives to institutions to employ Saudi citizens. through the program, the performance of any company is evaluated based on specific categories (ranges), which are the platinum category, the green category (divided into subcategories, A: low category, medium category, and high category), yellow category, and red category. companies that are in the platinum category or green category are considered to have fulfilled the requirements for localization, Therefore, they are entitled to a number of benefits, including obtaining and renewing work visas or otherwise changing the professions of foreign workers (with the exception of professions designated exclusively for Saudi citizens), as for establishments that are classified within the yellow and red categories (based on the extent of their non-compliance with the specified requirements), they are considered to have violated localization requirements, and it may be subject to certain penal measures, including limiting its ability to renew foreign employees' work visas entirely or completely prohibiting foreign employees from obtaining or renewing work visas.

## 5.15 Disputes and lawsuits

The company has two (2) claims filed against it by the Zakat, Tax and Customs Authority, related to the zakat assessments for the years 2015 and 2016.

On May 15, 2023, the Committee for Resolution of Tax Violations and Disputes issued a decision regarding the first claim in Case No. (Z-25268-2020), on May 15, 2023, in favor of the company and canceling the Zakat, Tax, and Customs Authority's procedure to adjust depreciation according to the group installment.

On 05/15/2023 AD, the Committee for Resolution of Tax Violations and Disputes issued a decision to file the second claim in Case No. (Z-25272-2020), in favor of the company, canceling the Zakat, Tax and Customs Authority's procedure to amend depreciation according to the groups' installment, and rejecting what is related to the partners' current item.

Except as stated above, the Company acknowledges that it is not a party to any material lawsuit, claim or arbitration that would materially affect its business or financial condition, and we note that the Company, as of the date of this document, is a party to a number of lawsuits that have arisen during the course of the company's usual business.

## 5.16 Declarations related to legal information

The members of the Board of Directors of the Company acknowledge the following:

1. The transfer does not violate any contracts or agreements to which the company is a party.
2. All material legal information relating to the company has been disclosed in the transition document.
3. The Issuer complies with the Corporate Governance Regulations and the disclosure requirements set out in the Corporate Governance Regulations, the Companies Law and the regulatory rules and procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
4. Other than what is stated in page (51) in Subsection No. (5.15 "Disputes and lawsuits") of Section (5) "Legal information and declarations of Board of Directors members" of this document the Issuer and its Subsidiaries are not subject to any lawsuits or legal procedures that may, individually or in their entirety, materially affect the or its Subsidiaries or their financial position.
5. Other than what is stated in page (51) in Subsection No. (5.15 "Disputes and lawsuits") of Section (5) "Legal information and declarations of Board of Directors members" of this document, The members of the Issuer's Board of Directors are not subject to any legal claims or proceedings that could, individually or in the aggregate, materially affect the or its Subsidiaries or their financial position.
6. Other than what is stated in page (54) in Section (6) "Financial information and management discussion and analysis" of this document, There has not been any interruption in the business of the Issuer or any of the Issuer's Subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last (12) months.

7. Other than what is stated in page (42) in Subsection No.(5.7) “Transactions with related parties” of Section (5) “Legal information and declarations of Board of Directors members” of this document, the board of Directors do not have any shareholding or interest of any kind in the Issuer or any of the Issuer’s Subsidiaries (if applicable), and nor does any relative of theirs.



**[06]**

# **FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**

## 6 FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

### 6.1 Overview of the company

Raoom Trading Company ("The Company") was established as a joint stock company under the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 1131010525 dated 05/02/1413 H (corresponding to 04/08/1992 AD).

On 20/07/1443 H (corresponding to 21/02/2022 AD), the company's shares were listed and trading began on Nomu - the parallel market.

On 01/06/1445 H (corresponding to 14/12/2023 AD), the company's Board of Directors decided to approve the company's transfer from the parallel market (Nomu) to the main market, noting that the transfer to the main market is subject to the approval of the Saudi Exchange (Tadawul) and is conditional on fulfilling all the requirements stipulated in it. The listing rules have not been finalized until this date.

The company's main headquarters is located in the First Industrial Zone - Buraidah - Al-Qassim, Kingdom of Saudi Arabia.

The company's activity is in the trade and installation of glass, mirrors, and aluminum decorations, manufacturing industries and their branches according to industrial licenses, construction and building, transportation, storage and refrigeration, financial and business services and other services, social, group and personal services, commercial, information technology, security and safety, agriculture and fishing, mines and petroleum and its branches. Electricity, gas, water and its branches. The company operates in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

The financial statements include the assets, liabilities, and activities of the company and its following branches:

Commercial Registration	Branch name	City
4030341718	Raoom Trading Company Branch - Al-Khumra District	Jeddah
1010199419	Raoom Trading Company Branch - Al-Farouq District	Riyadh
1131024147	Raoom Glass Factory - Buraidah - Industrial City	Buraidah
1131325346	Raoom Trading Company Branch - Buraidah	Buraidah
1132011097	Raoom Trading Company Branch - Al-Rass - Industrial City	Al-Rass
1010611196	Raoom Trading Company Branch - Medina Street	Riyadh
1131058013	Raoom Trading Company Branch - Buraidah - Al-Saleem Industrial Area	Buraidah
1128019938	Raoom Trading Company Branch - Unayzah - Industrial City	Unayzah

## 6.2 Declarations of Board of Directors members regarding the financial statements

- ◆ The Board of Directors acknowledges, to the best of its knowledge and belief, that the financial information included in the Transition Document has been extracted from the audited financial statements for the fiscal years ended December 31, 2021 AD, 2022 AD, 2023 AD, and the interim financial statements for the six-month period ended June 30, 2024 AD (unaudited), prepared on a consolidated basis without any material modification thereto and in a manner consistent with the practice in the annual financial statements of the issuer, and that the audited and reviewed financial statements have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia.
- ◆ Except as stated in the Risk Factors section (2) subsection (2.1.8) Risks of investing in securities and, as stated in the Financial Information and Management Discussion Analysis Section (6) subsection (6.5.7) the Financial assets at fair value through profit or loss, the Board of Directors acknowledges that the Company has no property, including contractual securities or other assets, whose value is subject to fluctuations or its value is difficult to ascertain, which greatly affects the assessment of the financial position.
- ◆ The Board of Directors acknowledges that there are no seasonal factors or economic cycles related to the activity that may have an impact on the business and financial situation.
- ◆ The Board of Directors acknowledges that the company is not privy to any information related to governmental, economic, financial, monetary or political policies or any other factors that have affected or could materially affect (directly or indirectly) on operations.
- ◆ Except as stated in the Financial Information and Management Discussion Analysis Section (6) subsection (6.5.10) the Equity, the Board of Directors acknowledges that there have been no material changes in the Issuer's share capital during the three years immediately preceding the date of submission of the Transfer Request.
- ◆ The Board of Directors acknowledges that no capital of the issuer is covered by an option right.
- ◆ Except as stated in the Financial Information and Management Discussion Analysis Section (6) subsection (6.5.2) the Property, Machinery and, the Company has no significant fixed assets to be acquired or leased.
- ◆ The Board of Directors acknowledges that there are no approved debt instruments that have not been issued, and there are no loans covered by a personal guarantee or loans secured by a mortgage (whether the pledge is provided by the issuer or by third parties) or not secured by a mortgage.
- ◆ The Board of Directors acknowledges that the Company does not have any loans or other receivables, whether covered by a personal guarantee or not covered by a personal guarantee, secured by a mortgage or not secured by another mortgage, including overdrafts from bank accounts, obligations under acceptance, acceptance credit, or hire purchase obligations.
- ◆ The Board of Directors acknowledges that there are no mortgages, rights or encumbrances on the company's property, as of the date of publication of this document.
- ◆ The Board of Directors acknowledges that there are no potential liabilities or guarantees.
- ◆ The Board of Directors acknowledges that there has been no negative or material change in the financial and commercial position during the financial years ending on December 31, 2021 AD, 2022 AD, 2023 AD and the six-month period ending on June 30, 2024 AD.
- ◆ The Board of Directors acknowledges that there are no commissions, discounts, brokerage fees, or any non-cash compensation granted by the issuer during the three years immediately preceding the date of submitting the transfer request in relation to the shares subject to the transfer.

## 6.3 Fundamentals of preparation and accounting policies

### 6.3.1 Basis for preparing financial statements

The Company's financial statements for the year ended December 31, 2021 AD, 2022 AD, 2023 AD and the six-month period ended June 30, 2024 AD have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants.

The financial statements are prepared on a historical cost basis, except for financial instruments that are measured at fair value, and employee defined benefit obligations that are measured using the planned unit credit method. The financial statements are presented in Saudi Riyals, which is the company's functional currency, and all amounts are rounded to the nearest Saudi Riyal, unless otherwise stated.

#### 6.3.1.1 Critical accounting estimates and assumptions

Preparing a company's financial statements requires management to make estimates and assumptions that affect the amounts of revenues, expenses, assets, liabilities, accompanying disclosures, and disclosures of potential liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities that would be affected in future periods.

#### 6.3.1.2 Estimates and assumptions

Key assumptions about the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The company based its assumptions and estimates on the data available when preparing the financial statements. However, current circumstances and assumptions about future developments may change due to market changes or circumstances arising outside the Company's control. These changes are reflected in the assumptions as they occur.

#### 6.3.1.3 Useful lives of property, machinery and equipment

The company determines the estimated useful lives of property, machinery and equipment for the purpose of calculating depreciation after calculating the expected use of the asset or physical wear and tear from use. The management did not assign any salvage value as it considered it insignificant. The administration reviews the useful lives annually.

#### 6.3.1.4 Extension and termination options for leases

Extension and termination options are included in a number of leases contracts. These terms are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable by both the company and the lessor.

When determining the term of a lease, management takes into account all facts and circumstances that create an economic incentive to exercise the extension option, or not exercise the termination option. Extension options (or periods following termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The appraisal is reviewed if a significant event or significant change in circumstances occurs that affects this appraisal and is within the tenant's control.

#### 6.3.1.5 Deduction of rental payments

Lease payments are discounted using the company's incremental borrowing rate ("IBR"). Management applied judgment and estimates to determine the incremental borrowing rate at contract inception.

#### 6.3.1.6 Decrease in inventory value

Inventory is stated at cost or net realizable value, whichever is lower. When goods become old or obsolete, an estimate is made of their net realizable value. For each significant amount, an estimate is made separately. For amounts that are not individually significant but are considered old or obsolete, they are estimated collectively and a provision is made according to the type of goods and their age or degree of obsolescence based on expected selling prices.

#### 6.3.1.7 Decline in the value of trade receivables

The Company uses a specific matrix to calculate the allowance for expected credit losses for trade receivables. The allowance ratios are based on days since maturity for groups of different customer segments that have similar loss patterns by customer type.

The provision matrix is initially based on the company's historical default rates, and the calculation of the provision reflects probability weights related to outcomes, the time value of money, and reasonable information at the reporting date about past events and future economic conditions. At each financial reporting date, the default rates are updated and changes in future estimates are analyzed.

The relationship between observed historical default rates, expected economic conditions and expected credit losses is a significant estimate. Expected credit losses are sensitive to changes in economic conditions and expectations. The Company's historical credit loss experience and expectations of economic conditions and actual customer defaults may not reflect future customer defaults.



### 6.3.1.8 Long-term assumptions for the employee defined benefit obligation

The employee defined benefit obligation represents obligations that will be paid in the future upon termination of employment contracts. Management must make assumptions about variables such as the discount rate, salary increase percentage, mortality rates, and turnover. The company's management periodically takes advice from external actuaries regarding these assumptions. Changes in key assumptions could materially affect the employee defined benefit obligation.

### 6.3.1.9 Uncertain zakat status

The company's current zakat relates to management's assessment of the zakat amount on open zakat accounts, as the company still has to agree with the Zakat, Tax and Customs Authority on the final liability amounts. Due to the uncertainty associated with these zakat items, the final outcome is likely to differ significantly when the final assessment is issued by the Zakat, Tax and Customs Authority in future periods.

## 6.3.2 Changes in the company's accounting policies

The accounting policies and calculation methods applied in preparing the financial statements for the year ending on December 31, 2023 AD are consistent with those followed in preparing the company's financial statements for the year ending on December 31, 2022 AD, except for the application of the new standards that came into effect on January 1, 2023 AD. The Company has not early adopted any other standards, interpretations or amendments that have been issued, but not yet effective.

The company has implemented for the first time some standards and amendments, the nature and effect of which are disclosed below:

- ◆ Amendments to IAS 8: Definition of Accounting Estimates.
- ◆ Amendments to IAS 1: Disclosure of Accounting Policies.

The application of these standards and amendments did not have a relatively significant impact on the company's financial statements.

### 6.3.2.1 Materiality accounting policies

The following is a summary of the material accounting policies used by the company in preparing these financial statements:

Classification of assets and liabilities into current or non-current

The company presents assets and liabilities in the statement of financial position on the basis of their classification as current or non-current. An asset is classified as current assets if:

- ◆ The asset is expected to be realized or there is an intention to sell or use it during the normal business cycle
- ◆ The asset is held mainly for trading
- ◆ The asset is expected to be realized within 12 months after the date of the statement of financial position, or
- ◆ Being cash or cash equivalent unless it is prohibited to exchange the asset or use it to settle a liability within at least 12 months from the date of the statement of financial position.

All other assets are classified as non-current assets.

A liability is considered a current liability if:

- ◆ Expect the obligation to be settled within the normal business cycle
- ◆ The liability is held mainly for trading
- ◆ The obligation is expected to be settled within 12 months after the date of the statement of financial position, or
- ◆ There is no unconditional right to postpone the settlement of the obligation for a period of at least 12 months after the date of the statement of financial position.

The Company classifies all other liabilities as non-current liabilities.

### 6.3.2.2 Fair value measurement

Fair value is the amount that can be received when selling assets or paid when settling obligations between two parties in a commercial transaction at the measurement date. The fair value measurement is determined by assuming that the transaction to sell assets or transfer liabilities will take place either:

- ◆ In the primary market for these assets or liabilities, or
- ◆ In the absence of a main market, in the most advantageous market for the assets or liabilities.

The company must have the ability to use/access the main market or the most advantageous market.

The fair value of assets or liabilities is measured using the assumptions that market participants may use when pricing assets and liabilities, assuming that they are seeking what is in their best economic interests.

When measuring the fair value of non-financial assets, the ability of market participants to achieve economic benefits from the asset through its best and maximum use or by selling it to other market participants who use the asset in the best and maximum manner is taken into account.

The Company uses valuation methods that are appropriate to the circumstances and for which the necessary data to measure fair value are available, attempting to exploit observable inputs to the greatest extent possible, and minimizing the use of unobservable inputs as little as possible.

All assets and liabilities that are measured at fair value or disclosed in the financial statements are classified according to the hierarchy of fair value levels, which are listed below on the basis of the lowest level of significant inputs to measuring fair value as a whole:

- ◆ Level One: Traded prices (unadjusted) in an active market for similar assets or liabilities.
- ◆ Level Two: measurement methods whose lowest level of significant inputs to measuring fair value can be observed directly or indirectly.
- ◆ Level Three: Measurement methods for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the hierarchy by reassessing the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year.

### 6.3.2.3 Foreign currencies

### 6.3.2.4 Transactions and balances

Transactions in foreign currencies are initially recorded at the rate prevailing in the functional currency on the date the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate prevailing on the date of preparing the financial statements. All differences arising from settlements or transactions on cash items are recorded in profit or loss.

### 6.3.2.5 Property, machinery and equipment

Property, machinery and equipment are recorded at cost less accumulated depreciation and/or accumulated impairment losses, if any. Projects under construction are not depreciated. Cost includes the cost of the replaced portion of property, machinery and equipment and borrowing costs for long-term construction projects if recognition requirements are met.

When significant parts of property, machinery and equipment are replaced at certain intervals, the Company recognizes those parts as individual assets with a specified useful life and depreciation. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

Buildings are stated at cost, deducting accumulated depreciation on the buildings and any impairment losses.

Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Statement	percentage
Buildings and constructions	3% or the lease contract, whichever is less
Machinery and equipment	10%
Cars	25%
furniture	10%
Electrical devices	13%
Power stations	10%

Any item of property, machinery and equipment is derecognized when it is disposed of or when no economic benefits are expected from its use or sale in the future. any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the book value of the asset) is recorded in the statement of profit or loss when the asset is disposed of.

The residual value, useful lives and methods of depreciation of property, machinery and equipment are reviewed at the end of each financial year and adjustments are made on a prospective basis, if necessary.

### 6.3.2.6 Capital works in progress

Assets under construction or development are capitalized under capital work in progress. Assets under construction or development are transferred to the appropriate category of property, machinery and equipment or intangible assets (depending on the nature of the project), When the asset reaches the location and/or condition necessary to be able to operate in the manner intended by management. The cost of the capital work-in-progress item includes the purchase price, construction/development cost, and any other costs directly related to the construction or acquisition of the capital work-in-progress item deemed by management. costs associated with testing capital work-in-progress items (before they are available for use) are capitalized net of proceeds from the sale of any production during the testing period. Capital work in progress is not depreciated or amortized.

### 6.3.2.7 Intangible assets

Intangible assets acquired individually are measured at initial recognition at cost. The cost of intangible assets acquired as a result of a business combination is the fair value on the acquisition date. After initial recognition, intangible assets are stated at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally developed intangible assets are not capitalized and expenses are included in profit or loss when incurred. The expected useful lives of intangible assets are estimated at a specific period of time or for an indefinite period, and the company depletes the intangible assets over 7 years. The company's intangible assets are computer programs.

As for intangible assets with a specific useful life, they are amortized over the period of their economic useful life, and impairment in value is assessed when there is an indication of a possible decline in value. The depletion period and method of depletion for intangible assets with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of benefiting from the future economic benefits

embodied in the asset are addressed by changing the period or method of depletion, as needed, and are treated as changes in accounting estimates. Depreciation expenses for intangible assets with a finite useful life are recognized in profit or loss as expenses that are proportionate to the function of the intangible asset.

As for intangible assets with an indefinite useful life, they are not amortized, but are tested to measure the decline in value annually, whether individually or at the level of cash-generating units. The indefinite life assessment of the asset is reviewed annually to determine whether the use of indefinite useful life is still justified. If these justifications do not persist, the useful life estimate will be changed to a specific useful life on a future basis. Profits or losses arising from the disposal of intangible assets are measured by the difference between the net disposal proceeds and the book value of the asset and are recognized in profit or loss when the asset is disposed of.

### 6.3.2.8 Lease contracts

The determination of whether any contract constitutes or contains a lease depends on its inception. A contract represents or includes a lease if it grants the right to control a specific asset or assets for a period of time in exchange for compensation.

#### 6.3.2.8.1 The company as a tenant

##### A. The assets of the right to use

The company lists right-of-use assets at the start date of the lease contract (i.e. the date on which the underlying asset becomes ready for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of recorded lease liabilities, initial direct costs incurred and lease payments made on or before the lease commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over their estimated useful life.

##### B. Lease obligations

At the lease commencement date, the Company records lease liabilities measured at the present value of lease payments made during the term of the lease. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives that may be received, variable lease payments based on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments include the price for exercising a purchase option when there is reasonable certainty that the Company will exercise it and payments for penalties for canceling the lease if the terms of the lease provide for the Company to exercise the cancellation option. For variable lease payments that do not depend on an index or rate, they are recorded as an expense in the period in which they are paid.

In calculating the present value of lease payments, the Company uses the marginal borrowing rate at the start date of the lease if the interest rate within the lease is not immediately determinable. After the contract commencement date, the amount of lease liabilities is increased to reflect interest accrual and the amount is reduced by lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or change in the term of the contract, a change in the substantially fixed lease payments, or a change in the valuation to purchase the underlying asset.

##### C. Short-term leases and leases of low-value assets

Short-term leases are contracts with a term of 12 months or less. Low-value assets are items that do not meet the company's capitalization limits and are considered immaterial to the statement of financial position as a whole. Payments for short-term leases and leases of low-value assets are recognized on a basis of fixed installment in profit or loss.

### 6.3.2.9 Decrease in the value of non-financial assets

At the financial reporting date, the Company assesses whether there is an indication that the value of an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the fair value of the asset or cash generating unit less the cost to sell or the value in use of the asset, whichever is higher. It is determined for a single asset unless the asset does not generate cash flows that are largely independent of the flows generated by other assets or groups of assets. When the carrying value of an asset or cash generating unit exceeds its recoverable amount, the value of the asset is impaired and the asset must be written down to its recoverable amount.

Impairment losses for continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets will reverse, except for goodwill. The reversal of an impairment loss is recognized in profit or loss.

### 6.3.2.10 Inventory

Inventories are valued at cost or net realizable value, whichever is lower. The cost of inventory is determined on the basis of the weighted average price method and includes expenses incurred in acquiring the inventory for finished inventory and raw materials, production or conversion costs and other costs incurred in bringing the inventory to the site in its present condition. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completing the sale. Inventory movement is reviewed at the end of the year and an allowance is made for stagnant or expired inventory if necessary.

## Financial assets

### 6.3.2.10.1 Initial recognition and measurement

Financial assets are classified upon initial recognition as being subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

All financial assets are recognized upon initial recognition at fair value plus transaction costs unless the financial asset is carried at fair value through profit or loss.

#### 6.3.2.10.2 Subsequent measurement

Subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortized cost

After initial measurement, these financial assets are measured at amortized value using the effective interest rate method and are subject to impairment. Profits or losses are recognized in the statement of profit or loss when the asset is eliminated, modifications made to it, or its value declines.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated in the statement of financial position at their fair value, with net changes in fair value recorded in the statement of profit or loss.

#### 6.3.2.10.3 Elimination of financial assets

Financial assets are eliminated in the following cases:

- ◆ Expiration of the right to receive cash flows from the asset, or
- ◆ The company has transferred its rights to receive cash flows from the asset or has committed to pay the cash flows in full without delay to a third party through a “transfer” agreement, whether (A) the company has transferred substantially all of the risks and rewards of the asset or (B) The company has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred its right to control it.

If the company transfers its rights to receive cash flows from an asset or enters into a transfer agreement, it assesses the extent to which it retains the risks and rewards associated with the asset. An asset is recognized to the extent that the Company's relationship with it continues if it neither transfers nor retains substantially all of the risks and rewards associated with the asset and does not transfer its right to control it. In that case, the company also recognizes the liabilities associated with it. The transferred asset and the associated liabilities are measured on a basis that reflects the rights and obligations that the company has retained.

The continuation of the relationship, which takes the form of a guarantee over the transferred asset, is measured by the original book value of the asset and the maximum amount that the company can be required to pay, whichever is less.

#### 6.3.2.10.4 Decrease in the value of financial assets

The company recognizes an allowance for expected credit losses for all debt instruments not listed at fair value through profit or loss.

An allowance for expected credit losses is recognized in two stages. For credit exposures that have not experienced a significant increase in credit risk since initial recognition, expected credit losses are recognized for the credit risk arising from a potential default within 12 months (expected credit losses over 12 months). As for credit exposure that has witnessed a significant increase in credit risk since initial recognition, a provision for expected credit losses should be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses).

For commercial debtors and contract assets, the company applies a simplified approach to calculating expected credit losses. Therefore, the company used a provision matrix that is based on its historical experience with credit losses, which are adjusted for future factors of debtors and the economic environment.

### 6.3.2.11 Cash and its equivalent

Cash and its equivalent in the statement of financial position consist of cash at banks.

### 6.3.2.12 Statutory reserve

The new Saudi Companies Law, which became effective on January 19, 2023 AD, removed the requirement to maintain a statutory reserve that existed in the previous system. The company is currently updating its Bylaws to comply with the new system. To date, the company has decided to continue with the old Companies Law and maintain the previously established statutory reserve while continuing to transfer 10% of the year's profit to the statutory reserve until this reserve reaches 30% of the capital. This reserve is not distributable as profits.

### 6.3.2.13 Allocations – General

Allocations is recognized when the company has present obligations (legal or constructive) resulting from past events, it is probable that resources including economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the Company expects to recover some or all of the Allocations, for example under an insurance contract, the recoveries are recognized as a separate asset only when the recovery is actually confirmed. The expense relating to the Allocation is presented in the statement of profit or loss, net of any recoveries.

If the effect of the time value of money is material, allocations are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the allocations due to the passage of time is recognized as financing costs.

### 6.3.2.14 Limited employee benefits obligation

The cost of benefits to employees under defined benefit plans is determined separately for each plan using the planned unit credit method.

Remeasurements, which consist of actuarial profits and losses, are recognized immediately in the statement of financial position and in retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

### 6.3.2.15 Dividend

Dividends are recorded as a liability in the period in which they are approved by the Board of Directors, and final dividends are recorded in the year in which they are approved by the General Assembly of Shareholders.

### 6.3.2.16 Financial obligations

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss, or as loans and payables, or as financial derivatives used as hedging tools in an effective hedge to cover risks.

All financial liabilities are recognized initially at fair value, and in the case of loans, advances and receivables, net of directly attributable transaction costs.

### 6.3.2.17 Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification as follows:

#### Loans and advances

After initial recognition, loans and advances are measured at amortized cost using the effective interest rate method. profits or losses are recognized in the statement of profit or loss when liabilities are eliminated, as well as through the process of amortizing the effective interest rate.

#### Exclusion of financial liabilities

Financial liabilities are eliminated when the obligation is paid, canceled or the obligation under the contract expires.

#### Clearing between financial instruments

A clearing is carried out between financial assets and liabilities, with the net amount shown in the statement of financial position if there is a right guaranteed by law to clearing the recognized amounts, and there is an intention to settle in the net, or if the realization of the assets and the settlement of the liabilities occur at the same time.

### 6.3.2.18 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not the Company has received invoices for them.

### 6.3.2.19 Revenue recognition

The Company recognizes revenue from contracts with customers based on a five-step model as defined in IFRS 15 "Revenue from Contracts with Customers". The company generates revenue mainly from the sale of glass and plastic products.

Revenue is recognized in the statement of comprehensive income when a performance obligation is satisfied at the price allocated to that performance obligation. This is defined as the point in time at which control of the goods is transferred to the customer, the amount of revenue can be measured reliably and collection is probable. Control is transferred to customers according to the terms of the commercial agreement.

Revenue represents the fair value of the consideration received or receivable for the goods sold, net after deducting returns, trade discounts, and rebates.

Products are sold primarily on a sale or return basis, and the allowance for returned sales is calculated based on expected returns of expired products based on historical experience. expected sales returns are offset against revenue with the accompanying effect in trade and other payables for cash sales and trade payables for forward sales.

### 6.3.2.20 Expenses

All operating expenses are distributed on a fixed basis between the cost of revenues, selling and marketing expenses, and general and administrative expenses using fixed distribution factors that are determined in proportion to the company's activities.

### 6.3.2.21 Zakat

The company sets aside a provision for Zakat in accordance with the instructions of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. The provision is charged to profit or loss.

### 6.3.2.22 Uncertain zakat status

Differences that may arise from the final assessments are accounted for when the company terminates its assessments with the Zakat, Tax and Customs Authority.

### 6.3.2.23 Value Added Tax

Revenues, expenses and assets are recognized net of value added tax except in the following cases:

- ◆ If value-added tax is due on the acquisition of assets or services, it is not recovered from the competent tax authority. In this case, value-added tax is recognized as part of the cost of purchasing the assets or part of the expense item, as the case may be.
- ◆ Accounts receivable and payables are shown including the , value-added tax amount.

The net value-added taxes that can be recovered from or paid to the competent tax authority are included among other receivables or other payables in the statement of financial position.

## 6.4 Income statement

The following table shows the company's income statement as of the years 2021 AD, 2022 AD, 2023 AD, the semi-annual period of 2023 AD, and 2024 AD:

Table 18: Income statement

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD				
Revenues	110,191,981	135,229,032	135,041,376	22.72%	(0.14%)	10.70%	68,475,884	59,796,818	(12.67%)
Cost of revenue	(72,196,459)	(91,520,569)	(91,748,518)	26.77%	0.25%	12.73%	(46,969,912)	(38,045,727)	(19.00)
<b>Gross profit</b>	<b>37,995,522</b>	<b>43,708,463</b>	<b>43,292,858</b>	<b>15.04%</b>	<b>(0.95%)</b>	<b>6.74%</b>	<b>21,505,972</b>	<b>21,751,091</b>	<b>1.14%</b>
General and administrative expenses	(8,346,716)	(8,173,143)	(9,985,383)	(2.08%)	22.17%	9.38%	(4,669,573)	(4,764,396)	2.03%
Selling and marketing expenses	(2,071,498)	(2,005,907)	(2,399,114)	(3.17%)	19.60%	7.62%	(1,283,375)	(1,380,430)	7.56%
(Provision)/reimbursement of expected credit losses		611,807	(38,467)		(106.29%)		41,332	(162,343)	(492.78%)
<b>Operating profit</b>	<b>27,577,308</b>	<b>34,141,220</b>	<b>30,869,894</b>	<b>23.80%</b>	<b>(9.58%)</b>	<b>5.80%</b>	<b>15,594,356</b>	<b>15,443,922</b>	<b>(0.96%)</b>
Profits/(losses) revaluation of financial assets at fair value		(470,506)	18,368,660		(4004.02%)		14,008,615	14,750,338	5.29%
Dividends from financial assets at fair value			1,083,301				272,030	586,688	115.67%
Other revenues	198,000	68,070	252,930	(65.62%)	271.57%	13.02%	-	101,502	100.00%
Financing costs	(1,285,037)	(1,377,130)	(1,340,717)	7.17%	(2.64%)	2.14%	(597,174)	(609,785)	2.11%
<b>Profit before zakat</b>	<b>26,490,271</b>	<b>32,361,654</b>	<b>49,234,068</b>	<b>22.16%</b>	<b>52.14%</b>	<b>36.33%</b>	<b>29,277,827</b>	<b>30,272,665</b>	<b>3.40%</b>
<b>Zakat</b>	<b>(1,607,918)</b>	<b>(1,618,272)</b>	<b>(2,658,881)</b>	<b>0.64%</b>	<b>64.30%</b>	<b>28.59%</b>	<b>(1,584,154)</b>	<b>(1,959,510)</b>	<b>23.69%</b>
<b>Profit for the year</b>	<b>24,882,353</b>	<b>30,743,382</b>	<b>46,575,187</b>	<b>23.55%</b>	<b>51.50%</b>	<b>36.81%</b>	<b>27,693,673</b>	<b>28,313,155</b>	<b>2.24%</b>
<b>Other comprehensive income:</b>									
Items that will not be reclassified to profit or loss later:									
Remeasurement of employee defined benefit obligation	392,921	(360,441)	(44,417)	(191.73%)	(87.68%)		(180,220)	(22,208)	87.68%
<b>Other comprehensive loss for the year</b>	<b>392,921</b>	<b>(360,441)</b>	<b>(44,417)</b>	<b>(191.73%)</b>	<b>(87.68%)</b>		<b>(180,220)</b>	<b>(22,208)</b>	<b>87.68%</b>
<b>Comprehensive income for the year</b>	<b>25,275,274</b>	<b>30,382,941</b>	<b>46,530,770</b>	<b>20.21%</b>	<b>53.15%</b>	<b>35.68%</b>	<b>27,513,453</b>	<b>28,290,947</b>	<b>2.83%</b>
<b>Basic and diluted earnings per share</b>	<b>3.98</b>	<b>4.92</b>	<b>7.45</b>	<b>23.62%</b>	<b>51.42%</b>	<b>36.82%</b>	<b>4.40</b>	<b>4.50</b>	<b>2.27%</b>

Source: The company's audited financial statements and management information

## 6.4.1 Revenues

The following table shows the company's revenues based on the type of goods sold as in the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2023 AD, and 2024 AD:

Table 19: revenues based on the type of goods sold

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD				
Type of goods									
Glass sale	75,456,038	104,004,083	106,873,774	37.83%	2.76%	19.01%	51,417,508	44,544,842	(13.37)
Plastic sale	34,735,943	31,224,949	28,167,602	(10.11%)	(9.79%)	(9.95%)	17,058,376	15,251,976	(10.59)
<b>Total revenue from contracts with customers</b>	<b>110,191,981</b>	<b>135,229,032</b>	<b>135,041,376</b>	<b>22.72%</b>	<b>(0.14%)</b>	<b>10.70%</b>	<b>68,475,884</b>	<b>59,796,818</b>	<b>(12.67%)</b>

Source: The company's audited financial statements and management information

- ◆ The company's revenues, based on the type of goods sold, consist of sales of glass and plastic.
- ◆ Glass sales represent the largest proportion of the company's sales. It represented 68%, 77%, 79%, and 74% in the years 2021 AD, 2022 AD, 2023 AD, and the six-month period ended June 30, 2024 AD (unaudited).
- ◆ As described above, glass sales are the primary driver of a company's sales, which has the greatest impact on whether overall revenues rise or fall.
- ◆ In 2022 AD, sales saw an increase of 22.72%. The reason for this is due to the company's continuous expansion and it's attracting a larger number of customers within the Kingdom of Saudi Arabia.
- ◆ In 2023 AD, there was a slight decrease in revenues at a rate of 1.17%. This decrease is due to Raoom Trading Company's competitors reducing their prices while the company's prices remained constant, which led slightly to attracting customers towards competitors, but this did not have any significant impact on the company's operations.
- ◆ Sales volume increased in 2024 AD, offsetting declining revenues due to price competition in the market.
- ◆ Gross profit margin in the first half of fiscal year 2024 AD increased to 36.37% due to lower cost of revenue.

The following table shows the company's revenues based on the type of goods sold as in the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2023 AD, and 2024 AD:

Table 20: Geographical distribution

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD				
Revenues within the Kingdom of Saudi Arabia	107,343,640	133,260,725	132,283,546	24.14%	(0.73%)	11.01%	66,765,984	58,119,952	(12.95)
Revenues outside the Kingdom of Saudi Arabia	2,848,341	1,968,307	2,757,830	(30.90%)	40.11%	(1.60%)	1,709,900	1,676,866	(1.93)
<b>Total</b>	<b>110,191,981</b>	<b>135,229,032</b>	<b>135,041,376</b>	<b>22.72%</b>	<b>(0.14%)</b>	<b>10.70%</b>	<b>68,475,884</b>	<b>59,796,818</b>	<b>(12.67)</b>

Source: The company's audited financial statements and management information

- ◆ The company's revenues are divided based on revenues inside the Kingdom of Saudi Arabia and outside the Kingdom of Saudi Arabia.
- ◆ Revenues within the Kingdom of Saudi Arabia represented the largest proportion of total revenues. It represented 97% to 99% during the reporting period.
- ◆ In 2022 AD, the company's revenues from domestic sales increased by 24.14%.
- ◆ in 2023 AD there wasn't a change to be mentioned in the domestic sales.
- ◆ The company's revenues from outside the Kingdom of Saudi Arabia are the result of exporting products, and the company does not have any branches outside the Kingdom of Saudi Arabia.
- ◆ The company has eight branches within the Kingdom of Saudi Arabia, five of which are in the city of Qassim and four of which are distributed equally between the cities of Riyadh and Jeddah.
- ◆ The company's headquarters is located in Qassim City, Buraidah.
- ◆ The sales for the semi-annual period of 2024 decreased compared to the previous period, as the decrease within the Kingdom of Saudi Arabia reached (12.95%) while the percentage of decline for sales outside the Kingdom of Saudi Arabia reached (1.93%).

## 6.4.2 Cost of revenue

The following table shows the company's cost of revenues as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2023 AD, and 2024 AD:

Table 21: Cost of revenues

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD				
Material cost	59,101,865	77,703,105	76,833,693	31.47%	(1.12%)	14.02%	39,420,200	30,664,552	(22.21%)
Salaries and their equivalents	4,504,104	4,390,087	4,960,432	(2.53%)	12.99%	4.94%	2,408,482	2,436,979	1.18%
Depreciation of property, machinery and equipment	3,324,657	3,233,408	3,166,806	(2.74%)	(2.06%)	(2.40%)	1,594,954	1,550,564	(2.78)
Spare parts and maintenance	1,486,487	1,603,603	2,255,584	7.88%	40.66%	23.18%	1,302,320	626,538	(51.12)
Electricity and water	1,636,027	1,796,532	1,959,693	9.81%	9.08%	9.45%	907,821	936,799	3.19%
Fuels	611,564	787,867	1,045,531	28.83%	32.70%	30.75%	516,730	614,854	18.99%
Customs fees	605,544	1,066,224	747,581	76.08%	(29.89%)	11.11%	508,137	707,341	39.20%
Depreciation of right-of-use assets	99,336	93,118	93,118	(6.26%)	0.00%	(3.18%)	-	-	-
Operating and production expenses	372,692	300,796		(19.29%)	(100.00%)	(100.00%)	-	-	-
Rent and transportation expenses	204,455	244,800		19.73%	(100.00%)	(100.00%)	-	-	-
Others	249,728	301,029	686,080	20.54%	127.91%	65.75%	311,268	508,100	63.24%
<b>Total</b>	<b>72,196,459</b>	<b>91,520,569</b>	<b>91,748,518</b>	<b>26.77%</b>	<b>0.25%</b>	<b>12.73%</b>	<b>46,969,912</b>	<b>38,045,727</b>	<b>(18.98%)</b>

Source: The company's audited financial statements and management information

- ◆ The cost of revenues consists of the costs of raw materials, salaries and their equivalents, depreciation of property, machinery, equipment, spare parts, maintenance, electricity, water, fuel, customs duties, depreciation of right-of-use assets, operating and production expenses, rental and transportation expenses, and other costs.
- ◆ During 2022 AD and 2023 AD, cost of revenues increased by 26.77% and 0.25%, respectively.
- ◆ The increase in 2022 AD is mainly the result of the increase in the cost of materials by 31.47%.
- ◆ Material cost represented the largest proportion of revenue cost during the three years. Its percentage ranged from 82% to 85% of the total cost of revenue. followed by salaries and their equivalents and depreciation of property, machinery and equipment at rates ranging from 3% to 6% of the total cost of revenues. the cost of materials is directly related to sales activity.
- ◆ Material cost represents the cost of purchasing raw materials from suppliers.
- ◆ The cost of materials increased by 31.47% in 2022 AD due to the increase in sales.
- ◆ In 2023 AD, the cost of materials decreased by 1.12% as a result of a decrease in the prices of raw materials and purchases from suppliers.
- ◆ Salaries and their equivalents represented 5% to 6% during the reporting period.
- ◆ In 2022 AD, there was a decrease of 2.53% as a result of a number of employees taking unpaid leave, which resulted in a deduction in salaries.
- ◆ The increase in salaries and their equivalents in 2023 AD was due to the increase in the number of factory employees.
- ◆ Water and electricity costs increased during the reporting period as a result of the company's continued expansion.
- ◆ The 100% decrease in operating and production expenses and rental and transportation expenses in 2023 is the result of classifying these two items under the other item in the same year.
- ◆ In June 2024 AD, cost of revenue decreased by 18.98% compared to June 2023 AD, in line with lower sales.
- ◆ During the June 2024 AD period, the company made efforts to maintain better profitability and therefore the cost of materials decreased by 22.21% compared to the corresponding period of fiscal year 2023.
- ◆ Customs duties in the semi-annual period of 2024 AD increased by 39.20% due to the increase in the amount of production and sales compared to the first half of 2023 AD.



### 6.4.3 General and administrative expenses

The following table shows the company's general and administrative expenses as in the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2023 AD, and 2024 AD:

Table 22: General and administrative expenses

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD				
Salaries, wages, and their equivalents	4,280,424	3,585,400	3,834,212	(16.24%)	6.94%	(5.36%)	1,869,086	1,961,110	4.92%
Professional and consulting fees	167,500	180,000	327,000	7.46%	81.67%	39.72%	722,500	1,046,063	44.78%
Professional fees for the acquisition			1,132,500				-	-	0.00%
Governmental fees	1,175,268	1,143,243	1,088,533	(2.72%)	(4.79%)	(3.76%)	498,128	392,461	(21.21%)
Insurances	1,217,003	991,557	924,207	(18.52%)	(6.79%)	(12.86%)	500,849	495,403	(1.09%)
Travel and vacations	123,020	1,122,470	657,443	812.43%	(41.43%)	131.18%	-	-	0.00%
Medical insurance		384,470	487,719		26.85%		235,283	135,205	(42.54%)
Fees and subscriptions			267,415				200,932	168,394	(16.19%)
Hospitality	210,266	267,951	224,260	27.43%	(16.31%)	3.27%	112,533	123,632	9.86%
Telephone and mail	136,842	131,257	221,277	(4.08%)	68.58%	27.16%	134,508	79,365	(41.00%)
Office supplies	71,092	89,656	79,937	26.11%	(10.84%)	6.04%	29,223	28,454	(2.63%)
Depreciation of property, machinery and equipment	73,219	83,276	79,403	13.74%	(4.65%)	4.14%	40,468	38,379	(5.16%)
Property insurance	62,852	76,444	64,648	21.63%	(15.43%)	1.42%	39,898	63,587	59.37%
Amortization of intangible assets	10,913	10,912	10,913	(0.01%)	0.01%	0.00%	5,412	5,426	0.26%
Donations	41,247			(100.00%)		(100.00%)	-	-	0.00%
Other	777,070	106,507	585,916	(86.29%)	450.12%	(13.17%)	280,753	227,017	(19.14%)
<b>Total</b>	<b>8,346,716</b>	<b>8,173,143</b>	<b>9,985,383</b>	<b>(2.08%)</b>	<b>22.17%</b>	<b>9.38%</b>	<b>4,669,573</b>	<b>4,764,496</b>	<b>2.03%</b>

Source: The company's audited financial statements and management information

- ◆ General and administrative expenses consist of salaries, wages and their equivalents, professional fees, consulting, professional fees for the acquisition deal, government fees, insurances, travel, vacations, medical insurance, fees and subscriptions, hospitality, telephone, mail, office supplies, depreciation of property, machinery and equipment, property insurance, amortization of intangible assets, donations and other administrative expenses.
- ◆ Salaries, wages, and their equivalents represented the largest proportion of general and administrative expenses. It represented between 38% and 51% of the total general and administrative expenses during the reporting period.
- ◆ General and administrative expenses decreased by 2.08% in 2022 AD as a result of the decrease in salaries, wages and their equivalents by 16.24% and a number of other general and administrative expense items.
- ◆ In 2023 AD, general and administrative expenses increased by 22.17% as a result of the increase in salaries, wages and their equivalents, and professional and consulting fees by 6.94% and 81.67%, respectively.
- ◆ The decrease in salaries and their equivalents in 2022 AD (as mentioned in the Cost of Revenues section) is the result of a number of employees taking leave above the permitted limit of their leave balance, resulting in a payroll deduction.
- ◆ In 2023 AD, salaries, wages, and their equivalents increased as a result of the return of employees who took unpaid leave in 2021 AD.
- ◆ In 2022 AD, there was a significant increase of 812.43% in travel and vacation expenses, with an estimated value of approximately 1 million Saudi Riyals. This significant increase is the result of the end of the quarantine period on air navigation and the return of flights, which led to many employees taking their vacation at the same time. In addition, the vacation allowances and costs were calculated cumulatively during the year 2022 AD, meaning that the balance from the years of quarantine was added to the balance of 2022 AD, which resulted in the large increase.
- ◆ Professional fees and consulting represent expenses paid to the external auditor and professional services in general. The increase in 2023 AD by 81.67% is the result of the company's contract with an internal auditor. Also, there was a professional fee for financial examination and feasibility study consultants that was related to the purchase of a factory. Moreover, during fiscal year 2024 AD, the cost remained high due to the expenses of professional fees incurred to transfer shares to the main market TASI.

- ◆ Government fees represent the expenses of residence and visas for the non-Saudi workforce. They decreased by 2.72% and 4.79% in 2022 AD and 2023 AD, respectively. However, these expenses witnessed a significant decrease in the first half of 2024 AD compared to the first half of 2023 AD, where they decreased by 21.21%.
- ◆ During the first half of 2024 AD, general and administrative expenses increased by 2.03%, mainly due to an increase in salaries compared to the same period in fiscal year 2023 AD.

#### 6.4.4 Selling and marketing expenses

The following table shows the company's selling and marketing expenses as in the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2023 AD, and 2024 AD:

Table 23: Selling and marketing expenses

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD				
Amortization of right-of-use assets	1,887,396	1,865,649	1,922,768	(1.15%)	3.06%	0.93%	954,799	1,007,943	5.57%
Depreciation of property, machinery and equipment	184,032	140,058	258,663	(23.89%)		18.56%	114,734	146,822	27.97%
Salaries, wages and its equivalents	-	-	-	0.00%	0.00%	0.00%	105,000	105,000	0.00%
Sales Bonus	-	-	-	0.00%	0.00%	0.00%	108,842	120,665	10.86%
Others	70	200	217,683	185.71%	108741.50%	5476.52%	-	-	0.00%
<b>Total</b>	<b>2,071,498</b>	<b>2,005,907</b>	<b>2,399,114</b>	<b>(3.17%)</b>	<b>19.60%</b>	<b>7.62%</b>	<b>1,283,375</b>	<b>1,380,430</b>	<b>7.56%</b>

Source: The company's audited financial statements and management information

- ◆ Selling and marketing expenses consist of amortization of right-of-use assets, depreciation of property, machinery and equipment and other selling and marketing expenses.
- ◆ Selling and marketing expenses decreased by 3% in 2022 AD and increased by 20% in 2023 AD.
- ◆ Selling and marketing expenses decreased in 2023 AD as a result of the decrease in the amortization of right-of-use assets and depreciation of property, machinery and equipment by 1% and 24%, respectively.
- ◆ Selling and marketing expenses increased by 20% in 2023 AD due to a significant increase of 108741.50% in other expenses. the significant increase that occurred is the result of reclassifying sales staff commissions from general and administrative expenses to selling and marketing expenses, excluding other items. In the year 2023 AD.
- ◆ In the first half of 2024 AD, selling and marketing expenses increased by 7.56% compared to the same period in 2023 AD. This is due to price competition in the market and attracting new customers, which is required to maintain the company's profitability.

#### 6.4.5 Other revenues

The following table shows the company's other revenues as in the years 2021 AD, 2022 AD, and 2023 AD:

Table 24: Other revenues

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate
				2022 AD	2023 AD	
(Losses)/profits on disposal of property, machinery and equipment	(4,500)		141,653	(100%)		
Profits resulting from foreign commission differences			111,277			
Excluding lease contracts	202,500	67,943		(66%)	(100%)	(100%)
Others		127			(100%)	
<b>Total</b>	<b>198,000</b>	<b>68,070</b>	<b>252,930</b>	<b>(66%)</b>	<b>272%</b>	<b>13.02%</b>

Source: The company's audited financial statements and management information

- ◆ Other income consists of losses/Profits on disposal of property, machinery and equipment, profits on foreign commission differences and disposal of leases and others.
- ◆ Other income decreased by 66% in 2022 AD due to the decrease in lease exclusions.
- ◆ During 2023 AD, other income increased by 272% as a result of profits on disposal of property, machinery and equipment amounting to 141,653 Saudi Riyals and profits resulting from foreign commission differences amounting to 111,277 Saudi Riyals.

## 6.4.6 Financing costs

The following table shows the company's financing costs as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2023 AD, and 2024 AD:

Table 25: Financing costs

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD				
Benefits of lease obligations	1,229,623	1,315,302	1,205,092	7%	(8%)	(1.00%)	597,174	609,785	2.07%
Employee defined benefit obligation benefits	55,414	61,828	135,625	12%	119%	56.44%	-	-	0%
<b>Total</b>	<b>1,285,037</b>	<b>1,377,130</b>	<b>1,340,717</b>	<b>7%</b>	<b>(3%)</b>	<b>2.14%</b>	<b>597,174</b>	<b>609,785</b>	<b>2.07%</b>

Source: The company's audited financial statements and management information

- ◆ Financing costs consist of interest on lease obligations and interest on employee benefit obligations.
- ◆ Interest on lease obligations represents the largest proportion of the company's financing costs. It represented 90% to 96% during the reporting period.
- ◆ Financing costs increased by 7% in 2022 AD and decreased by 3% in 2023 AD.
- ◆ Changes in financing costs are the result of the company's normal operations.
- ◆ During the first half of 2024 AD, financing costs increased by 2.07% compared to the first half of 2023 AD.

## 6.5 Statement of financial position

The following table shows the company's statement of financial position as in the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2023 AD, and 2024 AD:

Table 26: Statement of financial position

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
<b>Assets</b>								
<b>Non-current assets</b>								
Property, machinery and equipment	40,599,059	39,839,420	43,294,925	(1.87%)	8.67%	3.27%	43,455,881	0.37%
Intangible assets	31,685	20,773	9,860	(34.44%)	(52.53%)	(44.22%)	4,434	(55.03%)
Right-of-use assets	34,625,046	33,553,236	31,856,214	(3.10%)	(5.06%)	(4.08%)	30,848,271	(3.16%)
<b>Total non-current assets</b>	<b>75,255,790</b>	<b>73,413,429</b>	<b>75,160,999</b>	<b>(2.45%)</b>	<b>2.38%</b>	<b>(0.06%)</b>	<b>74,308,586</b>	<b>(1.13%)</b>
<b>Current assets</b>								
Inventory	34,283,253	29,107,323	21,773,483	(15.10%)	(25.20%)	(20.31%)	27,197,763	24.91%
Financial assets at fair value through profit or loss		35,486,892	56,917,300		60.39%		48,286,056	(15.16%)
Trade receivables	3,492,935	2,443,507	2,617,394	(30.04%)	7.12%	(13.44%)	4,026,717	53.84%
Prepaid expenses and other debit balances	4,024,195	1,822,677	2,425,602	(54.71%)	33.08%	(22.36%)	2,738,453	12.90%
Cash at banks	22,053,736	11,712,534	22,628,979	(46.89%)	93.20%	1.30%	44,406,902	96.24%
<b>Total current assets</b>	<b>63,854,119</b>	<b>80,572,933</b>	<b>106,362,758</b>	<b>26.18%</b>	<b>32.01%</b>	<b>29.06%</b>	<b>126,655,891</b>	<b>19.09%</b>
<b>Total assets</b>	<b>139,109,909</b>	<b>153,986,362</b>	<b>181,523,757</b>	<b>10.69%</b>	<b>17.88%</b>	<b>14.23%</b>	<b>200,964,477</b>	<b>10.72%</b>
<b>Equity and liabilities</b>								

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
<b>Equity</b>								
Capital	50,000,000	62,500,000	62,500,000	25.00%	0.00%	11.80%	62,500,000	0.00%
Statutory reserve	12,014,660	15,088,998	18,750,000	25.59%	24.26%	24.92%	18,750,000	0.00%
Retained earnings	33,440,130	29,498,733	55,181,001	(11.79%)	87.06%	28.46%	74,096,948	34.28%
<b>Total equity</b>	<b>95,454,790</b>	<b>107,087,731</b>	<b>136,431,001</b>	<b>12.19%</b>	<b>27.40%</b>	<b>19.55%</b>	<b>155,346,948</b>	<b>13.86%</b>
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Defined employee benefits commitment	2,335,233	3,123,529	3,721,135	33.76%	19.13%	26.23%	4,061,079	9.14%
Lease obligations - non-current portion	36,068,875	35,863,945	34,755,124	(0.57%)	(3.09%)	(1.84%)	34,079,563	(1.94%)
<b>Total non-current liabilities</b>	<b>38,404,108</b>	<b>38,987,474</b>	<b>38,476,259</b>	<b>1.52%</b>	<b>(1.31%)</b>	<b>0.09%</b>	<b>38,140,642</b>	<b>(0.87%)</b>
<b>Current liabilities</b>								
Trade creditors	250,163	1,620,013	19,892	547.58%	(98.77%)	(71.80%)	1,792,579	8911.56%
Lease obligations - current portion	1,279,060	1,330,085	1,444,196	3.99%	8.58%	6.26%	1,601,300	10.88%
Accrued expenses and other credit balances	1,789,134	3,017,234	2,493,809	68.64%	(17.35%)	18.06%	2,126,309	(14.74%)
Zakat due	1,932,654	1,943,825	2,658,600	0.58%	36.77%	17.29%	1,956,699	(26.40%)
<b>Total current liabilities</b>	<b>5,251,011</b>	<b>7,911,157</b>	<b>6,616,497</b>	<b>50.66%</b>	<b>(16.36%)</b>	<b>12.25%</b>	<b>7,476,887</b>	<b>13.00%</b>
<b>Total liabilities</b>	<b>43,655,119</b>	<b>46,898,631</b>	<b>45,092,756</b>	<b>7.43%</b>	<b>(3.85%)</b>	<b>1.63%</b>	<b>45,617,529</b>	<b>1.16%</b>
<b>Total equity and liabilities</b>	<b>139,109,909</b>	<b>153,986,362</b>	<b>181,523,757</b>	<b>10.69%</b>	<b>17.88%</b>	<b>14.23%</b>	<b>200,964,477</b>	<b>10.71%</b>

Source: The company's audited financial statements and management information.

## 6.5.1 Non-current assets

The following table shows the company's non-current assets as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 27: Non-current assets

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
<b>Non-current assets</b>								
Property, machinery and equipment	40,599,059	39,839,420	43,294,925	(1.87%)	8.67%	3.27%	43,455,881	0.37%
Intangible assets	31,685	20,773	9,860	(34.44%)	(52.53%)	(44.22%)	4,434	(55.03%)
Right-of-use assets	34,625,046	33,553,236	31,856,214	(3.10%)	(5.06%)	(4.08%)	30,848,271	(3.16%)
<b>Total non-current assets</b>	<b>75,255,790</b>	<b>73,413,429</b>	<b>75,160,999</b>	<b>(2.45%)</b>	<b>2.38%</b>	<b>(0.06%)</b>	<b>74,308,586</b>	<b>(1.13%)</b>

Source: The company's audited financial statements and management information.

- ◆ Non-current assets consist of property, machinery and equipment, intangible assets and right-of-use assets.
- ◆ Property, machinery and equipment represented the largest proportion of non-current assets at more than 50% during the reporting period.

- ◆ Non-current assets decreased by 2.45% in 2022 AD as a result of the decrease in property, plant and equipment, intangible assets and right-of-use assets by 1.87%, 34.44% and 3.10%, respectively.
- ◆ In 2023 AD, non-current assets increased by 2.38% due to an increase in property, machinery and equipment.
- ◆ At June 30, 2024 AD, non-current assets decreased by 1.13% due to routine depreciation and amortization.

## 6.5.2 Property, machinery and equipment

The following table shows the Property, machinery and equipment as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 28: Property, machinery and equipment

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Buildings and construction	20,054,756	19,347,470	18,640,184	(3.53%)	(3.66%)	(3.59%)	18,288,474	(1.89%)
Machines and equipment	16,312,344	14,052,287	11,831,203	(13.85%)	(15.81%)	(14.84%)	10,700,057	(9.56%)
Cars	989,934	1,434,476	1,628,842	44.91%	13.55%	28.27%	2,213,389	35.89%
furniture	24,599	23,028	21,457	(6.39%)	(6.82%)	(6.60%)	20,676	(3.64%)
Electrical devices	412,495	370,685	293,293	(10.14%)	(20.88%)	(15.68%)	257,618	(12.16%)
Power stations	923,931	787,866	651,801	(14.73%)	(17.27%)	(16.01%)	584,140	(10.38%)
Projects under implementation	1,881,000	3,823,608	10,228,145	103.28%	167.50%	133.19%	11,391,527	11.37%
<b>Total</b>	<b>40,599,059</b>	<b>39,839,420</b>	<b>43,294,925</b>	<b>(1.87%)</b>	<b>8.67%</b>	<b>3.27%</b>	<b>43,455,881</b>	<b>0.37%</b>

Source: The company's audited financial statements and management information.

- ◆ Property, machinery and equipment consists of buildings, structures, machinery and equipment, motor vehicles, furniture and furnishings, electrical appliances, electrical stations and projects in progress.
- ◆ Buildings and structures represented the largest proportion of property, machinery and equipment. Buildings and construction represented between 43% and 49% of the total property, machinery and equipment.
- ◆ In 2022 AD, there was a 1.87% decrease in property, machinery and equipment due to the decline in most property, plant and equipment despite a 44.91% increase in motor vehicles. the decrease in the carrying value of property, machinery and equipment in 2022 is the result of accumulated depreciation.
- ◆ In 2023 AD, property, machinery and equipment increased by 8.67% as a result of the increase in the motor vehicle item and the projects in progress item by 13.55% and 167.20%, respectively.
- ◆ The increase in cars in both years is the result of the company purchasing two vehicles in 2022 AD and two more vehicles in 2023 AD as well.
- ◆ The projects under implementation include the establishment of new production lines (glass lamination machine - autoclave glass machine), and the management expects to complete the installation during the second half of 2024 AD.
- ◆ As of December 31, 2023 AD, there were no capital commitments related to projects under implementation within property, machinery and equipment.
- ◆ Capital commitments to complete projects under implementation as of December 31, 2022 AD amounted to 6,350,076 Saudi Riyals (2021 AD: amount 605,434 Saudi Riyals).
- ◆ During the first half of 2024 AD, Property, machinery and equipment increased by 0.39%.

## 6.5.3 Intangible assets

The following table shows the company's intangible assets as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 29: Intangible assets

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Cost								
As of January 1	87,300	87,300	87,300	0.00%	0.00%	0.00%	87,300	0.00%
As at the end of the period	87,300	87,300	87,300	0.00%	0.00%	0.00%	87,300	0.00%
Accumulated amortization								
As of January 1	44,702	55,615	66,527	24.41%	19.62%	21.99%	77,440	16.40%
Charged during the year	10,913	10,912	10,913	(0.01%)	0.01%	0.00%	5,426	(50.28%)

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
As at the end of the period	55,615	66,527	77,440	19.62%	16.40%	18.00%	82,866	7.01%
Net book value								
<b>As at the end of the period</b>	<b>31,685</b>	<b>20,773</b>	<b>9,860</b>	<b>(34.44%)</b>	<b>(52.53%)</b>	<b>(44.22%)</b>	<b>4,434</b>	<b>(55.03%)</b>

Source: The company's audited financial statements and management information.

- ◆ Intangible assets represent computer software only.
- ◆ The decrease in both years in intangible assets is the result of amortization.

## 6.5.4 Right-of-use assets

The following table shows the company's right-of-use assets as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 30: Right-of-use assets

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
As of January 1	40,585,242	34,625,046	33,553,236	(14.69%)	(3.10%)	(9.08%)	31,856,214	(5.06%)
Extras			318,864				-	-
Exclusions		(79,899)			(100.00%)		-	-
Amending lease contracts		966,856			(100.00%)		-	-
Depreciation charge for the year	(5,960,196)	(1,958,767)	(2,015,886)	(67.14%)	2.92%	(41.84%)	(1,007,943)	(50.00%)
<b>Net book value as at the end of the period</b>	<b>34,625,046</b>	<b>33,553,236</b>	<b>31,856,214</b>	<b>(3.10%)</b>	<b>(5.06%)</b>	<b>(4.08%)</b>	<b>30,848,271</b>	<b>(3.16%)</b>

Source: The company's audited financial statements and management information.

- ◆ Right-of-use assets decreased by 3.10% in 2022 AD and 5.06% in 2023 AD and 3.16% in the first half of the year 2024 AD.
- ◆ The Company includes right-of-use assets in its books at the beginning of the lease, namely when the leased asset becomes ready for use. these assets are valued at cost, less any accumulated depreciation and impairment losses, and are adjusted for any revaluation of the lease liability. the cost of these assets includes the recognized amount of lease liabilities, initial direct costs and lease payments made before or at the commencement date, less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over their estimated useful life.
- ◆ The company is engaged in renting warehouses and buildings. The duration of leases ranges from 3 to 25 years. In addition, the company leases the land on which its factories are located from the Saudi Authority for Industrial Cities and Technology Zones, also known as MODON, with lease terms ranging from 2 to 14 years.

The following table shows the movement of the company's lease obligations as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 31: Movement of the company's lease obligations

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
As of January 1	38,587,519	37,347,935	37,194,030	(3.21%)	(0.41%)	(1.82%)	36,199,320	(2.67%)
Extras			318,864					
Interest expense	1,229,623	1,315,302	1,205,092	6.97%	(8.38%)	(1.00%)	609,785	(49.40%)
Amending lease contracts	(202,500)	966,856		(577.46%)	(100.00%)	(100.00%)		0.00%
Exclusions		(147,842)			(100.00%)			
paid	(2,266,707)	(2,288,221)	(2,518,666)	0.95%	10.07%	5.41%	(1,128,242)	(55.20%)
As at the end of the period	37,347,935	37,194,030	36,199,320	(0.41%)	(2.67%)	(1.55%)	35,680,863	(1.43%)

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Current portion	1,279,060	1,330,085	1,444,196	3.99%	8.58%	6.26%	1,601,300	10.88%
Non-current portion	36,068,875	35,863,945	34,755,124	(0.57%)	(3.09%)	(1.84%)	34,079,563	(1.94%)

Source: The company's audited financial statements and management information.

## 6.5.5 Current assets

The following table shows the company's current assets as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 32: Current assets

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Current assets								
Inventory	34,283,253	29,107,323	21,773,483	(15.10%)	(25.20%)	(20.31%)	27,197,763	24.91%
Financial assets at fair value through profit or loss		35,486,892	56,917,300		60.39%		48,286,056	(15.16%)
Trade receivables	3,492,935	2,443,507	2,617,394	(30.04%)	7.12%	(13.44%)	4,026,717	53.84%
Prepaid expenses and other debit balances	4,024,195	1,822,677	2,425,602	(54.71%)	33.08%	(22.36%)	2,738,453	12.90%
Cash at banks	22,053,736	11,712,534	22,628,979	(46.89%)	93.20%	1.30%	44,406,902	96.24%
<b>Total current assets</b>	<b>63,854,119</b>	<b>80,572,933</b>	<b>106,362,758</b>	<b>26.18%</b>	<b>32.01%</b>	<b>29.06%</b>	<b>126,665,891</b>	<b>19.09%</b>

Source: The company's audited financial statements and management information.

- ◆ The company's current assets consist of inventory, financial assets at fair value through profit or loss, trade receivables, prepaid expenses, other receivable balances and cash with banks.
- ◆ The inventory of total current assets in 2021 AD, 2022 AD, 2023 AD and June 2024 AD represented 54%, 36%, 20% and 21% respectively.
- ◆ During the following years 2022 AD, 2023 AD and June 2024 AD, financial assets at fair value through profit or loss represented 44%, 54% and 38% respectively.
- ◆ Current assets increased in 2022 AD and 2023 AD by 26.18% and 32.01%, respectively.
- ◆ The increase in current assets in 2022 AD was due to financial assets at fair value through profit or loss amounting to 35,486,892 Saudi Riyals.
- ◆ In 2023 AD, the increase in current assets resulted due to the increase in most current assets despite a decrease in inventory at a rate of 25.20%.
- ◆ By the end of June 2024 AD, current assets increased by 19.08% despite the decline in the value of financial assets.

## 6.5.6 Inventory

The following table shows the company's inventory as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 33: Inventory

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Glass	20,293,135	21,352,866	13,154,227	5.22%	(38.40%)	(19.49%)	18,340,086	39.42%
Plastic	12,849,517	6,651,957	7,787,366	(48.23%)	17.07%	(22.15%)	7,703,071	(1.08%)
Accessories	200,785	1,102,500	831,890	449.09%	(24.55%)	103.55%	1,154,606	38.79%
Other products	939,816			(100.00%)		(100.00%)	-	0.00%
<b>Total</b>	<b>34,283,253</b>	<b>29,107,323</b>	<b>21,773,483</b>	<b>(15.10%)</b>	<b>(25.20%)</b>	<b>(20.31%)</b>	<b>27,197,763</b>	<b>24.91%</b>

Source: The company's audited financial statements and management information.

- ◆ Inventory consists of glass, plastic, accessories and other products inventory.
- ◆ Glass inventory constitutes the largest percentage of the company's inventory.
- ◆ Glass inventory represented 59%, 73%, 60%, and 67% of the company's total inventory in the years 2021 AD, 2022 AD, 2023 AD, and June 2024 AD respectively.
- ◆ Inventory decreased by 15.10% in 2022 AD and 25.20% in 2023 AD.
- ◆ Changes in inventory are the result of the company's normal activities such as supply, demand and sales in the market.
- ◆ Inventory increased by 24.91% and constituted 21.47% of total current assets in the first half of fiscal year 2024 AD, due to the company's strategy of accumulating inventory at good prices.



## 6.5.7 Financial assets at fair value through profit or loss

The following table shows the financial assets at fair value through profit or loss of the company as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 34: Financial assets at fair value through profit or loss

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD		
As on January 1			35,486,892			56,917,300	60.39%
Extras		35,957,398	52,237,598		45.28%	17,320,000	(66.84%)
Exclusions			(49,175,850)			(40,601,582)	(17.44%)
Profits (losses) revaluation		(470,506)	18,368,660		(4004.02%)	14,750,338	(19.70%)
As at the end of the period		35,486,892	56,917,300		60.39%	48,386,056	(14.99%)

Source: The company's audited financial statements and management information.

- ◆ Financial assets at fair value through profit or loss amounted to 35,486,892 Saudi Riyals in 2022 AD.
- ◆ In 2023 AD, financial assets at fair value through profit or loss amounted to 56,917,300 Saudi Riyals, an increase of 60.39% compared to 2022 AD.
- ◆ The value of the investment is represented in shares of companies traded in the Saudi stock market for the purpose of trading. the company maintains this portfolio with a local brokerage company licensed in the Kingdom of Saudi Arabia. The investments were proven at fair value as of December 31, 2022 AD and 2023 AD.
- ◆ The Company received dividends from these investments amounting to SAR 1,083,301 during the year ended December 31, 2023 AD and received dividends in June 2024 AD (SAR 586,688) (2022 AD: Nothing).
- ◆ Based on what was arranged by the members of the Board of Directors, the Board agreed to the following:

The Board of Directors of Raoom Trading Company decided, in its session No. (12) on October 12, 2022 AD, to authorize Chairman of the Board of Directors, Abdulaziz bin Abdullah Al-Humaid, to search for investment opportunities with regard to purchase, acquisition, or merger, provided that this authorization is valid until December 31, 2023 AD.

- ◆ On June 30, 2024 AD, the Company recorded unrealized profits of SAR 14.75 million. It is worth noting that the recognized amount is unrealized and may be converted into a loss due to any market turmoil or decline in the value of shares for other reasons.

## 6.5.8 Trade receivables

The following table shows the company's trade receivables as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 35: Trade Receivables

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Trade Receivables	4,551,284	2,890,049	3,102,403	(36.50%)	7.35%	(17.44%)	4,674,069	50.66%
Less: Allowance for expected credit losses	(1,058,349)	(446,542)	(485,009)	(57.81%)	8.61%	(32.30%)	(647,352)	33.47%
Net	3,492,935	2,443,507	2,617,394	(30.04%)	7.12%	(13.44%)	4,026,717	53.84%

Source: The company's audited financial statements and management information.

- ◆ Net trade receivables decreased by 30.04% in 2022 AD.
- ◆ Net trade receivables increased by 7.12% in 2023 AD.
- ◆ Net trade receivables increased by 53.84% in the first half of 2024 AD.
- ◆ The provision for expected credit losses decreased by 57.81%. In 2023 AD, it increased again by 8.61% and continued to increase in the first half of 2024 AD by 33.47%.
- ◆ The company has a very good marketing strategy as the company has a policy of taking 50% payment in advance due to the fragile nature of the goods and their customized nature as per different customer demands. through this strategy, the company was able to retain 80% of the receivable amounts in less than 90 days.
- ◆ Through this strategy, the company was able to increase the volume of receivables turnover and reduce the days of collecting its receivables to 6 days, which appears to be a very strong collection.

The following table shows the movement of the provision for expected credit losses for trade receivables as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 36: Movement of the provision for expected credit losses for trade receivables

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
As of January 1	1,058,349	1,058,349	446,542	0.00%	(57.81%)	(35.04%)	485,009	8.61%
Allowance (refund) for expected credit losses		(611,807)	38,467		(106.29%)		162,343	322.03%
<b>As at the end of the period</b>	<b>1,058,349</b>	<b>446,542</b>	<b>485,009</b>	<b>(57.81%)</b>	<b>8.61%</b>	<b>(32.30%)</b>	<b>647,352</b>	<b>33.47%</b>

Source: The company's audited financial statements and management information.

## 6.5.9 Prepaid expenses and other debit balances

The following table shows the company's prepaid expenses and other debit balances as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 37: Prepaid expenses and other debit balances

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Advance payments to suppliers	3,672,698	1,349,001	2,009,974	(63.27%)	49.00%	(26.02%)	2,218,328	10.37%
Prepaid expenses	351,497	473,676	415,628	34.76%	(12.25%)	8.74%	520,125	25.14%
<b>Total</b>	<b>4,024,195</b>	<b>1,822,677</b>	<b>2,425,602</b>	<b>(54.71%)</b>	<b>33.08%</b>	<b>(22.36%)</b>	<b>2,738,453</b>	<b>12.90%</b>

Source: The company's audited financial statements and management information.

- ◆ Prepaid expenses and other debit balances consist of advance payments to suppliers and prepaid expenses.
- ◆ Advance payments to suppliers constituted the largest proportion of prepaid expenses and other debit balances. In 2021 AD, advance payments to suppliers represented 91% of total prepaid expenses and other debit balances.
- ◆ In 2022 AD, 2023 AD and June 2024 AD, advance payments to suppliers accounted for 74%, 83% and 81% of the total, respectively.
- ◆ Prepaid expenses and other debit balances decreased by 54.71% in 2022 AD as a result of a 63.27% decrease in advance payments to suppliers.
- ◆ Prepaid expenses and other debit balances increased by 33.08% in 2023 AD due to an increase in advance payments to suppliers by 49.00%.
- ◆ Prepaid expenses and other receivables increased by 12.9% in the 2024 AD half-year due to most prepayments being made at the beginning of the year.
- ◆ Guardian Glass Company represents the company's largest supplier, with an 80% share of the company's supplier balance.
- ◆ Ryder Glass Company represents the second supplier in terms of the size of the share of the company's supplier balance, with a share of 14% of the supplier balance.
- ◆ As for the remaining suppliers, their total represents only 6% of the company's total supplier balance.

## 6.5.10 Equity

The following table shows the company's equity as in the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 38: Equity

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Equity								
Capital	50,000,000	62,500,000	62,500,000	25.00%	0.00%	11.80%	62,500,000	0.00%
Statutory reserve	12,014,660	15,088,998	18,750,000	25.59%	24.26%	24.92%	18,750,000	0.00%
Retained earnings	33,440,130	29,498,733	55,181,001	(11.79%)	87.06%	28.46%	74,096,948	34.28%
<b>Total equity</b>	<b>95,454,790</b>	<b>107,087,731</b>	<b>136,431,001</b>	<b>12.19%</b>	<b>27.40%</b>	<b>19.55%</b>	<b>155,346,948</b>	<b>13.86%</b>

Source: The company's audited financial statements and management information.

- ◆ The company's equity consists of capital, statutory reserves, and retained earnings.

- ◆ Equity increased by 12.19% and 27.40% in 2022 AD and 2023 AD, respectively.
- ◆ The company's issued and paid-up capital as of December 31, 2021 AD is 50 million Saudi Riyals divided into 5 million issued and paid-up shares with a nominal value of 10 Saudi Riyals per share.
- ◆ According to the minutes of the Extraordinary General Assembly meeting held on February 17, 2020 AD, it was approved to reduce the company's capital by 65 million Saudi Riyals by canceling 6,500,000 shares, so that the company's capital after the reduction became 50 million Saudi Riyals, and the number of company shares after the reduction became 5 million Saudi Riyals, and the legal procedures and notation in the commercial registry were completed on Muharram 25, 1442 H, corresponding to September 13, 2020 AD.
- ◆ On 9 Muharram 1444 H, corresponding to August 7, 2022 AD, the Extraordinary General Assembly met and decided to increase the capital by an amount of 12.5 million Saudi Riyals through a transfer from retained earnings, so that the capital became 6.25 million shares with a nominal value of 10 million Saudi Riyals for each share.
- ◆ The company's issued and paid-up capital as of December 31 equals 62.5 million Saudi Riyals, divided into 6.25 million shares with a nominal value of 10 Saudi Riyals per share.
- ◆ Upon implementation of the new Saudi companies' Law, which became effective on January 19, the requirement to maintain a statutory reserve that existed in the previous system was cancelled. The company is currently updating its Bylaws to comply with the new system. To date, the company has decided to continue with the old Companies Law and maintain the previous statutory reserve while continuing to transfer 10% of the year's profit to the statutory reserve until this reserve reaches 30% of the capital. This reserve is not distributable as profits.
- ◆ In June 2024 AD, there is no significant change in the company's equity, which grew by 13.86% supported by profits transferred to retained earnings.

## 6.5.11 Non-current liabilities

The following table shows the company's non-current liabilities as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 39: Non-current liabilities

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
<b>Non-current liabilities</b>								
Defined employee benefits commitment	2,335,233	3,123,529	3,721,135	33.76%	19.13%	26.23%	4,061,079	9.14%
Lease obligations - non-current portion	36,068,875	35,863,945	34,755,124	(0.57%)	(3.09%)	(1.84%)	34,079,563	(1.94%)
<b>Total non-current liabilities</b>	<b>38,404,108</b>	<b>38,987,474</b>	<b>38,476,259</b>	<b>1.52%</b>	<b>(1.31%)</b>	<b>0.09%</b>	<b>38,140,642</b>	<b>(0.87%)</b>

Source: The company's audited financial statements and management information.

- ◆ Non-current liabilities consist of the employee benefits commitment and the non-current portion of lease liabilities.
- ◆ The non-current portion of lease liabilities constituted the largest portion of non-current liabilities. It represented 94%, 92%, and 90% in 2021 AD, 2022 AD, and 2023 AD, respectively.
- ◆ Non-current liabilities increased by 1.52% in 2022 AD as a result of the increase in the employee defined benefit commitment by 33.76% despite the decrease in the non-current portion of lease obligations by 0.57% in the same year.
- ◆ Non-current liabilities decreased by 1.31% in 2023 AD as a result of the decrease in the non-current portion of lease obligations by 3.09%.
- ◆ Non-current liabilities decreased by 0.87% in June 2024 AD due to a 1.94% decrease in the non-current portion of lease liabilities.

## 6.5.12 Defined benefit commitment for employees

The following table shows the company's defined benefit commitment for employees as of 2021 AD, 2022 AD, and 2023 AD:

Table 40: Defined benefit commitment for employees

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate
				2022 AD	2023 AD	
As of January 1	2,378,045	2,335,233	3,123,529	(1.80%)	33.76%	14.61%
An expense charged to profit or loss	488,388	518,498	635,470	6.17%	22.56%	14.07%
Actuarial remeasurement is charged to other comprehensive income	(392,921)	360,441	44,417	(191.73%)	(87.68%)	
paid	(138,279)	(90,643)	(82,281)	(34.45%)	(9.23%)	(22.86%)
<b>As at the end of the period</b>	<b>2,335,233</b>	<b>3,123,529</b>	<b>3,721,135</b>	<b>33.76%</b>	<b>19.13%</b>	<b>26.23%</b>

Source: The company's audited financial statements and management information.

- ◆ Defined benefit commitment for employees increased by 33.76% and 19.13% in 2022 AD and 2023 AD, respectively.

- ◆ The Company grants defined benefit commitment for employees ("Defined Benefit Plan") to its employees taking into account the requirements of local labor law in the Kingdom of Saudi Arabia. The benefits offered by this program are a lump sum based on the employees' final salaries and allowances and cumulative years of service at the date of separation.
- ◆ The cost of employee benefits in defined benefit plans is calculated individually for each plan using the projected unit time credit method. actuarial gains and losses, which include rereasurements, are recognized immediately in the statement of financial position and retained earnings through other comprehensive income in the period in which they arise. These rereasurements are not transferred to profit or loss in subsequent periods.

The following table shows the employee defined benefit expense charged to the statement of profit or loss:

Table 41: Employee defined benefit expense charged to the statement of profit or loss.

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate
				2022 AD	2023 AD	
Current service costs	432,974	456,670	499,845	5.47%	9.45%	7.45%
Financing costs	55,414	61,828	135,625	11.57%	119.36%	56.44%
<b>Cost charged to profit or loss</b>	<b>488,388</b>	<b>518,498</b>	<b>635,470</b>	<b>6.17%</b>	<b>22.56%</b>	<b>14.07%</b>

Source: The company's audited financial statements and management information.

The following table sets out the key actuarial assumptions for employee benefit commitment:

Table 42: The key actuarial assumptions for employee benefit commitment

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)
The discount rate used	2.70%	4.4%	4.75%
Salary increase rate	2.00%	3.00%	3.00%
Staff turnover rate	Medium	Medium	Medium

Source: The company's audited financial statements.

## 6.5.13 Current liabilities

The following table shows the company's current liabilities as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 43: Current liabilities

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
<b>Current liabilities</b>								
Trade creditors	250,163	1,620,013	19,892	547.58%	(98.77%)	(71.80%)	1,792,579	8911.56%
Lease obligations - current portion	1,279,060	1,330,085	1,444,196	3.99%	8.58%	6.26%	1,601,300	10.88%
Accrued expenses and other credit balances	1,789,134	3,017,234	2,493,809	68.64%	(17.35%)	18.06%	2,126,309	(14.74%)
Zakat due	1,932,654	1,943,825	2,658,600	0.58%	36.77%	17.29%	1,956,699	(26.40%)
<b>Total current liabilities</b>	<b>5,251,011</b>	<b>7,911,157</b>	<b>6,616,497</b>	<b>50.66%</b>	<b>(16.36%)</b>	<b>12.25%</b>	<b>7,476,887</b>	<b>13.00%</b>

Source: The company's audited financial statements and management information.

- ◆ Current liabilities consist of trade creditors, the current portion of lease obligations, accrued expenses, other credit balances and zakat due.
- ◆ Current liabilities increased by 50.66% in 2022 AD as a result of the increase in all items of current liabilities.
- ◆ Current liabilities decreased by 16.36% in 2023 AD as a result of a decrease in trade creditors, accrued expenses and other credit balances by 98.77% and 17.35%, respectively.
- ◆ Current liabilities increased by 13% in the June 2024 AD period due to an increase in trade payables, which amounted to 1.79 million as of June 30, 2024 AD due to some parties providing raw materials on credit.

## 6.5.14 Accrued expenses and other credit balances

The following table shows the company's accrued expenses and other credit balances as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 44: Accrued expenses and other credit balances

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Expenses payable to employees		622,318	893,495		43.58%		898,564	0.57%
Value added tax	722,334	824,354	626,345	14.12%	(24.02%)	(6.88%)	728,787	16.36%
Advance payments from clients	553,158	869,974	417,907	57.27%	(51.96%)	(13.08%)	149,349	(64.26%)
Accrued expenses	254,252	380,839	265,001	49.79%	(30.42%)	2.09%	75,001	(71.70%)
Other credit balances	259,390	319,749	291,061	23.27%	(8.97%)	5.93%	274,608	(5.65%)
<b>Total</b>	<b>1,789,134</b>	<b>3,017,234</b>	<b>2,493,809</b>	<b>68.64%</b>	<b>(17.35%)</b>	<b>18.06%</b>	<b>2,126,309</b>	<b>(14.74%)</b>

Source: The company's audited financial statements and management information.

- ◆ Accrued expenses and other credit balances consist of expenses accrued to employees, value added tax, payments made by customers, accrued expenses and other credit balances.
- ◆ Accrued expenses and other credit balances increased by 68.35% in 2022 AD and then decreased again by 17.35% and 14.74% in 2023 AD and the semi-annual period of 2024 AD.
- ◆ Expenses due to employees appear in 2022 AD and increase by 43.58% in 2023 AD. According to the administration, they are for travel tickets due to the suspension of vacations in light of the Corona pandemic for a large number of employees, so they were added to the dues to show fairly what each period bears in terms of vacation allowance and travel ticket expenses after the end of the pandemic.
- ◆ Other credit balances are the amounts due at the end of the year to some customers so that these transfers can be inquired about later, and they are recorded in the company's records according to the customer for verification.

## 6.5.15 Zakat due

The following table shows the movement of Zakat due to the company as of the years 2021 AD, 2022 AD, 2023 AD, And the semi-annual period of 2024 AD:

Table 45: Zakat due

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		Compound annual growth rate	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
As of January 1	1,610,648	1,932,654	1,943,825	19.99%	0.58%	9.86%	2,658,600	36.77%
Charged for the year	1,607,918	1,618,272	2,658,881	0.64%	64.30%	28.59%	1,959,510	(26.30%)
Paid	(1,285,912)	(1,607,101)	(1,944,106)	24.98%	20.97%	22.96%	(2,661,411)	36.90%
As at the end of the period	1,932,654	1,943,825	2,658,600	0.58%	36.77%	17.29%	1,956,699	(26.40%)

Source: The company's audited financial statements and management information.

- ◆ Zakat due increased by 0.58% and 36.77% in 2022 AD and 2023 AD, respectively, And decreased by 26.40% in June 2024 AD.
- ◆ The company is subject to zakat at the rate of 2.5% of the zakat base or the adjusted net profit, whichever is higher. The most important components of the zakat base according to zakat regulations consist mainly of equity and allocations as at the beginning of the year and the adjusted net profit, less the net book value of non-current assets.

The following table shows the main elements of the zakat base:

Table 46: Main elements of the zakat base

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)
Adjusted net profit	26,978,659	32,880,152	49,908,005
capital	50,000,000	62,500,000	62,500,000
Precautions	6,526,425	12,014,660	15,088,998
Lease obligations	37,347,935	37,194,030	36,199,320
Retained earnings	10,971,371	2,190,130	12,311,233
Other allocations and additions	3,622,851	3,016,685	3,905,697
Non-current assets	(75,255,790)	(73,413,429)	(75,160,999)

Source: The company's audited financial statements

## 6.6 Statement of cash flows

The following table shows the company's statement of cash flow as of the years 2021 AD, 2022 AD, 2023 AD, the semi-annual period of 2023 AD and 2024 AD:

Table 47: Cash flow

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
<b>Operational activities</b>								
Profit before zakat	26,490,271	32,361,654	49,234,068	22.16%	52.14%	29,277,827	30,272,665	3.40%
<b>Adjustments for non-cash items:</b>								
Depreciation of property, machinery and equipment	3,581,908	3,456,742	3,504,872	(3.49%)	1.39%	1,750,156	1,735,665	(0.83%)
Amortization of intangible assets	10,913	10,912	10,913	(0.01%)	0.01%	5,412	5,426	0.26%
Depreciation of right-of-use assets	1,986,732	1,958,767	2,015,886	(1.41%)	2.92%	954,799	1,007,943	5.57%
Other revenues resulting from the exclusion of lease contracts	(202,500)	(67,943)		(66.45%)	(100.00%)	-	(17,502)	100.00%
(Profits)/losses on sale of property, machinery and equipment	4,500		(141,653)	(100.00%)		-	-	0.00%
Financing costs	1,285,037	1,377,130	1,340,717	7.17%	(2.64%)	597,174	609,785	2.11%
Employee defined benefit commitment incurred	432,974	456,670	499,845	5.47%	9.45%	259,248	321,937	24.18%
(Profits)/Losses Revaluation of financial assets at fair value through profit or loss		470,506	(18,368,660)		(4004.02%)	(14,008,615)	(14,750,338)	5.29%
Distributions of financial assets at fair value through profit or loss			(1,083,301)			(272,030)	(586,688)	115.67%
Allowance/(refund) for expected credit losses		(611,807)	38,467		(106.29%)	(41,332)	162,343	(429.78%)
<b>Changes in working capital:</b>								
Inventory	(11,827,847)	5,175,930	7,333,840	(143.76%)	41.69%	2,035,681	(5,424,280)	(366.46%)
Trade receivables	(323,680)	1,661,235	(212,354)	(613.23%)	(112.78%)	(1,277,268)	(1,571,666)	23.05%
Prepaid expenses and other debit balances	(1,776,610)	2,201,518	(602,925)	(223.92%)	(127.39%)	(653,447)	(312,851)	(52.12%)
Trade creditors	250,163	1,369,850	(1,600,121)	447.58%	(216.81%)	503,356	1,772,687	252.17%
Accrued expenses and other credit balances	651,095	1,228,100	(523,425)	88.62%	(142.62%)	(731,464)	(367,500)	(49.76%)

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	Change		June 2023 AD	June 2024 AD	Change in June 2024 AD
				2022 AD	2023 AD			
Cash from operations	20,562,956	51,049,264	41,446,169	148.26%	(18.81%)	18,399,497	12,857,626	(30.12%)
Zakat paid	(1,285,912)	(1,607,101)	(1,944,106)	24.98%	20.97%	(31,246)	(4,201)	(86.56%)
Defined benefits commitment for employees paid	(138,279)	(90,643)	(82,281)	(34.45%)	(9.23%)	(1,944,106)	(2,661,411)	36.90%
Net cash available from operating activities	19,138,765	49,351,520	39,419,782	157.86%	(20.12%)	16,424,145	10,192,014	(37.94%)
<b>Investment activities</b>								
Additions of financial assets at fair value through profit or loss	(2,107,789)	(35,957,398)	(52,237,598)	1605.93%	45.28%	(30,630,385)	(17,220,000)	(43.78%)
Proceeds from the sale of financial assets at fair value through loss			49,175,850			35,303,387	40,601,582	15.01%
Dividends received from financial assets at fair value through profit or loss			1,083,301			272,030	586,688	115.67%
Proceeds from the sale of property, machinery and equipment	2,499		174,000	(100.00%)		-	50,502	100.00%
Additions to property, machinery and equipment		(2,697,103)	(6,992,724)		159.27%	(6,625,056)	(1,929,621)	70.87%
Net cash used in investing activities	(2,105,290)	(38,654,501)	(8,797,171)	1736.07%	(77.24%)	(1,680,024)	22,089,151	1414.81%
<b>Financing activities</b>								
Lease obligations paid	(2,266,707)	(2,288,221)	(2,518,666)	0.95%	10.07%	(1,018,634)	(1,128,242)	(10.76%)
Dividends paid	(16,500,000)	(18,750,000)	(17,187,500)	13.64%	(8.33%)	(6,250,000)	(9,375,000)	(50.00%)
Net cash used in financing activities	(18,766,707)	(21,038,221)	(19,706,166)	12.10%	(6.33%)	(7,268,634)	(10,503,242)	(44.50%)
Net change in cash and its equivalents during the year	(1,733,232)	(10,341,202)	10,916,445	496.64%	(205.56%)	7,475,487	21,777,923	191.32%
Cash and its equivalent at the beginning of the year	23,786,968	22,053,736	11,712,534	(7.29%)	(46.89%)	11,712,534	22,628,979	93.20%
Cash and its equivalents at the end of the year	22,053,736	11,712,534	22,628,979	(46.89%)	93.20%	19,188,021	44,406,902	131.43%

Source: The company's audited financial statements and management information.

### 6.6.1 Net cash available from operating activities

- ◆ In 2021 AD, net cash from operating activities amounted to 19,138,765 Saudi Riyals.
- ◆ In 2022 AD, net cash from operating activities increased by 157.86% and amounted to 49,351,520 Saudi Riyals.
- ◆ In 2023 AD, net cash from operating activities decreased by 20.12% and amounted to 39,419,782 Saudi Riyals.
- ◆ In the first half of 2024 AD, net cash from operating activities decreased by 37.94% to SAR 10,192,014.

### 6.6.2 Net cash used in investing activities

- ◆ Cash used in investment activities in 2021 AD amounted to 2,105,290 Saudi Riyals as a result of additions to financial assets at fair value through profit or loss amounting to 2,107,789 Saudi Riyals.
- ◆ In 2022 AD, cash used from investing activities amounted to 38,654,501 Saudi Riyals due to additions of financial assets at fair value through profit or loss amounting to 35,957,398 Saudi Riyals and additions to property, machinery and equipment amounting to 2,697,103 Saudi Riyals.
- ◆ In 2023 AD, cash used in investment activities amounted to 8,797,171 Saudi Riyals. This resulted from additions of financial assets at fair value through profit or loss amounting to 52,237,598 Saudi Riyals and additions to property, machinery and equipment amounting to 6,996,724 Saudi Riyals. There were also collections from the sale of financial assets at fair value through profit or loss amounting to 49,175,850 Saudi Riyals, dividends collected from financial assets at fair value through profit or loss amounting to 1,083,301 Saudi Riyals, and proceeds from the sale of property, machinery and equipment amounting to 174,000 Saudi Riyals.
- ◆ In the first half of 2024 AD, cash generated from investing activities amounted to SAR 22,089,151. This resulted from additions of financial assets at fair value through profit or loss of SAR 17,220,000 and additions of property, plant and equipment of SAR 1,929,621. There were also proceeds

from the sale of financial assets at fair value through profit or loss of SAR 40,601,582 and dividends received from financial assets at fair value through profit or loss of SAR 586,688.

### 6.6.3 Net cash used in financing activities

- ◆ Net cash used in financing activities in 2021 AD amounted to 18,766,707 Saudi Riyals as a result of the payment of lease obligations amounting to 2,266,707 Saudi Riyals and paid dividends amounting to 16,500,000 Saudi Riyals.
- ◆ In 2022 AD, net cash used in financing activities amounted to 21,083,221 Saudi Riyals as a result of the payment of lease obligations amounting to 2,288,221 Saudi Riyals and paid dividends amounting to 18,750,000 Saudi Riyals.
- ◆ In 2023 AD, net cash used in financing activities amounted to 19,706,166 Saudi Riyals as a result of the payment of lease obligations amounting to 2,518,666 Saudi Riyals and paid dividends amounting to 17,187,500 Saudi Riyals.
- ◆ In the June 2024 AD period, net cash used in financing activities amounted to SAR 10,503,242 due to the payment of lease obligations amounting to SAR 1,128,242 and dividends paid amounting to SAR 9,375,000.

## 6.7 Financing structure

The following table shows the company's financing structure as of 2021 AD, 2022 AD, 2023 AD, and June 2024 AD:

Table 48: Financing structure

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	June 2024 AD
Total liabilities	43,655,119	46,898,631	45,092,756	45,617,529
Total debt	-	-	-	-
Cash at banks	22,053,736	11,712,534	22,628,979	44,406,902
capital	50,000,000	62,500,000	62,500,000	62,500,000
Retained earnings	33,440,130	29,498,733	55,181,001	74,096,948
Total equity	95,454,790	107,087,731	136,431,001	155,346,948
Company financing structure (total debt + equity)	95,454,790	107,087,731	136,431,001	155,346,948

Source: The company's audited financial statements and management information.

## 6.8 Key Performance Indicators

The following table shows the company's key performance indicators as in the years 2021 AD, 2022 AD, 2023 AD, and June 2024 AD:

Table 49: Key performance indicators

Items	Fiscal Year 2021 AD (Reviewed)	Fiscal Year 2022 AD (Reviewed)	Fiscal Year 2023 AD (Reviewed)	* June 2024 AD
Revenues	110,191,981	135,229,032	135,041,376	59,796,818
Cost of revenue	(72,196,459)	(91,520,569)	(91,748,518)	(38,045,727)
Gross Profit (Revenue - Cost of Revenue)	37,995,522	43,708,463	43,292,858	21,751,091
Gross profit margin (gross profit/revenue)	34.48%	32.32%	32.06%	36.37%
Operating profit (income from main activities)	27,577,308	34,141,220	30,869,894	15,443,922
Operating profit margin (%)	25.03%	25.25%	22.86%	25.83%
The weighted average number of shares outstanding during the year	6,250,000	6,250,000	6,250,000	6,250,000
Profit for the year	24,882,353	30,743,382	46,575,187	28,313,155
Basic and diluted earnings per share	3.98	4.92	7.45	4.53
Total assets	139,109,909	153,986,362	181,523,757	200,964,477
Return on assets (%)	17.89%	19.97%	25.66%	28.18%
Total equity	95,454,790	107,087,731	136,431,001	155,346,948



Return on equity (%)	26.07%	28.71%	34.14%	36.45%
----------------------	--------	--------	--------	--------

Source: The company's audited financial statements and management information.

\*Please note that the profitability ratios for the half-year 2024 are calculated annually.



**[07]**

# **AUDITOR'S REPORT**

## **7 AUDITOR'S REPORT**

- 7.1 Audited financial statements for the fiscal year ending on 31 December 2022AD And 31 December 2023AD.**
- 7.2 Unaudited interim condensed financial statements for the six-month period ended 30 June 2024G.**

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Financial Statements and  
Independent Auditor's Report  
For the Year Ended December 31, 2022**

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Financial Statements and Independent Auditor's Report**  
**For the Year Ended December 31, 2022**

---

<b><u>Index</u></b>	<b><u>Page</u></b>
Independent Auditor's Report	1-4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-30

### Independent Auditor's Report

#### To the Shareholders

#### Raoom Trading Company

(A Saudi Joint Stock Company)

Buraidah, Kingdom of Saudi Arabia

#### Opinion

We have audited the financial statements of Raoom Trading Company, A Saudi Joint Stock Company ("the Company"), which comprise the statement of financial position as at December 31, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company under the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and endorsed in the Kingdom of Saudi Arabia ("IESBA Code"), 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.

#### Other matter

The financial statements of the company for the year ended December 31, 2021, were audited by another auditor, who expressed an unmodified opinion on those financial statements on March 18, 2022.

#### Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Revenue recognition is considered a key audit matter as revenues are an important element for the company's performance and results and due to that they include inherent risks of the possibility of management overriding the internal control procedures by recording revenues at more than their actual value to achieve objectives or improve the company's results.</p> <p>As shown in Note (18), for the year ended December 31, 2022, the company recognized total revenues amounting to SR 135,229,032 (2021: SR 110,191,981).</p>	<p>Please refer to Note (4), which includes the accounting policies related to revenue recognition, and Notes (18) and (28), which explain the details of revenues.</p> <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>- Verifying the appropriateness of the accounting policies to achieve the company's revenues in accordance with the requirements of International Financial Reporting Standard (15) Revenues from Contracts with Customers.</li> <li>- Detailed tests for a sample of products sold and verification of the proper application of the revenue recognition policy.</li> <li>- Analytical procedures to understand the reasons for variation in revenues compared to the previous year, verify their logic, and determine whether there are significant fluctuations need an additional examination in light of our understanding of the current market conditions.</li> <li>- Testing the cutting procedures to ensure that revenues are recorded in the correct periods.</li> <li>- Testing the design and effectiveness of internal control procedures regarding revenue recognition and receivables.</li> </ul>

**Independent Auditor's Report (Continued)**

**To the Shareholders  
Raoom Trading Company**

**Key audit matters (Continued)**

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b><u>Inventory</u></b></p> <p>As at December 31, 2022, the Company's inventory balance amounted to SR 29,107,323 (2021: SR 34,283,253).</p> <p>Inventory is stated at cost or net realizable value, whichever is lower, and an allowance is made when necessary for obsolete and slow-moving inventory. Management determines the obsolescence level of inventory by considering its nature, useful life and revenue projections using historical trends and other qualitative factors.</p> <p>Inventory risks lie in not performing the necessary inventory procedures, not evaluating the inventory, and not taking into account price fluctuations, the absence of an adequate study to establish an allowance for obsolete inventory or price rundown, or not examining the neglected inventory that may need to be culled.</p>	<p>Please refer to Note (4), which includes the accounting policies related to inventory, and Note (9), which explains the details of inventory.</p> <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of the Company's accounting policies by recognizing and measuring inventory in line with the requirements of relevant accounting standards.</li> <li>- Evaluating the design, implementation, and testing of the operational effectiveness of the Company's controls on the inventory recognition and subsequent measurement.</li> <li>- Attend the actual stock count at selected locations to verify the stock items.</li> <li>- Testing the net realizable value of inventory and the assumptions used by management to verify the estimation of the inventory's value at cost or net realizable value, whichever is lower.</li> <li>- Taking into consideration the adequacy of disclosure in the Company's financial statements in accordance with the applied accounting standard.</li> </ul>

**Other Information**

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the 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 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 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. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Independent Auditor's Report (Continued)

### To the Shareholders Raoom Trading Company

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent Auditor's Report (Continued)

### To the Shareholders

#### Raoom Trading Company

#### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide 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 that might be communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude 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



**Majid Muneer Al Nemer**  
(Certified Public Accountant - License No. 381)  
Riyadh on Shaban 10, 1444 H  
Corresponding to March 2, 2023 G



**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Financial Position**  
**As At December 31, 2022**  
(Saudi Riyals)


	Note	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	6	39,839,420	40,599,059
Intangible assets	7	20,773	31,685
Right-of-use assets	8	33,553,236	34,625,046
<b>Total Non-Current Assets</b>		<b>73,413,429</b>	<b>75,255,790</b>
<b>Current Assets</b>			
Inventory	9	29,107,323	34,283,253
Financial assets at fair value through profit or loss	10	35,486,892	-
Trade receivables	11	2,443,507	3,492,935
Prepaid expenses and other debit balances	12	1,822,677	4,024,195
Cash at banks		11,712,534	22,053,736
<b>Total Current Assets</b>		<b>80,572,933</b>	<b>63,854,119</b>
<b>TOTAL ASSETS</b>		<b>153,986,362</b>	<b>139,109,909</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13	62,500,000	50,000,000
Statutory reserve	14	15,088,998	12,014,660
Retained Earnings		29,498,733	33,440,130
<b>TOTAL EQUITY</b>		<b>107,087,731</b>	<b>95,454,790</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Employees' defined benefits obligations	15	3,123,529	2,335,233
Lease liabilities - non-current portion	8	35,863,945	36,068,875
<b>Total Non-Current Liabilities</b>		<b>38,987,474</b>	<b>38,404,108</b>
<b>Current Liabilities</b>			
Trade payables		1,620,013	250,163
Lease liabilities - current portion	8	1,330,085	1,279,060
Accrued expenses and other credit balances	16	3,017,234	1,789,134
Zakat payable	17	1,943,825	1,932,654
<b>Total Current Liabilities</b>		<b>7,911,157</b>	<b>5,251,011</b>
<b>TOTAL LIABILITIES</b>		<b>46,898,631</b>	<b>43,655,119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>153,986,362</b>	<b>139,109,909</b>



Chief Financial Officer



Chief Executive Officer



Board of Directors Chairman

The accompanying notes form an integral part of these financial statements

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Comprehensive Income**  
**For the Year Ended December 31, 2022**  
(Saudi Riyals)

	Note	2022	2021
Revenues	18	135,229,032	110,191,981
Cost of revenues	19	(91,520,569)	(72,196,459)
<b>Gross profit</b>		<b>43,708,463</b>	<b>37,995,522</b>
General and administrative expenses	20	(8,173,143)	(8,346,716)
Selling and marketing expenses	21	(2,005,907)	(2,071,498)
Reversal of expected credit losses provision	11	611,807	-
<b>Operating profit</b>		<b>34,141,220</b>	<b>27,577,308</b>
Other income	22	68,070	198,000
Finance costs	23	(1,377,130)	(1,285,037)
Losses on revaluation of financial assets at FVTPL	10	(470,506)	-
<b>Profit before zakat</b>		<b>32,361,654</b>	<b>26,490,271</b>
Zakat	17	(1,618,272)	(1,607,918)
<b>Profit for the year</b>		<b>30,743,382</b>	<b>24,882,353</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss subsequently:</b>			
Remeasurement of employees' defined benefits obligation	15	(360,441)	392,921
<b>Other comprehensive (loss) income for the year</b>		<b>(360,441)</b>	<b>392,921</b>
<b>Comprehensive income for the year</b>		<b>30,382,941</b>	<b>25,275,274</b>
Basic and diluted earnings per share for the Company's shareholders	24	4.92	3.98

  
Chief Financial Officer

  
Chief Executive Officer

  
Board of Directors Chairman

The accompanying notes form an integral part of these financial statements

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Changes in Equity**  
**For the Year Ended December 31, 2022**  
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Total equity
<b>For the year ended December 31, 2022:</b>				
As at January 1, 2022	50,000,000	12,014,660	33,440,130	95,454,790
Profit for the year	-	-	30,743,382	30,743,382
Other comprehensive loss for the year	-	-	(360,441)	(360,441)
Comprehensive income for the year	-	-	30,382,941	30,382,941
Transferred to Statutory reserve	-	3,074,338	(3,074,338)	-
Dividends (Note 25)	-	-	(18,750,000)	(18,750,000)
Share capital increase through retained earnings (Note 13)	12,500,000	-	(12,500,000)	-
<b>As at December 31, 2022</b>	<b>62,500,000</b>	<b>15,088,998</b>	<b>29,498,733</b>	<b>107,087,731</b>

**For the year ended December 31, 2021:**

As at January 1, 2021	50,000,000	9,526,425	27,153,091	86,679,516
Profit for the year	-	-	24,882,353	24,882,353
Other comprehensive income for the year	-	-	392,921	392,921
Comprehensive income for the year	-	-	25,275,274	25,275,274
Transferred to Statutory reserve	-	2,488,235	(2,488,235)	-
Dividends (Note 25)	-	-	(16,500,000)	(16,500,000)
<b>As at December 31, 2021</b>	<b>50,000,000</b>	<b>12,014,660</b>	<b>33,440,130</b>	<b>95,454,790</b>



Chief Financial Officer



Chief Executive Officer



Board of Directors Chairman

The accompanying notes form an integral part of these financial statements

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**  
(Saudi Riyals)

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Profit before zakat	32,361,654	26,490,271
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	3,456,742	3,581,908
Amortization of intangible assets	10,912	10,913
Amortization of right of use assets	1,958,767	1,986,732
Other income on disposal of lease contracts	(67,943)	(202,500)
Loss on disposal of property, plant and equipment	-	4,500
Finance costs	1,377,130	1,285,037
Employees' defined benefits obligation incurred	456,670	432,974
Loss on revaluation of financial assets at FVTPL	470,506	-
Reversal of expected credit losses provision	(611,807)	-
<b>Changes in working capital:</b>		
Inventory	5,175,930	(11,827,847)
Trade receivables	1,661,235	(323,680)
Prepaid expenses and other debit balances	2,201,518	(1,776,610)
Trade payable	1,369,850	250,163
Accrued expenses and other credit balances	1,228,100	651,095
<b>Cash from operation</b>	<b>51,049,264</b>	<b>20,562,956</b>
Zakat paid	(1,607,101)	(1,285,912)
Employees' defined benefits obligation paid	(90,643)	(138,279)
<b>Net cash generated from operating activities</b>	<b>49,351,520</b>	<b>19,138,765</b>
<b>INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(2,697,103)	(2,107,789)
Additions of financial assets at FVTPL	(35,957,398)	-
Proceeds from disposal of property, plant, and equipment	-	2,499
<b>Net cash used in investing activities</b>	<b>(38,654,501)</b>	<b>(2,105,290)</b>
<b>FINANCING ACTIVITIES</b>		
Lease liabilities paid	(2,288,221)	(2,266,707)
Dividends paid	(18,750,000)	(16,500,000)
<b>Net cash used in financing activities</b>	<b>(21,038,221)</b>	<b>(18,766,707)</b>
<b>Net changes in cash and cash equivalents during the year</b>	<b>(10,341,202)</b>	<b>(1,733,232)</b>
Cash and cash equivalents at the beginning of the year	22,053,736	23,786,968
<b>Cash and cash equivalents at the end of the year</b>	<b>11,712,534</b>	<b>22,053,736</b>
<b>Non-cash transactions</b>		
Share capital increase through retained earnings	12,500,000	-
Remeasurement of employees' defined benefits obligation	360,441	(392,921)

  
Chief Financial Officer

  
Chief Executive Officer

  
Board of Directors Chairman

The accompanying notes form an integral part of these financial statements

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**1. ORGANIZATION AND ACTIVITY**

Raoom Trading Company ("the Company") was established as a joint stock Company under the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 1131010525 dated Ramadan 12, 1438 H corresponding to June 7, 2017. On Ramadan 4, 1438 H, corresponding to May 30, 2017, the partners resolved to convert the Company from a Limited Liability Company to a Saudi Closed Joint Stock Company by converting the company with its rights and obligations. The Ministerial Resolution No. (307/Q) was issued on Ramadan 11, 1438 H, corresponding to June 7, 2017, approving the announcement of the conversion into a Saudi Closed Joint Stock Company, starting from June 7, 2017 (the date of the commercial register, which is considered the beginning date of the Company's first fiscal year in accordance with the Companies' bylaw).

On 20/07/1443 H, corresponding to February 21, 2022, Listing and trading the Company's shares have been commenced in Nomu - the Parallel Market.

The Company's main headquarter is located in the First Industrial Zone - Buraidah - Al-Qassim, Kingdom of Saudi Arabia.

The Company's activities are trading in glass, mirrors, and aluminium decorations and installation, manufacturing industries and their branches according to the industrial licenses, construction and building, transportation, storage and refrigeration, financial and business services and other services, social, group and personal services, commercial, information technology, security and safety, agriculture and fishing, mines and petroleum and its branches, electricity, gas, water and its branches. The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

These financial statements include assets, liabilities and activities of the Company and its following branches:

<b>Commercial Registration</b>	<b>Branch name</b>	<b>Location</b>
1131058013	Raoom Trading Company Branch - Buraidah - Al-Saleem Industrial Area	Al-Qassim
1131024147	Raoom Glass Factory - Buraidah - Industrial City	Al-Qassim
1132011097	Raoom Trading Company Branch - Al-Rass - Industrial City	Al-Qassim
1128019938	Raoom Trading Company Branch - Unayzah - Industrial City	Al-Qassim
1010611196	Raoom Trading Company Branch - AL Medina Al Mounwara Street	Riyadh
1010199419	Raoom Trading Company Branch - Al-Farouq District	Riyadh
4030341718	Raoom Trading Company Branch - Al-Khamra District	Jeddah

**2. BASIS OF PREPARATION**

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Details of the Company's significant accounting policies are disclosed in note 4.

The financial statements have been prepared on a historical cost basis, except for employees' defined benefits obligation, measured using the planned unit credit method, and financial assets at fair value through profit or loss, measured at fair value. The financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Company, and all values are rounded to the nearest Riyal (SR), except when otherwise indicated.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risk and uncertainties includes:

- Risk management of financial instruments      Note 27
- Sensitivity analysis disclosures                      Note 15

**Room Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

**Going concern basis of accounting**

The Company's management has assessed the Company's ability to continue in accordance with the going concern basis and is convinced that the Company has sufficient resources to continue its business in the foreseeable future. In addition, management has no material doubts about the Company's ability to continue as such. Therefore, the financial statements have been prepared on a going concern basis.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Useful lives of property, plant and equipment**

The Company determines the estimated useful lives of property, plant and equipment for calculating the depreciation after considering the expected usage of the assets or the physical wear and tear factors. Management has not set any residual value as it was considered insignificant. Management reviews the useful lives annually.

**Impairment of inventory**

Inventory is stated at cost or net realizable value, which is lower. Once the inventories become old or obsolete, an estimate is made for their net realizable value. For each significant amount, an estimate is made individually for each amount. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance is provided based on the type, age or degree of obsolescence, based on expected selling prices.

**Impairment of trade receivables**

The Company uses a provision matrix to calculate Expected Credit Losses "ECLs" for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of funds and reasonable information that is available at the reporting date about past events, and future economic conditions. At each reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The relationship between the historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The ECLs are sensitive to changes in economic circumstances and conditions. The Company's historical credit loss experience and forecast of economic conditions may also not reflect the customer's actual default in the future. The information about the ECLs on the trade receivables is disclosed in Note 11.

**Extension and termination options of lease contracts**

Extension and termination options are included in a number of lease contracts. These terms are used to increase operational flexibility in terms of contract management. Most extension and termination options held are exercisable by both the Company and the lessor.

In determining the term of the lease, the management considers all facts and circumstances that create an economic incentive to exercise the option to extend, or not to exercise the option to terminate. Extension options (or the periods following the termination options) are included in the lease term only if the lease is reasonably certain to be extended (or not to be terminated). The assessment is reviewed if a significant event or a significant change in the circumstances affecting this assessment which are within the control of the lessee.

**Lease payments discount**

Lease payments are discounted using the Company's Incremental Borrowing Rate ("IBR"). Management has applied the judgments and estimates to determine IBR at the commencement of the lease.

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**3. SIGNIFICANT ACCOUNTING, ESTIMATES AND ASSUMPTIONS (Continued)**  
**Estimates and assumptions (Continued)**

**Leases - Estimation of the Incremental Borrowing Rate ("IBR")**

The Company cannot easily determine the implicated commission rate in leases; therefore, it uses the incremental borrowing rate to measure its lease liabilities. The incremental borrowing rate represents the commission rate that the company would have to pay to borrow the funds needed to acquire an asset of a similar value to a right-of-use asset in a similar economic environment, over a similar period and with a similar guarantee.

Therefore, the incremental borrowing rate reflects what the company has to pay, which requires an estimation of when observable rates are not available or when they have to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as prevailing market commission rates) when available and is required to make certain entity estimates.

**Fair value measurement of financial instruments**

When the fair values of financial assets cannot be measured based on quoted prices or active trading for some instruments at the date of the statement of financial position. The fair value is estimated using various valuation techniques which include the use of pricing models where the information is taken from observing the market. If this is not feasible, determination of the fair value requires estimation and diligence.

**Long-term assumption of employees' defined benefits obligation**

Employees' defined benefits obligation represents the liabilities which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factor, salary growth rate, mortality rates and employee turnover. The Company's management periodically takes advice from external actuaries on these assumptions. Changes in key assumptions could materially affect the employees' defined benefits obligation.

**Uncertain zakat positions**

The Company's current zakat relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat items, it is possible that the final outcome may significantly differ upon issuing the final assessments by ZATCA.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and calculation methods applied in preparing the financial statements for the year ended December 31, 2022, are consistent with those followed in preparing the Company's financial statements for the year ended December 31, 2021, except for the application of new standards that became effective on January 1, 2022. The Company did not early adopt any other standards, interpretations or amendments that have been issued, but not yet effective.

The following is a summary of the significant accounting policies used by the company in preparing the financial statements:

**CURRENT VERSUS NON-CURRENT CLASSIFICATION**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.



**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**CURRENT VERSUS NON-CURRENT CLASSIFICATION (Continued)**

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

**FAIR VALUE MEASUREMENT**

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for this asset or liabilities; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**FOREIGN CURRENCIES**

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the spot rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Projects in progress are not depreciated. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

Buildings are recorded at cost, less accumulated depreciation of buildings, and any accumulated impairment loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Description</b>	<b>Depreciation rate</b>
Buildings and construction	3% or the lease contract, whichever is less
Machinery and equipment	10%
Vehicles	25%
Furniture and fixture	10%
Electrical appliances	13%
Electricity stations	10%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Capital works in progress**

Assets under construction or development are capitalized under capital work in progress. Assets under construction or development are transferred to the appropriate category of property, plant and equipment or intangible assets (depending on the nature of the project) when the asset reaches the location and/or condition necessary to be able to operate in the manner intended by management. The cost of the capital work-in-progress item includes the purchase price, construction/development cost, and any other costs directly related to the construction or acquisition of the capital work-in-progress item deemed by management. Costs associated with testing capital work-in-progress items (prior to being available for use) are capitalized net of proceeds from the sale of any production during the testing period. Capital work in progress is not depreciated or amortized.

**INTANGIBLE ASSETS**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired based on the business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally developed intangible assets are not capitalized and expenditure is recognized in profit or loss when it is incurred. The expected useful lives of intangible assets are estimated at a specific period of time or for an indefinite period, and the Company amortizes the intangible assets over 7 years. The Company's intangible assets are computer software.

Intangible assets with finite useful lives are amortized over their economically useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**INTANGIBLE ASSETS (Continued)**

For intangible assets with an indefinite useful life, they are not amortized but are tested to measure the impairment annually, whether individually or at the level of cash-generating units. The indefinite life assessment of the asset is reviewed annually to determine whether the use of indefinite useful life is still justified. If these justifications do not persist, the useful life estimate will be changed to a specific useful life on a future basis.

Gains or losses arising from the disposal of intangible assets are measured at the difference between the net disposal proceeds and the book value of the asset and are recognized in profit or loss when the asset is derecognized.

**LEASES**

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for consideration.

**Company as a lessee**

**A- Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured in cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over their estimated useful life.

**B- Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of the purchase option when there is a reasonably certain to be exercised by the Company and payments of penalties for terminating a lease if the lease terms reflect the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, change in the lease term, change in the in-substance fixed lease payments, or change in the assessment to purchase the underlying asset.

**C- Short-term leases and leases of low-value assets**

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are the items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**IMPAIRMENT OF NON-FINANCIAL ASSETS** (Continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of sale, recent market transactions are taken into account, when available, or an appropriate valuation model is used. Such values are verified by comparing them to the assessment's multiples and the quoted share prices of the subsidiaries listed for publicity trading or by any other indicators for the fair value.

The Company bases its impairment calculation on detailed budgets and estimated calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These details, budgets and estimated calculations generally cover a period of five years. To cover long periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss within the expense appropriate to the function of the impaired assets. At each reporting date, an assessment is made to determine whether there is an indication that impairment losses of non-financial assets previously recognized, other than goodwill, do not exist, or have been impaired. Reversal of impairment loss is included in the statement of profit or loss.

**Inventory**

Inventory is measured at cost or net realizable value, whichever is lower. The cost of inventory is determined on the basis of the weighted average price method and includes expenses incurred in acquiring the inventory for finished inventory and raw materials, production or conversion costs and other costs incurred in bringing the inventory to the site in its present condition. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated costs of sale completion. Inventory movement is reviewed at the end of the year and an allowance is made for obsolete or expired inventory, if necessary.

**Trade receivables**

Trade receivables are recognized at the transaction price. After initial recognition, trade receivables are measured at amortized cost using the effective interest rate method less allowance for impairment. An allowance for impairment is established when there is objective evidence that the amounts receivable will not be fully collected in accordance with the original contractual terms. Any subsequent recoveries of accounts receivable that were previously written off are added to other income.

**FINANCIAL ASSETS**

**Non-derivative financial assets**

The Company has applied the following classification and measurement requirements for financial instruments.

**Recognition of financial instruments**

An asset and a financial liability are recognized when the Company becomes a party to the contractual obligations for the instrument, generally on the trade date. The Company derecognizes financial assets when the contractual cash flows for those assets expire or when the Company transfers the right to receive the contractual cash flows from the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred. Any interest resulting from transferred financial assets that the Company creates or maintains is recognized as separate assets or liabilities.

**Derecognition**

When a financial asset is derecognized, the difference between the carrying amount of the asset and the sum of (i) the accumulated comprehensive consideration (including any newly acquired asset after deducting any newly assumed liabilities) and (ii) any gains or accumulated losses recognized in the statement of other comprehensive income. Any gains or accumulative losses recognized in the statement of other comprehensive income are not recognized in profit or loss upon derecognition.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL ASSETS (Continued)**

**Derecognition (Continued)**

The financial obligation is cancelled from the statement of financial position when the Company fulfils the outstanding obligation, cancellation of the contract, or expiration of its term.

A company ceases to recognize financial assets primarily when:

- Expiration of contractual rights to cash flows from financial assets; or
- The Company transfers the rights to collect contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Company does not transfer substantially; or
- Retains all risks and rewards of ownership and does not retain control of financial assets.

The Company ceases to recognize financial liabilities when contractual obligations are released, cancelled or expire. The company also stops recognizing financial liabilities when its terms are modified and when the cash flows of the modified liabilities are significantly different, in this case, new financial liabilities are recognized at fair value based on the modified terms.

When financial liabilities are derecognized, the difference between the carrying amount paid and the consideration paid (including any non-cash assets transferred or contingent liabilities).

**Classification of financial assets**

The company classifies its financial assets into the following measurement categories:

- Financial assets measured at amortized cost; or
- Fair value through profit or loss; or
- Fair value through other comprehensive income - investment in financial assets

The classification is based on the Company's business model for managing financial assets and the contractual terms of the cash flows of the financial assets.

Financial assets are not subsequently reclassified to the initial measurement unless the Company changes the business model for managing financial assets, in such case, all financial assets that will be affected are reclassified on the first day of the first financial period following the change in the business model.

Financial assets are measured at amortized cost if the following two conditions are met, and they are not recognized as financial assets at fair value through profit or loss:

- Held within the business model which aims to hold assets to collect contractual cash flows; And
- Its contractual terms lead to the entry into specific dates of cash flows, which represent the principal amount and interest on the principal outstanding amount.

Upon initial measurement of investments in financial assets that are not held for trading, the Company may select to present any subsequent changes in the fair value of those investments in the statement of other comprehensive income. This selection is made on an investment-by-investment basis.

Any other financial assets that are not classified and measured at amortized cost or fair value through other comprehensive income as indicated above, are measured at fair value through profit or loss, and this also includes derivative financial assets.

**Financial assets - subsequent measurement - profits or losses:**

**Financial assets at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses in value. Interest income, foreign currency translation gains and losses and impairment in value are recognized in profit or loss. Any gain or loss is recognized in profit or loss.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Financial assets - subsequent measurement - profits or losses:** (Continued)

**Equity Instruments at fair value through other comprehensive Income (equity instrument investments)**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss, except when these distributions represent a recovery of part of the investment cost. Any other losses or gains are recognized in the statement of other comprehensive income and are not reclassified to the statement of profit or loss.

**Financial assets at fair value through profit or loss**

These assets are subsequently measured at fair value. Net profit or loss including any interest or dividends are recognized in profit or loss.

**Reclassification**

When an entity changes its business model for managing financial assets, reclassification is a must for all of its affected financial assets in accordance with the classification requirements mentioned above.

**Offset of financial assets**

Financial assets and financial liabilities are offset and recorded at net in the statement of financial position only when there is a current legally enforceable right to settle the included amounts and the company has the intention to settle the assets with the liabilities on a net basis or realize the assets and pay the liabilities simultaneously.

**Share capital**

Instruments issued by the company are classified as equity (shareholders' equity) only to the extent that they do not meet the definition of an asset or a liability. The company's ordinary shares are classified as equity instruments (shareholders' equity).

**Impairment**

**Impairments of financial assets**

IFRS 9 requires an entity to follow the expected credit loss model in relation to impairment of financial assets.

ECLs shall be measured for financial assets measured at amortized cost or FVTOCI, excluding investment in equity instruments.

Under IFRS 9, loss allowances are measured with one of the following bases:

- Expected credit loss over 12 months. This expected credit loss results from default events that are possible within 12 months after the reporting date.
- Expected credit loss over a lifetime. It is the expected credit loss that results from all default events over the expected life of the financial instrument.

Regarding lifetime expected credit loss, the measurement is applied if the credit risk of credit assets has increased significantly at the reporting date since their initial recognition and the 12-month expected credit loss measurement is applied if this credit risk has not increased significantly. The Company can assume that the credit risk on a financial instrument has not increased significantly since its initial recognition if the financial instrument is determined to have low credit risk at the reporting date. However, measuring lifetime expected credit loss is always applied to trade receivables and contract assets without a significant financing component, so the Company can select to apply this policy also to trade receivables with no significant financing component.

The Company selected to assess impairment losses on trade receivables using the 12-month expected credit losses.

The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to accrue on the reduced carrying amount using the interest rate used to discount future cash flows for the purpose of measuring the impairment loss. Loans are written off, together with the provision associated with loans, when there is no realistic view of future recovery, and all collateral has been realized or transferred to the Company. If - in a subsequent year - the amount of the estimated impairment loss increases or decreases due to an event that occurred after the impairment was recorded, the previously recognized impairment loss will be increased or reduced by adjusting the allowance account. If a write-off is subsequently reversed, it is recognized in profit or loss in the period in which it is recovered.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Impairment of non-financial assets**

The carrying values of the Company's non-financial assets are reviewed at each financial reporting date to determine whether there is any impairment. If such an indication exists, the asset's recoverable amount is estimated.

There is a decrease in value when the book value of the asset or cash-generating unit exceeds the recoverable value, which is the fair value less costs to sell or the value in use of the asset - whichever is higher. The recoverable amount is determined for a single asset unless the asset generates cash flows that are largely independent of cash flows from other assets or groups of assets. When the carrying value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered to have suffered impairment and is written down to its recoverable amount. When determining the fair value less costs to complete the sale, the most recent market transactions are taken into account. If it is not possible to determine such transactions, the appropriate evaluation model is used. Value in use is based on the discounted cash flow model, whereby expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Losses resulting from impairment in value are recognized in the statement of profit or loss. Impairment losses recognized in value in relation to cash-generating units are allocated initially to reduce the carrying value of any goodwill allocated to the units and then to reduce the carrying values of other assets in the unit (or group of units) on a pro-rata basis.

An assessment is made at each financial reporting date to determine whether there is evidence that previously recognized impairment losses have disappeared or decreased. If such evidence exists, the Group estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed if there has been a change in the assumptions used in determining the recoverable amount since the last impairment loss was recognized. The reversal of the entry is limited so that the book value of the asset does not exceed its recoverable value or exceeds the book value that would have been determined - after subtracting depreciation - with no impairment loss recorded for the asset in previous years. Such a reversal is recorded in the statement of profit or loss.

**Cash and cash equivalent**

Cash and cash equivalents in the statement of financial position consist of cash at banks.

**Statutory reserve**

As required by the Saudi Companies Law, the Company transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of capital. The reserve is not available for distribution as dividends.

**Provisions**

**General**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Employees' defined benefits obligation**

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

---

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Dividend**

Dividends are recorded as a liability in the period in which they are approved by the Board of Directors, and final dividends are recorded in the year in which they are approved by the General Assembly of shareholders.

**FINANCIAL LIABILITIES**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as described below:

**Derecognition for financial liabilities**

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired under a contract.

**OFFSETTING OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**Accounts payable**

Accounts payable are recognized at the transaction price and subsequently measured at amortized cost using the effective interest rate method.

**Revenue recognition**

Revenue is recognized when the company fulfils its obligations in contracts with customers or the invoice at an amount that reflects the material compensation that the Company expects in exchange for the goods, or revenue is measured at the fair value of the consideration received or which the company will receive for these revenues (due from collection), taking into account the specific payment terms, in the contract, excluding taxes or fees, revenues appear net after subtracting sales returns, discounts, and the like. Revenues are recognized to the extent that it is probable that economic benefits will be achieved for the company and revenues and costs can be measured reliably.

The Company recognizes revenue from contracts with customers based on a five-step model:

- The first step: Determine the contract with the client.
- Step Two: Identify the separate performance obligations in the contract.
- Step three: Determine the transaction price.
- Step 4: Allocate the transaction price to the separate performance obligations.
- Step Five: Revenue recognition when (or as) each performance obligation is satisfied.

Revenue is recognized when it can be measured reliably, when it is probable that the economic benefits will flow to the Company, and when specific criteria are met for each of the Company's activities.

**EXPENSES**

Operational Expenses are consistently allocated to the cost of revenues, selling and marketing expenses and general and administration expenses using consistent allocation factors determined in accordance with the Company's activities.

**Zakat**

The Company provides zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia ("KSA"). The provision is charged to profit or loss.



**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Value-added tax ("VAT")**

Revenues, expenses and assets are recognized net of the amount of value-added tax ("VAT"), except:

- If the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in such case, the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of other receivables or payables in the statement of financial position.

**5. New standards, interpretations and amendments**

**New and revised IFRSs applied that did not have a material impact on the financial statements**

In the current year, the Company has applied a number of amendments to the International Financial Reporting Standards issued by the International Accounting Standards Board that are mandatory for an accounting period beginning on or after 1 January 2022. Such an application did not have any material impact on the disclosures or the amounts included in these Financial Statements.

- Amendments to IFRS 3 Business Combination to update the reference to the conceptual framework.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a Company from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the Company is preparing the asset for its intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to costs that must be included when assessing whether there are onerous contracts.
- Annual improvements to IFRS 2018-2020, periodic amendments to IFRS 1, 9, 16 and IAS 41.

**New and revised IFRSs in issue, but not yet effective and have not been early adopted**

The Company has not yet applied the following new standards, amendments and interpretations that have been issued, but are not yet effective:

<b><u>New and revised International Financial Reporting Standards</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	The effective date has been deferred indefinitely
Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities.	January 1, 2024
Amendments to IFRS 16 Leases relating to the treatment of sale and leaseback transactions.	January 1, 2024
IFRS 17 Insurance Contracts establishes principles of the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	January 1, 2023
Disclosure of accounting policies (amendments to IAS 1 and Statement of Practice 2).	January 1, 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.	January 1, 2023
Amendments to IAS 12 - Income Tax - Deferred tax relating to assets and liabilities arising from a single transaction.	January 1, 2023

upon application of these new standards, interpretations and amendments to the Company's financial statements for the period of initial application and adopting these new standards, interpretations and amendments, management expects that they will not have a material impact on the Company's financial statements in the period of initial application.

**Racoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**  
(Saudi Riyals)

<b>6. PROPERTY, PLANT AND EQUIPMENT</b>								
	<b>Buildings and constructions *</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixture</b>	<b>Electrical appliances</b>	<b>Electricity stations</b>	<b>Projects under construction **</b>	<b>Total</b>
<b>Cost:</b>								
As at January 1, 2021	26,681,185	59,005,913	6,124,321	266,209	798,906	2,064,941	19,000	94,960,475
Additions	-	86,850	-	-	98,070	-	1,922,869	2,107,789
Reclassification	-	60,869	-	-	71,158	(71,158)	(60,869)	-
Disposals	-	-	(45,000)	-	-	-	-	(45,000)
As at December 31, 2021	26,681,185	59,153,632	6,079,321	266,209	968,134	1,993,783	1,881,000	97,023,264
<b>Additions</b>	-	<b>130,000</b>	<b>584,600</b>	-	<b>39,895</b>	-	<b>1,942,608</b>	<b>2,697,103</b>
<b>As at December 31, 2022</b>	<b>26,681,185</b>	<b>59,283,632</b>	<b>6,663,921</b>	<b>266,209</b>	<b>1,008,029</b>	<b>1,993,783</b>	<b>3,823,608</b>	<b>99,720,367</b>
<b>Accumulated Depreciation:</b>								
As at January 1, 2021	5,919,143	40,359,982	4,943,356	240,039	483,991	933,787	-	52,880,298
Charge for the year	707,286	2,481,306	184,032	1,571	71,648	136,065	-	3,581,908
Disposals	-	-	(38,001)	-	-	-	-	(38,001)
As at December 31, 2021	6,626,429	42,841,288	5,089,387	241,610	555,639	1,069,852	-	56,424,205
<b>Charge for the year</b>	<b>707,286</b>	<b>2,390,057</b>	<b>140,058</b>	<b>1,571</b>	<b>81,705</b>	<b>136,065</b>	-	<b>3,456,742</b>
<b>As at December 31, 2022</b>	<b>7,333,715</b>	<b>45,231,345</b>	<b>5,229,445</b>	<b>243,181</b>	<b>637,344</b>	<b>1,205,917</b>	-	<b>59,880,947</b>
<b>Net Book Value:</b>								
<b>December 31, 2022</b>	<b>19,347,470</b>	<b>14,052,287</b>	<b>1,434,476</b>	<b>23,028</b>	<b>370,685</b>	<b>787,866</b>	<b>3,823,608</b>	<b>39,839,420</b>
December 31, 2021	20,054,756	16,312,344	989,934	24,599	412,495	923,931	1,881,000	40,599,059

\* The Company's buildings and constructions item includes buildings and constructions built on lands leased from Government Authorities expiring in the year 1451 H, corresponding to 2030, and are renewed.

\*\* Projects under construction include civil defense work for the Riyadh branch and a production line machine. Capital commitments to complete these projects as of December 31, 2022, amounted to SR. 6,350,076 (2021: SR. 605,434).

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**6. PROPERTY, PLANT AND EQUIPMENT** (Continued)

The depreciation charge for the year is allocated between expenses as follows:

	(Saudi Riyals)	
	2022	2021
Cost of revenues (Note 19)	3,233,408	3,324,657
Selling and marketing expenses (Note 21)	140,058	184,032
General and administrative expenses (Note 20)	83,276	73,219
	<b>3,456,742</b>	<b>3,581,908</b>

**7. INTANGIBLE ASSETS**

	(Saudi Riyals)	
	2022	2021
<b>Cost:</b>		
As at January 1,	87,300	87,300
As at December 31,	87,300	87,300
<b>Accumulated amortization</b>		
As at January 1,	55,615	44,702
Charge during the year (Notes 20)	10,912	10,913
As at December 31,	66,527	55,615
<b>Net Book Value:</b>		
As at December 31	<b>20,773</b>	<b>31,685</b>

**8. LEASES**

**8.1 RIGHT OF USE ASSETS**

	(Saudi Riyals)	
	2022	2021
<b>Cost</b>		
As at January 1	40,585,242	40,585,242
Disposals	(350,328)	-
leases' adjustments	966,856	-
As at December 31	<b>41,201,770</b>	40,585,242
<b>Accumulated depreciation</b>		
As at January 1	5,960,196	3,973,464
Charge for the year	1,958,767	1,986,732
Disposal	(270,429)	-
As at December 31	<b>7,648,534</b>	5,960,196
<b>Netbook Value</b>		
As at December 31	<b>33,553,236</b>	34,625,046

Depreciation for the year is allocated between expenses as follows:

	(Saudi Riyals)	
	2022	2021
Selling and marketing expenses (Note 21)	1,865,649	1,887,396
Cost of revenues (Note 19)	93,118	99,336
	<b>1,958,767</b>	1,986,732

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**8. LEASES (Continued)**

**8.1 LEASE LIABILITIES**

The movement of lease liabilities during the years ended December 31, is as follows:

	(Saudi Riyals)	
	2022	2021
As at January 1	37,347,935	38,587,519
Finance cost	1,315,302	1,229,623
Leases' adjustment	966,856	(202,500)
Disposals	(147,842)	-
Paid	(2,288,221)	(2,266,707)
<b>As at December 31</b>	<b>37,194,030</b>	<b>37,347,935</b>
<b>Current portion</b>	<b>1,330,085</b>	<b>1,279,060</b>
<b>Non-current portion</b>	<b>35,863,945</b>	<b>36,068,875</b>

**9. INVENTORY**

	(Saudi Riyals)	
	2022	2021
Glass	21,352,866	20,293,135
Crystal	3,602,253	6,961,793
Lexan	1,416,020	3,877,427
Plastic	699,617	1,376,825
Acrylic	934,067	633,472
Accessories	1,102,500	200,785
Other products	-	939,816
	<b>29,107,323</b>	<b>34,283,253</b>

**10. Financial assets AT FAIR VALUE THROUGH PROFIT OR LOSS**

The value of the investment is represented in shares of companies listed in the Saudi stock market for the purpose of trading. The Company maintains this portfolio with a local brokerage Company licensed in the Kingdom of Saudi Arabia. The investments were recorded at fair value as of December 31, 2022, according to the closing prices at the end of trading at the date of the financial position. The movement of the assets is as follows:

	(Saudi Riyals)	
	2022	2021
As at January 1	-	-
Addition	35,957,398	-
Losses on revaluation	(470,506)	-
<b>As at December 31</b>	<b>35,486,892</b>	<b>-</b>

**Raoum Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**11. TRADE RECEIVABLES**

	(Saudi Riyals)	
	2022	2021
Trade receivables	2,890,049	4,551,284
Less: expected credit loss provision	(446,542)	(1,058,349)
	2,443,507	3,492,935

The movement of the expected credit loss is as follows:

	(Saudi Riyals)	
	2022	2021
As at January 1	1,058,349	1,058,349
Reversal of expected credit loss provision	(611,807)	-
As at December 31	446,542	1,058,349

The Ageing analysis of trade receivables as of December 31 is as follows:

	Balances that are past due and have not Impaired					
	(Saudi Riyals)					
	Total	Less than 90 days	90-180 days	180 – 270 days	270 – 360 days	More than 360 days
2022	2,890,049	2,305,271	82,516	77,400	66,931	357,931
2021	4,551,284	3,778,040	168,858	122,344	101,370	380,672

**12. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	(Saudi Riyals)	
	2022	2021
Advances to suppliers	1,349,001	3,672,698
Prepaid expenses	473,676	351,497
	1,822,677	4,024,195

**13. SHARE CAPITAL**

The Company's issued and paid-up capital is SR 50 million, divided into 5 million shares with a nominal value of SR. 10 per share. On Muharram 9, 1444 H, corresponding to August 7, 2022, the Extraordinary General Assembly met and resolved to increase the capital by SR 12.5 million, by transferring from retained earnings to become SR. 62.5 million divided into 6.25 million shares with a nominal value of SR. 10 per share.

**14. STATUTORY RESERVE**

According to the Article of Association and Companies Law in the Kingdom of Saudi Arabia, the company shall transfer 10% of its net profit to the statutory reserve until this reserve reaches 30% of its capital. This statutory reserve is not distributable as dividends.

**15. EMPLOYEES' DEFINED BENEFITS OBLIGATION**

The movement in employees' defined benefits obligation, a defined benefit plan, during the year is as follows:

	(Saudi Riyals)	
	2022	2021
As at January 1	2,335,233	2,378,045
Expense charged to profit or loss	518,498	488,388
Actuarial remeasurement charged to OCI	360,441	(392,921)
Paid	(90,643)	(138,279)
As at December 31	3,123,529	2,335,233

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**15. EMPLOYEES' DEFINED BENEFIT OBLIGATION (Continued)**

The expense charged to profit or loss consists of the following:

	(Saudi Riyals)	
	2022	2021
Current service costs	456,670	432,974
Finance cost	61,828	55,414
<b>Expenses charged to profit or loss</b>	<b>518,498</b>	<b>488,388</b>

**Key actuarial assumptions**

	2022	2021
Discount rate used	4.4%	2.70%
Salary growth rate	3.00%	2.00%
Employees' turnover rate	Medium	Medium

Sensitivity analysis of key actuarial assumptions is as follows:

	2022		2021	
	%	Saudi Riyals	%	Saudi Riyals
<b>Discount rate</b>				
Increase	+1%	2,868,002	+1%	2,178,097
Decrease	-1%	3,424,313	-1%	2,503,710
<b>Salary growth rate - long term</b>				
Increase	+1%	3,441,488	+1%	2,503,655
Decrease	-1%	2,849,209	-1%	2,176,114

**16. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	(Saudi Riyals)	
	2022	2021
Advance from customers	869,974	553,158
Value Added Tax ("VAT")	824,354	722,334
Accrued expenses for Employees	622,318	-
Accrued expenses	380,839	254,252
Other credit balances	319,749	259,390
	<b>3,017,234</b>	<b>1,789,134</b>

**17. ZAKAT PAYABLE**

**Components of the Zakat base**

The Company is subject to zakat at 2.5% of the zakat base or net adjusted profit, whichever is higher. The most significant components of the zakat base according to zakat regulations consist mainly of equity and provisions as at the beginning of the year and net adjusted profit, less the net book value of non-current assets.

The Key components of the zakat base as at December 31, are as follows:

	(Saudi Riyals)	
	2022	2021
Net adjusted profit	32,880,152	26,978,659
Share capital	62,500,000	50,000,000
Reserves	12,014,660	9,526,425
Lease liabilities	37,194,030	37,347,935
Retained Earnings	2,190,130	10,971,371
Provisions	3,016,685	3,622,851
Non-current assets	(73,413,429)	(75,255,790)

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**17. ZAKAT PAYABLE** (Continued)

The movement of zakat payable for the year ending December 31 is as follows:

	(Saudi Riyals)	
	2022	2021
As at January 1	1,932,654	1,610,648
Charge for the year	1,618,272	1,607,918
Paid	(1,607,101)	(1,285,912)
<b>As at December 31</b>	<b>1,943,825</b>	<b>1,932,654</b>

**Status of zakat certificates and assessments**

The Company has filed its zakat returns and obtained zakat certificates for the years up to 2021. The Company also has received zakat assessments up to 2014 and the due zakat differences were paid. The years from 2015 to 2021 are still under review by the Zakat, Tax and Customs Authority ("ZATCA").

**18. REVENUES**

	(Saudi Riyals)	
	2022	2021
Glass	99,357,771	74,280,922
Crystal	20,596,766	24,577,059
Lexan	9,700,324	8,505,983
Plastic and acrylic	2,234,171	1,652,901
Other	3,340,000	1,175,116
	<b>135,229,032</b>	<b>110,191,981</b>

**19. Cost of revenue**

	(Saudi Riyals)	
	2022	2021
Materials cost	77,703,105	59,101,865
Salaries and other benefits	4,390,087	4,504,104
Depreciation of property, plant and equipment	3,233,408	3,324,657
Electricity and water	1,796,532	1,636,027
Spare parts and maintenance	1,603,603	1,486,487
Customs charges	1,066,224	605,544
Fuels	787,867	611,564
Operation and production expenses	300,796	372,692
Rent and transportation expenses	244,800	204,455
Depreciation of right-of-use assets	93,118	99,336
Others	301,029	249,728
	<b>91,520,569</b>	<b>72,196,459</b>

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**20. GENERAL AND ADMINISTRATIVE EXPENSES**

	(Saudi Riyals)	
	2022	2021
Salaries and other benefits	3,585,400	4,280,424
Insurances	1,376,027	1,217,003
Governmental fees	1,143,243	1,175,268
Travel and vacations	1,122,470	123,020
Hospitality	267,951	210,266
Professional fee	180,000	167,500
Telephone and mail	131,257	136,842
Stationary	89,656	71,092
Depreciation of property, plant, and equipment	83,276	73,219
Property insurance	76,444	62,852
Amortization of intangible assets	10,912	10,913
Donations	-	41,247
Others	106,507	777,070
	<b>8,173,143</b>	<b>8,346,716</b>

**21. SELLING AND MARKETING EXPENSES**

	(Saudi Riyals)	
	2022	2021
Depreciation of right-of-use assets	1,865,649	1,887,396
Depreciation of property, plant and equipment	140,058	184,032
Others	200	70
	<b>2,005,907</b>	<b>2,071,498</b>

**22. OTHER INCOME**

	(Saudi Riyals)	
	2022	2021
Leases' adjustment	67,943	202,500
Losses on disposal of property, plant, and equipment	-	(4,500)
Others	127	-
	<b>68,070</b>	<b>198,000</b>

**23. FINANCE COST**

	(Saudi Riyals)	
	2022	2021
Finance cost - leases (Note 8)	1,315,302	1,229,623
Finance cost – employees' defined benefits obligation (Note 15)	61,828	55,414
	<b>1,377,130</b>	<b>1,285,037</b>

**24. EARNING PER SHARE**

Basic earnings per share is calculated by dividing net profit for the period attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year. There were no diluted shares outstanding at any time during the year, therefore, diluted EPS equals basic EPS:

	(Saudi Riyal)	
	2022	2021
Net profit attributable to Shareholders	30,743,382	24,882,353
Weighted average number of ordinary shares during the year	6,250,000	6,250,000
<b>Basic and diluted earnings per share for the Company's shareholders</b>	<b>4,92</b>	<b>3,98</b>



**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**25. Dividends**

On June 14, 2022, the Extraordinary General Assembly of the Company approved the distribution of cash dividends to the Company's shareholders at an amount of SR 6,250,000, at SR 1.25 per share, which represents 12.5% of the nominal value of one share. On October 12, 2022, Board of Directors meeting was held to vote on the decision to distribute dividends of SR. 1 per share, which represents 10% of the nominal value of the share, which represents an amount of SR. 6,250,000, and on December 9, 2022, Board of Directors meeting was held to vote on the decision to distribute dividends of SR. 1 per share, which represents 10% of the nominal value of the share, which represents an amount of SR. 6,250,000.

During the year 2021, the General Assembly has approved the distribution of cash dividends to shareholders in the amount of SR. 16,500,000.

**26. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

**26-1 The following are the significant transactions made with related parties during the year:**

Related party	nature of relationship	Nature of transaction	(Saudi Riyals)	
			2022	2021
Abdul Aziz Al-Hamid	Main shareholder/ Board of Directors Chairman	Dividends	<b>10,200,000</b>	12,020,000
		Rents	<b>2,310,000</b>	2,100,000

**26-2 The benefits of key management personnel are as follows:**

	(Saudi Riyals)	
	2022	2021
Short-term employees' benefits	<b>405,000</b>	480,000
Allowances of audit committee members	<b>172,500</b>	-
Employment termination benefits	<b>25,000</b>	47,500
<b>Total benefits paid to key management personnel</b>	<b>602,500</b>	527,500

**27. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

The Company's activities expose it to variable financial risks, such as credit risks, liquidity risks, market price risks, currency risks, and interest rate risks.

**Market risk**

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, which affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable limits while maximizing returns. There has been no change in the Company's exposure to market risks or the way in which these risks are managed and measured.

**Credit risk**

Credit risk is the inability of one party to a financial instrument to fulfil its obligations, resulting in the other party incurring a financial loss. The Company is exposed to credit risk on trade receivables, other debit balances and bank balances as follows:

	(Saudi Riyals)	
	2022	2021
Trade Receivables	<b>2,443,507</b>	3,492,935
Cash at banks	<b>11,712,534</b>	22,053,736
	<b>14,156,041</b>	25,546,671

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**27. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**Credit risk (Continued)**

The book value of financial assets represents the maximum exposure to credit risk.

The Company manages credit risk with respect to trade receivables by setting credit limits for each customer and monitoring uncollected receivables on an ongoing basis. Receivable balances are monitored so that the Company does not incur material bad debts. The top five customers represent approximately 17% of trade receivables outstanding as at December 31, 2022 (2021: 25%).

Bank cash balances are held with financial institutions with high credit ratings.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet obligations related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The following are the contractual maturities of financial liabilities at the end of the reporting period.

	(Saudi Riyals)			
<b>As at December 31, 2022</b>	<b>Book Value</b>	<b>Less than one year</b>	<b>More than one year and less than Five years</b>	<b>More than five years</b>
<b>Financial liabilities</b>				
Lease liabilities	37,194,030	1,330,085	28,431,123	7,432,822
Trade payables	1,620,013	1,620,013	-	-
Accrued expenses and other credit balances	1,003,157	1,003,157	-	-
	<b>39,817,200</b>	<b>3,953,255</b>	<b>28,431,123</b>	<b>7,432,822</b>
	(Saudi Riyals)			
<b>As at December 31, 2021</b>	<b>Book Value</b>	<b>Less than one year</b>	<b>More than one year and less than Five years</b>	<b>More than five years</b>
<b>Financial liabilities</b>				
Lease liabilities	37,347,935	1,279,060	30,184,975	5,883,900
Trade payables	250,163	250,163	-	-
Accrued expenses and other credit balances	254,252	254,252	-	-
	<b>37,852,350</b>	<b>1,783,475</b>	<b>30,184,975</b>	<b>5,883,900</b>

Liquidity risk is managed by monitoring it on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the future obligations of the company.

**Fair value risks**

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of trading at the reporting date. Instruments that have not been reported of being sold, are assessed at the most recent bid price.

An active market is a market in which assets and liabilities are traded with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less allowance for impairment, if any, of financial instruments carried at amortized cost is assumed to approximate their fair value.

The fair value hierarchy contains the following levels:

Level 1: Market prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Valuation techniques at which the lowest level of income that is significant to the fair value measurement can be directly or indirectly observed.

Level 3: Valuation techniques for which the lowest level of income that is relevant to the fair value measurement cannot be observed.

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

**27. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**Fair value**

It is the value that will be received to sell an asset or paid to transfer any of the liabilities in regular transactions between market participants on the date of measurement. As such, differences can arise between carrying values and fair value estimates.

	(Saudi Riyals)	
	2022	2021
Financial assets at fair value through profit or loss	<b>35,486,892</b>	-
	<b>35,486,892</b>	-

**28. SEGMENT INFORMATION**

**Operating sector**

The Company does not have any operating sectors other than the glass-cutting and accessories sectors.

**Geographic sector**

The following table shows the classification of revenues according to geographical sectors:

	(Saudi Riyals)		%	
	2022	2021	2022	2021
Revenues inside the Kingdom of Saudi Arabia	<b>133,260,725</b>	107,343,640	<b>98%</b>	97%
Revenues outside the Kingdom of Saudi Arabia	<b>1,968,307</b>	2,848,341	<b>2%</b>	3%
	<b>135,229,032</b>	110,191,981		

**Timing of revenue recognition:**

Revenues are represented in one operating segment, and the timing of revenues; and recognition is at a point in time.

**29. Capital Commitments**

As at December 31, 2022, the Company has capital commitments related to projects under construction within property, plant and equipment with an amount of SR. 6,350,076 (2021: SR. 605,434).

**30. COMPARATIVE FIGURES**

The comparative figures for the prior year have been reclassified, in order to be consistent with the presentation of the figures for the current year. These reclassifications do not have any effects on equity or net profit for the prior year.

**31. SUBSEQUENT EVENTS**

In the opinion of management, there are no significant events as of the reporting date that may require amendment or disclosure in these financial statements.

**32. APPROVAL of the FINANCIAL STATEMENTS**

The Company's Board of Directors approved the issuance of these financial statements on Shaaban 10, 1444H, corresponding to March 2, 2023.

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Financial Statements and  
Independent Auditor's Report  
For the Year Ended December 31, 2023**

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Financial Statements and Independent Auditor's Report**  
**For the Year Ended December 31, 2023**

---

<b><u>Index</u></b>	<b><u>Page</u></b>
Independent Auditor's Report	1-4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-31

**Independent Auditor's Report**

**To the Shareholders**  
**Raoom Trading Company**  
 (A Saudi Joint Stock Company)  
 Buraidah, Kingdom of Saudi Arabia

**Opinion**

We have audited the financial statements of Raoom Trading Company ("the Company"), which comprise the statement of financial position as at December 31, 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for the Professional Accountants endorsed in the Kingdom of Saudi Arabia, relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Revenue generated from the company's main activities is recognized in accordance with the requirements of IFRS (15) Revenue from Contracts with Customers.</p> <p>The recognition of revenues was considered a key audit matter, given that revenues are a significant component of the company's performance and results, and given that international standards on auditing assume that there are significant risks related to the recognition of revenues.</p> <p>As shown in Note No. (18), for the year ended December 31, 2023, the company recognized net revenues amounting to SR 135,041,376 (2022: SR 135,229,032).</p> <p>Please refer to Note No. (29), which includes the accounting policies related to revenue recognition, and Notes No. (18) and (28), which explain the details of revenue.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>- Verifying the appropriateness of the accounting policies to recognize the company's revenues in accordance with the requirements of IFRS (15) Revenues from Contracts with Customers.</li> <li>- Testing the design and effectiveness of internal control procedures in respect of revenue recognition and receivables.</li> <li>- Detailed tests for a sample of sold products and ensure that the revenue recognition policy is applied properly.</li> <li>- Analytical procedures to understand the reasons for the variation in revenues compared to the previous year, verify their logic, and determine whether there are significant fluctuations need an additional examination in light of our understanding of the current market conditions.</li> <li>- Test cut-off procedures to ensure that revenues are recorded in the correct periods.</li> </ul>

**Independent Auditor's Report (Continued)**

**To the Shareholders  
Raoom Trading Company**

**Key audit matters (Continued)**

<b>Key Audit Matters</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Inventory</b></p> <p>As at December 31, 2023, the Company's inventory balance amounted to SR 21,773,483 (2022: SR 29,107,323).</p> <p>Inventory is booked at a lower cost or net realizable value, whichever is lower. The risks of inventory lie in not performing the necessary stock-count procedures, or not evaluating the inventory and considering the price fluctuations or price fall.</p> <p>Please refer to Note No. (29), which includes accounting policies related to inventory, and Note No. (8), which explains the details of inventory.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of the company's accounting policies by recognizing and measuring inventory in accordance with the requirements of International Financial Reporting Standards ("IFRS").</li> <li>- Evaluating the design, implementation, and testing of the operational effectiveness of the company's controls over inventory recognition and subsequent measurement.</li> <li>- Attending the physical stock counts at selected locations to verify stock items.</li> <li>- Testing the net realizable value of inventory and the assumptions used by management to verify the estimation of the inventory value at cost or net realizable value, whichever is lower.</li> <li>- Taking into consideration the adequacy of disclosure in the company's financial statements in accordance with International Financial Reporting Standards ("IFRS").</li> </ul>

**Other Information**

Management is responsible for the other information, Other information consists of the information included in the Company's 2023 annual report but doesn't include the financial statements and our auditor's report thereon. The Company's annual report for 2023 is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Company's annual report for 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. In case those charged with governance do not respond, the auditor has the right to call the General Assembly to convene to consider the matter.

## Independent Auditor's Report (Continued)

**To the Shareholders  
Raoom Trading Company**

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**Independent Auditor's Report (Continued)**

**To the Shareholders  
Raoom Trading Company**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 that might be communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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*



**Majid Muneer Alnemer**  
License No. 381

Riyadh on Rajab 24, 1445 H  
Corresponding to February 5, 2024 G



**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Financial Position**  
**As at December 31, 2023**  
(Saudi Riyals)

	Note	December 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	43,294,925	39,839,420
Intangible assets	6	9,860	20,773
Right-of-use assets	7	31,856,214	33,553,236
<b>Total Non-Current Assets</b>		<b>75,160,999</b>	<b>73,413,429</b>
<b>Current Assets</b>			
Inventory	8	21,773,483	29,107,323
Financial assets at fair value through profit or loss (FVTPL)	9	56,917,300	35,486,892
Trade receivables	10	2,617,394	2,443,507
Prepaid expenses and other debit balances	11	2,425,602	1,822,677
Cash at banks		22,628,979	11,712,534
<b>Total Current Assets</b>		<b>106,362,758</b>	<b>80,572,933</b>
<b>TOTAL ASSETS</b>		<b>181,523,757</b>	<b>153,986,362</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12-1	62,500,000	62,500,000
Statutory reserve	12-2	18,750,000	15,088,998
Retained Earnings		55,181,001	29,498,733
<b>TOTAL EQUITY</b>		<b>136,431,001</b>	<b>107,087,731</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Employees' defined benefits obligation	15	3,721,135	3,123,529
Lease liabilities - non-current portion	7	34,755,124	35,863,945
<b>Total Non-Current Liabilities</b>		<b>38,476,259</b>	<b>38,987,474</b>
<b>Current Liabilities</b>			
Trade payables		19,892	1,620,013
Lease liabilities - current portion	7	1,444,196	1,330,085
Accrued expenses and other credit balances	16	2,493,809	3,017,234
Zakat payable	17	2,658,600	1,943,825
<b>Total Current Liabilities</b>		<b>6,616,497</b>	<b>7,911,157</b>
<b>TOTAL LIABILITIES</b>		<b>45,092,756</b>	<b>46,898,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>181,523,757</b>	<b>153,986,362</b>

  
Chief Financial Officer

  
Chief Executive Officer

  
Board of Director Chairman

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Comprehensive Income**  
**For the Year Ended December 31, 2023**  
(Saudi Riyals)

	Note	2023	2022
Revenues	18	135,041,376	135,229,032
Cost of revenues	19	<u>(91,748,518)</u>	<u>(91,520,569)</u>
<b>Gross profit</b>		<b>43,292,858</b>	<b>43,708,463</b>
General and administrative expenses	20	<b>(9,985,383)</b>	(8,173,143)
Selling and marketing expenses	21	<b>(2,399,114)</b>	(2,005,907)
(Provision) /Reversal of expected credit losses	10	<b>(38,467)</b>	611,807
<b>Operating profit</b>		<b>30,869,894</b>	<b>34,141,220</b>
Profit (Loss) on revaluation of financial assets at FVTPL	9	<b>18,368,660</b>	(470,506)
Dividends from financial assets at FVTPL	9	<b>1,083,301</b>	-
Other income	22	<b>252,930</b>	68,070
Finance costs	23	<b>(1,340,717)</b>	(1,377,130)
<b>Profit before zakat</b>		<b>49,234,068</b>	<b>32,361,654</b>
Zakat	17	<b>(2,658,881)</b>	(1,618,272)
<b>Profit for the year</b>		<b>46,575,187</b>	<b>30,743,382</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss subsequently:</b>			
Remeasurement of employees' defined benefits obligation	15	<b>(44,417)</b>	(360,441)
<b>Other comprehensive loss for the year</b>		<b>(44,417)</b>	(360,441)
<b>Comprehensive income for the year</b>		<b>46,530,770</b>	<b>30,382,941</b>
Basic and diluted earnings per share	24	<b>7.45</b>	4.92

  
Chief Financial Officer

  
Chief Executive Officer

  
Board of Directors Chairman

The accompanying notes form an integral part of these financial statements

**Racoom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Changes in Equity**  
**For the Year Ended December 31, 2023**  
(Saudi Riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Total equity
<b>For the year ended December 31, 2023:</b>					
As at January 1, 2023		62,500,000	15,088,998	29,498,733	107,087,731
Profit for the year		-	-	46,575,187	46,575,187
Other comprehensive loss for the year		-	-	(44,417)	(44,417)
Comprehensive income for the year		-	-	46,530,770	46,530,770
Transferred to Statutory reserve	12-2	-	3,661,002	(3,661,002)	-
Dividends	13	-	-	(17,187,500)	(17,187,500)
<b>As at December 31, 2023</b>		<b>62,500,000</b>	<b>18,750,000</b>	<b>55,181,001</b>	<b>136,431,001</b>
<b>For the year ended December 31, 2022:</b>					
As at January 1, 2022		50,000,000	12,014,660	33,440,130	95,454,790
Profit for the year		-	-	30,743,382	30,743,382
Other comprehensive loss for the year		-	-	(360,441)	(360,441)
Comprehensive income for the year		-	-	30,382,941	30,382,941
Transferred to statutory reserve	12-2	-	3,074,338	(3,074,338)	-
Dividends	13	-	-	(18,750,000)	(18,750,000)
Share capital increase through retained earnings	12-1	12,500,000	-	(12,500,000)	-
<b>As at December 31, 2022</b>		<b>62,500,000</b>	<b>15,088,998</b>	<b>29,498,733</b>	<b>107,087,731</b>

  
Chief Executive Officer




  
Chief Financial Officer

  
Board of Directors Chairman

The accompanying notes form an integral part of these financial statements

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**  
(Saudi Riyals)

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Profit before zakat	49,234,068	32,361,654
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	3,504,872	3,456,742
Amortization of intangible assets	10,913	10,912
Depreciation of right of use assets	2,015,886	1,958,767
Other income on disposal of lease contracts	-	(67,943)
Gain on disposal of property, plant and equipment	(141,653)	-
Finance costs	1,340,717	1,377,130
Employees' defined benefits obligation incurred	499,845	456,670
(Profit)/losses on revaluation of financial assets at FVTPL	(18,368,660)	470,506
Dividends from financial assets at FVTPL	(1,083,301)	-
Provision/(Reversal) of expected credit losses	38,467	(611,807)
<b>Change in working capital:</b>		
Inventories	7,333,840	5,175,930
Trade receivables	(212,354)	1,661,235
Prepaid expenses and other debit balances	(602,925)	2,201,518
Trade payable	(1,600,121)	1,369,850
Accrued expenses and other credit balances	(523,425)	1,228,100
<b>Cash from operations</b>	<u>41,446,169</u>	<u>51,049,264</u>
Zakat paid	(1,944,106)	(1,607,101)
Employees' defined benefits obligation paid	(82,281)	(90,643)
<b>Net cash generated from operating activities</b>	<u>39,419,782</u>	<u>49,351,520</u>
<b>Investing Activities</b>		
Additions to financial assets at FVTPL	(52,237,598)	(35,957,398)
Proceeds from sale of financial assets at FVTPL	49,175,850	-
Dividends from financial assets at FVTPL	1,083,301	-
Proceeds from disposal of property, plant, and equipment	174,000	-
Additions to property, plant and equipment	(6,992,724)	(2,697,103)
<b>Net cash used in investing activities</b>	<u>(8,797,171)</u>	<u>(38,654,501)</u>
<b>Financing Activities</b>		
Lease liabilities paid	(2,518,666)	(2,288,221)
Dividends paid	(17,187,500)	(18,750,000)
<b>Net cash used in financing activities</b>	<u>(19,706,166)</u>	<u>(21,038,221)</u>
<b>Net changes in cash and cash equivalents during the year</b>	<u>10,916,445</u>	<u>(10,341,202)</u>
Cash and cash equivalents at the beginning of the year	11,712,534	22,053,736
<b>Cash and cash equivalents at the end of the year</b>	<u>22,628,979</u>	<u>11,712,534</u>
<b>Non-Cash Transactions</b>		
Additions to right-of-use assets/lease liabilities	318,864	-
Remeasurement of employees' defined benefits obligation	44,417	360,441
Share capital increase through retained earnings	-	12,500,000
		
		
		

Chief Financial Officer

Chief Executive Officer

Board of Director Chairman

The accompanying notes form an integral part of these financial statements

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**1. ORGANIZATION AND ACTIVITY**

Raoom Trading Company ("the Company") was established as a Joint Stock Company under the Companies Law in the Kingdom of Saudi Arabia, under Commercial Registration No. 1131010525 dated Safar 5, 1413 H, corresponding to August 3, 1992.

On February 21, 2022, corresponding to Rajab 20, 1443 H, the Company's shares were listed, and trading began on Nomu - the Parallel Market.

On December 14, 2023, corresponding to Jumada al-Akhirah 20, 1445H, the Company's Board of Directors decided to approve the Company's transfer from the Parallel Market (Nomu) to the main market, noting that the transfer to the main market is subject to the approval of the Capital Market Authority ("CMA") and is conditional on fulfilling all requirements stipulated in the listing rules, which have not been finalized up to date.

The Company's main headquarter is located in the First Industrial Zone - Buraidah - Al-Qassim, Kingdom of Saudi Arabia.

The Company's activities are trading in glass, mirrors, and aluminium decorations and installation, manufacturing industries and their branches according to the industrial licenses, construction and building, transportation, storage and refrigeration, financial and business services and other services, social, group and personal services, commercial, information technology, security and safety, agriculture and fishing, mines and petroleum and its branches, electricity, gas, water and its branches. The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

These financial statements include assets, liabilities and activities of the Company and its following branches:

<b>Commercial Registration</b>	<b>Branch name</b>	<b>Location</b>
4030341718	Raoom Trading Company Branch - Al-Khamra District	Jeddah
1010199419	Raoom Trading Company Branch - Al-Farouq District	Riyadh
1131024147	Raoom Glass Factory - Buraidah - Industrial City	Buraidah
1131325346	Raoom Trading Company Branch - Buraidah	Buraidah
1132011097	Raoom Trading Company Branch - Al-Rass - Industrial City	Alrass
1010611196	Raoom Trading Company Branch - Medina Al Monawoura Street	Riyadh
1131058013	Raoom Trading Company Branch - Buraidah - Al-Saleem Industrial Area	Buraidah
1128019938	Raoom Trading Company Branch - Unayzah - Industrial City	Unayzah

**2. BASIS OF PREPARATION**

The financial statements of the Company for the year ended December 31, 2023, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Details of the Company's material accounting policies are disclosed in note 29.

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and employees' defined benefits obligation, which are measured using the planned unit credit method. The financial statements are presented in Saudi Riyal ("SR"), which is also the functional currency of the Company, and all values are rounded to the nearest Riyal (SR), except when otherwise indicated.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures related to the company's exposure to risk and uncertainties include:

- Risk management of financial instruments      Note 27
- Sensitivity analysis disclosures                      Note 15

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

**Estimates and assumptions**

Key assumptions about the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its assumptions and estimates on the data available when preparing the financial statements. However, current circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the Company's control. These changes are reflected in the assumptions as they occur.

**Useful lives of property, plant and equipment**

The Company determines the estimated useful lives of its property, plant and equipment for the purpose of depreciation calculation after considering the expected usage of the assets or physical wear and tear factors. Management has not put any residual value as it was considered insignificant. Management reviews the useful lives annually.

**Extension and termination options of lease agreements**

Extension and termination options are included in a number of lease contracts. These terms are used to increase operational flexibility in terms of contract management. Most extension and termination options held are exercisable by both the Company and the lessor.

In determining the term of the lease, the management considers all facts and circumstances that create an economic incentive to exercise the option to extend, or not to exercise the option to terminate. Extension options (or the periods following the termination options) are included in the lease term only if the lease is reasonably certain to be extended (or not to be terminated). The assessment is reviewed if a significant event or a significant change in the circumstances affecting this assessment is within the control of the lessee.

**Lease payments discount**

Lease payments are discounted using the Company's Incremental Borrowing Rate ("IBR"). Management exercises judgments in determining IBR at the commencement of a lease.

**Impairment of inventory**

Inventory is stated at cost or net realizable value, which is lower. Once the inventories become old or obsolete, an estimate is made for their net realizable value. For each significant amount, an estimate is made individually for each amount. Amounts which are not individually significant, but are considered old or obsolete, are assessed collectively and an allowance is provided according to their type, age or degree of obsolescence, based on expected selling prices.

**Impairment of trade receivables**

The Company uses a specific matrix to calculate Expected Credit Losses provisions "ECLs" for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns by customer type.

The provision matrix is initially based on the Company's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of funds and reasonable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. At each reporting date, default rates are updated and changes in the forward-looking estimates are analyzed.

The relationship between the historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The ECLs are sensitive to changes in economic circumstances and forecasts. The Company's historical credit loss experience and its forecast about the economic conditions, and customer's actual default in the future may not be reflected. The information about the ECLs on the trade receivables is disclosed in Notes 10.

**Long-term assumptions of employees' defined benefits obligation**

Employees' defined benefits obligation represents obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factor, salary growth rate, mortality rates and employee turnover. The Company's management periodically takes advice from actuaries on these assumptions. Changes in key assumptions could materially affect the provision for employees' defined benefits obligation.

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**  
**Estimates and assumptions (Continued)**

**Uncertain zakat positions**

The Company's current zakat payable relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat items, it is possible that on finalization of open zakat assessments at a future date, the final outcome may differ significantly.

**4. CHANGES IN THE COMPANY'S ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended December 31, 2023, are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2022, except for the adoption of a new standard and certain amendments which became effective for annual periods starting on or after January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company applied, for the first time, the following standards and amendments, whose nature and effects have been disclosed below:

- Amendments to IAS 8: Definition of Accounting Estimates,
- Amendments to IAS 1: Disclosure of Accounting Policies.

The application of these standards and amendments has had no material impact on the Company's financial statements.



**Racoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**  
(Saudi Riyals)

**5. PROPERTY, PLANT AND EQUIPMENT**

	Buildings and constructions *	Machinery and equipment	Vehicles	Furniture and fixture	Electrical appliances	Electricity stations	Projects under construction **	Total
<b>Cost:</b>								
As at January 1, 2022	26,681,185	59,153,632	6,079,321	266,209	968,134	1,993,783	1,881,000	97,023,264
Additions	-	130,000	584,600	-	39,895	-	1,942,608	2,697,103
As at December 31, 2022	26,681,185	59,283,632	6,663,921	266,209	1,008,029	1,993,783	3,823,608	99,720,367
<b>Additions</b>	-	<b>70,187</b>	<b>220,876</b>	-	<b>440</b>	-	<b>6,701,221</b>	<b>6,992,724</b>
<b>Transferred from projects under construction</b>	-	<b>32,184</b>	<b>264,500</b>	-	-	-	<b>(296,684)</b>	-
<b>Disposals</b>	-	-	<b>(413,500)</b>	-	-	-	-	<b>(413,500)</b>
<b>As at December 31, 2023</b>	<b>26,681,185</b>	<b>59,386,003</b>	<b>6,735,797</b>	<b>266,209</b>	<b>1,008,469</b>	<b>1,993,783</b>	<b>10,228,145</b>	<b>106,299,591</b>
<b>Accumulated Depreciation:</b>								
As at January 1, 2022	6,626,429	42,841,288	5,089,387	241,610	555,639	1,069,852	-	56,424,205
Charged for the year	707,286	2,390,057	140,058	1,571	81,705	136,065	-	3,456,742
As at December 31, 2022	7,333,715	45,231,345	5,229,445	243,181	637,344	1,205,917	-	59,880,947
<b>Charged for the year</b>	<b>707,286</b>	<b>2,323,455</b>	<b>258,663</b>	<b>1,571</b>	<b>77,832</b>	<b>136,065</b>	-	<b>3,504,872</b>
<b>Disposals</b>	-	-	<b>(381,153)</b>	-	-	-	-	<b>(381,153)</b>
<b>As at December 31, 2023</b>	<b>8,041,001</b>	<b>47,554,800</b>	<b>5,106,955</b>	<b>244,752</b>	<b>715,176</b>	<b>1,341,982</b>	-	<b>63,004,666</b>
<b>Net Book Value:</b>								
<b>December 31, 2023</b>	<b>18,640,184</b>	<b>11,831,203</b>	<b>1,628,842</b>	<b>21,457</b>	<b>293,293</b>	<b>651,801</b>	<b>10,228,145</b>	<b>43,294,925</b>
December 31, 2022	19,347,470	14,052,287	1,434,476	23,028	370,685	787,866	3,823,608	39,839,420

\* The Company's buildings and constructions item represents buildings and constructions built on lands leased from government authorities. The lease contracts expire in the year 1451 AH, corresponding to 2030, and are renewal.

\*\* Projects under construction include the establishment of new production lines (Glass lamination line - Autoclave glass line), the management expects to complete the installation of all lines during the first half of the year 2024. The capital commitments associated with the projects under implementation have been disclosed in Note No. (26).

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**5. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Depreciation for the year is allocated to expenses as follows:

	(Saudi Riyals)	
	2023	2022
Cost of revenues (Note 19)	3,166,806	3,233,408
Selling and marketing expenses (Note 21)	258,663	140,058
General and administrative expenses (Note 20)	79,403	83,276
	<b>3,504,872</b>	<b>3,456,742</b>

**6. INTANGIBLE ASSETS**

	(Saudi Riyals)	
	2023	2022
<b>Cost:</b>		
As at January 1	87,300	87,300
As at December 31	<b>87,300</b>	<b>87,300</b>
<b>Accumulated amortization</b>		
As at January 1	66,527	55,615
Charged for the year	10,913	10,912
As at December 31	<b>77,440</b>	<b>66,527</b>
<b>Net Book Value:</b>		
As at December 31	<b>9,860</b>	<b>20,773</b>

\* Intangible assets are represented in accounting software.

**7. LEASES**

**7.1 RIGHT OF USE ASSETS**

	(Saudi Riyals)	
	2023	2022
As at January 1	33,553,236	34,625,046
Additions	318,864	-
Disposals	-	(79,899)
Leases adjustment	-	966,856
Depreciation charged for the year	(2,015,886)	(1,958,767)
<b>Netbook Value as at December 31</b>	<b>31,856,214</b>	<b>33,553,236</b>

Depreciation for the year is allocated to expenses as follows:

	(Saudi Riyals)	
	2023	2022
Selling and marketing expenses (Note 21)	1,922,768	1,865,649
Cost of revenues (Note 19)	93,118	93,118
	<b>2,015,886</b>	<b>1,958,767</b>

- The Company rents warehouses and buildings. The term of these leases is from 3 to 25 years.
- The Company leases the lands, on which the Company's factories are established from the Industrial Cities Authority. The term of these leases is from 2 to 14 years.

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**7. LEASES (Continued)**

**7.2 LEASE LIABILITIES**

The movement of lease liabilities as at December 31, is as follows:

	(Saudi Riyals)	
	2023	2022
As at January 1	37,194,030	37,347,935
Additions	318,864	-
Finance cost (Note 23)	1,205,092	1,315,302
Leases' adjustment	-	966,856
Disposals	-	(147,842)
Paid	(2,518,666)	(2,288,221)
<b>As at December 31</b>	<b>36,199,320</b>	<b>37,194,030</b>
<b>Current portion</b>	<b>1,444,196</b>	<b>1,330,085</b>
<b>Non-current portion</b>	<b>34,755,124</b>	<b>35,863,945</b>

The maturity information of the lease liabilities is disclosed in Note 27.

**8. INVENTORIES**

	(Saudi Riyals)	
	December 31, 2023	December 31, 2022
Glass	13,154,227	21,352,866
Plastic	7,787,366	6,651,957
Accessories	831,890	1,102,500
	<b>21,773,483</b>	<b>29,107,323</b>

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The value of the investment is represented in shares of companies listed in the Saudi Stock Market for trading. The Company maintains this portfolio with a local brokerage Company licensed in the Kingdom of Saudi Arabia. The investments were recorded at fair value as of December 31, 2023, according to the closing prices at the end of trading at the date of the financial position. The movement of the assets is as follows:

	(Saudi Riyals)	
	2023	2022
As at January 1	35,486,892	-
Additions	52,237,598	35,957,398
Disposals	(49,175,850)	-
Gains (loss) on revaluation	18,368,660	(470,506)
<b>As at December 31</b>	<b>56,917,300</b>	<b>35,486,892</b>

\* During the year ended December 31, 2023, the Company received dividends amounting to SR 1,083,301 (2022: nil).

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**10. TRADE RECEIVABLES**

	(Saudi Riyals)	
	2023	2022
Trade receivables	3,102,403	2,890,049
Less: provision of expected credit loss	(485,009)	(446,542)
	<b>2,617,394</b>	<b>2,443,507</b>

The movement of the expected credit losses is as follows:

	(Saudi Riyals)	
	2023	2022
As at January 1	446,542	1,058,349
Provision (Reverseal) of expected credit loss	38,467	(611,807)
<b>As at December 31</b>	<b>485,009</b>	<b>446,542</b>

The Ageing analysis of trade receivables as of December 31 is as follows:

	Balances that are past due and have not Impaired					
	(Saudi Riyals)					
	Total	Less than 90 days	180 -90 day	180 – 270 Day	270 – 360 Day	More than 360 Day
December 31, 2023	3,102,403	2,558,799	92,766	45,945	43,831	361,062
December 31, 2022	2,890,049	2,305,271	82,516	77,400	66,931	357,931

**11. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	(Saudi Riyals)	
	December 31, 2023	December 31, 2022
Advances to suppliers	2,009,974	1,349,001
Prepaid expenses	415,628	473,676
	<b>2,425,602</b>	<b>1,822,677</b>

**12. SHARE CAPITAL AND RESERVES**

**12.1 SHARE CAPITAL**

The Company's issued and paid-up capital as of December 31, 2023, is SR. 62.5 million, divided into 6.25 million shares at a nominal value of SR. 10 per share (2022: SR. 62.5 million).

On Muharram 9, 1444 H corresponding to August 7, 2022, the Extraordinary General Assembly met and resolved to increase the capital by an amount of SR. 12.5 million through a transfer from retained earnings, to become SR. 62.5 million, divided into 6.25 million shares with a nominal value of 10 SR. per share.

**12.2 STATUTORY RESERVE**

Upon the application of the new Saudi Companies law which became effective on January 19, 2023, the requirement of retaining a statutory reserve which was stipulated in the previous law has been eliminated. The Company is in the process of updating its bylaw to align it with the new law. up to this date, the Company has resolved to continue with the old Companies law and to maintain the previously established statutory reserve while continuing to transfer 10% of the annual profit to the statutory reserve until this reserve reaches 30% of the share capital. This reserve is not available for dividend distribution.

**13. DIVIDENDS**

On April 30, 2023, the Ordinary General Assembly approved cash dividends for the second half of 2022 with an amount of SR. 6,250,000, as well as, authorizing the Board of Directors to distribute interim cash dividends to shareholders on a semi-annual or quarterly basis for the fiscal year 2023. Accordingly, the Board of Directors resolved on August 1, 2023, and December 4, 2023, to distribute interim cash dividends based on the authorization granted by the General Assembly with an amount of SR. 7,812,500 and SR. 3,125,000, respectively, so that the total dividends distributed during the year 2023 amounted to SR. 17,187,500 (2022: SR. 18,750,000).

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**14. SHARE CAPITAL MANAGEMENT**

For the purpose of share capital management, share capital includes capital, statutory reserve, and all other equity reserves attributable to the shareholders of the Company. The primary objective of share capital management is to maximize value to the shareholders.

The Company manages share capital structure and makes adjustments in light of changes in economic conditions., to maintain or adjust the share capital structure, the Company may adjust the dividend payments to shareholders.

**15. EMPLOYEES' DEFINED BENEFITS OBLIGATION**

The movement in employees defined benefits, a defined benefit plan, during the year ended December 31, is as follows:

	(Saudi Riyals)	
	2023	2022
As at January 1	3,123,529	2,335,233
Expense charged to profit or loss	635,470	518,498
Actuarial remeasurement charged to OCI	44,417	360,441
Paid	(82,281)	(90,643)
<b>As at December 31</b>	<b>3,721,135</b>	<b>3,123,529</b>

The expense charged to profit or loss consists of the following:

	(Saudi Riyals)	
	2023	2022
Current service costs	499,845	456,670
Finance cost (Note 23)	135,625	61,828
<b>Expenses charged to profit or loss</b>	<b>635,470</b>	<b>518,498</b>

**Key actuarial assumptions**

	2023	2022
Discount rate used	4.75%	4.4%
Salary growth rate	3.00%	3.00%
Staff turnover rate	Medium	Medium

**Sensitivity analysis of key actuarial assumptions are as follows:**

	2023		2022	
	%	Saudi Riyal	%	Saudi Riyal
<b>Discount rate</b>				
Increase	+1%	3,171,979	+1%	2,868,002
Decrease	-1%	3,850,714	-1%	3,424,313
<b>Salary growth rate - long term</b>				
Increase	+1%	3,871,619	+1%	3,441,488
Decrease	-1%	3,149,524	-1%	2,849,209

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**16. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	(Saudi Riyals)	
	December 31, 2023	December 31, 2022
Accrued expenses for employees	893,495	622,318
Value Added Tax ("VAT")	626,345	824,354
Advance from customers	417,907	869,974
Accrued expenses	265,001	380,839
Other credit balances	291,061	319,749
	<b>2,493,809</b>	<b>3,017,234</b>

**17. ZAKAT PAYABLE**

**Components of the Zakat base**

The Company is subject to zakat at 2.5% of the zakat base or net adjusted profit, whichever is higher. The most significant components of the zakat base according to zakat regulations consist mainly of equity and provisions as at the beginning of the year and the net adjusted profit, less the net book value of non-current assets.

The key components of the zakat base as at December 31, are as follows:

	(Saudi Riyals)	
	2023	2022
Net adjusted profit	49,908,005	32,880,152
Share capital	62,500,000	62,500,000
Reserves	15,088,998	12,014,660
Lease liabilities	36,199,320	37,194,030
Retained Earnings	12,311,233	2,190,130
Provisions and other additions	3,905,697	3,016,685
Non-current assets	(75,160,999)	(73,413,429)

The movement of zakat payable for the year ended December 31 is as follows:

	(Saudi Riyals)	
	2023	2022
As at January 1	1,943,825	1,932,654
Charged for the year	2,658,881	1,618,272
Paid	(1,944,106)	(1,607,101)
<b>As at December 31</b>	<b>2,658,600</b>	<b>1,943,825</b>

**Status of zakat certificates and final assessments**

The Company has filed its zakat returns and has obtained the zakat certificates for the years up to 2022. The Company has finalized its zakat status up to 2014. For the years 2015 and 2016, the Company received zakat assessments an amount of SR 481,020, the Company appealed to these assessments and the appeal was approved. The Authority has appealed against the objection before the Adjudication Committees, and up to date the final assessment has not been received yet. The years from 2017 to 2022 are still under review by the Zakat, Tax and Customs Authority ("ZATCA").

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**18. REVENUES**

	(Saudi Riyals)	
	2023	2022
<b>Type of goods</b>		
Glass sale	<b>106,873,774</b>	104,004,083
Plastic sale	<b>28,167,602</b>	31,224,949
<b>Total revenue from contracts with customers</b>	<b>135,041,376</b>	135,229,032
<b>Customers type</b>		
Corporate Customers	<b>81,924,393</b>	68,006,824
Individual Customers	<b>53,116,983</b>	67,222,208
<b>Total revenue from contracts with customers</b>	<b>135,041,376</b>	135,229,032
<b>Timing of revenue recognition</b>		
At a point of time	<b>135,041,376</b>	135,229,032
Over a period of time	-	-
<b>Total revenue from contracts with customers</b>	<b>135,041,376</b>	135,229,032

**18. COST OF REVENUE**

	(Saudi Riyals)	
	2023	2022
Material cost	<b>76,833,693</b>	77,703,105
Salaries and other benefits	<b>4,960,432</b>	4,390,087
Depreciation of property, plant, and equipment (Note 5)	<b>3,166,806</b>	3,233,408
Spare parts and maintenance	<b>2,255,584</b>	1,603,603
Electricity and water	<b>1,959,693</b>	1,796,532
Fuels	<b>1,045,531</b>	787,867
Custom charges	<b>747,581</b>	1,066,224
Depreciation of right-of-use assets (Note 7)	<b>93,118</b>	93,118
Operating and production expenses	-	300,796
Rent and transportation expenses	-	244,800
Others	<b>686,080</b>	301,029
	<b>91,748,518</b>	91,520,569

**19. GENERAL AND ADMINISTRATIVE EXPENSES**

	(Saudi Riyals)	
	2023	2022
Salaries and other benefits	<b>3,834,212</b>	3,585,400
Professional fees and consultations	<b>327,000</b>	180,000
Professional fees for the acquisition deal	<b>1,132,500</b>	-
Governmental fees	<b>1,088,533</b>	1,143,243
Insurances	<b>924,207</b>	991,557
Travel and vacations	<b>657,443</b>	1,122,470
Medical insurances	<b>487,719</b>	384,470
Fees and subscriptions	<b>267,415</b>	-
Hospitality	<b>224,260</b>	267,951
Telephone and mail	<b>221,277</b>	131,257
Stationary	<b>79,937</b>	89,656
Depreciation of property, plant, and equipment (Note 5)	<b>79,403</b>	83,276
Property insurance	<b>64,648</b>	76,444
Amortization of Intangible assets (Note 6)	<b>10,913</b>	10,912
Others	<b>585,916</b>	106,507
	<b>9,985,383</b>	8,173,143

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**20. SELLING AND MARKETING EXPENSES**

	(Saudi Riyals)	
	2023	2022
Depreciation of right-of-use assets (Note 7)	1,922,768	1,865,649
Depreciation of property, plant, and equipment (Note 5)	258,663	140,058
Others	217,683	200
	2,399,114	2,005,907

**21. OTHER INCOME**

	(Saudi Riyals)	
	2023	2022
Gain on disposal of property, plant, and equipment	141,653	-
Foreign exchange gain	111,277	-
Disposal of lease contracts (Note 7)	-	67,943
Others	-	127
	252,930	68,070

**23. FINANCE COST**

	(Saudi Riyals)	
	2023	2022
Finance cost - leases (Note 7)	1,205,092	1,315,302
Finance cost – employees' defined benefits obligation (Note 15)	135,625	61,828
	1,340,717	1,377,130

**24. EARNING PER SHARE**

Basic earning per share is calculated by dividing the net profit for the period attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year. There were no diluted shares outstanding at any time during the year, therefore, diluted EPS equals basic EPS:

	(Saudi Riyals)	
	2023	2022
Net profit attributable to the Company's shareholders	46,575,187	30,743,382
Weighted average number of ordinary shares during the year	6,250,000	6,250,000
<b>Basic and diluted earnings per share for the Company's shareholders</b>	<b>7.45</b>	<b>4.92</b>

**25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

In the ordinary course of business, the Company has the following significant transactions with related parties. The terms of these transactions are approved by the Company's Board of Directors:

**25-1 The following table presents the total amounts of significant transactions made with related parties and the related balances as of December 31:**

Related party	nature of relationship	Nature of transactions	(Saudi Riyals)	
			2023	2022
Abdul Aziz Al-Hamid	Main shareholder / Board of Directors chairman	Rents	2,360,724	2,310,000



**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES** (continued)

**25-2 Benefits of key management personnel are as follows:**

Members of the Board of Directors are not being granted any compensation for their role in managing the Company unless approved by the General Assembly. Board members are not being granted an allowance for attending Board of Directors sessions and Board committee meetings. Members of the Audit Committee are being granted an allowance for attending committee meetings and an annual bonus following the approval of the Board of Directors and the General Assembly. The following table presents details of the allowances and remunerations of senior management personnel and members of the Audit Committee.

	<b>(Saudi Riyals)</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	<b>516,000</b>	405,000
Allowances of audit committee members	<b>180,000</b>	180,000
Employment termination benefits	<b>43,000</b>	25,000
	<b>739,000</b>	<b>610,000</b>

**26. Capital Commitments:**

As at December 31, 2023, the Company has no capital commitments related to projects under construction within property, plant and equipment (December 31, 2022: 6,350,076 SR).

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**NOTES to the FINANCIAL STATEMENTS**  
**FOR the YEAR ENDED DECEMBER 31, 2023**

**27. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

The Company's activities expose it to variable financial risks, such as credit risks, liquidity risks, market price risks, currency risks, and interest rate risks.

**27.1 Fair value measurements of financial instruments**

The following table shows the carrying amounts and fair values of financial assets, other than cash and cash equivalents, 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.

	(Saudi Riyals)				
	Book Value		Fair Value		
	Fair Value	amortized cost	Level 1	Level 2	Level 3
<b>December 31, 2023</b>					
<b>Financial assets</b>					
Financial assets at FVTPL	56,917,300	-	56,917,300	-	-
Trade receivables	-	2,617,394	-	-	-
Other debit balance	-	2,009,974	-	-	-
	<b>56,917,300</b>	<b>4,627,368</b>	<b>56,917,300</b>	-	-
<b>Financial liabilities</b>					
Trade payables	-	19,892	-	-	-
Accrued expenses and other credit balances	-	2,075,902	-	-	-
Lease liabilities	-	36,199,320	-	-	-
	-	<b>38,295,114</b>	-	-	-
<b>December 31, 2022</b>					
<b>Financial assets</b>					
Financial assets at FVTPL	35,486,892	-	35,486,892	-	-
Trade receivables	-	2,443,507	-	-	-
Other debit balance	-	1,349,001	-	-	-
	<b>35,486,892</b>	<b>3,792,508</b>	<b>35,486,892</b>	-	-
<b>Financial liabilities</b>					
Trade payables	-	1,620,013	-	-	-
Accrued expenses and other credit balances	-	2,147,260	-	-	-
Lease liabilities	-	37,194,030	-	-	-
	-	<b>40,961,303</b>	-	-	-

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**27. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**27.2 Risk Management of Financial Instruments**

The Company's activities expose it to variable financial risks, such as credit risks, liquidity risks, market price risks, currency risks, and interest rate risks.

**Credit risk**

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its trade receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The Company does not hold collaterals against these instruments.

The Company manages credit risk with respect to trade receivables by monitoring uncollected receivables on an ongoing basis. Receivable balances are monitored so that the Company does not incur material bad debts. The top five customers represent approximately 20% of trade receivables outstanding as at December 31, 2023 (2022: 17%).

Bank cash balances are held with financial institutions with high credit ratings.

The balances of trade receivables and cash at banks as at December 31 are as follows:

	(Saudi Riyals)	
	2023	2022
Trade Receivables	2,617,394	2,443,507
Cash at banks	22,628,979	11,712,534
	<b>25,246,373</b>	<b>14,156,041</b>

**Assessing the expected credit losses of trade receivables**

Management performs an impairment analysis at each reporting date using a specific matrix to calculate the Expected Credit Losses allowance ("ECLs"). The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns.

The following table presents information about the exposure to credit risk and the expected credit losses of the trade receivables:

	Expected loss rate	Total book value	Expected credit losses	Net book value
<b>As at December 31, 2023</b>				
Not past due and nor impaired	1.48%	2,558,799	37,800	2,520,999
Past due 91-180 days	30.13%	92,766	27,948	64,818
Past due 180-270 days	52.69%	45,945	24,206	21,739
Past due 270-365 days	77.55%	43,831	33,993	9,838
Past due 365-450 days	100%	35,420	35,420	-
Past due by more than 450 days	100%	325,642	325,642	-
		<b>3,102,403</b>	<b>485,009</b>	<b>2,617,394</b>
<b>As at December 31, 2022</b>				
Not past due and nor impaired	0.4%	2,305,271	8,148	2,297,123
Past due 91-180 days	15.8%	82,516	13,077	69,439
Past due 180-270 days	36.5%	77,400	28,252	49,148
Past due 270-365 days	58.5%	66,931	39,134	27,797
Past due 365-450 days	100%	62,758	62,758	-
Past due by more than 450 days	100%	295,173	295,173	-
		<b>2,890,049</b>	<b>446,542</b>	<b>2,443,507</b>

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**27. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**27.2 Risk Management of Financial Instruments (Continued)**

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the future obligations of the Company. The contractual maturities at the end of the reporting period for financial liabilities are as follows.

<b>As at December 31, 2023</b>	(Saudi Riyals)			
	Book Value	Less than one year	More than one year and less than Five years	More than five years
<b>Financial liabilities</b>				
Lease liabilities	36,199,320	1,444,196	26,697,166	8,057,958
Trade payables	19,892	19,892	-	-
Accrued expenses and other credit balances	2,075,902	2,075,902	-	-
	<b>38,295,114</b>	<b>3,539,990</b>	<b>26,697,166</b>	<b>8,057,958</b>

<b>As at December 31, 2022</b>	(Saudi Riyals)			
	Book Value	Less than one year	More than one year and less than Five years	More than five years
<b>Financial liabilities</b>				
Lease liabilities	37,194,030	1,330,085	28,431,123	7,432,822
Trade payables	1,620,013	1,620,013	-	-
Accrued expenses and other credit balances	2,147,260	2,147,260	-	-
	<b>40,961,303</b>	<b>5,097,358</b>	<b>28,431,123</b>	<b>7,432,822</b>

**Market risk**

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

**Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency other than the Company's functional currency. The Company's exposure to foreign currency risk is primarily limited to transactions in US Dollars and EUR. The Company's management believes that their exposure to currency risk associated with USD is limited as the Company's currency is pegged to USD, EUR. The fluctuation in exchange rates against other currencies is monitored continuously.

**Interest Rate Risk**

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. As at December 31, 2023, The Company did not have any variable-rate financial assets or liabilities (2022: Nil).

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**28. SEGMENT INFORMATION**

The Company's main activity consists of sectors that include the sale of glass, as well as the sale of plastic. The following is a statement of selected financial information as at December 31, 2023, and December 31, 2022, for each business segment:

<u>For the year ended December 31, 2023</u>	(Saudi Riyals)		
	Glass	Plastic	Total
Revenues	106,873,774	28,167,602	135,041,376
Cost of Revenues	(71,573,263)	(20,175,255)	(91,748,518)
Gross profit	35,300,511	7,992,347	43,292,858
<u>For the year ended December 31, 2022</u>			
Revenues	104,004,083	31,224,949	135,229,032
Cost of Revenues	(67,007,947)	(24,512,622)	(91,520,569)
Gross profit	36,996,136	6,712,327	43,708,463

The Company's revenues result from contracts with customers through the sale of products. Control of products is transferred at a specific point of time, and they are sold directly to customers.

The assets and liabilities in the statement of financial position and other items in the statement of comprehensive income are not analyzed at the segment level, because they are related to a central function, and the Company's management cannot accurately determine them.

**Geographic sector**

The following table presents the classification of revenues according to geographical distributions:

	(Saudi Riyals)		%	
	2023	2022	2023	2022
Kingdom of Saudi Arabia	132,283,546	133,260,725	98%	98.6%
other countries	2,757,830	1,968,307	2%	1.4%
	<b>135,041,376</b>	<b>135,229,032</b>		

**29. MATERIAL ACCOUNTING POLICIES**

The following are the material accounting policies applied by the Company in preparing its financial statements:

**CURRENT VERSUS NON-CURRENT CLASSIFICATION**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**29. MATERIAL ACCOUNTING POLICIES (Continued)**

**CURRENT VERSUS NON-CURRENT CLASSIFICATION FOR ASSETS AND LIABILITIES (Continued)**

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

**FAIR VALUE MEASUREMENT**

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for these assets or liabilities; or
- In the absence of a principal market, in the most advantageous market for the assets or liabilities.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**FOREIGN CURRENCIES**

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the spot rate prevailing of the functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**29. MATERIAL ACCOUNTING POLICIES** (Continued)

**Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Projects in progress are not depreciated. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

Buildings are recorded at cost, less accumulated depreciation of buildings, and any accumulated impairment loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Depreciation rate</u>
Buildings and construction	3% or the lease contract, whichever is less
Machinery and equipment	10%
Vehicles	25%
Furniture and fixture	10%
Electrical appliances	13%
Electricity stations	10%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated at the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Capital works in progress**

Assets under construction or development are capitalized under capital work in progress. Assets under construction or development are transferred to the appropriate category of property, plant and equipment or intangible assets (depending on the nature of the project) when the asset reaches the location and/or condition necessary to be able to operate in the manner intended by management. The cost of the capital work-in-progress item includes the purchase price, construction/development cost, and any other costs directly related to the construction or acquisition of the capital work-in-progress item deemed by management. Costs associated with testing capital work-in-progress items (prior to being available for use) are capitalized net of proceeds from the sale of any production during the testing period. Capital work in progress is not depreciated or amortized.

**INTANGIBLE ASSETS**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired based on the business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally developed intangible assets are not capitalized and expenditure is recognized in profit or loss when it is incurred.

The expected useful lives of intangible assets are estimated at a specific period of time or for an indefinite period, and the Company amortizes the intangible assets over 7 years. The Company's intangible assets are computer software.

Intangible assets with finite useful lives are amortized over their economically useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**29. MATERIAL ACCOUNTING POLICIES (Continued)**

**INTANGIBLE ASSETS (Continued)**

For intangible assets with an indefinite useful life, they are not amortized but are tested to measure the impairment annually, whether individually or at the level of cash-generating units. The indefinite life assessment of the asset is reviewed annually to determine whether the use of indefinite useful life is still justified. If these justifications do not persist, the useful life estimate will be changed to a specific useful life on a future basis. Gains or losses arising from the disposal of intangible assets are measured at the difference between the net disposal proceeds and the book value of the asset and are recognized in profit or loss when the asset is derecognized.

**LEASES**

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for consideration.

**Company as a lessee**

**A- Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over their estimated useful life.

**B- Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of the purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, change in the lease term, change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**C- Short-term leases and leases of low-value assets**

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are the items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.



**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**29. MATERIAL ACCOUNTING POLICIES** (Continued)

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in profit or loss from continuing operations.

At each reporting date, an assessment is made to determine whether there is an indication that impairment losses of non-financial assets previously recognized, other than goodwill, have not existed. Reversal of impairment loss is included in profit or loss.

**Inventory**

Inventory is measured at cost or net realizable value, whichever is lower. The cost of inventory is determined on the basis of the weighted average price method and includes expenses incurred in acquiring the inventory for finished inventory and raw materials, production or conversion costs and other costs incurred in bringing the inventory to the site in its present condition. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated costs of sale completion. Inventory movement is reviewed at the end of the year and an allowance is made for obsolete or expired inventory if necessary.

**FINANCIAL ASSETS**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as will be subsequently measured at amortized cost, or at the fair value through other comprehensive income (OCI), or fair value through profit or loss.

All financial assets are recognized initially at fair value plus the cost of the transaction, except in the case of financial assets not at fair value through profit or loss.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

**Financial assets at amortized cost**

After initial measurement, financial assets at amortized cost are measured using the effective interest rate method (EIR) and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at their fair value with net changes in the fair value recognized in the statement of profit or loss.

**Derecognition**

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**29. MATERIAL ACCOUNTING POLICIES (Continued)**

**FINANCIAL ASSETS (Continued)**

**Derecognition (Continued)**

When the company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the have also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach to calculating ECLs. Therefore, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position consist of cash at banks.

**Statutory reserve**

The new Saudi Companies law which became effective on January 19, 2023, has eliminated the requirement of retaining a statutory reserve which was stipulated in the previous law. The Company is in the process of updating its bylaw to align it with the new law. Up to this date, the Company has resolved to continue with the old Companies law and maintain the previously established statutory reserve while continuing to transfer 10% of the annual profit to the statutory reserve until this reserve reaches 30% of the share capital. This reserve is not available for Dividend distributions.

**Provisions**

**General**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**29. MATERIAL ACCOUNTING POLICIES (Continued)**

**Employees' defined benefits obligation**

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**Dividends**

Dividends are recorded as a liability in the period in which they are approved by the Board of Directors, and final dividends are recorded in the year in which they are approved by the General Assembly of shareholders.

**FINANCIAL LIABILITIES**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as described below:

**Loans and borrowings**

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

**Derecognition**

A financial liability is derecognized when the obligation is discharged, cancelled or expires under a contract.

**OFFSETTING OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**ACCOUNTS PAYABLE AND ACCRUALS**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

**Revenue recognition**

The Company recognizes revenue from contracts with customers based on a five-step model as defined by IFRS 15 "Revenue from Contracts with Customers". The Company generates revenue mainly from the sale of glass and plastic products.

Revenue is recognized in the statement of comprehensive income when a performance obligation is satisfied at the price allocated to that performance obligation. This is defined as the point in time at which control of the goods is transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. Control is transferred to customers according to the terms of the commercial agreement.

**Raom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

---

**29. MATERIAL ACCOUNTING POLICIES (Continued)**

**Revenue recognition (Continued)**

Revenue represents the fair value of the consideration received or receivable for the goods sold at net, after deducting returns, trade discounts, and rebates.

Products are sold primarily on a sale or return basis, and the allowance for returned sales is calculated based on expected returns of expired products based on historical experience. Expected sales returns are offset against revenue with the accompanying effect in trade and other payables for cash sales and trade payables for forward sales.

**EXPENSES**

Expenses related to operations are allocated consistently to the cost of revenues, selling and marketing expenses and general and administration expenses in accordance with consistent allocation factors determined in accordance with the Company's activities.

**Zakat**

The Company provides zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). The provision is charged to profit or loss.

**Uncertain zakat position**

Differences that may arise from the final assessments are accounted for when the assessments are finalized with ZATCA.

**Value added tax**

Revenues, expenses and assets are recognized net of the amount of value-added tax, except:

- Where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of other receivables or payables in the statement of financial position.

**30. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The new and revised standards and interpretations issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable when they become effective. The following new and amended standards and interpretations are not expected to have a material impact on the Company's financial statements:

- Amendments to IAS 1: Classification of the financial liabilities as Current or Non-current
- Amendments to IAS 1: Non-current financial liabilities with covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of exchangeability

**31. SUBSEQUENT EVENTS**

In the opinion of management, there are no significant events as at the reporting date that may require amendment or disclosure in these financial statements.

**32. APPROVAL of the FINANCIAL STATEMENTS**

The Company's Board of Directors has approved the issuance of these financial statements on Rajab 20, 1445H, corresponding to February 1, 2024G.

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2024**

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2024**

---

<b><u>Index</u></b>	<b><u>Page</u></b>
Independent Auditor's Review Report	1
Interim Condensed Statement of Financial Position	2
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income	3
Interim Condensed Statement of Changes in Equity	4
Interim Condensed Statement of Cash Flows	5
Notes to the Interim Condensed Financial Statements	6-17

**Independent Auditor's Review Report  
on Interim Condensed Financial Statements**

**To the Shareholders****Raoom Trading Company**

(A Saudi Joint Stock Company)

Buraidah, Kingdom of Saudi Arabia

**Introduction**

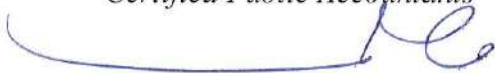
We have reviewed the accompanying interim condensed statement of financial position of Raoom Trading Company ("the Company") as at June 30, 2024, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim condensed statements of changes in equity and interim condensed statement of cash flows for the six month periods then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope for Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**BAKER TILLY MKM & CO.**  
*Certified Public Accountants***Majid Muneer Alnemer**

License No. 381

Riyadh on Muharram 19, 1446 H  
Corresponding to July 25, 2024 G

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**  
(SAUDI RIYAL)

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	43,455,881	43,294,925
Intangible assets		4,434	9,860
Right-of-use assets	5	30,848,271	31,856,214
<b>Total Non-Current Assets</b>		<b>74,308,586</b>	<b>75,160,999</b>
<b>Current Assets</b>			
Inventories	6	27,197,763	21,773,483
Financial assets at fair value through profit or loss (FVTPL)	7	48,286,056	56,917,300
Trade receivables	8	4,026,717	2,617,394
Prepaid expenses and other debit balances		2,738,453	2,425,602
Cash and cash equivalent		44,406,902	22,628,979
<b>Total Current Assets</b>		<b>126,655,891</b>	<b>106,362,758</b>
<b>TOTAL ASSETS</b>		<b>200,964,477</b>	<b>181,523,757</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	62,500,000	62,500,000
Statutory reserve	9	18,750,000	18,750,000
Retained Earnings		74,096,948	55,181,001
<b>TOTAL EQUITY</b>		<b>155,346,948</b>	<b>136,431,001</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Employees' defined benefits obligation		4,061,079	3,721,135
Lease liabilities - non-current portion	5	34,079,563	34,755,124
<b>Total Non-Current Liabilities</b>		<b>38,140,642</b>	<b>38,476,259</b>
<b>Current Liabilities</b>			
Trade payables		1,792,579	19,892
Lease liabilities - current portion	5	1,601,300	1,444,196
Accrued expenses and other credit balances		2,126,309	2,493,809
Zakat payable	11	1,956,699	2,658,600
<b>Total Current Liabilities</b>		<b>7,476,887</b>	<b>6,616,497</b>
<b>Total Liabilities</b>		<b>45,617,529</b>	<b>45,092,756</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>200,964,477</b>	<b>181,523,757</b>

Chief Financial Officer

Chief Executive Officer

Board of Directors Chairman

The accompanying notes form an integral part of these interim condensed financial statements



**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2024**  
(SAUDI RIYAL)

	Note	For the three-month period ended		For the six-month period ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues	12	<b>26,784,096</b>	30,437,134	<b>59,796,818</b>	68,475,884
Cost of revenues	13	<b>(18,940,670)</b>	(22,854,222)	<b>(38,045,727)</b>	(46,969,912)
<b>Gross profit</b>		<b>7,843,426</b>	7,582,912	<b>21,751,091</b>	21,505,972
General and administrative expenses	14	<b>(2,071,022)</b>	(2,796,382)	<b>(4,764,396)</b>	(4,669,573)
Selling and marketing expenses	15	<b>(670,299)</b>	(622,534)	<b>(1,380,430)</b>	(1,283,375)
Provision for (charge) / reversal of expected credit losses	8	<b>(162,343)</b>	(48,249)	<b>(162,343)</b>	41,332
<b>Operating profit</b>		<b>4,939,762</b>	4,115,747	<b>15,443,922</b>	15,594,356
Gain on revaluation of financial assets at FVTPL	7	<b>535,822</b>	11,485,101	<b>14,750,338</b>	14,008,615
Dividends from financial assets at FVTPL	7	-	272,030	<b>586,688</b>	272,030
Finance costs		<b>(315,878)</b>	(297,436)	<b>(609,785)</b>	(597,174)
Other expenses		<b>91,001</b>	-	<b>101,502</b>	-
<b>Profit before zakat for the period</b>		<b>5,250,707</b>	15,575,442	<b>30,272,665</b>	29,277,827
Zakat	11	<b>(889,949)</b>	(733,778)	<b>(1,959,510)</b>	(1,584,154)
<b>Profit for the period</b>		<b>4,360,758</b>	14,841,664	<b>28,313,155</b>	27,693,673
<b>Other comprehensive income</b>					
<b>Items will not be subsequently reclassified to profit or loss:</b>					
Remeasurement of employees' defined benefits obligation		<b>(11,104)</b>	(90,110)	<b>(22,208)</b>	(180,220)
<b>Other comprehensive loss for the period</b>		<b>(11,104)</b>	(90,110)	<b>(22,208)</b>	(180,220)
<b>Comprehensive income for the period</b>		<b>4,349,654</b>	14,751,554	<b>28,290,947</b>	27,513,453
<b>Basic and diluted earnings per share</b>	16	<b>0,7</b>	2,4	<b>4,5</b>	4,4

Chief Financial Officer

Chief Executive Officer

Board of Directors  
Chairman

The accompanying notes form an integral part of these interim condensed financial statements

**RADOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED JUNE, 2024**  
(SAUDI RIYALS)

	Note	Share capital	Statutory reserve	Retained earnings	Total equity
<b>For the period ended January 1, 2024 (Audited)</b>		<b>62,500,000</b>	<b>18,750,000</b>	<b>55,181,001</b>	<b>136,431,001</b>
Profit for the period		-	-	28,313,155	28,313,155
Other comprehensive loss		-	-	(22,208)	(22,208)
Comprehensive income for the period		-	-	28,290,947	28,290,947
Dividends	10	-	-	(9,375,000)	(9,375,000)
<b>As at June 30, 2024 (Unaudited)</b>		<b>62,500,000</b>	<b>18,750,000</b>	<b>74,096,948</b>	<b>155,346,948</b>
<b>As at January 1, 2023 (Audited)</b>		<b>62,500,000</b>	<b>15,088,998</b>	<b>29,498,733</b>	<b>107,087,731</b>
Profit for the period		-	-	27,693,673	27,693,673
Other comprehensive loss		-	-	(180,220)	(180,220)
Comprehensive income for the period		-	-	27,513,453	27,513,453
Transfer to Statutory reserve		-	2,769,367	(2,769,367)	-
Dividends	10	-	-	(6,250,000)	(6,250,000)
<b>As at June 30, 2023 (Unaudited)</b>		<b>62,500,000</b>	<b>17,858,365</b>	<b>47,992,819</b>	<b>128,351,184</b>

**Chief Financial Officer**

**Chief Executive Officer**

**Board of Directors Chairman**

The accompanying notes form an integral part of these interim condensed financial statements

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**  
(SAUDI RIYALS)

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
<b>Operating Activities</b>		
Profit before zakat for the period	30,272,665	29,277,827
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	1,735,665	1,750,156
Gain on disposal of property, plant and equipment	(17,502)	-
Amortization of intangible assets	5,426	5,412
Depreciation of right of use assets	1,007,943	954,799
Gain on revaluation of financial assets at FVTPL	(14,750,338)	(14,008,615)
Dividends from financial assets at FVTPL	(586,688)	(272,030)
Finance costs	609,785	597,174
Employees' defined benefits obligation incurred	321,937	259,248
Provision for charge / (reversal) of expected credit losses	162,343	(41,332)
<b>Change in working capital:</b>		
Inventories	(5,424,280)	2,035,681
Trade receivables	(1,571,666)	(1,277,268)
Prepaid expenses and other debit balances	(312,851)	(653,447)
Trade payables	1,772,687	503,356
Accrued expenses and other credit balances	(367,500)	(731,464)
<b>Cash from operations</b>	<b>12,857,626</b>	<b>18,399,497</b>
Employees' defined benefits obligation paid	(4,201)	(31,246)
Zakat paid	(2,661,411)	(1,944,106)
<b>Net cash generated from operating activities</b>	<b>10,192,014</b>	<b>16,424,145</b>
<b>Investing Activities</b>		
Additions to financial assets at FVTPL	(17,220,000)	(30,630,385)
Proceeds from sale of financial assets at FVTPL	40,601,582	35,303,387
Dividends received from financial assets at FVTPL	586,688	272,030
Proceeds from disposal of property, plant, and equipment	50,502	-
Additions to property, plant and equipment	(1,929,621)	(6,625,056)
<b>Net cash generated from (used in) investing activities</b>	<b>22,089,151</b>	<b>(1,680,024)</b>
<b>Financing Activities</b>		
Lease liabilities paid	(1,128,242)	(1,018,634)
Dividends paid	(9,375,000)	(6,250,000)
<b>Net cash used in financing activities</b>	<b>(10,503,242)</b>	<b>(7,268,634)</b>
<b>Net change in cash and cash equivalent during the period</b>	<b>21,777,923</b>	<b>7,475,487</b>
Cash and cash equivalent at the beginning of the period	22,628,979	11,712,534
<b>Cash and cash equivalent at the end of the period</b>	<b>44,406,902</b>	<b>19,188,021</b>

Chief Financial Officer

Chief Executive Officer

Board of Directors Chairman

The accompanying notes form an integral part of these interim condensed financial statements

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024**

---

**1. ORGANIZATION AND ACTIVITY**

Raoom Trading Company ("the Company") was established, as a Saudi Joint Stock Company under the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 1131010525 dated Safar 5, 1413 H corresponding to August 3, 1992.

On December 14, 2023, corresponding to Jumada al-Akhirah 20, 1445H, the Company's Board of Directors resolved to approve the Company's transfer from the parallel market (Nornu) to the main market, noting that the transfer to the main market is subject to the approval of the Capital Market Authority ("CMA") and is conditional on fulfilling all requirements stipulated in the listing rules, which have not been finalized up to date.

The Company's main headquarter is located in the First Industrial Zone - Buraidah - Al-Qassim, Kingdom of Saudi Arabia.

The Company's activities are trading in glass, mirrors, and aluminium decorations and installation, manufacturing industries and their branches according to the industrial licenses, construction and building, transportation, storage and refrigeration, financial and business services and other services, social, group and personal services, commercial, information technology, security and safety, agriculture and fishing, mines and petroleum and its branches, electricity, gas, water and its branches. The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

These financial statements include the assets, liabilities and activities of the Company and its following branches:

<b>Commercial Registration</b>	<b>Commercial Registration Date</b>	<b>City</b>
4030341718	08-06-2015	Jeddah
1010199419	28-06-2004	Riyadh
1131024147	04-08-2007	Buraidah
1131325346	12-12-2022	Buraidah
1132011097	11-09-2017	Alrass
1010611196	11-09-2017	Riyadh
1131058013	10-09-2017	Buraidah
1128019938	11-09-2017	Unayzah

**2. BASIS OF PREPARATION**

**STATEMENT OF COMPLIANCE WITH IFRS**

These interim condensed financial statements have been prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. These interim condensed financial statements do not include all the information required to prepare a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Therefore, these interim condensed financial statements should be read in conjunction with the company's financial statements for the previous year ending December 31, 2023.

The interim period is considered to be an integral part of the full fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of operations for the full year.

**GENERAL CONSIDERATIONS**

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended December 31, 2023, except with regard to the application of the new standards that came into effect as of January 1, 2024. The Company has not early adopted any standard, interpretation, or other amendment that has been issued, but not yet effective. Certain standards and amendments to the International Financial Reporting Standards came into effect as of January 1, 2024, and none of these standards and amendments resulted in an impact on the Company's interim condensed financial statements.

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024**

---

**2. BASIS OF PREPARATION** (Continued)

**GENERAL CONSIDERATIONS** (Continued)

These interim condensed financial statements have been prepared on a historical cost basis except for the measurement of financial assets at fair value and the employees defined benefits obligation which are measured using the planned unit credit method. In addition, these interim condensed financial statements have been prepared using the accrual basis of accounting and the going concern basis.

The interim condensed financial statements are presented in Saudi Riyal, which is the Company's functional currency, and all amounts are rounded to the nearest Saudi Riyal ("SR") unless otherwise stated.

**3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. The significant estimates made by management in applying the Company's accounting policies and the main sources of unreliability are the same as those used in preparing the financial statements for the year ended December 31, 2023.

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**

**4. PROPERTY, PLANT AND EQUIPMENT**

	Buildings and constructions*	Machinery and equipment	Vehicles	Furniture and fixture	Electrical appliances	Electricity stations	Projects under construction **	Total
<b>Cost:</b>								
As at January 1, 2023 (Audited)	26,681,185	59,283,632	6,663,921	266,209	1,008,029	1,993,783	3,823,608	99,720,367
Additions	-	70,187	220,876	-	440	-	6,701,221	6,992,724
Transfer from projects under construction	-	32,184	264,500	-	-	-	(296,684)	-
Disposals	-	-	(413,500)	-	-	-	-	(413,500)
As at December 31, 2023 (Audited)	26,681,185	59,386,003	6,735,797	266,209	1,008,469	1,993,783	10,228,145	106,299,591
Additions	-	-	428,600	-	1,870	-	1,499,151	1,929,621
Transfer from projects under construction	-	-	335,769	-	-	-	(335,769)	-
Disposals	-	-	(170,000)	-	-	-	-	(170,000)
<b>As at June 30, 2024 (Unaudited)</b>	<b>26,681,185</b>	<b>59,386,003</b>	<b>7,330,166</b>	<b>266,209</b>	<b>1,010,339</b>	<b>1,993,783</b>	<b>11,391,527</b>	<b>108,059,212</b>
<b>Accumulated Depreciation:</b>								
As at January 1, 2023 (Audited)	7,333,715	45,231,345	5,229,445	243,181	637,344	1,205,917	-	59,880,947
Charged for the year	707,286	2,323,455	258,663	1,571	77,832	136,065	-	3,504,872
Disposals	-	-	(381,153)	-	-	-	-	(381,153)
As at December 31, 2023 (Audited)	8,041,001	47,554,800	5,106,955	244,752	715,176	1,341,982	-	63,004,666
Charge for the period	351,710	1,131,146	146,822	781	37,545	67,661	-	1,735,665
Disposals	-	-	(137,000)	-	-	-	-	(137,000)
<b>As at June 30, 2024 (Unaudited)</b>	<b>8,392,711</b>	<b>48,685,946</b>	<b>5,116,777</b>	<b>245,533</b>	<b>752,721</b>	<b>1,409,643</b>	<b>-</b>	<b>64,603,331</b>
<b>Net Book Value:</b>								
<b>June 30, 2024 (Unaudited)</b>	<b>18,288,474</b>	<b>10,700,057</b>	<b>2,213,389</b>	<b>20,676</b>	<b>257,618</b>	<b>584,140</b>	<b>11,391,527</b>	<b>43,455,881</b>
December 31, 2023 (Audited)	18,640,184	11,831,203	1,628,842	21,457	293,293	651,801	10,228,145	43,294,925

\* The Company's buildings and constructions item represents buildings and constructions built on lands leased from Government Authorities. The leases expire in the year 1451H, corresponding to 2030, and are subject to renewal.

\*\* Projects under construction represent the establishment of new production lines (Glass lamination line - Autoclave glass line), management expects to complete the installation of all lines during year 2024.

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**

**4. PROPERTY, PLANT AND EQUIPMENT (Continued)**

The depreciation charge for the period is allocated between expenses as follows:

	(Saudi Riyals)		(Saudi Riyals)	
	For the three month period ended		For the six month period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Cost of revenues (Note 13)	775,306	797,373	1,550,564	1,594,954
Selling and marketing expenses (Note 15)	83,828	63,593	146,822	114,734
General and administrative expenses (Note 14)	19,135	19,694	38,279	40,468
	<u>878,269</u>	<u>880,660</u>	<u>1,735,665</u>	<u>1,750,156</u>

**5. LEASES**

**5.1 RIGHT OF USE ASSETS**

	(Saudi Riyals)	
	2023	2022
As at January 1	31,856,214	33,553,236
Additions	-	318,864
Depreciation during the year	(1,007,943)	(2,015,886)
Net book value as at December 31,	<u>30,848,271</u>	<u>31,856,214</u>

- The company rents warehouses and buildings. These leases' term ranges between 3 to 25 years.
- The company rents land over which the company's plants are constructed from the industrial Cities Authority. These leases' terms range between 2 to 14 years.

**5.2 LEASE LIABILITIES**

Movement of leases' liabilities as at December 31 is as follows:

	(Saudi Riyals)	
	2023	2022
As at January 1	36,199,320	37,194,030
Additions	-	318,864
Interest expense	609,785	1,205,092
Paid	(1,128,242)	(2,518,666)
As at December 31,	<u>35,680,863</u>	<u>36,199,320</u>
<b>Current portion</b>	<u>1,601,300</u>	<u>1,444,196</u>
<b>Non-current portion</b>	<u>34,079,563</u>	<u>34,755,124</u>

**6. INVENTORIES**

	(Saudi Riyals)	
	June 30, 2024	December 31, 2023
	Unaudited	Audited
Glass	18,340,086	13,154,227
Plastic	7,703,071	7,787,366
Accessories	1,154,606	831,890
	<u>27,197,763</u>	<u>21,773,483</u>

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The value of the investment is represented in shares of listed companies in the Saudi stock market for trading. The Company maintains this portfolio with a local brokerage Company licensed in the Kingdom of Saudi Arabia. The Investments were recorded at fair value as of June 30, 2024, according to the closing prices at the end of trading on the date of the financial position. The movement of assets is as follows:

	(Saudi Riyals)	
	June 30, 2024	December 31, 2023
	Unaudited	Audited
At the beginning of the period/year	56,917,300	35,486,892
Addition	17,220,000	52,237,598
Disposals	(40,601,582)	(49,175,850)
Profit from revaluation	14,750,338	18,368,660
<b>At the end of the period/year</b>	<b>48,286,056</b>	<b>56,917,300</b>

\* The Company received dividends amounted to SR 586,688 during the period ended June 30, 2024 (June 30, 2023: SR. 272,030).

**8. TRADE RECEIVABLES**

	(Saudi Riyals)	
	June 30, 2024	December 31, 2023
	Unaudited	Audited
Trade receivables	4,674,069	3,102,403
Less: provision for expected credit loss	(647,352)	(485,009)
	<b>4,026,717</b>	<b>2,617,394</b>

The movement of provision for expected credit loss for the period/year is as follows:

	(Saudi Riyals)	
	June 30, 2024	December 31, 2023
	Unaudited	Audited
As at the beginning of the period/year	485,009	446,542
Charged for the period/year	162,343	38,467
<b>As at the end of the period/year</b>	<b>647,352</b>	<b>485,009</b>

The aging analysis of trade receivables at the end of the period/year is as follows:

	(Saudi Riyals)					
	Balances that are past due and not impaired					
	Total	Less than 90 days	90-180 day	181-270 Day	271-360 Day	More than 360 Day
June 30, 2024 (unaudited)	4,674,069	3,774,720	362,428	106,948	36,553	393,420
December 31, 2023 (audited)	3,102,403	2,558,799	92,766	45,945	43,831	361,062



**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**

**9. SHARE CAPITAL AND RESERVES**

**9.1 SHARE CAPITAL**

The Company's issued and paid-up capital as of June 30, 2024, is 62.5 million SR, divided into 6.25 million shares of SR 10 per share (December 31, 2023: 62.5 million SR).

**9.2 STATUTORY RESERVE**

Upon the application of the new Saudi Companies law which became effective on January 19, 2023, the requirement of retaining a statutory reserve which was stipulated in the previous law has been eliminated. The Company is in the process of updating its bylaw to align it with the new law. Up to this date, the Company has resolved to continue with the old Companies law and to maintain the previously established statutory reserve while continuing to transfer 10% of the annual profit to the statutory reserve until this reserve reaches 30% of the share capital. This reserve is not distributable as dividend.

**10. DIVIDENDS**

On February 21, 2024, the Board of Directors resolved, according to the powers granted to the Boards, to distribute interim dividends with an amount of SR 4,687,500, at SR 0.75 per share.

On May 9, 2024, Board of Directors has resolved, according to the powers granted to the Board, to distribute interim dividends with an amount of SR. 4,687,500, at SR. 0.75 per share.

On April 30, 2023, the Ordinary General Assembly has approved cash dividends for the second half of 2022 with an amount of SR 6,250,000.

**11. ZAKAT PAYABLE**

**ZAKAT BASE COMPONENTS**

The Company is subject to zakat at 2.5% of the approximate zakat base or the adjusted net profit, whichever is higher. The most important components of the zakat base according to zakat regulations consist mainly of equity and provision as at the beginning of the period / year and the adjusted net profit, less the net book value of non-current assets.

**Movement of zakat payable for the period/year is as follows:**

	(Saudi Riyals)	
	June 30, 2024	December 31, 2023
	Unaudited	Audited
As at the beginning of the period/year	2,658,600	1,943,825
Charged for the period/year	1,959,510	2,658,881
Paid during the period/year	(2,661,411)	(1,944,106)
<b>As at the end of the period/year</b>	<b>1,956,699</b>	<b>2,658,600</b>

**STATUS OF ZAKAT CERTIFICATES AND ASSESSMENTS**

The Company has filed its zakat returns and has obtained the zakat certificates for the years up to 2023. The Company has finalized its zakat status up to 2014. For the years 2015 and 2016, the Company received zakat assessments with an amount of SR 481,020, the Company has appealed to these assessments and the appeal was approved. The Authority has appealed against the objection to the Adjudication Committees, and up to date the final assessment has not been received yet. The years from 2017 to 2023 are still under review by the Zakat, Tax and Customs Authority ("ZATCA").

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**

**12. REVENUES**

	(Saudi Riyals)		(Saudi Riyals)	
	For the three months period ended		For the six months period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Type of goods</b>				
Glass sale	19,570,767	21,904,590	44,544,842	51,417,508
Plastic sale	7,213,329	8,532,544	15,251,976	17,058,376
<b>Total revenues from contracts with customers</b>	<b>26,784,096</b>	<b>30,437,134</b>	<b>59,796,818</b>	<b>68,475,884</b>
<b>Customer type</b>				
Corporate customers	17,980,291	19,597,010	37,990,828	41,833,230
Individual customers	8,803,805	10,840,124	21,805,990	26,642,654
<b>Total revenues from contracts with customers</b>	<b>26,784,096</b>	<b>30,437,134</b>	<b>59,796,818</b>	<b>68,475,884</b>
<b>Timing of revenues recognition</b>				
At a point in time	26,784,096	30,437,134	59,796,818	68,475,884
Over a period of time	-	-	-	-
<b>Total revenues from contracts with customers</b>	<b>26,784,096</b>	<b>30,437,134</b>	<b>59,796,818</b>	<b>68,475,884</b>

**13. COST OF REVENUE**

	(Saudi Riyals)		(Saudi Riyals)	
	For the three months period ended		For the six months period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Material cost	15,459,047	19,192,767	30,664,552	39,420,200
Salaries and other benefits	1,155,048	1,124,028	2,436,979	2,408,482
Depreciation of property, plant, and equipment (Note 4)	775,306	797,373	1,550,564	1,594,954
Electricity and water	447,644	467,418	936,799	907,821
Custom fees	265,710	321,839	707,341	508,137
Spare parts and maintenance	297,412	592,893	626,538	1,302,320
Fuels	267,688	257,064	614,854	516,730
Others	272,815	100,840	508,100	311,268
	<b>18,940,670</b>	<b>22,854,222</b>	<b>38,045,727</b>	<b>46,969,912</b>

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**

**14. GENERAL AND ADMINISTRATIVE EXPENSES**

	(Saudi Riyals)		(Saudi Riyals)	
	For the three months period ended		For the six months period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Salaries and other benefits	964,494	925,272	1,961,110	1,869,086
Professional fees	316,625	687,500	1,046,063	722,500
Social insurance	335,610	334,500	495,403	500,849
Governmental fees	178,204	303,746	392,461	498,128
Subscriptions fees	93,758	90,806	168,394	200,932
Medical insurances	4,017	104,984	135,205	235,283
Hospitality	50,873	47,701	123,632	112,533
Telephone and mail	19,050	93,140	79,365	134,508
Property insurance	29,080	30,664	63,587	39,898
Depreciation of property, plant, and equipment (Note 4)	19,135	19,694	38,279	40,468
Stationary	13,392	13,832	28,454	29,223
Amortization of intangible assets	2,713	2,721	5,426	5,412
Others	44,071	141,822	227,017	280,753
	<b>2,071,022</b>	<b>2,796,382</b>	<b>4,764,396</b>	<b>4,669,573</b>

**15. SELLING AND MARKETING EXPENSES**

	(Saudi Riyals)		(Saudi Riyals)	
	For the three months period ended		For the six months period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Depreciation of right-of-use assets (note 5)	503,971	477,399	1,007,943	954,799
Depreciation of property, plant, and equipment (Note 4)	83,828	63,593	146,822	114,734
Salaries and other benefits	52,500	52,500	105,000	105,000
Sales commissions	30,000	29,042	120,665	108,842
	<b>670,299</b>	<b>622,534</b>	<b>1,380,430</b>	<b>1,283,375</b>

**16. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit for the period attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the period. There were no diluted shares outstanding at any time during the period and, therefore, diluted EPS equals basic EPS:

	(Saudi Riyals)		(Saudi Riyals)	
	For the three months period ended		For the six months period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Net Profit for the period	4,360,758	14,841,664	28,313,155	27,693,673
Weighted average number of shares	6,250,000	6,250,000	6,250,000	6,250,000
<b>Basic and diluted earnings per share</b>	<b>0.7</b>	<b>2.4</b>	<b>4.5</b>	<b>4.4</b>

**RAOOM TRADING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024**

**17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

In the ordinary course of its business, the Company has the following significant transactions with related parties. The terms of these transactions are approved by the Company's board of directors:

**17-1** The following table present total amounts of the significant transactions made with related parties and the related balances for the period ended June 30:

Related party	Nature of relation	Nature of transaction	(Saudi Riyals)	
			June 30, 2024	June 30, 2023
			Unaudited	Unaudited
Abdul Aziz Abdullah Mohammad Al-Hamid	Main shareholder/Board of Directors Chairman	Rents	1,231,086	1,155,000

**17-2** Key management personnel compensations are as follows:

Members of the Board of Directors are not being granted any compensations for their role in managing the Company unless approved by the General Assembly. Board members are not being granted allowance for attending Board of Directors sessions and Board committee meetings. Members of the Audit Committee are being granted allowance for attending committee meetings and an annual bonus following the approval of the Board of Directors and the General Assembly. The following table presents details of the allowances and remunerations of senior management personnel and members of the Audit Committee.

	(Saudi Riyals)		(Saudi Riyals)	
	For the three months period ended		For the six months period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Short-term employee benefits	112,500	112,500	225,000	225,000
Employment termination benefits	8,750	6,250	18,750	12,500
Allowances of audit committee members	7,500	7,500	15,000	15,000
	<b>128,750</b>	<b>126,250</b>	<b>258,750</b>	<b>252,500</b>

**18. CAPITAL COMMITMENTS**

As of t June 30, 2024, the Company has capital commitments related to projects under construction within the property, plant and equipment amounted to SR 2,296,874 (December 31, 2023: nil).

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements**  
**For the six month period ended June 30, 2024**

**19. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

The Company's activities expose it to multiple financial risks, such as credit risks, liquidity risks, market price risks, currency risks, and interest rate risks.

**19.1 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The following table shows the carrying amounts and fair values of financial assets, other than cash and cash equivalents, 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.

	(Saudi Riyals)				
	Book Value		Fair Value		
	Fair Value	amortized cost	Level 1	Level 2	Level 3
<b><u>As at June 30, 2024: (unaudited)</u></b>					
<b><u>Financial assets</u></b>					
Financial assets at FVTPL	48,286,056	-	48,286,056	-	-
Trade receivables	-	4,026,717	-	-	-
Other debit balance	-	2,218,328	-	-	-
	<b>48,286,056</b>	<b>6,245,045</b>	<b>48,286,056</b>	-	-
<b><u>Financial liabilities</u></b>					
Trade payables	-	1,792,579	-	-	-
Accrued expenses and other credit balances	-	1,976,960	-	-	-
Lease liabilities	-	35,680,863	-	-	-
	-	<b>39,450,402</b>	-	-	-
<b><u>December 31, 2023: (audited)</u></b>					
<b><u>Financial assets</u></b>					
Financial assets at FVTPL	56,917,300	-	56,917,300	-	-
Trade receivables	-	2,617,394	-	-	-
Other debit balance	-	2,009,974	-	-	-
	<b>56,917,300</b>	<b>4,627,368</b>	<b>56,917,300</b>	-	-
<b><u>Financial liabilities</u></b>					
Trade payables	-	19,892	-	-	-
Accrued expenses and other credit balances	-	2,075,902	-	-	-
Lease liabilities	-	36,199,320	-	-	-
	-	<b>38,295,114</b>	-	-	-

**19.2 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

There was no change in the risk management policies related to financial instruments during the period from those followed by management during the year ended December 31, 2023.

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements**  
**For the six month period ended June 30, 2024**

**20. SEGMENT INFORMATION**

**OPERATIONAL SEGMENTS**

Operational segments are recorded in a manner consistent with the internal reporting structure. All groups' segments are concentrated in Kingdom of Saudi Arabia. Management monitors independently the operational results for its products for the purpose of performance assessment:

**For six month period ended**

**June 30, 2024 (unaudited)**

	(Saudi Riyals)		
	Glass	Plastic	Total
Revenues	44,544,842	15,251,976	59,796,818
Cost of Revenues	(28,126,272)	(9,919,455)	(38,045,727)
Gross profit	16,418,570	5,332,521	21,751,091

**For the six month period ended**

**June 30, 2023 (unaudited)**

Revenues	51,417,508	17,058,376	68,475,884
Cost of Revenues	(36,032,814)	(10,937,098)	(46,969,912)
Gross profit	15,384,694	6,121,278	21,505,972

**For three month period ended**

**June 30, 2024 (unaudited)**

	(Saudi Riyals)		
	Glass	Plastic	Total
Revenues	19,570,767	7,213,329	26,784,096
Cost of Revenues	(14,991,143)	(3,949,527)	(18,940,670)
Gross profit	4,579,624	3,263,802	7,843,426

**For the three month period ended**

**June 30, 2023 (unaudited)**

Revenues	21,904,590	8,532,544	30,437,134
Cost of Revenues	(18,520,385)	(4,333,837)	(22,854,222)
Gross profit	3,270,363	4,198,707	7,582,912

The Company's revenues result from contracts with customers for the sale of products. Control over products is transferred at a specific point in time, and they are sold directly to customers.

The assets and liabilities in the statement of financial position and other items in the statement of profit or loss and other comprehensive income are not analyzed at the segment level, as they are associated with a central function, and the Company's management cannot accurately determine them.

**GEOGRAPHIC SECTOR**

The following table shows the classification of revenues according to geographical distributions:

	(Saudi Riyals)			
	For the six month period ended		Percentage	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Kingdom of Saudi Arabia	58,119,952	66,765,984	97%	97%
Other countries	1,676,866	1,709,900	3%	3%
	59,796,818	68,475,884		

**Raoom Trading Company**  
(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements**  
**For the six month period ended June 30, 2024**

---

**21. COMPARATIVE FIGURES**

Some comparative figures from the previous period have been reclassified, in order to be consistent with the current period figures presentation. These reclassifications do not have any effects on equity or net profit for the previous period.

The following are the adjustments made to the interim condensed statement of profit or loss and other comprehensive income for the period ended June 30, 2023 which have been resulted in the reclassification of comparative figures:

	June 30, 2024 (before adjustment) <u>Unaudited</u>	<u>Reclassification</u>	June 30, 2023 (Adjusted) <u>Unaudited</u>
Cost of revenues	(47,183,754)	213,842	(38,045,727)
Selling and marketing expenses	(1,069,533)	(213,842)	(1,380,430)

Salaries and other benefits and sales' commissions have been reclassified from the cost of revenues to selling and marketing expenses with an amount of SR. 213,842.

**22. SUBSEQUENT EVENTS**

In the opinion of management, there are no significant events as at the reporting date that may require amendment or disclosure in these interim condensed financial statements.

**23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The Company's Board of Directors approved these interim condensed financial statements on Muharram 19, 1446H, corresponding to July 25, 2024G.