

**Registered number:**  
**05127949**

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**NEOM LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



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**NEOM LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Mr O T Mennell Miss N J Elliott Mrs E A Gibson Mr R E McNiece
<b>Company secretary</b>	S Mennell and D Moss
<b>Registered number</b>	05127949
<b>Registered office</b>	Gardner House Hornbeam Park Harrogate North Yorkshire HG2 8NA
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN

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**NEOM LIMITED**

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## NEOM LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 December 2021

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The directors present their Strategic report for the year ended 31 December 2021.

The principal activity of the Company is the development and sale of NEOM branded high quality, innovative and natural products across home fragrance, essential oils & pods, bath & body and skincare categories to help customers sleep better, stress less, boost mood, and improve energy.

#### Review of the business

The business operates on a digital first, omni-channel basis with global sales made through own ecommerce, own wellbeing hubs, selected e-partners and wholesale accounts, and quality independent spa partners. The Company's Direct to Consumer sales (comprising sales made through its own e-commerce website and wellbeing hubs) have grown to become the largest sales channel. In addition, the sales to e-partners means NEOM's consumers are increasingly and predominantly purchasing NEOM through digital channels. The Company's long-term strategy of developing the NEOM brand in a digital first way via its own ecommerce activities and partnering with the right retail partners continues to prove successful in introducing more customers to the NEOM brand and increasing those customers' frequency of interaction with the brand.

As shown in the Company's Statement of Comprehensive Income on page 11, the Company's sales increased by 43% over the prior period (2020: increased by 84%) due to continued strong growth across all channels, particularly own e-commerce, and e-partners with the strategically important first full year of US trading being successful. The sales growth is supported and driven by new product development (including launching two new Wellbeing Pod devices (electronic essential oil diffusers) and extending bath & body and skincare ranges with the introduction of a top-rated overnight face cream and shower gel); continued ecommerce sales growth driven by new customers and an existing loyal customer base; and increased distribution to brand supporting partners. Underlying consumer demand for NEOM's products continues to be driven by an increasing desire for natural products that are specifically designed to improve wellbeing. The growth in the proportion of Direct to Consumer sales and the growth of sales of new product categories have contributed to the increased Gross Profit Margin and rate achieved.

The Adjusted EBITDA growth of 30.6% (2020: increased by 1,300%) is derived from the Turnover growth, the Gross Profit Margin increase and enabled by an efficient and consistent operating cost structure. The impact of closing our own wellbeing hubs during the period due to Covid-19 restrictions did not have a significant impact on net profit due to utilising the available government support to mitigate the running cost of the wellbeing hubs (the Company repaid the UK 2020 furlough funding). During the period, the Company commenced a review of its future strategy and financing – the costs of £1.6m incurred in the period for this ongoing assessment are considered to be Exceptional items.

The Company plans to continue investing in teams and operating capabilities to support the business as it grows and expands. Key ongoing areas of investment include new product R&D; continued ecommerce and community activation; key personnel and teams; improving the technology platform and data analytics capabilities; and targeted international expansion. These growth investments are expected to extend the business platform that has proved successful over a number of years for long term sustainable business growth.

In preparation for increased trading, to better service our US customers and following a successful first full year of trading in the US, the Company has setup a subsidiary (NEOM Inc) to undertake the US trading on behalf of the group. The company has also engaged a US based warehouse operator to provide storage and fulfilment operations to the US customers. The US warehouse and subsidiary commenced operating during 2022.

#### Environmental Practices

NEOM's aim is to manage the environmental effects of its whole business in a responsible and caring way, and it is continuously looking to minimise its environmental impact. NEOM is actively planning and implementing changes to become Climate Positive, including becoming a zero-waste business by 2025. This means that all of the Company's packaging will either be refillable, reusable, recycled or recyclable. The Company strives for all its ingredients and materials to be sourced from managed and sustainable sources and it works alongside its suppliers to reduce the environmental impact of the Company's supply chain. To that effect, in 2021 the Company

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**NEOM LIMITED**


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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 December 2021**


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continued to deliver several sustainability projects including launching new and more sustainable packaging for certain products.

During the year, the Company began its journey to become a certified B Corporation. Our application for recognition as a B Corporation has been submitted and we look forward to achieving this key milestone in our plans to address our Environmental and Social responsibilities. As part of this aim, the Company updated its Articles of Association to reflect our balanced consideration of the Company's Financial, Environmental and Social considerations and impacts.

**Key Performance Indicators**

The Company views the following as key performance indicators:

	<b>2021</b>	<b>2020</b>	<b>Growth</b>
	<b>£'000</b>	<b>£'000</b>	
Turnover	<b>£41,400</b>	<b>£28,900</b>	43.3%
Gross Profit	<b>£28,900</b>	<b>£19,700</b>	46.7%
Gross Profit Margin	<b>69.8%</b>	<b>68.2%</b>	2.3%
Adjusted EBITDA*	<b>£6,400</b>	<b>£4,900</b>	30.6%
Shareholder's funds	<b>£8,700</b>	<b>£6,200</b>	40.3%

\*Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation excludes Fixed Asset charges, Exceptional Costs (considered as such due to their size or incidence) and non-cash settled Share Based Payments expense.

**Principal Risks and Uncertainties**

The principal risks and uncertainties faced by the Company are as follows:

The Company is continuing a growth phase and future success will require investment into new products, capabilities, teams, geographic markets, technology and distribution channels. These investments may result in short-term costs that may be dilutive to our profitability in the short term. Although we believe this will lead to long-term growth in revenue and profitability, we may not realise, in full or in part, the anticipated benefits in the timeframe anticipated.

A key risk the Company faces is any event that would cause the NEOM brand value to diminish. This could be caused by poor quality products, poor customer service or inappropriate sales channel selection. The Company takes great care to ensure that any such incidents are carefully managed and has implemented measures to end trading relationships with partners who were not considered to have appropriate credentials in this regard.

The Company has an ongoing assessment of the Cyber Risks it is exposed to and routinely examines and puts mitigations and policies in place to manage the level of risk.

Future trading may be impacted by evolving import and export arrangements following Brexit; commodity inflation; sustainable availability of key ingredients and components; logistics disruptions; Covid-19 and their related possible adverse impacts on margins, operating costs, consumer confidence and general economic impact.

The Company and the management team will continue to assess these potential risks to determine any impact and put appropriate mitigations in place.

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**NEOM LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 December 2021**

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**COVID-19**

Following the initial outbreak in 2020 our priority has continued to be to protect the safety of our employees and customers. We have adapted our working practices and operations to be at least compliant with Government regulations and guidelines.

The impact on our supply chain and operations has been minimal with the supply and delivery of products continuing without significant disruption. Our wellbeing hubs were closed in line with local lockdown restrictions. Our office-based operations have now been working largely remotely for over a year with no significant operational issues identified across our teams.

We anticipate continuing to evolve our business practices in response to COVID-19 for the benefit of our business, customers and staff as operating restrictions are adjusted.

**Future Developments**

The Company intends to continue adding to its range of products, invest into its technological platform and to expand in its current markets and internationally.

This report was approved by the board on 14 December 2022 and signed on its behalf.



**Mr O T Menzell**  
Director

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**NEOM LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 December 2021**

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The directors present their annual report, together with the financial statements and the Auditor's report for the year ended 31 December 2021. Details of principal activities, performance and position can be found in the Strategic report on pages 1-3.

**Results and dividends**

The audited financial statements for the year ended 31 December 2021 are set out on pages 11 to 17.

The profit for the year, after taxation, amounted to £3,132,000 (2020: £3,712,000).

A dividend of £999,000 was declared and paid in respect to the financial year ended 31 December 2021 (2020: £Nil).

**Directors**

The directors who served during the year were:

Mr O T Mennell  
Miss N J Elliott  
Mrs E A Gibson  
Mr E Osti (resigned 17 June 2022)  
Mr R E McNiece (appointed 22 April 2021)

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**NEOM LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 December 2021**

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**Going concern**

The directors have carefully considered the Company's operations, trading performance and available sources of financing, contingencies, and mitigations to examine a range of scenarios in assessing the Company's prospects given the business risks identified in the Strategic report on pages 1-3.

The directors have made an assessment for a period of at least twelve months from the date of approval of these financial statements that indicates that, considering reasonable and significant downside possibilities the company will have sufficient funds and available financing to meet its liabilities in the review period. The directors' assessment included careful consideration of the possible impact on operations, prospects and cash flows from business risks. This assessment has determined the Company has sufficient funds, committed financing and low financing costs to meet its liabilities as they fall due for at least twelve months from the date of signing these financial statements.

The directors have concluded it continues to be appropriate for the Company to continue as a going concern for a period of at least 12 months from signing these financial statements.

**Employees**

Details of the number of employees and related costs can be found in notes 7 and 8 of the financial statements. The Company is willing to employ disabled persons when vacancies occur and to retrain any employees who may become disabled. It is the policy of the Company that the training, career development and promotion of disabled people should, as far as possible, be identical to that of other employees.

Regular meetings are held between management and employees in order to keep employees informed on current developments within the Company and to take account of their views in making decisions likely to affect their interests. In addition, these meetings update employees of the financial and economic factors affect the performance of the Company.

Employees are incentivised to play an active part in the successful financial performance of the Company via annual bonus schemes and commission schemes. In addition, senior personnel participate in an EMI share scheme.

**Charitable and Political Contributions**

During the year the Company made charitable donations of £8,820 (2020: £3,687). There were no political contributions (2020: £Nil).

**Post balance sheet events**

There are no post balance sheet events to be reported.

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.



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**NEOM LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 December 2021**

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**Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

This report was approved by the board on 14 December 2022 and signed on its behalf.

*Oliver Mennell*

**Mr O T Mennell**  
Director

*N J Elliott*

**Miss N J Elliott**  
Director



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEOM LIMITED

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### Opinion

We have audited the financial statements of Neom Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, the Analysis of net debt and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEOM LIMITED (CONTINUED)

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In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEOM LIMITED (CONTINUED)

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### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company, and the industry in which it operates. We determined that the following laws and regulations were most significant; FRS 102 and the Companies Act 2006. In addition we concluded that there are certain laws and regulations that may have effect on the determination of the amount and disclosures in the financial statements and those laws and regulations relate to health and safety.
- We understood how the Company is complying with those legal and regulatory frameworks by making inquiries of management. We corroborated our inquiries through our review of board minutes.
- We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minutes review. From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEOM LIMITED (CONTINUED)**

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- To assess the potential risks of material misstatement, we obtained an understanding of:
  - The Company's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and
  - The Company's control environment including the adequacy of procedures for authorisation of transactions.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates, those related to year end financial reporting and journals entries deemed to relate to unusual transactions;
  - Challenging assumptions and judgement made by management in its significant accounting estimates; and
  - Identifying and testing related party transactions.
- Audit engagement team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and its practical experience through training and participation with audit engagements of a similar nature.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

Victoria McLoughlin BA FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
Date: 14 December 2022

## NEOM LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	4	41,405	28,916
Cost of sales		(12,537)	(9,184)
<b>Gross profit</b>		<b>28,868</b>	<b>19,732</b>
Distribution costs		(5,511)	(2,945)
Administrative expenses		(17,910)	(12,359)
Exceptional administrative expenses	11	(1,621)	(80)
Total administrative expenses		(19,531)	(12,439)
Other operating income		188	25
<b>Operating profit</b>		<b>4,014</b>	<b>4,373</b>
Interest payable and similar charges	9	(27)	(31)
<b>Profit before tax</b>		<b>3,987</b>	<b>4,342</b>
Tax on profit	10	(855)	(630)
<b>Profit for the financial year and total comprehensive income</b>		<b><u>3,132</u></b>	<b><u>3,712</u></b>

All the activities of the Company are from continuing operations.

The Company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 17 to 36 form part of these financial statements.

## NEOM LIMITED

Registered number: 05127949

STATEMENT OF FINANCIAL POSITION  
AS AT 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	12	412	250
Tangible assets	13	738	930
Investments	14	-	-
		<u>1,150</u>	<u>1,180</u>
<b>Current assets</b>			
Stocks	15	7,866	3,754
Debtors: amounts falling due within one year	16	5,404	3,914
Cash at bank and in hand	17	<u>5,273</u>	<u>7,615</u>
		<u>18,543</u>	<u>15,283</u>
Creditors: amounts falling due within one year	18	<u>(10,894)</u>	<u>(9,941)</u>
<b>Net current assets</b>		<u>7,649</u>	<u>5,342</u>
<b>Total assets less current liabilities</b>		<u>8,799</u>	<u>6,522</u>
Creditors: amounts falling due after more than one year	19	-	(175)
<b>Provisions for liabilities</b>			
Deferred tax	22	(129)	(116)
<b>Net assets</b>		<u>8,670</u>	<u>6,231</u>
<b>Capital and reserves</b>			
Called up share capital	23	6	6
Share premium account	24	2,202	2,202
Other reserves account	24	292	-
Profit and loss account	24	6,170	4,023
<b>Total shareholders' funds</b>		<u>8,670</u>	<u>6,231</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 December 2022.



Mr O T Mennell  
Director



Miss N J Elliott  
Director

The notes on pages 18 to 36 form part of these financial statements.

## NEOM LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 December 2021

	Called up share capital £'000	Share premium account £'000	Other reserves account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	6	2,202	-	4,023	6,231
Profit for the year	-	-	-	3,132	3,132
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,132</b>	<b>3,132</b>
Dividends	-	-	-	(999)	(999)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(999)</b>	<b>(999)</b>
Share based payment expense	-	-	306	-	306
Share based payment adjustment	-	-	(14)	14	-
<b>At 31 December 2021</b>	<b>6</b>	<b>2,202</b>	<b>292</b>	<b>6,170</b>	<b>8,670</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	6	2,202	311	2,519
Profit for the year	-	-	3,712	3,712
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,712</b>	<b>3,712</b>
<b>At 31 December 2020</b>	<b>6</b>	<b>2,202</b>	<b>4,023</b>	<b>6,231</b>

The notes on pages 18 to 36 form part of these financial statements.



## NEOM LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 December 2021

	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>		
Profit for the financial year	3,132	3,712
<b>Adjustments for:</b>		
Amortisation of intangible assets	143	84
Depreciation of tangible assets	360	394
Loss on disposal of fixed assets	-	4
Taxation charge	855	630
(Increase) in stocks	(4,112)	(1,368)
(Increase) in debtors	(1,490)	(1,194)
Increase in creditors	1,158	4,597
Corporation tax (paid)/received	(1,122)	212
Non-cash settled Share Based Payment Expense	306	-
Interest paid	27	31
<b>Net cash generated from operating activities</b>	<b>(743)</b>	<b>7,102</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(305)	(139)
Purchase of tangible fixed assets	(168)	(373)
<b>Net cash outflow from investing activities</b>	<b>(473)</b>	<b>(512)</b>

## NEOM LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 December 2021

	2021 £'000	2020 £'000
<b>Cash flows from financing activities</b>		
Receipt of directors loan payments	-	4
Repayment of loans	(100)	(25)
Interest paid	(27)	(31)
Dividend paid	(999)	-
<b>Net cash used in financing activities</b>	<b>(1,126)</b>	<b>(52)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,342)</b>	<b>6,538</b>
Cash and cash equivalents at beginning of year	7,615	1,077
<b>Cash and cash equivalents at the end of year</b>	<b><u>5,273</u></b>	<b><u>7,615</u></b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b><u>5,273</u></b>	<b><u>7,615</u></b>

The notes on pages 17 to 36 form part of these financial statements.

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**NEOM LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 December 2021**

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	At 1 January 2021 £'000	Cash flows £'000	At 31 December 2021 £'000
Cash at bank and in hand	7,615	(2,342)	5,273
Debt due after 1 year	(175)	175	-
Debt due within 1 year	(100)	(75)	(175)
	<u>7,340</u>	<u>(2,242)</u>	<u>5,098</u>

The notes on pages 17 to 36 form part of these financial statements.

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**NEOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**

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**1. General information**

Neom Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Gardner House, Hornbeam Park, Harrogate, North Yorkshire, HG2 8NA.

The principal activity of the Company is the development and sale of NEOM branded, high quality, wellbeing improving, natural & organic home fragrances, toiletries and skincare.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

During the financial year the Company moved to accounting on a 4,4,5 basis. The financial statements have therefore been prepared for the period from 1<sup>st</sup> January 2021 to 2<sup>nd</sup> January 2022. The financial statements for the prior year were prepared on a calendar month basis for the 12 months to 31<sup>st</sup> December 2020.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Going concern**

The directors have carefully considered the Company's operations, trading performance and available sources of financing, contingencies, and mitigations to examine a range of scenarios in assessing the Company's prospects given the business risks identified in the Strategic report on pages 1-3.

The directors have made an assessment for a period of 12 months from the date of approval of these financial statements that indicates that, considering reasonable and significant downside possibilities the company will have sufficient funds and available financing to meet its liabilities in the review period. The directors' assessment included careful consideration of the possible impact on operations, prospects and cash flows from business risks. This assessment has determined the Company has sufficient funds, committed financing and low financing costs to meet its liabilities as they fall due for at least twelve months from the date of signing these financial statements.

The directors have concluded it continues to be appropriate for the Company to continue as a going concern for a period of at least 12 months from signing these financial statements.

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**NEOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**

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**2.3 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the provision of goods and services to customers outside the Company net of discounts, loyalty points, returns and sales allowances (and VAT).

Revenue from goods and services is recognised at the point the Company fulfils its commercial obligations to the customer, the revenue and costs in respect of the transaction can be measured reliably and collectability is reasonably assured.

Revenue for customers operating on a sale or return basis is recognised when the sale to the final customer has been completed.

**2.4 Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**2.5 Foreign currency translation**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

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**NEOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**

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**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.8 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised within other operating income in the Statement of Comprehensive Income in the same period as the related expenditure.

**2.10 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Share Based Payments**

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Monte Carlo option pricing model that takes into account the

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## NEOM LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2021

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exercise price, the expected term of the option, the impact of dilution, the estimated share value at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the expected term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to exercise the option or acquire the share. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **2.14 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

#### **2.15 Intangible assets**

Intangible assets are development costs that are capitalised where there are future economic benefits arising from the related products and the costs can be reliably measured.

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

##### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Amortisation is provided on the following bases:

Website	-	33% Straight Line
Patents	-	10% Straight Line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

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**NEOM LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**


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**2.16 Tangible fixed assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

**Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	- 20%	straight line, or life of lease if shorter
Plant and Machinery	- 33%	reducing balance
Fixtures and Fittings	- 25%	reducing balance

**2.17 Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

**2.18 Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

**2.19 Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

**2.20 Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the Statement of Financial Position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

**2.21 Debtors**

Short term debtors are measured at transaction price, less any impairment.



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**NEOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**

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**2.22 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management only if they are capable of being offset.

**2.23 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.24 Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**2.25 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

**2.26 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.27 Key management personnel**

The directors consider themselves to be key management personnel and their remuneration is disclosed in note 8.

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant estimates.

Estimates have been used in these financial statements in respect of:

- Applying historical rates of return when assessing the carrying value of stock returns under sale or return arrangement
- Applying historical redemption rates to determine the value of loyalty points accrued

**4. Turnover**

Analysis of turnover by country of destination:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>38,341</b>	26,699
Rest of Europe	<b>1,671</b>	1,188
United States	<b>869</b>	304
Rest of the world	<b>524</b>	725
	<b><u>41,405</u></b>	<b><u>28,916</u></b>

Revenue is generated from the sale of goods.

**5. Profit before taxation**

The profit before taxation is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amortisation of intangible assets (note 12)	<b>143</b>	84
Depreciation of tangible fixed assets (note 13)	<b>360</b>	394
Loss on intangibles	-	4
Operating lease payments	<b>631</b>	572
Share based payment expense	<b>306</b>	-
Research & development	<b>9</b>	51
Foreign exchange	<b><u>96</u></b>	<b><u>64</u></b>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**6. Auditor's remuneration**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>109</u>	<u>34</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	4	12
Other services relating to taxation	9	15
All other services	<u>32</u>	<u>2</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Wages and salaries	3,419	3,028
Social security costs	345	301
Cost of defined contribution scheme	107	88
Share based payment expense	306	-
	<u>4,177</u>	<u>3,417</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2021</b> <b>No.</b>	<b>2020</b> <b>No.</b>
Administrative and management	54	47
Retail	20	22
	<u>74</u>	<u>69</u>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021

## 8. Directors' remuneration

	2021 £'000	2020 £'000
Directors' emoluments	<u>567</u>	<u>466</u>

The highest paid director received remuneration of £200,703 (2020: £217,486).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,783 (2020: £10,762).

The total accrued pension provision of the highest paid director at 31 December 2021 amounted to £617 (2020: £1,158).

## 9. Interest payable and similar charges

	2021 £'000	2020 £'000
Bank loan interest	<u>27</u>	<u>31</u>

## 10. Taxation

	2021 £'000	2020 £'000
<b>Corporation tax</b>		
Current tax on profits for the year	828	658
Adjustments in respect of previous periods	14	(47)
<b>Total current tax</b>	<u>842</u>	<u>611</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	13	(2)
Adjustments in respect of prior periods	-	9
Effect of tax rate change on opening balance	-	12
<b>Total deferred tax</b>	<u>13</u>	<u>19</u>
<b>Taxation on profit on ordinary activities</b>	<u>855</u>	<u>630</u>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020: *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	<u>3,987</u>	<u>4,342</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	758	825
<b>Effects of:</b>		
Fixed asset differences	19	19
Expenses not deductible for tax purposes	241	3
Additional deduction for R&D expenditure	(190)	(190)
Adjustments to tax charge in respect of previous periods	14	(39)
Remeasurement of deferred tax for changes in tax rates	13	12
<b>Total tax charge for the year</b>	<u>855</u>	<u>630</u>

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. However, in March 2021, Finance Bill 2021 included measures to increase the standard rate of corporation tax to 25% with effect from 1 April 2023. Finance Bill 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurement of UK deferred tax assets and liabilities at 31 December 2021.

**11. Exceptional items**

	2021 £'000	2020 £'000
Strategy and financing review	1,614	-
Business restructuring and hiring	7	80
<b>Exceptional items</b>	<u>1,621</u>	<u>80</u>

Relates to one-off costs of obtaining advice and professional guidance in relation to a strategy and financing review. (2020: *Relates to one-off costs of business restructuring and hiring*).

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021

## 12. Intangible assets

	Patents £'000	Website £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	166	288	454
Additions	171	134	305
At 31 December 2021	<u>337</u>	<u>422</u>	<u>759</u>
<b>Amortisation</b>			
At 1 January 2021	102	102	204
Charge for the year on owned assets	38	105	143
At 31 December 2021	<u>140</u>	<u>207</u>	<u>347</u>
<b>Net book value</b>			
At 31 December 2021	<u>197</u>	<u>215</u>	<u>412</u>
At 31 December 2020	<u>64</u>	<u>186</u>	<u>250</u>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021

## 13. Tangible fixed assets

	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>				
At 1 January 2021	1,375	18	763	2,156
Additions	123	-	45	168
At 31 December 2021	<u>1,498</u>	<u>18</u>	<u>808</u>	<u>2,324</u>
<b>Depreciation</b>				
At 1 January 2021	781	18	427	1,226
Charge for the year on owned assets	252	-	108	360
At 31 December 2021	<u>1,033</u>	<u>18</u>	<u>535</u>	<u>1,586</u>
<b>Net book value</b>				
At 31 December 2021	<u>465</u>	<u>-</u>	<u>273</u>	<u>738</u>
At 31 December 2020	<u>594</u>	<u>-</u>	<u>336</u>	<u>930</u>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021

## 14. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2021	1
At 31 December 2021	<u>1</u>
<b>Net book value</b>	
At 31 December 2021	<u><u>1</u></u>
At 31 December 2020	<u><u>1</u></u>

During the year the Company held 100% of the issued share capital of Neom Retail 1 Limited, a company registered in England & Wales, and NEOM Inc, a company registered in Delaware, USA

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Neom Retail 1 Limited	Dormant	Ordinary	100 %
NEOM Wellbeing Ireland Limited	Dormant	Ordinary	100 %
NEOM, Inc	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the Statement of Comprehensive Income for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit £
Neom Retail 1 Limited (dormant) (£)	1	-
NEOM Wellbeing Ireland Limited (dormant) (€)	1	-
NEOM Inc (dormant) (\$)	7	-

Under the provision of section 398 of the Companies Act 2006 the Company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the Company as an individual entity.



## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**15. Stocks**

	2021 £'000	2020 £'000
Raw materials and consumables	1,390	508
Work in progress	391	46
Finished goods and goods for resale	6,085	3,200
	<u>7,866</u>	<u>3,754</u>

The carrying value of stocks are stated net of impairment losses totalling £69,000 (2020: £81,000). Impairment losses totalling £Nil (2020: £Nil) were recognised in profit and loss.

Stock recognised in cost of sales during the year as an expense was £12,976,000 (2020: £8,995,000).

**16. Debtors**

	2021 £'000	2020 £'000
Trade debtors	4,132	3,508
Invoice discounting	322	-
Other debtors	711	382
Prepayments and accrued income	239	24
	<u>5,404</u>	<u>3,914</u>

An impairment loss of £Nil (2020: £Nil) was recognised against trade debtors.

**17. Cash and cash equivalents**

	2021 £'000	2020 £'000
Cash at bank and in hand	<u>5,273</u>	<u>7,615</u>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**18. Creditors: Amounts falling due within one year**

	2021 £'000	2020 £'000
Bank loans	175	100
Trade creditors	3,616	1,202
Invoice discounting	-	3
Corporation tax	379	659
Other taxation and social security	1,617	2,225
Other creditors	562	968
Accruals and deferred income	4,545	4,784
	<u>10,894</u>	<u>9,941</u>

Invoice discounting is secured by a fixed and floating charge over the assets of the Company.

The loan is secured by a fixed and floating charge over all assets and incurs interest being SONIA plus a margin of 2.5%.

**19. Creditors: Amounts falling due after more than one year**

	2021 £'000	2020 £'000
Bank loans	<u>-</u>	<u>175</u>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**20. Loans**

Analysis of the maturity of loans is given below:

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Bank loans	175	100
	<u>175</u>	<u>100</u>
<b>Amounts falling due 1-5 years</b>		
Bank loans	-	175
	<u>175</u>	<u>275</u>

**21. Financial instruments**

	2021 £'000	2020 £'000
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
Trade and other receivables	5,165	3,891
Cash and bank in hand	5,273	7,615
	<u>10,438</u>	<u>11,506</u>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Bank loan	(175)	(275)
Accruals	(4,545)	(4,784)
Trade and other creditors	(4,178)	(2,951)
	<u>(8,898)</u>	<u>(8,010)</u>

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**22. Deferred taxation**

	2021 £'000	2020 £'000
At beginning of year	(116)	(97)
Charged to profit or loss	(13)	(19)
<b>At end of year</b>	<b><u>(129)</u></b>	<b><u>(116)</u></b>

The provision for deferred taxation is made up as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	(132)	(119)
Short term timing differences	3	3
	<b><u>(129)</u></b>	<b><u>(116)</u></b>

**23. Share capital**

	2021 £'000	2020 £'000
<b>Allotted, called up and fully paid</b>		
115,916 (2020: 115,916) Ordinary A shares of £0.01 each	1	1
353,154 (2020: 353,154) Ordinary B shares of £0.01 each	4	4
95,634 (2020: 95,634) Ordinary C, C1, D and D1 shares of £0.01 each	1	1
	<b><u>6</u></b>	<b><u>6</u></b>

**Voting:** The holders of the A ordinary shares, B ordinary shares, C ordinary shares and C1 ordinary shares each have one vote on a show of hands and one vote per share on a poll. The holders of the D ordinary shares and D1 ordinary shares shall not have any voting rights.

**Dividend rights:** The A ordinary shares, B ordinary shares, C ordinary shares and C1 ordinary shares rank (pro rata) equally for any dividend declared by the Company. The holders of the D ordinary shares and D1 ordinary shares shall not be entitled to receive any dividend.

**Return of Capital/Winding up/Realisation:** The proceeds on a realisation or winding up shall be applied as described articles 15.1 and 6 of the Company's Articles of Association.

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**24. Reserves****Share premium account**

Includes any premiums received on issue of share capital.

**Other reserves account**

Includes any non-distributable premiums received on issue of share options.

**Profit and loss account**

Includes all current & prior periods retained profit and losses.

**25. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £106,933 (2020: £87,960). Contributions totalling £24,262 (2020: £17,893) were payable to the fund at the reporting date.

**26. Commitments under operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follow:

	2021 £'000	2020 £'000
Not later than 1 year	606	621
Later than 1 year and not later than 5 years	2,008	1,958
Later than 5 years	486	688
	<u>3,100</u>	<u>3,267</u>

**27. Related party transactions**

The Company has a related party relationship with Piper PE LLP, the holding company of a shareholder in NEOM Limited. A total monitoring fee of £40,000 (2020: £40,000) was paid in the year.

The Company has a related party relationship with Bartlett & Company Limited, a company operated by a person connected to a director of NEOM Limited. A total broker fee of £78,881 (2020: £83,712) was paid in the year.

Transactions with the directors in the year relate to salary payments under normal market conditions.

A dividend of £998,655 was declared and paid in March 2021 (2020: £Nil)

**28. Controlling party**

In the opinion of the directors there is no ultimate controlling party.

## NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**29. Share options and share based payments****Enterprise management incentive (EMI) scheme**

The EMI scheme is part of the remuneration package of certain directors and senior managers. Options will vest if certain conditions are met if the exercise price is paid. The options will be settled in equity shares.

**Share options**

Share options were awarded to directors and members of senior management as part of their remuneration package.

During the year an expense of £306,264 (2020: £Nil) was recognised in the Statement of Comprehensive Income for Share Based Payments and recognised as a Share Based Payments Reserve. Of this amount £12,600 related to 2020; £37,376 related to 2019 and £9,199 related to 2018. £14,380 was transferred to the P&L Reserve on the forfeiture of the related options.

Share options and weight average exercise prices are set out below:

	EMI scheme		Share options	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
Outstanding at 1 January 2020	8,764	2.90	19,450	66.94
Granted	7,072	66.36	-	-
Forfeited / lapsed	(4,382)	(2.90)	(19,450)	(66.94)
Exercised	-	-	-	-
Outstanding at 31 December 2020	11,454	42.08	-	-
Granted	3,786	128.65	-	-
Forfeited / lapsed	(4,382)	(2.90)	-	-
Exercised	-	-	-	-
Outstanding at 31 December 2021	10,858	88.08	-	-
Exercisable at 31 December 2020	-	-	-	-
Exercisable at 31 December 2021	-	-	-	-

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**NEOM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2021**

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**Share based payments (continued)**

The Monte Carlo option pricing model was used to value the share based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The following information was used in this valuation:

	<b>2021</b>
Weighted average share price at grant date (£)	<b>105.50</b>
Option pricing model used	<b>Monte Carlo</b>
Weighted average exercise price (£)	<b>88.08</b>
Expected volatility	<b>54.4%-54%</b>
Expected dividend growth rate	<b>0%</b>
Risk-free interest rate	<b>0%</b>