

الفخرة

للخياطة الرجالية



Al Fakhirah Men's Tailoring Company ("Al-Fakhirah")

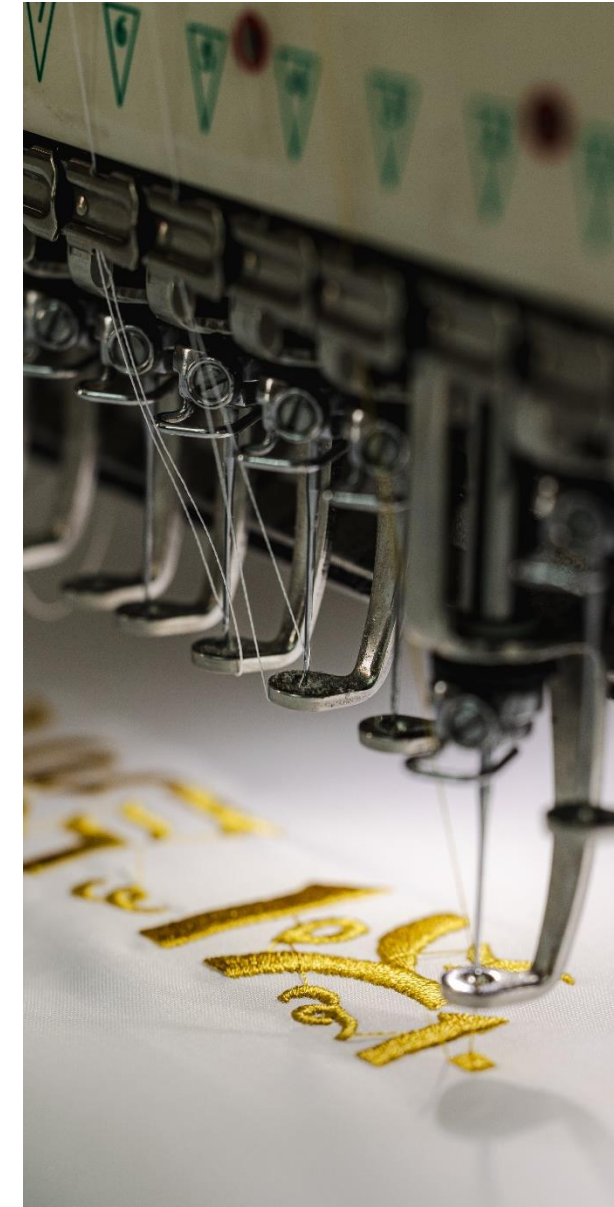
Opportunity Overview

October 2024



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Glossary of Terms

Glossary	Definition
The Company or Issuer	Al-Fakhirah Company
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.



01

Company Overview



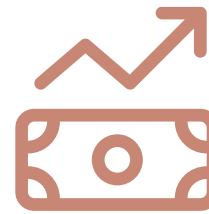
At a Glance

Company Overview



Founding :

A Saudi joint stock company established in 1978.



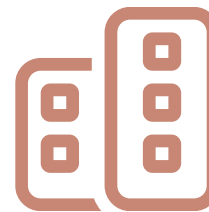
Capital:

SAR 30,000,000 Before IPO
SAR 36,000,000 After IPO



Location:

Located in Riyadh City, Saudi Arabia.



Sector:

Consumer Discretionary
Distribution & Retail

Business Model

Al-Fakhirah Men's Tailoring Company is a leading fashion retailer in the Kingdom, specializing in high-quality men's fabrics, clothing, and accessories. With a long-standing reputation for excellence, the company has experienced significant growth thanks to its extensive customer base. As a model for local businesses, Al-Fakhirah showcases advanced capabilities and a commitment to quality. The company's core business involves retail sales of a wide range of men's products, including both Arabic and international fabrics, textiles, clothing, and accessories such as shoes, and walking sticks. Al-Fakhirah caters to individuals, corporations, and government entities through its extensive network of 68 branches across the Kingdom.



Business Industries of the Company



Traditional dress & fabric industry

Within this industry, the company's factory tailors and manufactures garments from the finest silk, polyester, cotton, and wool threads, customized to meet the specific requirements and preferences of our customers. The company's skilled tailors ensure that all products adhere to the highest quality standards. Additionally, we import exclusive summer and winter fabrics from renowned Japanese and European brands, featuring the finest quality yarns. This sector contributes significantly to the company's overall sales.



Men's textile industry

Al-Fakhirah offers an extensive range of traditional garments, as well as formal suits, men's uniforms, winter coats, and many other products to cater to all ages. The company produces these items in its own factory.



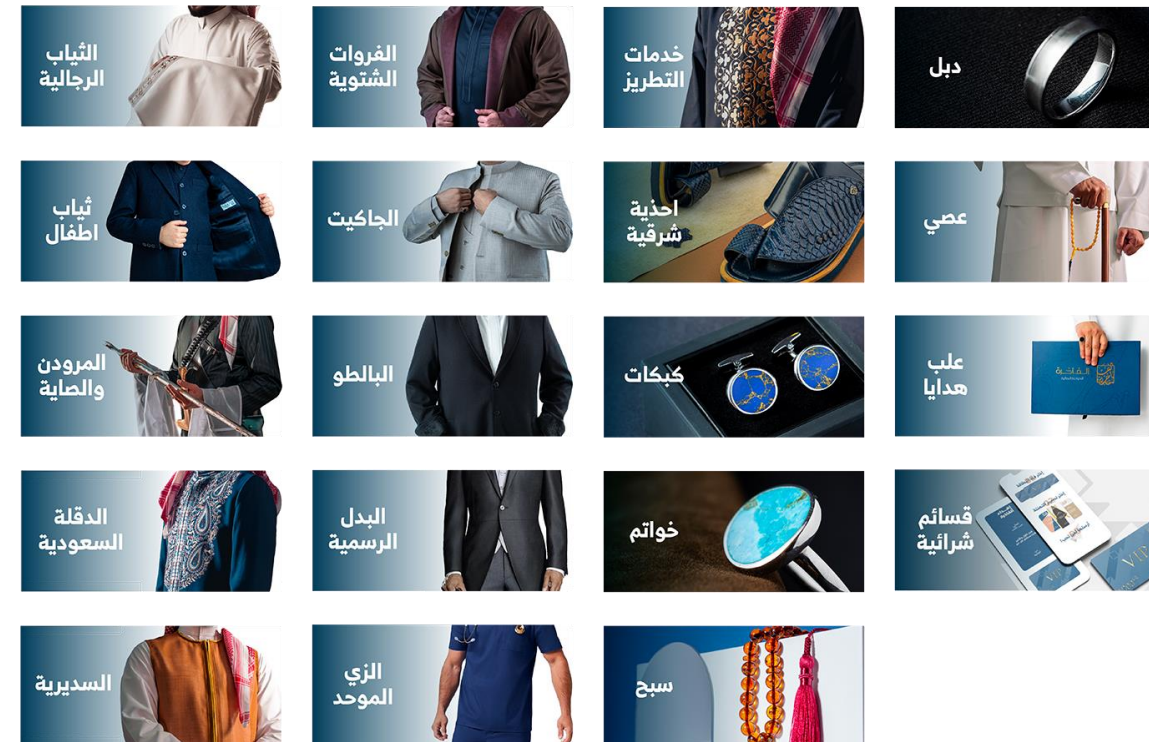
Accessories industry

Within this sector, the company offers a wide and diverse range of Eastern footwear and men's accessories, gemstone rings, high-quality wooden canes, gift boxes, and gift vouchers.

Brands / Al-Fakhirah Brand

The company owns the prestigious "Al-Fakhirah" brand, renowned for its exceptional tailoring of men's garments and accessories. Utilizing the finest global fabrics, we offer a curated selection of distinguished men's accessories. Our extensive network of 55 branches across the Kingdom, complemented by our user-friendly online store and mobile app, allows customers to conveniently place orders. These orders are then meticulously crafted by our skilled tailors, equipped with state-of-the-art equipment, and delivered to customers through our branches or via shipping companies, as per their preference.

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Brands / Alkessaey Brand

The company owns the brand "Alkessaey," specializing in selling men's fabrics through numerous branches spread across Riyadh City and an online store. Through these channels, the company offers the finest quality of imported men's summer and winter fabrics from various countries, along with a diverse range of men's accessories. Customers can purchase directly from the branches or through shipping companies when ordering from the online store. The brand currently has 13 branches.

الكسائي
للأقمشة الرجالية



The Manufacturing Process of Al Fakhirah's Thooob



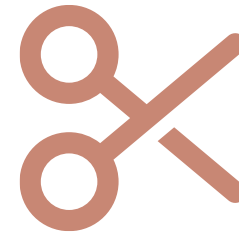
1
Receive
The Invoice



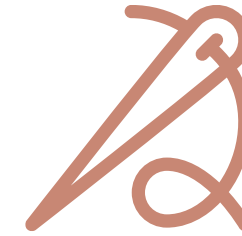
2
Cloth
Extraction



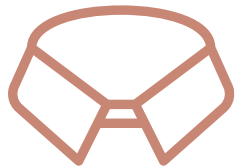
3
Washing &
Inspecting Fabric



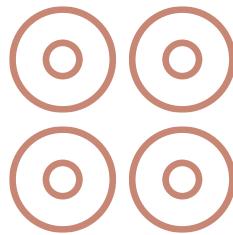
4
Cut To
Measurements



5
Assembling
The Thooob



6
Neck
Installation



7
Installing
Buttons



8
Quality
Review

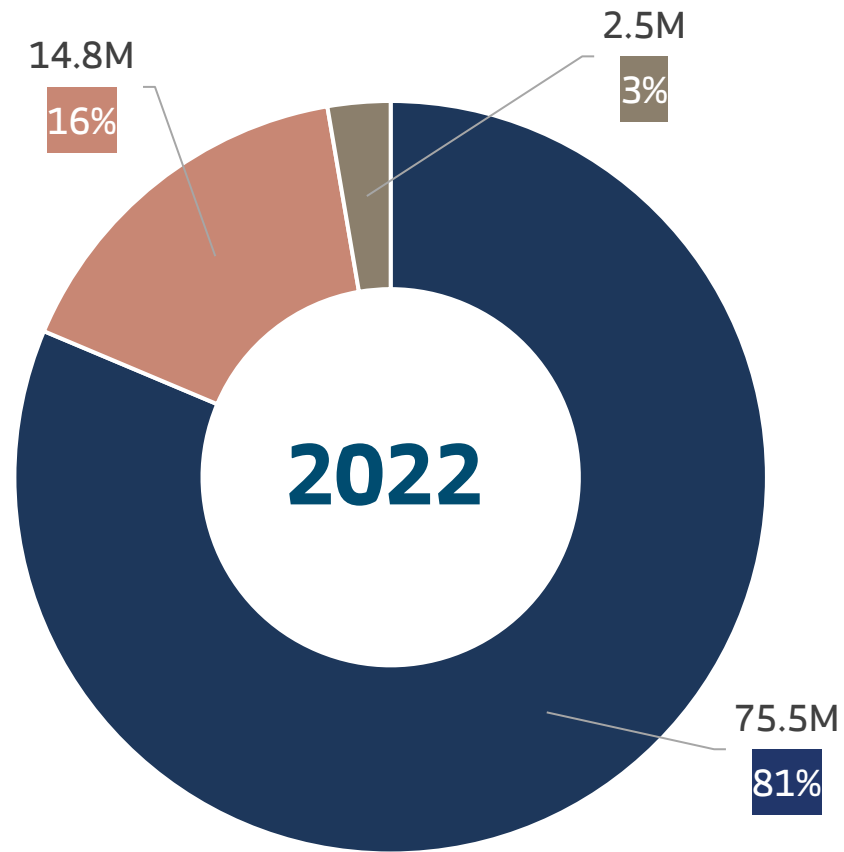


9
Ironing
& Packaging

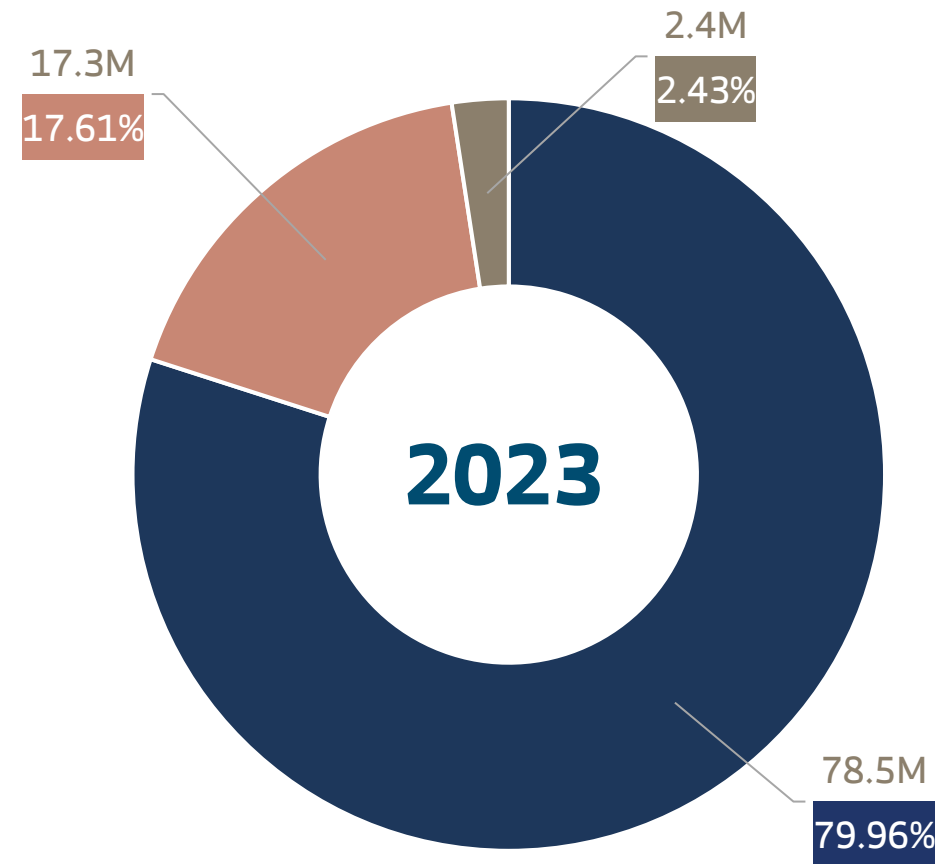


10
Shipping
& Delivery

Revenue Breakdown by Sectors

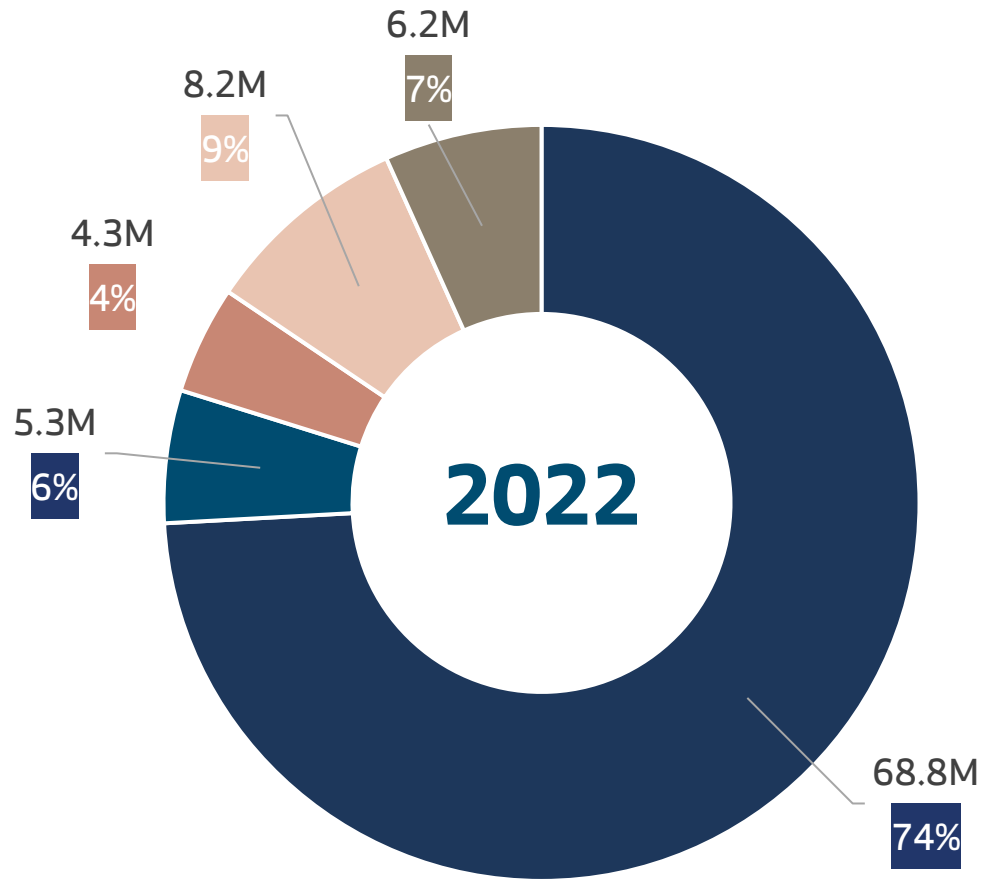


- Tailoring
- Wholesale and Retail in Fabrics and Clothing
- Supplies and Accessories

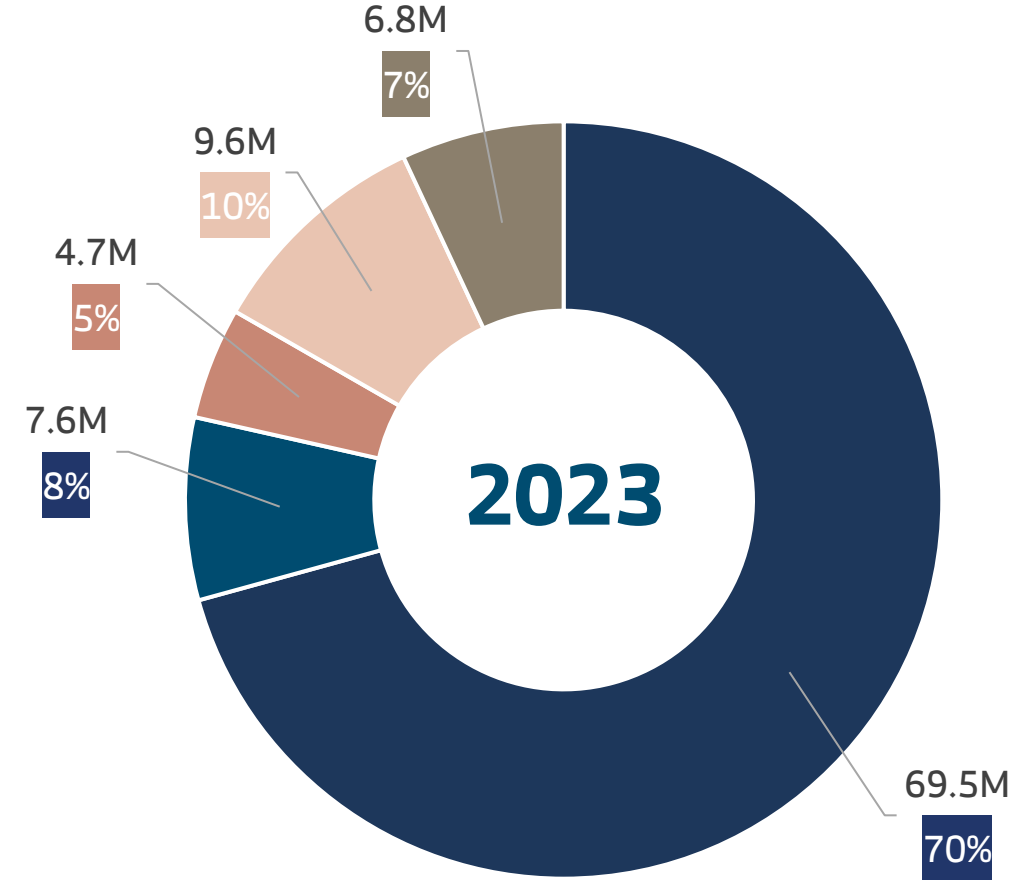


- Tailoring
- Wholesale and Retail in Fabrics and Clothing
- Supplies and Accessories

Revenue Breakdown by Geographic Region

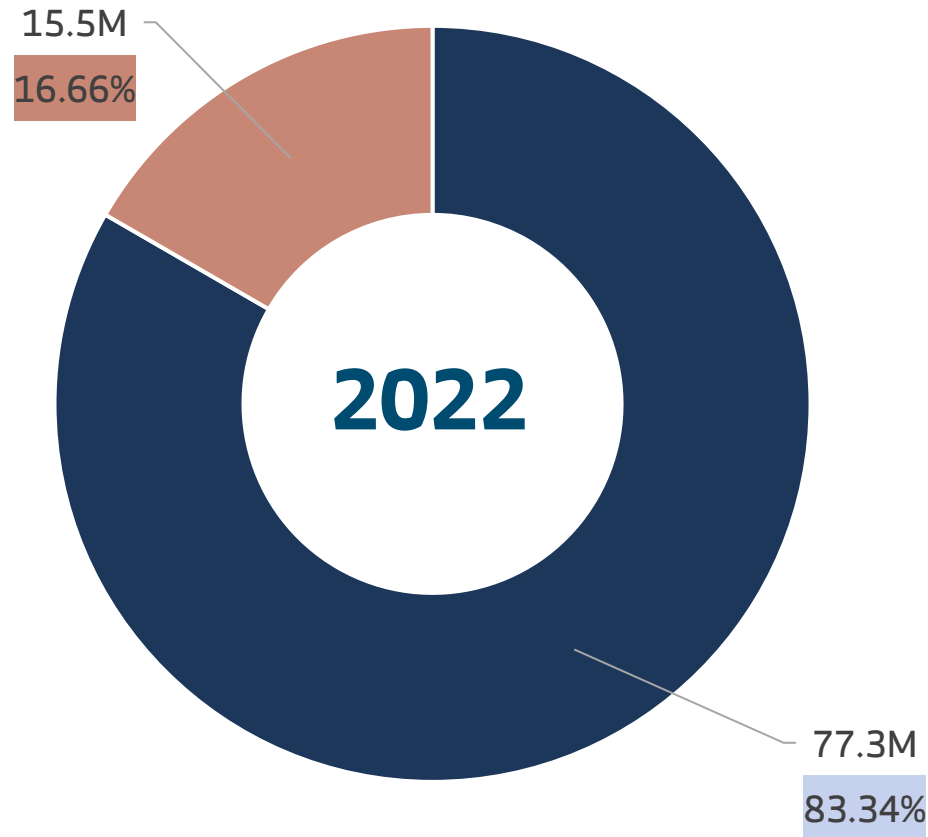


■ Central Region
 ■ Northern Region
 ■ Southern Region
■ Western Region
 ■ Eastern Region

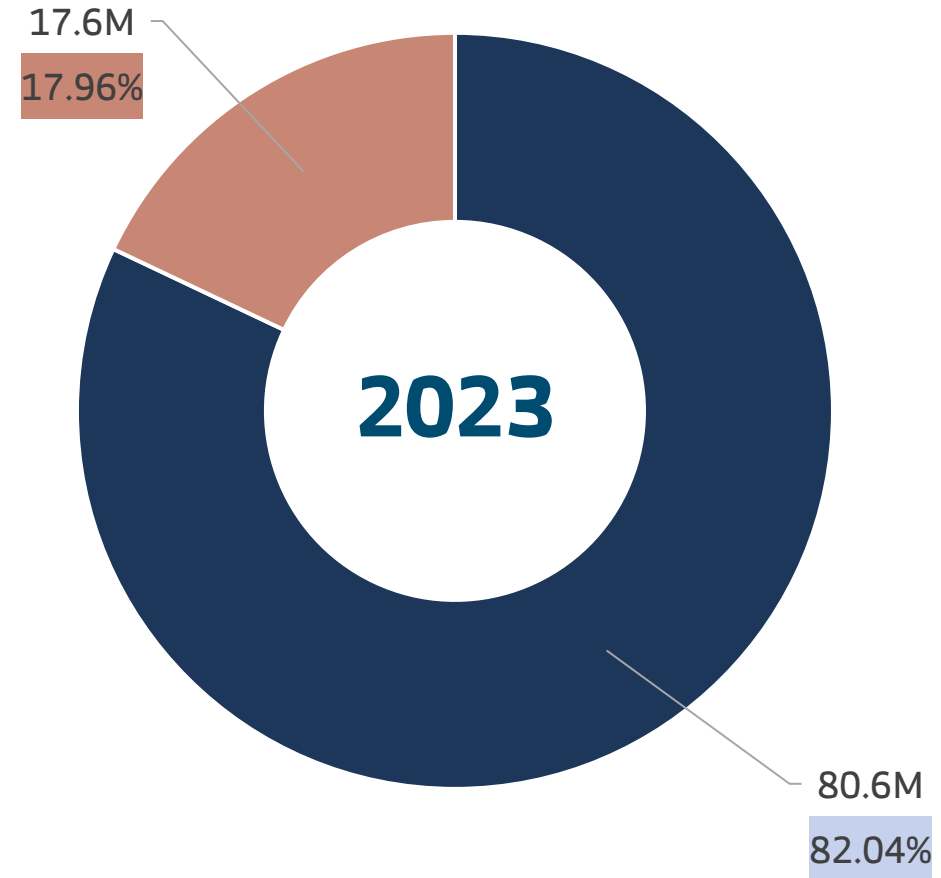


■ Central Region
 ■ Northern Region
 ■ Southern Region
■ Western Region
 ■ Eastern Region

Revenue Breakdown by Brand

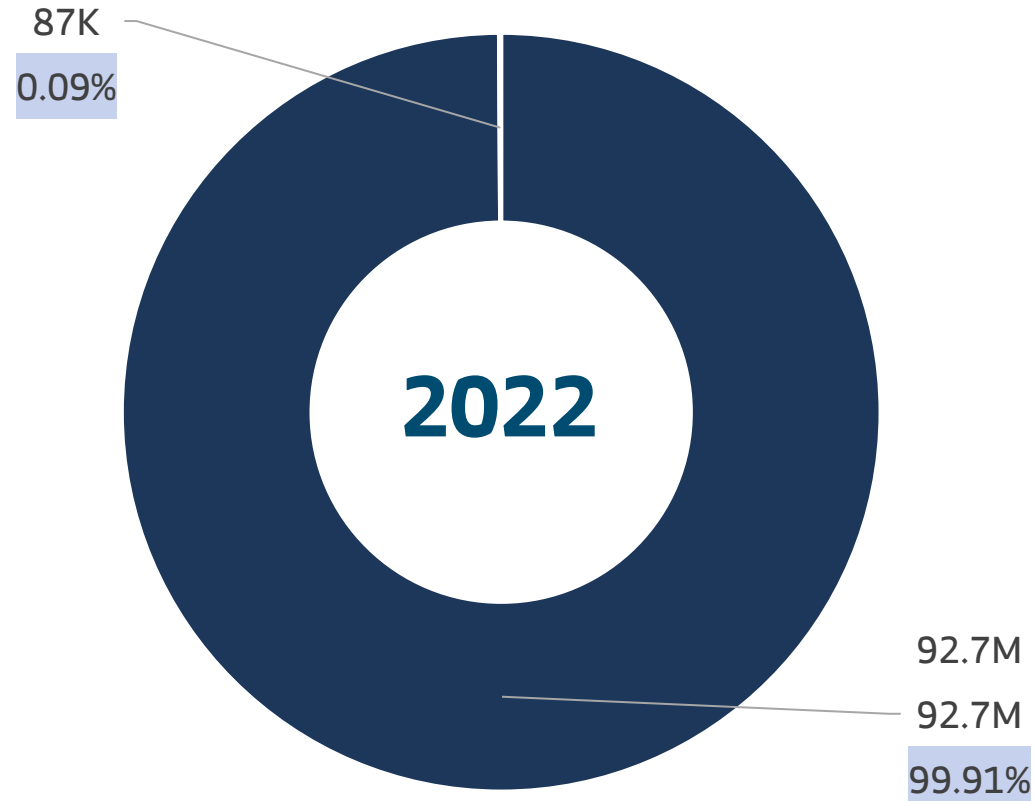


■ Al-Fakhirah ■ Al-Kasa'i

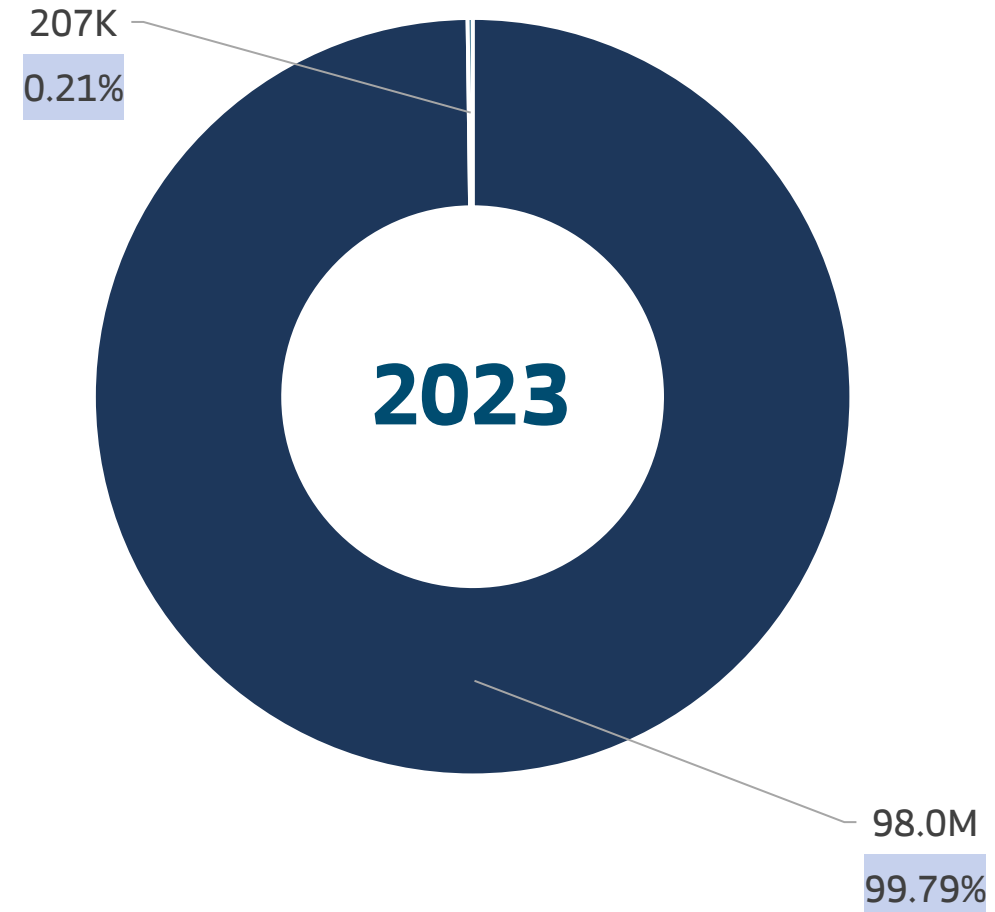


■ Al-Fakhirah ■ Al-Kasa'i

Revenue Breakdown by Point of Sale

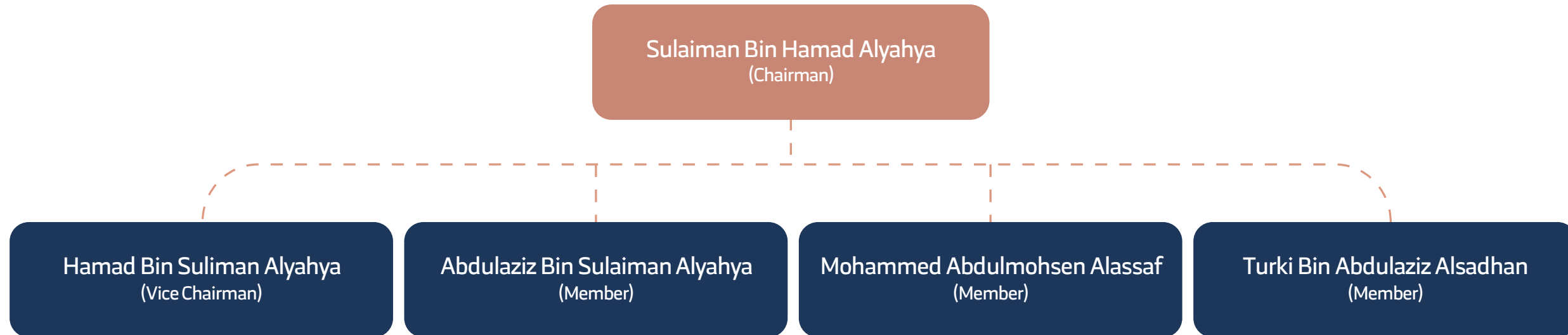


■ Company Branch Sales ■ Online Store Sales



■ Company Branch Sales ■ Online Store Sales

Board Structure



Ownership Structure

Current Shareholders Structure

#	Shareholder	Before IPO		After IPO	
		Number of shares	Percentage	Number of shares	Percentage
1	Sulaiman Hamad Al-Yahya	25,649,970	%85.50	25,649,970	%71.25
2	Sulaiman Hamad Al-Yahya (Waqf)	2,850,000	%9.50	2,850,000	%7.92
6	21 shareholders owned less than (%5.00)	1,500,030	%5.00	1,500,030	%4.16
7	Qualified Investors	-	-	6,000,000	%16.67
Total		30,000,000	%100.00	36,000,000	%100.00

Al-Fakhirah's Strategy

Vision

The leading company in the Saudi high-quality men's fashion industry, becoming the first choice for Saudi consumers in tailoring the national Saudi attire.

Mission

Present Saudi fashion in a comprehensive manner that focuses on customer needs and desires, with the highest quality standards and unique, exclusive, and diverse materials and designs and provide an exceptional level of service by following best tailoring practices and striving for continuous excellence in the fashion world and achieve comprehensive growth by enhancing efficiency, improving productivity, and ongoing development.

Strategy

- Improving production line efficiency and automation to achieve the highest quality standards.
- Continuous product development and innovation to keep pace with market trends.
- Expanding market share and entering new markets and segments.
- Developing the workforce's capabilities and recruiting top talent in the industry.



Al-Fakhirah's Strengths and Competitive Advantages

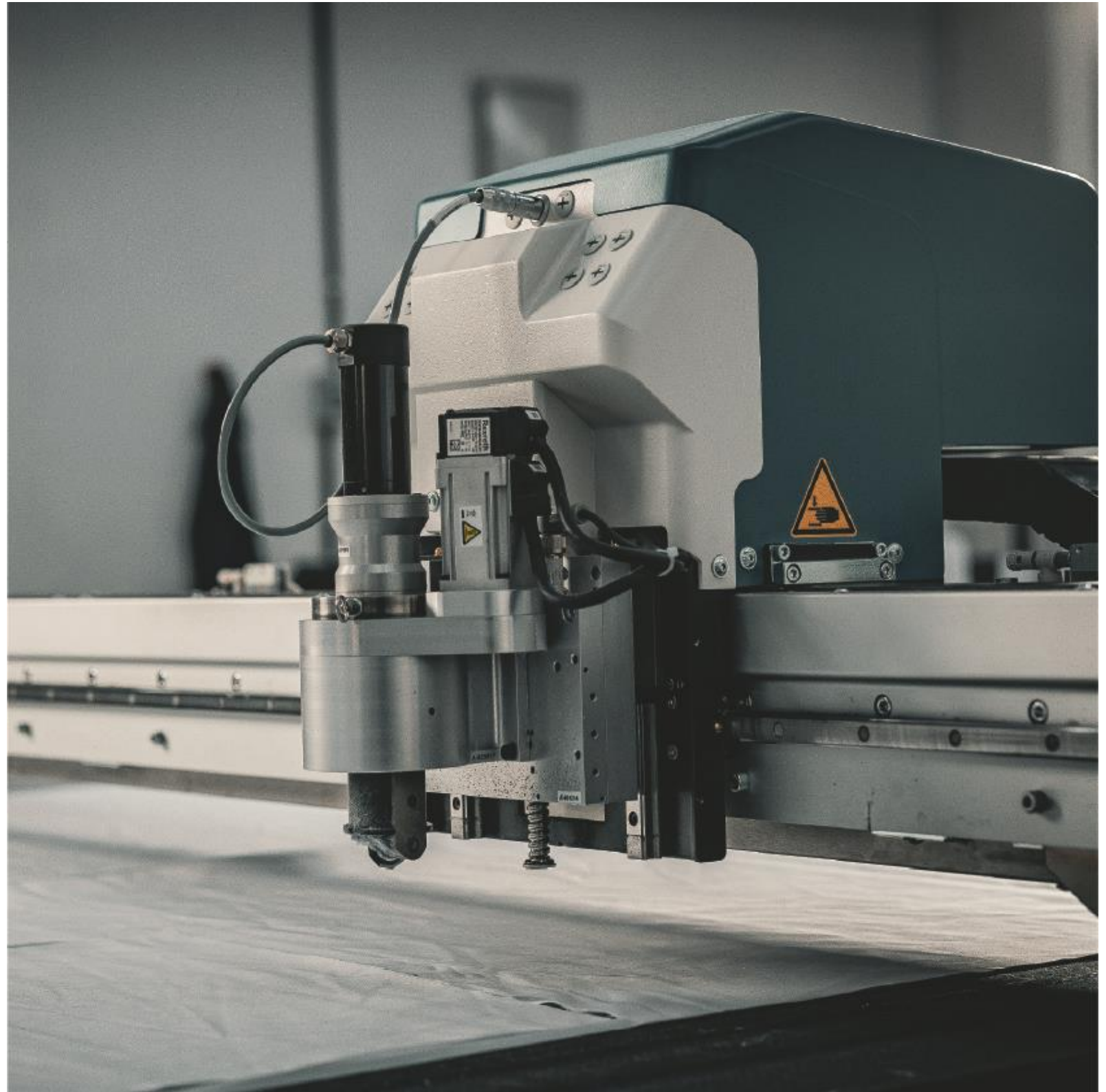
Al-Fakhirah Men's Tailoring Company works with strategic focus and design to achieve its mission of crafting Saudi fashion. It aims to innovate in the Saudi fashion world to elevate tastes in Saudi clothing and fashion. The company's strengths and competitive advantages are as follows:

- Comprehensive bespoke tailoring for Saudi attire.
- Expanding into new markets.
- Strong brand identity.
- High efficiency and continuous improvement.
- Meeting growing demand.
- Diverse product range.
- Talented workforce.



02

Historical Financial Statements



Historical Balance Sheet Snapshot:

Historical Balance Sheet (figures in SAR)	FY2022	FY2023
Current Assets	29,848,957	44,996,894
Non-Current Assets	52,866,591	50,520,414
Total Assets	82,715,548	95,517,308
Current liabilities	24,409,089	20,496,413
Non-current liabilities	12,051,725	19,220,184
Total Liabilities	36,460,814	39,716,597
Equity	46,254,734	55,800,711
Liabilities & Equity	82,715,548	95,517,308

Source: Audited Financials

Historical Income Statement Snapshot:

Historical Income Statement (figures in SAR)	FY2022	FY2023
Revenue	92,771,334	98,201,200
Cost of Revenue	(42,495,456)	(42,637,609)
Gross Profit	50,275,878	55,563,591
Gross Profit Margin (%)	54.19%	56.58%
Operating profit	18,529,214	20,306,356
Operating Profit Margin (%)	19.97%	20.68%
Profit for the year	14,301,263	18,722,202
Net Profit Margin (%)	15.42%	19.07%

Source: Audited Financials

Historical Summary Cash Flow:

Historical Cash Flow (figures in SAR)	FY2022	FY2023
Cash (used in)/ generated from operating activities	27,724,068	26,129,450
Net cash used in investing activities	(1,278,443)	(2,823,207)
Net cash generated from / (used in) Financing activities	(28,926,280)	(13,234,802)

Source: Audited Financials

Historical Key Financial Indicators:

Key Financial Indicators		FY2022	FY2023
Key General Indicators	Total Assets	82,715,548	95,517,308
	Equity	46,254,734	55,800,711
	Revenues	92,771,334	98,201,200
	Cost of Revenues	(42,495,456)	(42,637,609)
	Net Profit	14,301,263	18,722,202
General Trends	Growth in Revenues	NA	5.85%
	Growth in Net Income	NA	30.91%
Performance	Gross Profit margin	54.19%	56.58%
	Operating Profit margin	19.97%	20.68%
	Net Profit Margin	15.42%	19.07%
	Return on Shareholder's Equity	30.92%	33.55%
	Return on Assets	17.29%	19.60%
Current Ratio		1.22x	2.20x

Source: Audited Financials

03

IPO
Proceeds



Use of Proceeds

The Company intends to use the proceeds of the IPO to acquire new assets and fund working capital.

Specifically, the Company will use 35.93% of the proceeds to finance its future expansion plan by purchasing machinery and equipment to expand its business operations.

Additionally, the company will use 64.07% of the proceeds to fund working capital.

It should be noted that if the proceeds are less than the expected costs, the Company will rely on its available liquidity after ensuring that the Company has the ability to manage working capital efficiently. Any excess proceeds will be used as working capital for the Company's operating activities.



Expansion Through Acquisition of New Assets:

1. Purchase of Machinery and Equipment and Factory Expansion:

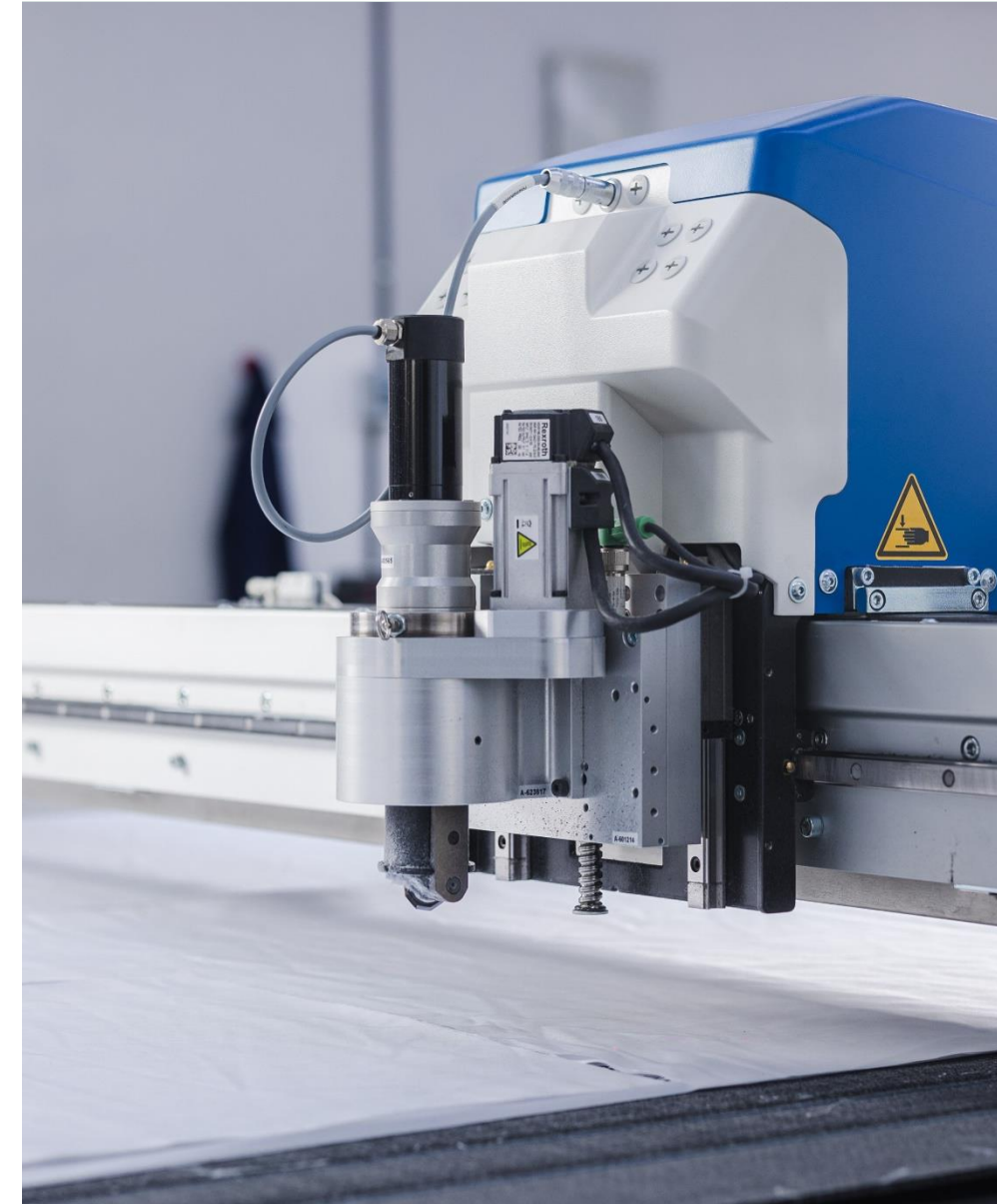
The company will purchase additional new machinery and equipment used in the sewing of men's clothing and accessories. It is estimated that the cost will be approximately SAR 10,000,000, and the purchase and supply will be carried out in stages over approximately three (3) years. It is expected to be completed by 2026.

2. Purchase of Vehicles for Mobile Branches and Logistics:

The company will purchase vehicles for its mobile branches and the logistics of its factory and branches. The estimated cost of the vehicles to be purchased is SAR 1,500,000, and they will be purchased and supplied in stages over approximately three (3) years. It is expected to be completed by 2026.

3. Opening New Branches in Major Cities in Saudia Arabia:

In pursuit of growth and expansion and to increase its market share in the sector, the company will open new branches in major cities in the Kingdom to attract and acquire new customers. The estimated cost of the branches to be established is SAR 3,500,000, and their establishment and implementation will be carried out in stages over approximately three (3) years. It is expected to be completed by 2026.



Working Capital Financing:

The purpose of this financing is to support the company's working capital in order to increase finished products and support the company's inventory. Working capital consists of raw materials (fabrics, garment accessories, etc.) and other production inputs that contribute to the completion of finished products ready for sale. Additionally, it will be used to pay short-term lease contracts, restructure the company's branch portfolio in provinces, maintain and update branches according to the new identity, and settle payments to suppliers. This will help increase production quantities and consequently contribute to increasing the company's cash flow, ensuring its recycling and the use of working capital in more than one cycle during the fiscal year. Moreover, it will increase the company's inventory of products to meet sales orders received from customers, which will have a positive impact on the company's performance. It should be noted that the estimated cost will be SAR 26,750,000, and the work plan is expected to commence in 2024. Any excess net proceeds from the offering will be used as working capital for the company's operating activities.



04

**Transaction
Summary**



IPO Proceeds

The table below shows the anticipated use of net proceeds and the phases in which the funds will be:

Usage (SAR)	Phases of Expenditure			Total (SAR)	%
	2024	2025	2026		
Purchase of Machinery and Equipment and Factory Expansion	3,000,000	6,000,000	1,000,000	10,000,000	23.95%
Purchase of Vehicles for Mobile Branches and Logistics	400,000	1,000,000	100,000	1,500,000	3.59%
Opening New Branches in Major Cities in the Kingdom	500,000	2,000,000	1,000,000	3,500,000	8.38%
Working Capital Financing	5,000,000	11,000,000	10,750,000	26,750,000	64.07%
Total	8,900,000	20,000,000	12,850,000	41,750,000	100.00%

Transaction Summary

IPO Details



Size

The offering will consist of **(6,000,000) shares (Cash In)**.



Tranche

Qualified Investors (Institutional & Retail)

IPO Highlight

Offering period	Begins on Sunday 01/05/1446 AH (corresponding to 03/11/2024 G) and continues for a period of seven (7) days ending on Monday 09/05/1446 AH (corresponding to 11/11/2024 G).
Offering Type	Primary IPO in in Parallel Market of the Saudi exchange (Nomu)
Use of Proceeds	Capital increase and financing the company expansion plan.
Offered Shares	Offering six Million (6,000,000) ordinary shares representing (16.67%) of the company's total capital after the offering (which represents 20.00% of the company's capital before the offering)
Distribution	100% will be allocated to qualified investors
Minimum Bidding	Minimum bid is (100) offered shares.
Maximum Bidding	Maximum Bid is (1,799,990) offered shares.
Lock-up Period	12 Months for all cofounders Shareholders.

**Thank
You**



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