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Yaqeen



Built
on **trust**

Neft Alsharq Company for Chemical Industries ("Neft Alsharq")

May 2024

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&
Confidential



شركة نفط الشرق
للصناعات الكيماوية
Neft Alsharq Co. for chemical industries

Opportunity Overview

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2. This Opportunity Overview Presentation has been prepared by Yaqeen Capital in its capacity as financial advisor on the basis of information supplied by the company or sourced from public sources. Neither the information supplied by or on behalf of the company, has been independently verified by Yaqeen Capital for the purpose of assisting potential qualified investors. In making their own evaluation of the subscription to the company's offered shares.
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Glossary of Terms

| Glossary | Definition |
|-----------------------|--|
| The Company or Issuer | Neft Alsharq Company for Chemical Industries |
| YAQEEN | Yaqeen Capital |
| CMA | Capital Market Authority |
| Tadawul | Saudi Tadawul Group |
| Qualified Investors | <p>Clarified in Part 8 of the Rules on the Offer of Securities and Continuing Obligations, Articles 46 and 47 of the Investment Funds Regulations and Article 45 of the Real Estate Investment Funds Regulations, any of the following:</p> <ol style="list-style-type: none"> 1. Capital Market Institutions acting for their own account. 2. Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client. 3. The Government of the Kingdom, any government body, any supranational authority recognized by the Authority or the Exchange, and any other stock exchange recognized by the Authority or the Securities Depository Center. 4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities. 5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf. 6. Investment Funds. 7. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center. 8. Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfil any of the following criteria: <ul style="list-style-type: none"> ✓ Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months ✓ His net assets are not less than 5 million Saudi Riyals. ✓ works or has worked for at least three years in the financial sector. ✓ Holds the General Securities Qualification Certificate which is recognized by the Authority. ✓ holds a professional certificate that is related to securities business and accredited by an internationally recognized entity. 9. Any other persons prescribed by the Authority. |

Section 1

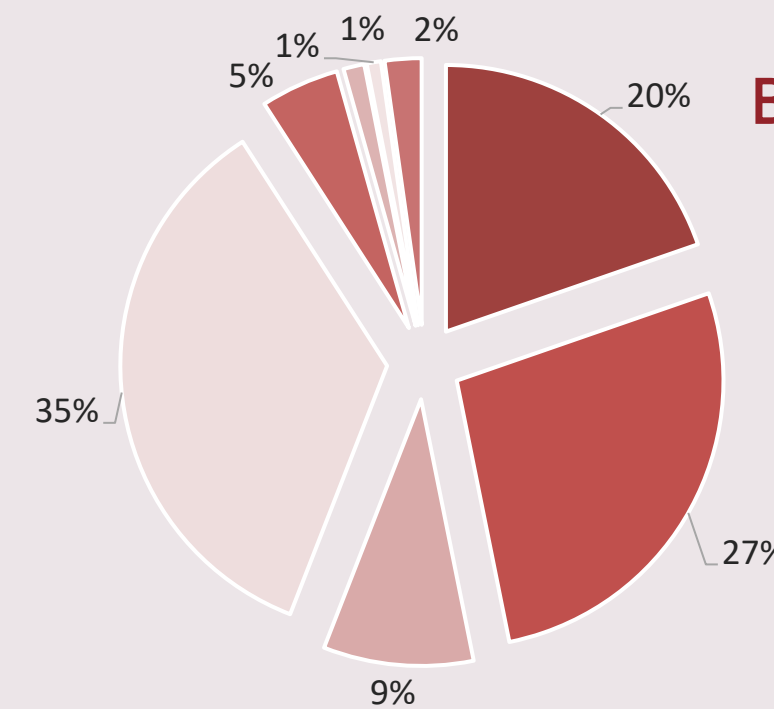
Company Overview

At a Glance

The Company Overview

Neft Alsharq Company for Chemical Industries

- ✓ A Saudi joint stock company established on August 1995.
- ✓ Located in Riyadh, Saudi Arabia.
- ✓ The company specializes in Production, sale and export of gasoline and diesel engine oils, hydraulic oils, transmission oils of all types, base oils, industrial greases, engine coolants, and other products (oil additives - scraps).
- ✓ The company carries out its business through its owned factories, which are:
 - 1) Bashaer Al-Mustaqbal Industrial Factory. (Riyadh)
 - 2) Arabian Industrial Oils Factory. (Jeddah)



■ Gasoline engine oils ■ Diesel engine oils ■ Transmission oils of all kinds ■ Base oils
■ Hydraulic oils ■ Industrial greases ■ Engine coolants ■ Others (oil additives - scraps)

Business sectors



Founding
1995



Location
Riyadh

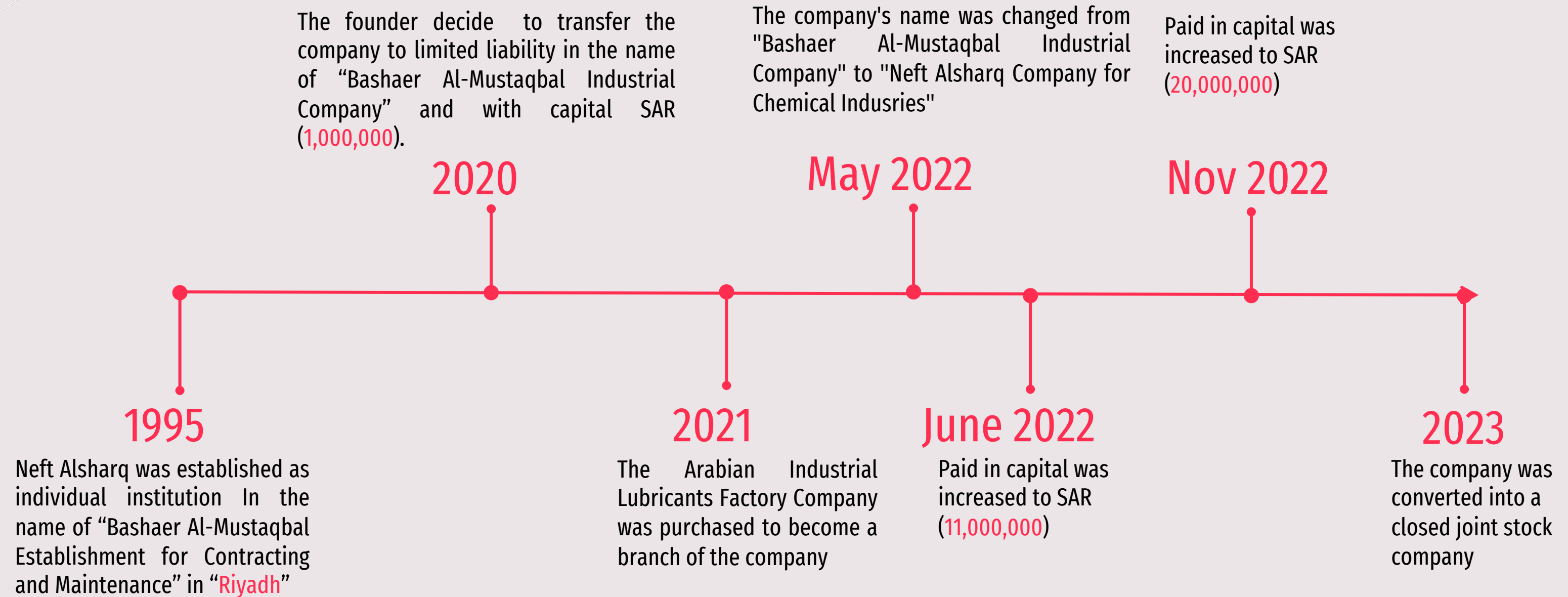


Sector
Materials - Chemicals



Capital
SAR 20,000,000

Key Milestones Since Inception



Board & Shareholding Structure

The Board

Ibrahim Ali Ibrahim Al-Mohsen
(Chairman)

Adel Abdullah Muhammad
Al-Madlej
(Vice Chairman)

Majed Salem Ali Al-
Ajami
(Member)

Ibrahim Abdullah Ibrahim
Al-Ameqan
(Member)

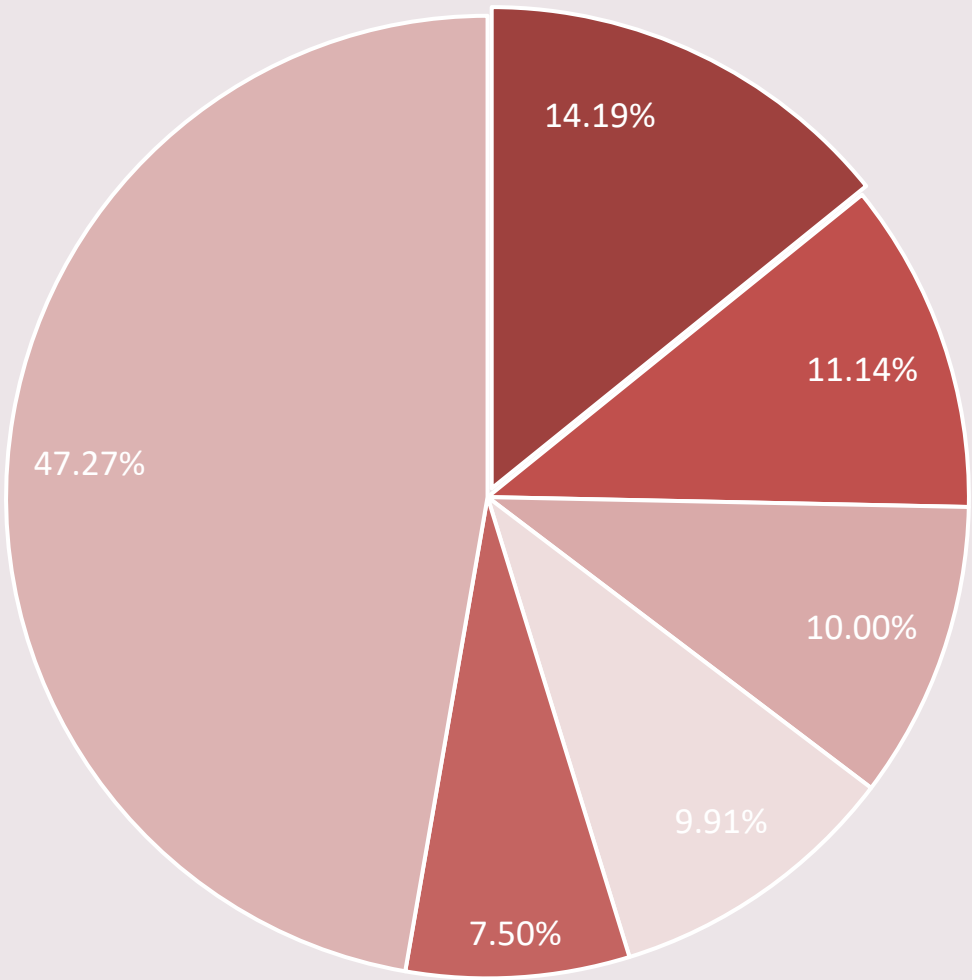
Muhammad Abdul Rahman
Suleiman Al Rajhi
(Member)

Shareholding Structure

Current Shareholding Structure

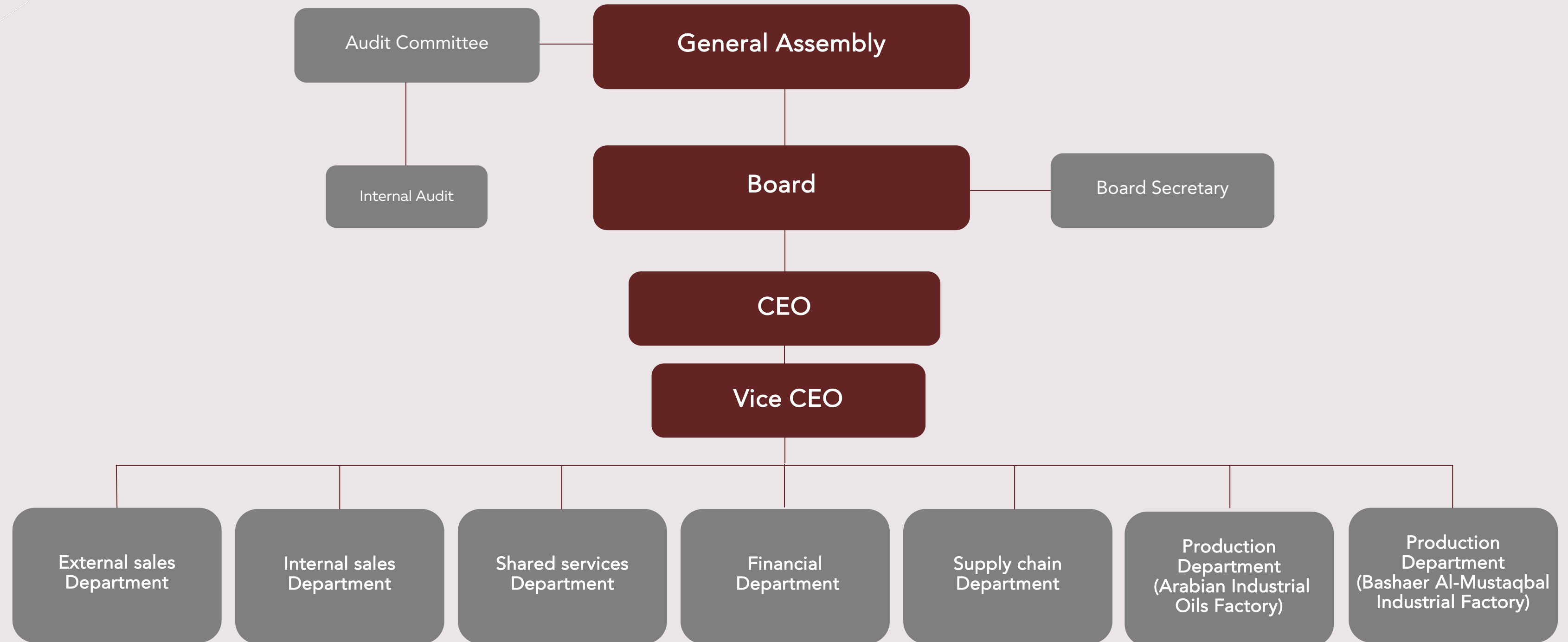
| Shareholders | Ownership % | |
|---------------------------------------|----------------|----------------|
| | Pre-Offering | Post-Offering |
| Sabeel Al-Reyadah Company Limited | 14.19% | 11.35% |
| Asset Management Company Limited | 11.14% | 8.91% |
| Ibrahim Ali Ibrahim Al-Mohsen | 10.00% | 8.00% |
| Abdulaziz Abdullah Mohammed Al-Rashid | 9.91% | 7.92% |
| Asaad Rumaih Othman Al-Rumaih | 7.50% | 6.00% |
| Other Shareholders with less than 5% | 47.27% | 37.81% |
| Qualified investors | 0.00% | %20.00 |
| Total | 100.00% | %100.00 |

Ownership Structure Pre-Offering



- Sabeel Al-Reyadah Company Limited
- Asset Management Company Limited
- Ibrahim Ali Ibrahim Al-Mohsen
- Abdulaziz Abdullah Mohammed Al-Rashid
- Asaad Rumaih Othman Al-Rumaih
- Other Shareholders with less than 5%

Neft Alsharq Organization Structure



Neft Alsharq Company

The Company's strategy

- Continuous development and improvement of products and raising the market value and marketing efficiency of the company.
- Environmental and occupational health and safety.
- Keeping pace with the Kingdom's vision of promoting Saudi exports.
- Maintaining geographical spread and entering into new markets.
- Providing the company's products according to the highest levels of quality.
- Continuous improvement of the company's performance to enhance its competitiveness.
- Using the best modern technologies in producing oils and automating the company's manufacturing processes and supply chains.
- Attracting and employing the best expertise in the field of oils and providing an innovative environment for the company's staff.



شركة نفط الشرق
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Neft Alsharq Company

The Company's strengths and competitive advantages

- The experience, quality and high efficiency of the work team and senior management in managing and conducting the company's business.
- Quality and diversity of products and their suitability for the local and international market.
- Production efficiency of factories and their geographical distribution to meet customer requirements and order volume with high flexibility and effectiveness.
- Using the best international technologies to obtain high quality manufacturing and speed in production.
- A reliable partner in the government, semi-government, and private sectors.
- Technical experience and knowledge of the requirements of the external market, especially the Middle East and Africa.
- International growth and geographical expansion at the level of the Middle East and Africa.
- The company's trademarks, which support its business and competitive position and give it distinction in the market among customers.
- The production capacities of the company's factories that support the company's ability to produce in line with customer demand.
- High quality and efficiency that distinguish it from its competitors in the products and services it provides to its customers, as the company obtained quality certificates ISO No. (ISO 9001:2015) and No. (ISO 14001:2015). And an accreditation certificate (API) from the American Petroleum Institute for the use of the API mark on the company's products under the "bmlube" brand. The Caterpillar ECF-3 certificate of approval from Often Chemical Additives confirms that the company's bmlube engine oil products conform to the specifications of Caterpillar engines and equipment. The Volvo Approval Certificate from the Volvo Truck Technology Group, which owns each of the brands (Volvo - Mack - Renault), confirms that the company's engine oil products of the brand (bmlube) conform to the specifications of trucks and equipment of all its brands mentioned above.



Expansion plan

- The company is currently working on an expansion plan, as it intends to use the net proceeds from the offering in the following:

1) Working capital financing

The goal is to support working capital in order to increase the final products and support the company's inventory, as working capital consists of raw materials (oils, packaging materials, and chemical additives) that lead to reaching the finished product ready for sale, which helps in increasing production quantities and thus contributing In achieving an increase in the company's cash flows to ensure its recycling and use of working capital in more than one cycle during the financial year, which will have a positive impact on improving the company's performance.

2) Developing the infrastructure of factories and warehouses

The company aims to develop the infrastructure of factories and warehouses, with the aim of increasing production capacity until reaching the maximum production capacity of factories and thus increasing the storage capacity of warehouses.

3) Expansion of sales outlets

- ✓ Purchasing a transportation fleet:

The company aims to purchase a transportation fleet for the purpose of being used by sales representatives to transport the company's products and market them to oil change centers, which will further expand the sales network throughout the Kingdom.

- ✓ Establishing centers to provide rapid car maintenance services (changing engine oils and fluids):

The company aims to establish centers to provide rapid maintenance services for cars (quick maintenance and oil change). The service centers will be equipped with the latest devices and means that provide quick service with high standards and high standards, allowing the provision of the highest level of excellence in providing all technical services to the company's customers, thus adding Another source of revenue for the company.

Section 2

Historical Financial Statements

Historical Balance Sheet Snapshot:

| Historical Balance Sheet (figures in SAR) | FY2022 | FY2023 |
|--|-------------------|-------------------|
| Current Assets | | |
| Inventory | 5,663,509 | 7,495,426 |
| Receivables | 6,364,366 | 7,843,760 |
| Related parties | 1,258,060 | 1,591,011 |
| Cash and cash equivalents | 7,100,916 | 5,740,286 |
| Total current Assets | 20,386,851 | 22,670,483 |
| Non-Current Assets | | |
| Net book value of PP&E | 11,905,255 | 11,709,734 |
| Right to use assets | 278,089 | 3,664,024 |
| Total Non-current Assets | 12,183,344 | 15,373,758 |
| Total Assets | 32,570,195 | 38,044,241 |
| Current liabilities | | |
| Murabaha contracts - current | 2,001,104 | 1,383,333 |
| Accounts payable, accrued expenses and other liabilities | 4,299,837 | 3,687,164 |
| Lease liabilities - current | 25,271 | 249,561 |
| Provision for Zakat | 209,223 | 548,628 |
| Total Current Liabilities | 6,535,435 | 5,868,686 |
| Non-current liabilities | | |
| Lease liabilities – Non-Current | 261,491 | 3,283,952 |
| End-of-Service Indemnities | 312,813 | 559,878 |
| Murabaha contracts - Non-Current | 1,383,333 | - |
| Total Non-current liabilities | 1,957,637 | 3,843,830 |
| Total Liabilities | 8,493,072 | 9,712,516 |
| Equity | | |
| Capital | 20,000,000 | 20,000,000 |
| Additional capital | 156,085 | - |
| Statutory Reserve | 664,774 | - |
| Retained Earnings | 3,256,264 | 8,331,725 |
| Total Owner's Equity | 1,957,637 | 3,843,830 |
| Liabilities & Equity | 32,570,195 | 38,044,241 |

Source: Audited Financials

Historical Income Statement Snapshot:

| Historical Income Statement (figures in SAR) | FY2022 | FY2023 |
|--|---------------|---------------|
| Revenue | 56,203,259 | 62,045,261 |
| Cost of Revenue | (47,862,630) | (51,984,314) |
| Gross Profit | 8,340,629 | 10,060,947 |
| Gross Profit Margin (%) | 14.84% | 16.22% |
| Selling and marketing expenses | (1,066,165) | (591,377) |
| General & administrative expenses | (3,195,306) | (4,602,057) |
| Operating profit | 4,079,158 | 4,867,513 |
| Operating Profit Margin (%) | 7.26% | 7.85% |
| Financing costs | (321,230) | (289,409) |
| Provision for expected credit loss | (24,441) | 264,221 |
| Other Income | 72,045 | 51,312 |
| Net Profit Before Zakat | 3,805,532 | 4,893,637 |
| Zakat expense | (157,784) | (497,189) |
| Profit for the year | 3,647,748 | 4,396,448 |
| Net Profit Margin (%) | 6.49% | 7.09% |

Source: Audited Financials

Historical Summary Cash Flow:

| Historical Cash Flow (figures in SAR) | FY2022 | FY2023 |
|--|-------------|-------------|
| Cash (used in)/ generated from operating activities | (1,326,788) | 1,927,839 |
| Net cash used in investing activities | (980,491) | (1,063,513) |
| Net cash generated from / (used in) Financing activities | 6,384,402 | (2,224,956) |

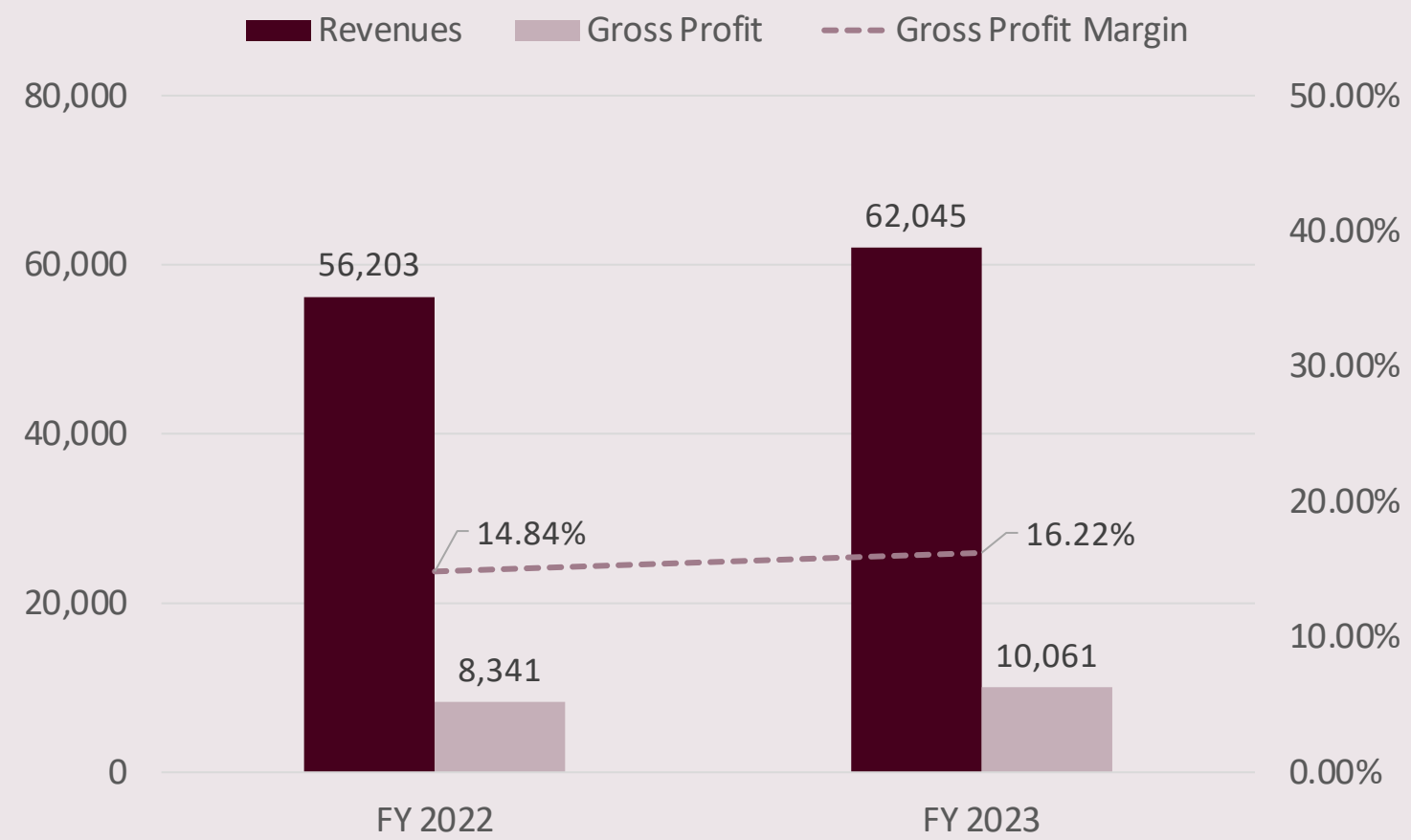
Source: Audited Financials

Historical Key Financial Indicators:

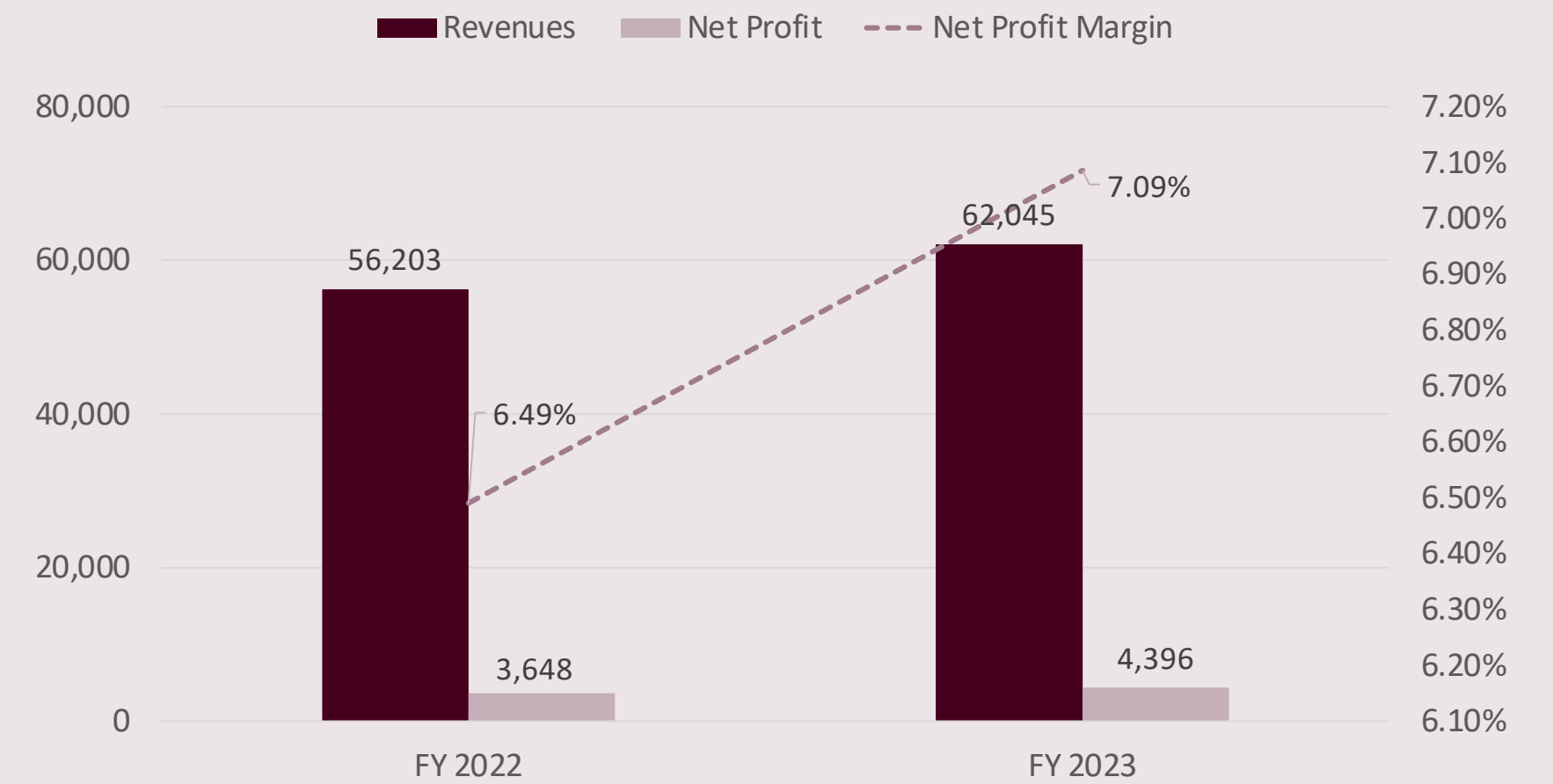
| Key Financial Indicators | FY2022 | FY2023 |
|--------------------------------|--------------|--------------|
| Key General Indicators | | |
| Total Assets | 32,570,195 | 38,044,241 |
| Equity | 24,077,123 | 28,331,725 |
| Revenues | 56,203,259 | 62,045,261 |
| Cost of Revenues | (47,862,630) | (51,984,314) |
| Net Profit | 3,647,748 | 4,396,448 |
| General Trends | | |
| Growth in Revenues | - | 10.39% |
| Growth in Cost of Revenues | - | 8.61% |
| Growth in Net Income | - | 20.52% |
| Performance | | |
| Net Profit Margin | 6.49% | 7.09% |
| Return on Shareholder's Equity | 15.15% | 15.52% |
| Return on Assets | 11.20% | 11.56% |
| Operating Profit margin | 7.26% | 7.85% |
| Gross Profit margin | 14.84% | 16.22% |
| Leverage | | |
| Current Ratio | 3.12x | 3.86x |

Historical Financial Analysis:

Revenues vs. Gross Profit
(figures in SAR '000)

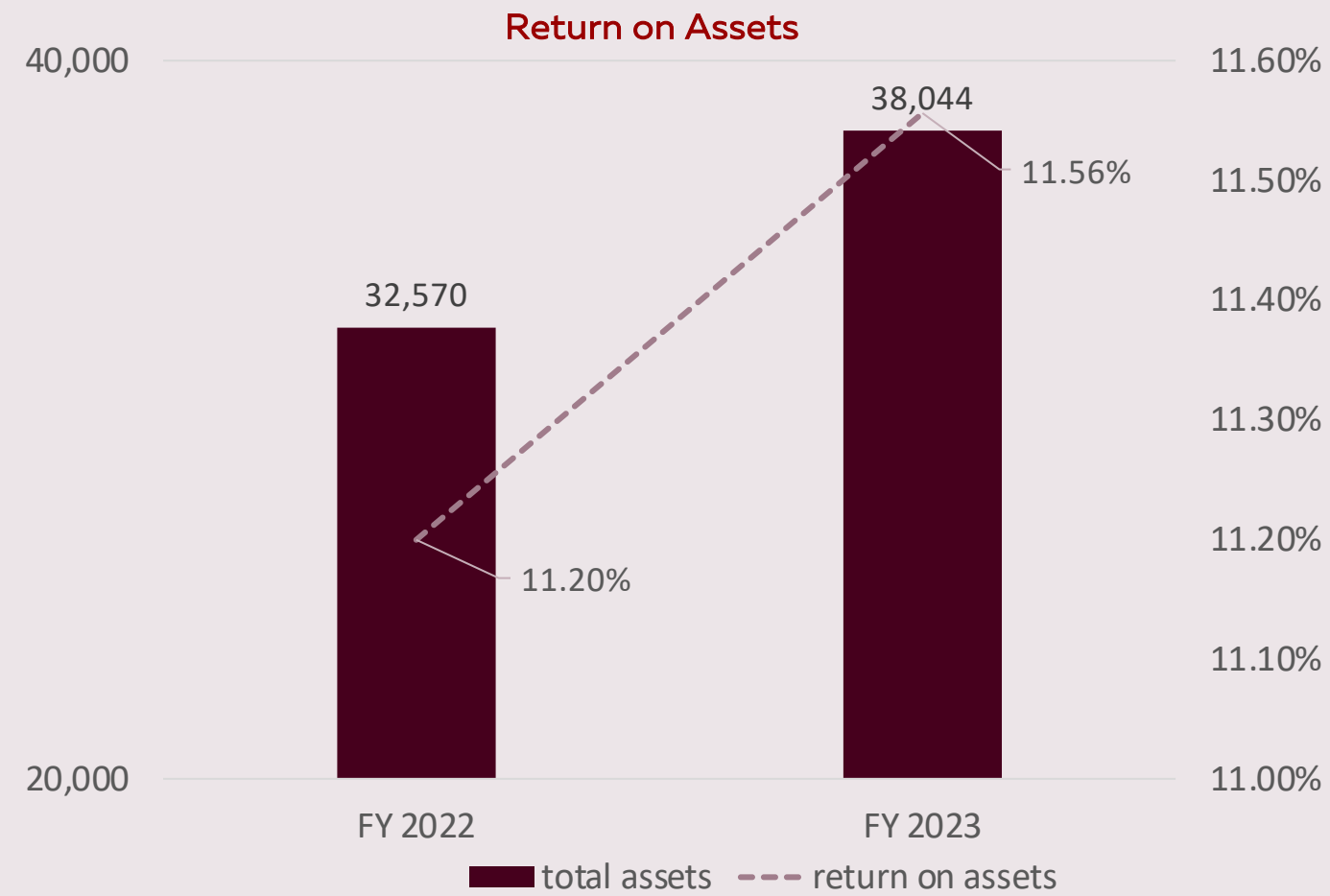


Revenues vs. Net Profit
(figures in SAR '000)



Historical Financial Analysis:

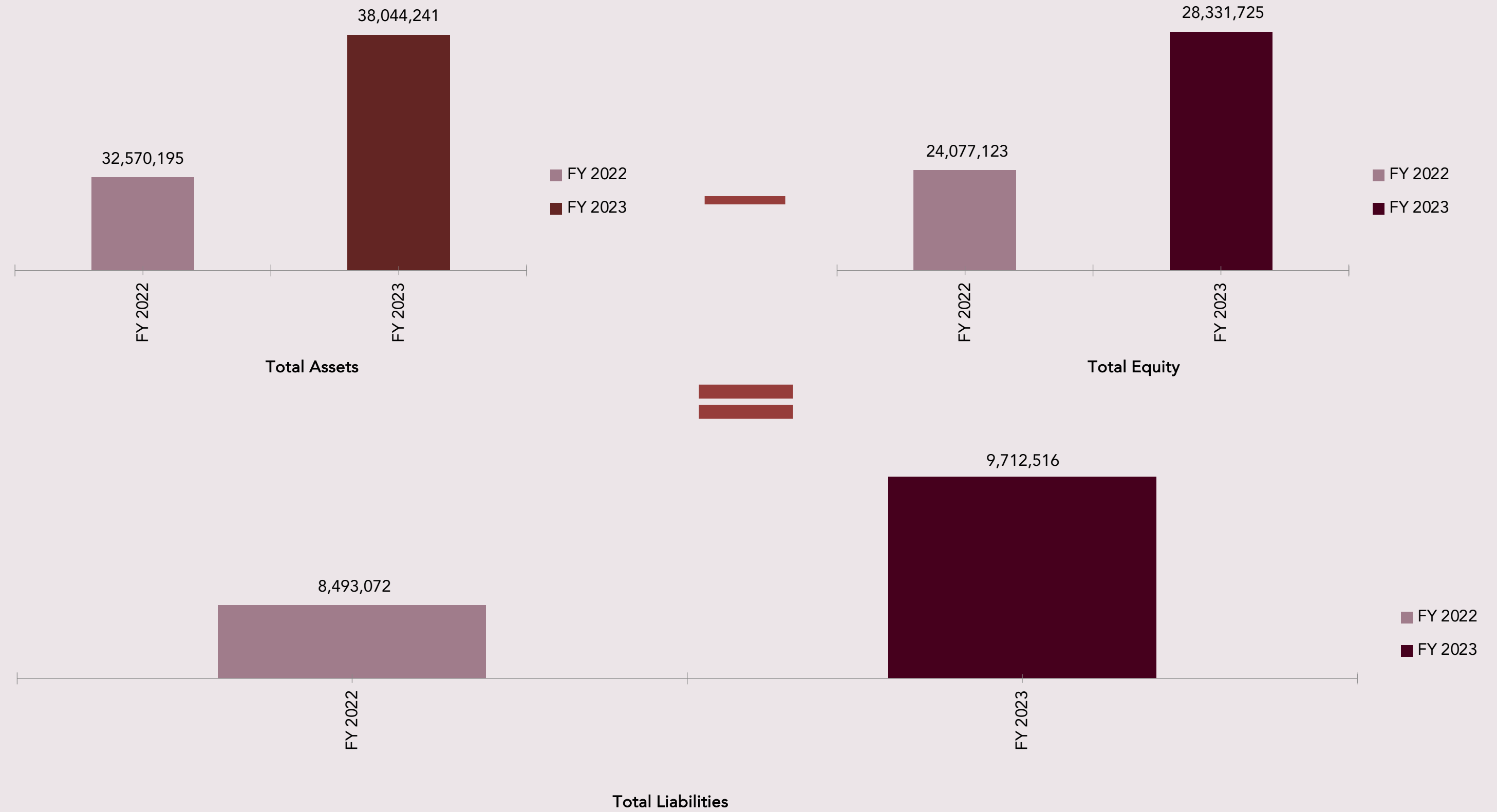
Return on Assets
(figures in SAR '000)



Return on Equity
(figures in SAR '000)



Historical Balance Sheet Overview (figures in SAR '000):



Section 3

Transaction Summary

Transaction Summary

IPO Offering

| | |
|-----------------|---|
| Size | The offering will consist of (5,000,000) shares. |
| Use of Proceeds | Net of IPO proceeds 100% will be used to primarily for business expansion |
| Tranche | Qualified Investors (Institutional & Retail) |

IPO Highlight

| | |
|-----------------|---|
| Offering period | Begins on Sunday 18/11/1445 AH (corresponding to 26/05/2024 G) and continues for a period of seven (8) days ending on Sundry 25/11/1445 AH (corresponding to 02/06/2024 G). |
| Offering Type | Primary IPO in in parallel market of the Saudi exchange (Nomu) |
| Offered Shares | The offering will consist of (5,000,000) shares representing 25.00% of issued shares before increasing the capital, and 20.00% after increasing the capital. |
| Distribution | 100% will be allocated to qualified investors |
| Minimum Bidding | Minimum bid is (100) offered shares. |
| Maximum Bidding | Maximum Bid is (1,249,900) offered shares. |
| Lock-up Period | 12 Months for Substantial Shareholders owning 5% and above. |

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Thank You ...