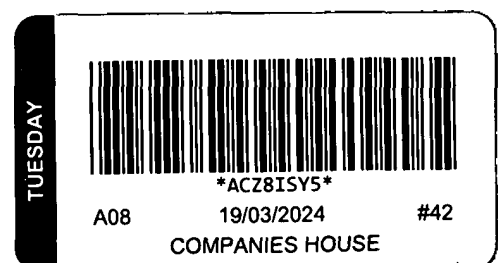


Registered number:
05127949

NEOM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED 30 JUNE 2023



NEOM LIMITED

COMPANY INFORMATION

Directors	Mr O T Mennell Miss N J Elliott Mrs E A Gibson Mrs I Malbois (appointed 10 October 2023)
Company secretary	Oakwood Corporate Secretary Limited (appointed 13 th November 2023)
Registered number	05127949
Registered office	3 rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Independent auditor	BDO UK LLP Chartered Accountants & Statutory Auditor 6 th Floor, Central Square 29 Wellington Street Leeds West Yorkshire LS1 4DL

NEOM LIMITED

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NEOM LIMITED

**GROUP STRATEGIC REPORT
FOR THE 18 months ended 30 June 2023**

The directors present their Strategic report for the 18 months ended 30 June 2023.

The principal activity of the Company and Group 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 Group's Direct to Consumer sales (comprising sales made through its own ecommerce website and wellbeing hubs) continue to be a significant proportion of total sales, together with onward sales by e-partners, NEOM's consumers are increasingly and predominantly purchasing NEOM through digital channels. The Group'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 Group's Statement of Comprehensive Income on page 11, the Group achieved sales of £51m for the 18 months to June 2023, compared to £41.4m for the 12 months to December 2021. The cyclical nature of trading activity, including significant peak trading over the September to December period, means a direct comparison of sales, margins, costs and profits between the two periods reported is not an informative assessment of the business performance.

The business continued to develop and advance its activities across its channels, regions and product ranges. The activity is supported and driven by new product development (including updating our bestselling Wellbeing Pod and extending bath & body with the launch of shampoo & conditioner, Big Day Energy mist and calming pen); ecommerce sales activity driven by new customers, a loyal customer base and increased NEOM community engagement; and 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.

During the period the Group commenced trading in the US through its US subsidiary NEOM Inc from its US based warehouse.

The Group 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 several years for long term sustainable business growth.

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. 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.

In November 2022 the Company achieved its long-held ambition to become a certified B Corporation. This is a key milestone in our plans to address our Environmental and Social responsibilities, we look forward to continuing this journey with improvements achieved both internally and with our partners. Our inaugural Impact Report was published in July 2023.

NEOM LIMITED

**GROUP STRATEGIC REPORT
FOR THE 18 months ended 30 June 2023**

Key Performance Indicators

The Company views the following as key performance indicators:

	2023	2021
	£'000	£'000
	18 month	12 month
Turnover	£51,000	£41,400
Gross Profit	£34,000	£28,900
Gross Profit Margin	66.6%	69.8%
Adjusted EBITDA*	(£000)	£6,400
Total Equity	£8,400	£8,700

*Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation excludes, 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 Group are as follows:

The Group is continuing a long term growth and development phase and future success will require continued 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 Group 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 Group 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 changing commodity inflation; sustainable availability of key ingredients and components; logistics disruptions; and their related possible adverse impacts on margins, operating costs, consumer confidence and general economic impact.

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

Future Developments

The Group 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 2nd February 2024 and signed on its behalf.

DocuSigned by:

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Mrs I Malbois
 Director

NEOM LIMITED

**DIRECTORS REPORT
FOR THE 18 months ended 30 June 2023**

The directors present their annual report, together with the financial statements and the Auditor's report for the 18 months ended 30 June 2023. The comparative period of accounts represented the year ended 31 December 2021. The decision to change the accounting reference date was taken to better align the reporting period to the business planning and trading pattern.

Details of principal activities, performance and position can be found in the Group Strategic report on pages 1-3.

Results and dividends

The audited financial statements for the 18 months ended 30 June 2023 are set out on pages 10 to 16.

The (loss)/profit for the period, after taxation, amounted to (£293,000) (2021: £3,132,000).

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 (resigned 28 November 2023)
Mrs I Malbois (appointed 10 October 2023)

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the group and company and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NEOM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 December 2023**

Going concern

The directors have carefully considered the Group's operations, trading performance and available sources of financing, contingencies, and mitigations to examine a range of scenarios in assessing the Group'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 Group 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 Group 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 Group is willing to employ disabled persons when vacancies occur and to retrain any employees who may become disabled. It is the policy of the Group 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 Group 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 Group.

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

Charitable and Political Contributions

During the financial period the Company made charitable donations of £112,735 (2021: £8,820). There were no political contributions (2021: £Nil).

Post balance sheet events

Following the period end the Company, on 12 October 2023 adopted new Articles of Association; on 12 October 2023 authorise and issued 51,150 E Ordinary Shares to Miss N J Elliott (a Director) and on 28 September 2023 converted 4,560 D1 Ordinary Shares to 4,560 Deferred Shares.

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.

NEOM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 December 2023**

Auditor

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

This report was approved by the board on 2nd February 2024 and signed on its behalf.

DocuSigned by:

89AEF81084C7488...
Mrs I Malbois
Director

NEOM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEOM LIMITED

Opinion on the financial statement

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Neom Limited ("the Parent Company") and its subsidiaries ("the Group") for the 18 month period ended 30 June 2023 which comprise Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated Statement of cash flows 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

Conclusions relating to going concern

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.

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 Group or Parent 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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual 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.

NEOM LIMITED

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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 period 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.

In the light of the knowledge and understanding of the Group and the Parent 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.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

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 Group's and the Parent 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 Group or the Parent 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.

NEOM LIMITED

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be FRS 102, UK and US tax legislation and UK company legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment legislation and data protection legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue and journal postings.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the period, which met a defined risk criteria, by agreeing to supporting documentation; and
- Testing a sample of sales invoices without a corresponding sales order to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not

NEOM LIMITED


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

detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Paul Davies (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, UK
2 February 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NEOM LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 18 months ended 30 June 2023

	Note	Jun-23 £'000 18 mths ended	Dec-21 £'000 Year ended
Turnover	4	51,049	41,405
Cost of sales		(17,062)	(12,537)
Gross profit		33,987	28,868
Distribution costs		(7,015)	(5,511)
Administrative expenses		(27,962)	(17,910)
Exceptional administrative expenses	11	32	(1,621)
Total administrative expenses		(27,930)	(19,531)
Other operating income		-	188
Operating (loss)/profit		(1,036)	4,014
Interest payable and similar charges	9	(39)	(27)
(Loss)/profit before tax		(997)	3,987
Tax on (loss)/profit	10	704	(855)
(Loss)/profit for the financial period and total comprehensive income		(293)	3,132

All the activities of the Group are from continuing operations.

The Group 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 43 form part of these financial statements.

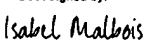
NEOM LIMITED

Registered number: 05127949

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2023

	Note	Jun-23 £'000	Dec-21 £'000
Fixed assets			
Intangible assets	12	722	412
Tangible assets	13	<u>881</u>	<u>738</u>
		1,603	1,150
Current assets			
Stocks	15	6,595	7,866
Debtors: amounts falling due within one year	16	4,253	5,404
Cash at bank and in hand		<u>781</u>	<u>5,273</u>
		11,629	18,543
Creditors: amounts falling due within one year	17	<u>(4,853)</u>	<u>(10,894)</u>
Net current assets		6,776	7,649
Total assets less current liabilities		7,723	8,799
Provisions for liabilities			
Deferred tax	19	-	(129)
Net assets		8,379	8,670
Capital and reserves			
Called up share capital	20	6	6
Share premium account		2,202	2,202
Share based payment account		251	292
Profit and loss account		5,918	6,170
Translation reserve		2	-
Total equity		8,379	8,670

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2nd February 2024

DocuSigned by:

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Mrs I Malbois
Director

The notes on pages 17 to 43 form part of these financial statements.

NEOM LIMITED

Registered number: 05127949

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2023

	Note	Jun-23 £'000	Dec-21 £'000
Fixed assets			
Intangible assets	12	699	412
Tangible assets	13	872	738
Investments	14	-	-
		<u>1,571</u>	<u>1,150</u>
Current assets			
Stocks	15	6,081	7,866
Debtors: amounts falling due within one year	16	5,066	5,404
Cash at bank and in hand		<u>556</u>	<u>5,273</u>
		<u>11,703</u>	<u>18,543</u>
Creditors: amounts falling due within one year	17	<u>(4,829)</u>	<u>(10,894)</u>
Net current assets		<u>6,874</u>	<u>7,649</u>
Total assets less current liabilities		<u>8,445</u>	<u>8,799</u>
Provisions for liabilities			
Deferred tax	19	-	(129)
Net assets		<u>8,445</u>	<u>8,670</u>
Capital and reserves			
Called up share capital	20	6	6
Share premium account		2,202	2,202
Share based payment account		251	292
Profit and loss account		5,986	6,170
Total shareholders' funds		<u>8,445</u>	<u>8,670</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the company for the period was £417,000 (2021 – profit of £3,132,000)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2nd February 2024.

DocuSigned by:
Isabel Malbois
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Mrs I Malbois
Director

NEOM LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTHS ENDED 30 June 2023**

	Called up share capital £'000	Share premium account £'000	Share based payment account £'000	Profit and loss account £'000	Translation reserve £'000	Total equity £'000
At 1 January 2022	6	2,202	292	6,170	-	8,670
(Loss)/profit for the period	-	-	-	(226)	2	(224)
Comprehensive expense for the period	-	-	-	(226)	2	(224)
Other comprehensive expense	-	-	-	(67)	-	(67)
Total comprehensive expense for the period	-	-	-	(293)	2	(291)
Share based payment adjustment	-	-	(41)	41	-	-
At 30 June 2023	6	2,202	251	5,918	2	8,379

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

	Called up share capital £'000	Share premium account £'000	Share based payment 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
Total comprehensive income for the year	-	-	-	3,132	3,132
Dividends	-	-	-	(999)	(999)
Total transactions with owners	-	-	-	(999)	(999)
Share based payment expense	-	-	306	-	306
Share based payment adjustment	-	-	(14)	14	-
At 31 December 2021	6	2,202	292	6,170	8,670

The notes on pages 17 to 43 form part of these financial statements.

NEOM LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTHS ENDED 30 June 2023**

	Called up share capital	Share premium account	Share based payment account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	6	2,202	292	6,170	8,670
Loss for the period	-	-	-	(225)	(225)
Total comprehensive expense for the period	-	-	-	(225)	225
Share based payment adjustment	-	-	(41)	41	-
At 30 June 2023	6	2,202	251	5,986	8,445

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

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

The notes on pages 17 to 43 form part of these financial statements.

NEOM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 18 months ended 30 June 2023

	Jun-23 £'000	<i>Dec-21</i> <i>£'000</i>
Cash flows from operating activities		
(Loss)/profit for the financial year	(293)	3,132
Adjustments for:		
Amortisation of intangible assets	381	143
Depreciation of tangible assets	599	360
Taxation (credit)/charge	(704)	855
Decrease/(increase) in stocks	1,272	(4,112)
Decrease/(increase) in debtors	1,929	(1,490)
(Decrease)/increase in creditors	(5,593)	1,158
Corporation tax (paid)	(475)	(1,122)
Share based payment expense	-	306
Interest paid	39	27
Foreign currency gains	3	-
Net cash used in operating activities	(2,843)	(743)
Cash flows from investing activities		
Purchase of intangible fixed assets	(612)	(305)
Purchase of tangible fixed assets	(823)	(168)
Net cash outflow from investing activities	(1,435)	(473)

NEOM LIMITED

Cash flows from financing activities

Repayment of loans	(175)	(100)
Interest paid	(39)	(27)
Dividend paid	-	(999)

Net cash used in financing activities

(214)	(1,126)
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Net decrease in cash and cash equivalents

(4,492)	(2,342)
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Cash and cash equivalents at beginning of the period

5,273	7,615
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Cash and cash equivalents at the end of the period

<u>781</u>	<u>5,273</u>
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Cash and cash equivalents at the end of the period comprise:

Cash at bank and in hand

<u>781</u>	<u>5,273</u>
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The notes on pages 17 to 43 form part of these financial statements.

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

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 3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT.

The principal activity of the Company is the development and sale of NEOM branded, high quality, wellbeing improving, natural 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.

UK company law permits a company to draw up financial statements to a date seven days either side of its accounting reference date. For operational reasons the Company, and the Group, have adopted an accounting period of 78 weeks, and as a result of this, the exact period-end date was 2 July 2023. All references to the financial period therefore relate to the 78 weeks commencing on 3 January 2022. The previous financial period was 52 weeks, beginning on 4 January 2021 and ending on 2 January 2022.

The presentational currency is pounds sterling and amounts presented in these financial statements have been rounded to the nearest thousand pounds.

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 Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Parent company disclosure exemptions

The parent company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 3 Related Party Disclosures paragraph 33.7.

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

2.3 Going concern

The directors have carefully considered the Group's operations, trading performance and available sources of financing, contingencies, and mitigations to examine a range of scenarios in assessing the Group'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 group 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 Group 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 Group to continue as a going concern for a period of at least 12 months from signing these financial statements.

2.4 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- No cash flow statement or net debt reconciliation has been presented for the parent company; and
- Disclosure has not been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the total for the group as a whole.

2.5 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income within "administrative expenses".

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of the overseas operations at actual rate are recognised in other comprehensive income.

2.6 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.

2.7 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.

2.8 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 Group 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.

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

2.9 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.

2.10 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.

2.11 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.

2.12 Borrowing costs

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

2.13 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.

2.14 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.

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

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 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.

2.15 Exceptional items

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

2.16 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.

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

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 & software	-	33 % Straight Line
Patents	-	10 % Straight Line
Research & development	-	33 % 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.

2.17 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

2.18 Investments

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

2.19 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.

2.20 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.

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

2.21 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.

2.22 Debtors

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

2.23 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.

2.24 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.

2.25 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.

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

2.26 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.

2.27 Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The share based payment reserve represents the net charges and transfers of the shares of the Company held for the purpose of long-term incentive schemes for employees.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.
- The translation reserve arises as a result of the retranslation of the overseas subsidiary in the consolidated financial statements.

2.28 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.

2.29 Key management personnel

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

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:

- Estimated future valuations and timing of realisation of share based payments
- Applying historical rates of return when assessing the estimation of returns when sales are made under usual consumer returns policy
- Applying historical redemption rates to determine the value of loyalty points accrued

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

4. Turnover

Analysis of group turnover by country of destination:

	2023 £'000 18 months	2021 £'000 12 months
United Kingdom	45,876	38,341
Rest of Europe	2,085	1,671
United States	2,104	869
Rest of the world	982	524
	<u>51,049</u>	<u>41,405</u>

Revenue is generated from the sale of goods.

5. Operating (loss)/profit before taxation

The operating (loss)/profit before taxation is stated after charging:

	2023 £'000 18 months	2021 £'000 12 months
Amortisation of intangible assets (note 12)	381	143
Depreciation of tangible fixed assets (note 13)	599	360
Operating lease payments	852	631
Share based payment expense		306
Research & development	19	9
Foreign exchange	<u>41</u>	<u>96</u>

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

6. Auditor's remuneration

	2023	2021
	£'000	£'000
	18 months	12 months
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	<u>95</u>	<u>109</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	46	4
Other services relating to taxation	15	9
All other services	<u>402</u>	<u>32</u>

7. Employees

Staff costs, for both group and company, including directors' remuneration, were as follows:

	2023	2021
	£'000	£'000
	18 months	12 months
Wages and salaries	6,858	3,419
Social security costs	732	345
Cost of defined contribution scheme	226	107
Share based payment expense	-	306
	<u>7,816</u>	<u>4,177</u>

The average monthly number of employees, for both group and company, including the directors, during the year was as follows:

	2023	2021
	No.	No.
Administrative and management	65	54
Retail	29	20
	<u>94</u>	<u>74</u>

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

8. Directors' remuneration

	2023 £'000 18 months	2021 £'000 12 months
Directors' emoluments	928	567
Company contributions to defined contribution pension scheme	31	18

The highest paid director received remuneration of £339,132 (2021: £200,703).

There were 4 directors in the group's defined contribution pension scheme (2021: 4). The value of the Company's contributions paid to this defined contribution pension scheme in respect of the highest paid director amounted to £11,220 (2021: £6,783).

The total accrued pension provision of the highest paid director at 30 June 2023 amounted to £1,433 (2021: £617).

9. Interest payable and similar charges

	2023 £'000 18 months	2021 £'000 12 months
Bank loan interest	39	27

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 30 June 2023**

10. Taxation

	2023 £'000 18 months	2021 £'000 12 months
Corporation tax		
Current tax on profits for the year	-	828
Adjustments in respect of previous periods	(112)	14
Total current tax	(112)	842
Deferred tax		
Origination and reversal of timing differences	(619)	13
Adjustments in respect of prior periods	27	-
Total deferred tax	(592)	13
Taxation on profit on ordinary activities	(704)	855

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 20% (2021: 19%). The differences are explained below:

	2023 £'000 18 months	2021 £'000 12 months
(Loss)/profit on ordinary activities before tax	(1,427)	3,987
Tax on (loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2021: 19%)	(285)	758
Effects of:		
Fixed asset differences	(11)	19
Expenses not deductible for tax purposes	63	241
Other permanent differences	22	-
Additional deduction for R&D expenditure	(284)	(190)
Adjustments to tax charge in respect of previous periods	(112)	14
Adjustments to tax charge in respect of previous periods – deferred tax	27	-
Remeasurement of deferred tax for changes in tax rates	(124)	13
Total tax (credit)/charge for the year	(704)	855

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. However, in March 2023, Finance Bill 2023 included measures to increase the standard rate of corporation tax to 25% with effect from 1 April 2023. Finance Bill 2023 was enacted in June 2023 and accordingly, these rates are applicable to the measurement of UK deferred tax assets and liabilities at 30 June 2023.

11. Exceptional items

	2023	2021
	£'000	£'000
	18 months	12 months
Strategy and financing review	(51)	1,614
Business restructuring and hiring	18	7
Exceptional items	<u>(33)</u>	<u>1,621</u>

Following the conclusion of the Strategy and Financing Review during the period an assessment of the total cost and recoverable VAT resulted in a net credit in the period. Additional one-off costs in both periods related to the costs of business restructuring and hiring. *(2021: Relates to one-off costs of obtaining advice and professional guidance in relation to a strategy and financing review)*

NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023

12. Intangible assets

Group	Patents £'000	Research & Development £'000	Website & software £'000	Total £'000
Cost				
At 1 January 2022	73	264	743	1,080
Additions	28	322	261	611
Disposals	(19)	(91)	(182)	(292)
At 30 June 2023	<u>82</u>	<u>495</u>	<u>822</u>	<u>1,399</u>
Amortisation				
At 1 January 2022	38	102	393	533
Charge for the period on owned assets	13	161	262	436
Disposals	(19)	(91)	(182)	(292)
At 30 June 2023	<u>32</u>	<u>172</u>	<u>473</u>	<u>677</u>
Net book value				
At 30 June 2023	<u>50</u>	<u>323</u>	<u>349</u>	<u>722</u>
At 31 December 2021	<u>35</u>	<u>162</u>	<u>215</u>	<u>412</u>

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

12. Intangible assets (continued)

Company	Patents £'000	Research & Development £'000	Website & software £'000	Total £'000
Cost				
At 1 January 2022	74	264	743	1,080
Additions	-	322	261	583
Disposals	(19)	(91)	(182)	(292)
At 30 June 2023	<u>55</u>	<u>495</u>	<u>822</u>	<u>1,372</u>
Amortisation				
At 1 January 2022	38	102	393	533
Charge for the period on owned assets	9	161	262	432
Disposals	(19)	(91)	(182)	(292)
At 30 June 2023	<u>28</u>	<u>172</u>	<u>473</u>	<u>673</u>
Net book value				
At 30 June 2023	<u>27</u>	<u>323</u>	<u>349</u>	<u>699</u>
At 31 December 2021	<u>35</u>	<u>162</u>	<u>215</u>	<u>412</u>

NEOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 30 June 2023

13. Tangible fixed assets

Group	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2022	1,498	18	487	2,003
Additions	713	-	110	823
Disposals	(769)	(18)	(158)	(945)
At 30 June 2023	1,442	-	439	1,881
Depreciation				
At 1 January 2022	1,033	18	348	1,399
Charge for the period on owned assets	447	-	99	546
Disposals	(769)	(18)	(158)	(945)
At 30 June 2023	711	-	289	1,000
Net book value				
At 30 June 2023	<u>731</u>	<u>-</u>	<u>150</u>	<u>881</u>
At 31 December 2021	<u>465</u>	<u>-</u>	<u>273</u>	<u>738</u>

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 June 2023**

13. Tangible fixed assets (continued)

Company	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2022	1,498	18	487	2,003
Additions	703	-	110	813
Disposals	(769)	(18)	(158)	(945)
At 30 June 2023	1,432	-	439	1,871
Depreciation				
At 1 January 2022	1,033	18	348	1,399
Charge for the period on owned assets	447	-	99	596
Disposals	(769)	(18)	(158)	(945)
At 30 June 2023	711	-	289	1,000
Net book value				
At 30 June 2023	<u>721</u>	<u>-</u>	<u>150</u>	<u>871</u>
At 31 December 2021	<u>465</u>	<u>-</u>	<u>273</u>	<u>738</u>

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2023**

14. Investments

Company	Shares in group undertakings £
Cost	
At 1 January 2022	1
At 30 June 2023	1
Net book value	
At 30 June 2023	1
At 31 December 2021	1

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	11 South 12 th Street Richmond, VA 23219	Ordinary	100%

The aggregate of the share capital and reserves as at 30 June 2023 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/ (Loss) £'000
Neom Retail 1 Limited (dormant) (£)	1	-
NEOM Wellbeing Ireland Limited (dormant) (€)	1	-
NEOM Inc (\$)	7	(2)

NEOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 June 2023**

15. Stocks

	Group Jun-23 £'000	<i>Group Dec-21 £'000</i>	Company Jun-23 £'000	<i>Company Dec-21 £'000</i>
Raw materials and consumables	983	917	983	917
Work in progress	643	391	603	391
Finished goods and goods for resale	4,969	6,558	4,496	6,558
	<u>6,595</u>	<u>7,866</u>	<u>6,081</u>	<u>7,866</u>

16. Debtors

	Group Jun-23 £'000	<i>Group Dec-21 £'000</i>	Company Jun-23 £'000	<i>Company Dec-21 £'000</i>
Trade debtors	1,836	4,132	1,755	4,132
Invoice discounting	-	322	-	322
Other debtors	1,432	711	1,375	711
Prepayments and accrued income	313	239	309	239
Corporation tax	209	-	209	-
Deferred tax asset	463	-	463	-
Amounts owed from group companies	-	-	955	-
	<u>4,253</u>	<u>5,404</u>	<u>5,066</u>	<u>5,404</u>

An impairment loss of £40,000 (2021: £Nil) was recognised against trade debtors.

Interest is charged on amounts owed from group companies in line with that incurred by the Company. Amounts are repayable on demand and are intended to be repaid within the next 12 months.

NEOM LIMITED

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FOR THE FINANCIAL PERIOD ENDED 30 June 2023**

17. Creditors: Amounts falling due within one year

	Group Jun-23 £'000	Group Dec-21 £'000	Company Jun-23 £'000	Company Dec-21 £'000
Bank loans	-	175	-	175
Trade creditors	1,065	3,616	1,121	3,616
Invoice discounting	106	-	106	-
Corporation tax	-	379	-	379
Other taxation and social security	-	1,617	-	1,617
Other creditors	679	562	680	562
Accruals and deferred income	3,003	4,545	2,922	4,545
	<u>4,853</u>	<u>10,894</u>	<u>4,829</u>	<u>10,894</u>

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

18. Loans

Analysis of the maturity of loans for the Group and Company is given below:

	Jun-23 £'000	Dec-21 £'000
Amounts falling due within one year		
Bank loans	-	175
	<u>-</u>	<u>175</u>
Amounts falling due 1-5 years		
Bank loans	-	-
	<u>-</u>	<u>175</u>

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19. Deferred taxation

	Jun-23 £'000	<i>Dec-21 £'000</i>
At beginning of period	(129)	(116)
Credited/(charged) to profit or loss	592	(13)
At end of period	<u>463</u>	<u>(129)</u>

The provision for deferred taxation is made up as follows:

	Jun-23 £'000	<i>Dec-21 £'000</i>
Accelerated capital allowances	(75)	(132)
Short term timing differences	4	3
Losses and other deductions	534	-
	<u>463</u>	<u>(129)</u>

20. Share capital

	Jun-23 £'000	<i>Dec-21 £'000</i>
Allotted, called up and fully paid		
115,916 (2021: 115,916) Ordinary A shares of £0.01 each	1	1
353,154 (2021: 353,154) Ordinary B shares of £0.01 each	4	4
95,634 (2021: 95,634) Ordinary C, C1, D and D1 shares of £0.01 each	1	1
	<u>6</u>	<u>6</u>

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £225,516. (2021: £106,933). Contributions totalling £38,505 (2021: £24,262) were payable to the fund at the reporting date and included within other creditors.

22. Commitments under operating leases

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

	Jun-23 £'000	Dec-21 £'000
Not later than 1 year	457	606
Later than 1 year and not later than 5 years	1,477	2,008
Later than 5 years	224	486
	<u>2,158</u>	<u>3,100</u>

23. Analysis of net debt

	At 1 January 2022 £'000	Cash flows £'000	At 30 June 2023 £'000
Cash at bank and in hand	5,273	(4,492)	781
Debt due within 1 year	(175)	175	-
	<u>5,098</u>	<u>(4,492)</u>	<u>781</u>

24. Related party transactions

The Group has a related party relationship with Piper PE LLP, the holding company of a shareholder in NEOM Limited. A total monitoring fee of £60,650 (2021: £40,000) was paid in the financial period.

The Group 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 £38,263 (2021: £10,868) was paid in the period.

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

25. Controlling party

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

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**NOTES TO THE FINANCIAL STATEMENTS
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26. Post balance sheet events

Following the period end the Company, on 12 October 2023 adopted new Articles of Association; on 12 October 2023 authorised and issued 51,150 E Ordinary Shares to Miss N J Elliott (a Director) and on 28 September 2023 converted 4,560 D1 Ordinary Shares to 4,560 Deferred Shares.

27. 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 period the vesting period of these share options was revised. This resulted in a reduction to the accumulated expense and an adjustment to the Share Based Payments Reserve was recognised in the Statement of Changes in Equity. No expense was recognised in the Statement of Comprehensive Income (2021: £306,264).

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

	EMI scheme	Weighted average exercise price per share
	Number of shares	
Outstanding at 1 January 2021	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
Granted	-	-
Forfeited / lapsed	(3,786)	(66.78)
Exercised	-	-
Outstanding at 30 June 2023	7,072	99.48
Exercisable at 31 December 2021	-	-
Exercisable at 30 June 2023	-	-

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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:

	2023	2021
Weighted average share price at grant date (£)	115.31	108.50
Option pricing model used	Monte Carlo	Monte Carlo
Weighted average exercise price (£)	99.48	88.08
Expected volatility	54.4%-54%	54.4%-54%
Expected dividend growth rate	0%	0%
Risk-free interest rate	0%	0%