

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
RIYADH - SAUDI ARABIA  
CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**AI KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
RIYADH - SAUDI ARABIA  
CONSOLIDATED FINANCIAL STATEMENTS  
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FOR THE YEAR ENDED DECEMBER 31, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

To the **Shareholders of AL KATHIRI Holding Company**  
(A Saudi Joint Stock Company)

**Opinion:**

We have audited the consolidated financial statements of **AL KATHIRI Holding Company** (the Company) and its subsidiaries referred to together as the "Group", which comprise the Consolidated statement of financial position as at December 31, 2023, and the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

**Basis for Opinion:**

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Consolidated financial statements in Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current year. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
<p><b>Revenue recognition:</b> During the year ended 31 December 2023, Group's revenue amounted to SAR 129,2 million (2022: SAR 129,4 million). Revenues are considered one of the key indicators for measuring performance, and as a result there are inherent risks of recording revenues at more than their actual value to increase profitability, so the process of revenue recognition was considered a major audit matter. (Note 5-13, 22)</p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients".</li> <li>- Evaluating the design, implementation and testing of the operational effectiveness of the Group's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Group's policy.</li> <li>- Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period.</li> </ul>

**Report on the Audit of the Consolidated financial statements (continued)**

**Key Audit Matters (continued)**

<p><b>Revenue recognition (continued):</b></p> <p><b>Property, machinery, equipment and Capital work in progress</b>                  The balances of property, machinery, equipment and capital work in progress are considered high material balances, where the value of property, machinery and equipment amounted to 133,6 million Saudi Riyals (2022: 142,5 million Saudi Riyals).</p> <p>There are also matters that require management to use some important estimates and assumptions that affect its balances by determining the productive ages and periodically reviewing those ages and the consequent assessment of depreciation periods and the impact of that on the result of the activity, and the special procedures required to verify the validity of contracts, evidence, timing and conditions for converting them into property, machinery, and equipment. Therefore, we considered property, machinery, equipment, and capital work in progress as a key audit matter.</p> <p>Property, machinery, equipment and capital work in progress has been disclosed in Note No. (5.6) (5.7) in the financial statements, and the accounting policy for the company's property, machinery and equipment and capital work in progress has been disclosed in Note No. (7) in the financial statements.</p>	<p>- Testing revenue transactions, on a sample basis, and verify supporting documents, which included receipt notices signed by clients, to ensure the accuracy and validity of revenue recognition.</p> <p>We have implemented the following procedures in connection with the verification and evaluation of property, plant and equipment and capital work in progress:                  Evaluate the design and effectiveness of internal control procedures over the accounting cycle of property, plant, equipment and capital work in progress. We also assessed the adequacy of capitalization policies, performed verification procedures on a sample basis, and verified the depreciation policy for the year. when performing these actions. We also discussed with management their professional judgment regarding the nature of the posted items and the appropriate extension of useful lives and related policies in this regard.</p>
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**Other information**

Other information consists of other information included in the Group's annual report for the year ended 31 December 2023, other than the consolidated financial statements and the auditor's report thereon. We obtained the report of Board of Directors, prior to the date of our auditors' report and we expect to obtain the remaining section of the Annual Report after the date of this auditor's report. The Group's management is responsible for the other information mentioned in its annual report .

Our opinion on the consolidated financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the Consolidated financial statements , it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the consolidated financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Report on the Audit of the Consolidated financial statements (continued)

### Responsibilities of Management and those charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation for the consolidated financial statements in accordance with IFRSs, which is approved in Saudi Arabia and other standards and issues approved by SOCPA. and for such internal control as management determines is necessary to enable the preparation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 Consolidated financial statements .

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For Al-Kharashi Co.**



**Abdullah S Al Msned**  
**C.A. License No. 456**

**Riyadh:**  
**Ramadan 21, 1445H**  
**March31, 2024**



**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of 31 December 2023**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Notes	As of 31 December	
		2023	2022
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	7	133,610,045	142,543,391
Right of use assets	8	14,626,340	16,399,067
<b>Total non-current assets</b>		<b>148,236,385</b>	<b>158,942,458</b>
<b>CURRENT ASSETS :</b>			
Trade receivables	9	35,640,647	26,372,971
Inventory	10	29,969,731	10,024,494
Prepaid expenses and other debit balances	12	8,741,001	3,829,285
Cash and Cash Equivalents	13	78,383,647	2,720,350
<b>Total current assets</b>		<b>152,735,026</b>	<b>42,947,100</b>
<b>Total assets</b>		<b>300,971,411</b>	<b>201,889,558</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share Capital	14.1	113,022,000	113,022,000
Share premium		7,559,083	7,559,083
Statutory Reserve	15	4,927,354	4,927,354
Retained earnings		5,523,097	9,706,370
<b>Equity attributable to the shareholders of parent company</b>		<b>131,031,534</b>	<b>135,214,807</b>
<b>Non-controlling interest</b>		<b>255,295</b>	<b>235,192</b>
<b>Total equity</b>		<b>131,286,829</b>	<b>135,449,999</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Sukuk at amortized cost	16	100,000,000	-
Non-current portion of the Industrial Development Fund loan	17	15,625,924	19,582,405
Non-current portion of lease liabilities	8	1,381,620	5,281,579
Provision for removal and rehabilitation		264,412	256,420
Employees defined benefits obligations	18	3,288,654	2,369,139
<b>Total non-current liabilities</b>		<b>120,560,610</b>	<b>27,489,543</b>
<b>CURRENT LIABILITIES:</b>			
Trade payables		14,967,856	13,391,643
Short term loans	19	19,130,999	15,987,292
The current portion of the Industrial Development Fund loan	17	4,000,000	1,736,783
Current portion of lease liabilities	8	4,177,327	5,269,134
Accrued expenses and other credit balances	20	5,969,051	1,787,173
Zakat	21	878,739	777,991
<b>Total current liabilities</b>		<b>49,123,972</b>	<b>38,950,016</b>
<b>Total liabilities</b>		<b>169,684,582</b>	<b>66,439,559</b>
<b>Total Equity And Liabilities</b>		<b>300,971,411</b>	<b>201,889,558</b>

Finance Manager

Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements

**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ending 31 December 2023**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	For the year ending December 31	
		2023	2022
Revenue	22	129,179,914	129,371,710
Less: Cost of revenue	23	(106,427,577)	(114,306,447)
<b>Gross profit</b>		<b>22,752,337</b>	<b>15,065,263</b>
<b>Less:</b>			
General and administrative expenses	24	(12,752,577)	(9,918,241)
Selling and Marketing expenses		(3,333,728)	(2,740,133)
Provision (Reversed provision) of Expected credit loss	9	(3,341,383)	3,781,306
<b>Profit From main operations</b>		<b>3,324,649</b>	<b>6,188,195</b>
Capital Losses			(500,000)
Finance cost	25	(9,798,405)	(3,327,234)
Deposits returns	13	3,157,731	
Other Revenue		76,790	190,855
<b>(Loss)/Profit before Zakat</b>		<b>(3,239,235)</b>	<b>2,551,816</b>
Less: Zakat	21	(878,739)	(777,991)
Net (loss) profit for the year		<b>(4,117,974)</b>	<b>1,773,825</b>
<b>Other comprehensive losses</b>			
Actuarial revaluation of employee benefits		(45,196)	(259,044)
<b>Total other comprehensive income</b>		<b>(4,163,170)</b>	<b>1,514,781</b>
<b>Net (loss) profit attributable to:</b>			
Shareholders of parent company		(4,138,744)	1,709,762
Non-controlling interest		20,770	64,063
<b>Total comprehensive income attributable to:</b>			
Shareholders of parent company		(4,183,274)	1,452,587
Non-controlling interest		20,104	62,194
<b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR</b>	26		
Net profit attributable to the shareholders of parent company		0.01	0.03
Total comprehensive income attributable to company shareholders		(0.02)	0.01

Finance Manager



Chief Executive Officer



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**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ending 31 December 2023**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Share Capital	Share premium	Statutory Reserve	Retained Earnings	Total equity belonging to the parent company	Non-controlling equity	Total
<b>For the year ended in 31 Dec. 2023:</b>							
Balance at 1 January 2023	113,022,000	7,559,083	4,927,354	9,706,370	135,214,807	235,192	135,449,999
Net loss for the year	-	-	-	(4,138,744)	(4,138,744)	20,770	(4,117,974)
Other comprehensive income	-	-	-	(44,529)	(44,529)	(667)	(45,196)
Balance at 31 December 2023	<b>113,022,000</b>	<b>7,559,083</b>	<b>4,927,354</b>	<b>5,523,097</b>	<b>131,031,534</b>	<b>255,295</b>	<b>131,286,829</b>
<b>For the year ended in 31 Dec. 2022:</b>							
Balance at 1 January 2022	113,022,000	7,559,083	4,756,378	8,424,759	133,762,220	172,998	133,935,218
Net profit for the year	-	-	-	1709762	1,709,762	64,063	1,773,825
Other comprehensive income	-	-	-	(257,175)	(257,175)	(1,869)	(259,044)
Transfer to statutory reserve	-	-	170,976	(170,976)	-	-	-
Balance at 31 December 2022	<b>113,022,000</b>	<b>7,559,083</b>	<b>4,927,354</b>	<b>9,706,370</b>	<b>135,214,807</b>	<b>235,192</b>	<b>135,449,999</b>

Finance Manager

Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements

**AI KATHIRI HOLDING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ending 31 December 2023**  
**(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operations Activities:</b>		
(Loss) profit for the year before zakat	(3,239,235)	2,551,816
<b>Adjustments To Reconcile Net Profit To Net Cash Generated From(Used In)Operations Activities:</b>		
Depreciation of property, machinery and equipment	13,744,686	13,253,678
Losses on disposal of fixed assets	-	500,000
Financing cost	9,798,405	3,327,234
Adjustment	358,061	(30,000)
Provision of expected credit losses	3,341,383	(3,781,306)
Employees defined benefits obligations ,Charged	1,018,669	625,577
	<b>25,021,969</b>	<b>16,446,999</b>
<b>Changes In Operating Assets And Liabilities:</b>		
Trade receivables	(12,609,059)	(14,095,794)
Inventory	(19,945,237)	(6,314,551)
Prepaid expenses and other debit balances	(4,911,716)	3,761,037
Trade payables	1,576,213	7,239,265
Removal and rehabilitation Provision	-	230,000
Related parties	-	148,164
Accrued expenses and other credit balances	2,145,500	(466,916)
Zakat paid	(777,991)	(968,944)
Employees defined benefits obligations ,Paid	(144,350)	(34,684)
	<b>(9,644,671)</b>	<b>5,944,576</b>
<b>Cash Flows(used in)/ generating From Investing Activites:</b>		
Net cash generated from operating activities		
Additions of property and equipment	(909,790)	(2,602,461)
Additions of right to use asstes	-	(10,180,434)
Additions of Projects under process	(2,249,789)	(8,295,465)
Net cash (used in) investing activities	<b>(3,159,579)</b>	<b>(21,078,360)</b>
<b>Cash Flows From Financing Activites:</b>		
The value of the issued Skuk	100,000,000	
Short term loans, received	38,218,421	30,093,016
Short term loans, paid	(37,351,970)	(43,394,496)
intres paid on issued bonds	(4,344,444)	-
Received from saudi industrlal development fund loan ,	-	18,792,000
Paid for saudi industrlal development fund loan ,	(2,000,000)	(1,000,000)
Lease obligations, received	-	11,087,208
Lease obligations, Adjustments	-	(1,049,467)
Lease obligations, paid	(6,054,460)	(6,358,344)
Net cash generated from financing activites	<b>88,467,547</b>	<b>8,169,917</b>
Net change in cash and cash equivalent	75,663,297	(6,963,867)
Cash and cash equivalent	2,720,350	9,684,217
Cash and cash equivalent at the end of the year	<b>78,383,647</b>	<b>2,720,350</b>
<b>Non cash flows:</b>		
Transfer from projects under process for property and equipment	10,624,291	1,805,546
Provision for removal and rehabilitation	-	256,420
Property and equipment transfer from right of use	-	514,492

Finance Manager

Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements

**AL KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**1. THE COMPANY AND NATURE OF ITS BUSINESS:**

**a) The Establishing of The Company**

**Al KATHIRI HOLDING COMPANY** is a Saudi joint stock Company and registered in Riyadh city the Kingdom of Saudi Arabia under Commercial Registration NO. 1010255690 dated 29-8-1429H (30 Aug 2008).

**b) The Nature of The Company's Activity**

The main activities of the company are managing its subsidiaries or participating in managing other companies in which it contributes and providing the necessary support for them and owning industrial property rights from patents, trademarks and industrial marks, concession rights and other intangible rights, exploiting them and leasing them to its subsidiaries or others.

**C) The company's share capital**

During the year 2017, the partners made a decision to convert the company from a limited liability company to a joint stock company, and Ministerial Resolution No. (Q / 171) was issued on 06/09/1438 H approving the license to convert the company, and on the date of 06/15/1438 AH Ministerial Decision No. (S) was issued / 181) by announcing the company's transformation into a joint stock company and increasing its capital from 5,000,000 SR to 27,300,000 SR by transferring an amount of 20,207,901 SR from the Retained Earnings and an amount of 2,092,099 SR from the statutory reserve based on the 2016 Consolidated financial statements .

On 05/17/2017 the Capital Market Authority announced the approval of the prospectus for the issuance of Al Kathiri Holding Company and offering 819,000 shares representing 26.1% of the capital for the purpose of listing in the Nomu - parallel market with a capital of 31,395,000 SR

On 10/28/2019, the Capital Market Authority issued a decision containing the approval of the Al Kathiri Holding Company's request to move from the Nomu - parallel market to the main market with a capital of 45,208,800 SR and 4,520,880 shares.

The extraordinary general assembly meeting held on 18/2 / 1442H corresponding to 5/10/2020 was approved on the recommendation of the Board of Directors to meet on 17/3 / 1441H corresponding to 11/14 / 2019G to increase the company capital from 45,208,800 riyals to 90,417,600 riyals by offering Shares for public subscription while retaining the right of priority in the subscription of shares for shareholders attending the meeting of the shareholders' association.

The Extraordinary General Assembly, held on November 13, 1442 AH corresponding to 06/23/2021 AD, agreed to increase the company's capital from 90,217,600 riyals to 113,022,000 riyals, through retained earnings by granting one free share to each shareholder who owns 4 shares of the company's shares.

During the year 2022, the company established a special purpose entity named Alkathiri Sukuk Facility "Special Purpose Entity" licensed by the Capital Market Authority No. (SPE00034) on December 16, 2021, so that Alkathiri Holding Company is the sponsor and Al-Khair Capital Company is the trustee, and the nature of the activity of this entity is the issuance of debt-based debt instruments, and Alkathiri Sukuk Corporation did not issue any Sukuk or debt instruments until December 31, 2022.

the extraordinary general assembly agreed to set the nominal value of each share at 50 halalas (0.5 Saudi riyals) instead of 10 Saudi riyals, so that the number of shares became 226,044,000 shares instead of 11,302,200.

Al Kathiri Holding Company announces the approval of the Board of Directors on 13-04-1445 AH corresponding to 28-10-2023 AD, to establish a subsidiary The luxury yachts company (one-person company) with limited liability, 100% owned by the company, with a capital of (10,000,000 SR), subsidiary will specialize in building and manufacturing luxury yachts.

**d) Fiscal year**

The company's financial year is twelve months starts from first January to end of December every year .

**AL KATHIRI HOLDING COMPANY  
SAUDI JOINT STOCK COMPANY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

**e) Functional and presentation currency**

The consolidated financial statements are prepared in Saudi Riyals, which is the functional and presentation currency for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

**2. THE BASIS OF PREPARATION:**

**2-1 Statement of compliance**

The company's Consolidated financial statements were prepared in accordance with the international standards of the financial report adopted in Saudi Arabia and other standards and issues issued by the Saudi Association of Chartered Accountants.

**2.2 Accounting basis**

Consolidated financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, excluding financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and investments in Islamic murabaha that are proven at fair value through the statement of profits or losses and investments in associate companies which are recorded in accordance with the method of equity.

**Information A Bout The Group:**

The consolidated financial statements include of Al Kathiri Holding Company and the Consolidated financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired until 31 December 2023. They are as follows:

<b>Company's name</b>	<b>Country</b>	<b>Legal entity</b>	<b>Ownership Ratio (%)</b>
Alian Industry Company	Saudi Arabia	Closed joint stock	99
Msandh Alemdad Company Ltd	Saudi Arabia	Limited liability company	100
The Luxury Yacht	Saudi Arabia	Limited liability company	100
Sukuk Al-kathiri	Saudi Arabia	Special purpose entity	The company is the sponsor

**3. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS:**

These consolidated financial statements, which include the consolidated statement of financial position, the consolidated profit or loss and comprehensive income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated Consolidated financial statements of the Group It includes the assets, liabilities, and results of the operations of the company and its subsidiaries, as shown in Note (3). Subsidiaries are the entities that the group controls. In particular, the group controls the investee company only when the group has:

- Control over the investee company (that is, the existence of rights that give the group the current ability to direct activities related to the investee company).
- Exposure to risks, or rights to obtain different returns through its relationship with the investee company.
- The ability to use its control over the investee company to influence its returns.
- In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the investee company, the group takes into account all the facts and circumstances related to this when ascertaining whether it exercises control over the investee company, and this includes:
  - The contractual arrangement (arrangements) with other voting rights holders in the investee company.
  - Rights arising from other contractual arrangements.
  - The group's voting rights and potential voting rights.

### **3. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS (continued):**

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The group accounts for the business combination using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as is the case for the net identifiable assets acquired. The excess of the cost of acquisition plus the fair value of the non-controlling interests over the fair value of the net identifiable assets acquired is recorded as goodwill in the consolidated statement of financial position. Non-controlling interest is measured by the proportion of its share of the net identifiable assets of the acquiree at the date of the acquisition. The share in profit or loss and net assets not controlled by the Group are presented as a separate item in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position. Both transactions as well as unrealized balances and profits and losses resulting from inter-company transactions are eliminated. Accounting policies of subsidiaries are modified when necessary to ensure compliance with the policies followed by the Group.

### **4. USE OF ESTIMATES:**

The preparation of these consolidated financial statements requires management to use judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Significant areas of management judgment when applying accounting policies and the significant sources of estimates and uncertainties that have a material impact similar to those shown in the previous year's consolidated financial statements .

### **5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:**

The policies used to prepare the consolidated financial statements for the year ended December 31, 2023 are the same as those applied in the consolidated financial statements for the year ended December 31, 2022.

#### **5-1 Financial assets - recognition and measurement**

At the initial recognition, all financial assets are proven at the price of their transactions, which represents fair value, unless the arrangement actually consists of a financing transaction. If the arrangement consists of a financing transaction, the item is measured initially at the current value of future flows discounted at the market interest rate of a similar debt instrument.

After initial recognition, the extinguished cost model (or in some cases the cost model by nature and purpose of the financial asset) is applied to measure the underlying financial instruments.

#### **Loans and debt**

Receivable loans are non-derivative financial assets with fixed or identifiable payments that are not listed on an active market. They are part of current assets except those with a maturity date of more than 12 months after the end of the reporting period and are classified as non-current assets. Loans and receivables include accounts of commercial debtors and other debtor assets owed by related parties and cash in the fund and at banks.

#### **Trade Receivables**

The amounts due from customers for goods sold or services performed in the normal business context are represented. Debtors are proven to be the value of the original invoice minus the amount of doubtful amounts. An estimate of doubtful debts is made when there are fundamental doubts that the full amount cannot be collected. Bad debts are written off when there is no possibility of recovery.

## 5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### 5-1 Financial assets - recognition and measurement (continued)

#### Decrease in the value of financial assets

At the end of the fiscal year, an assessment is made to ensure that there is no objective evidence of a decrease in the value of any financial asset measured in cost or amortized cost. If there is such evidence of depreciation, the loss of depreciation is recognized by the profit or loss and other comprehensive income statement for that year. The value of the decline in value is determined as follows:

A) For fair-value assets, the depreciation represents the difference between cost and fair value, minus any loss of value previously demonstrated in the consolidated statement of profit or loss and other comprehensive income.

B) For cost-included assets, the depreciation represents the difference between the amount listed and the present value of future cash flows discounted by the current market rate of return from a similar financial asset line.

C) For assets listed at the amortized cost, the decrease in value represents the difference between the amount listed and the present value of future cash flows discounted by the original actual commission rate.

#### 5.2 Financial obligations - recognition and measurement

Financial obligations are classified according to contractual arrangements and include creditors, amounts payable and loans. All financial obligations are initially recognized at fair value, after the first proof of direct transaction costs are proven based on the cost extinguished using the actual commission rate over the life of the instrument and are included in the consolidated statement of profit or loss and other comprehensive income

Loans are classified as current liabilities unless the company has an unconditional right to postpone payment for at least 12 months after the date of the financial position statement.

#### 5.3 Trade payables

Commercial creditors are reimbursed for future payments for goods and services received, whether or not they are invoiced by suppliers.

#### 5.4 Cash and cash equivalents

For the purposes of preparing the consolidated cash flow statement, cash and equivalent cash consists of the Fund, banks.

#### 5.5 Inventory

The inventory of raw materials and spare parts is assessed on the basis of cost and the moving weighted average. The inventory is reduced by the value of stagnant and slow-moving items according to management estimates and inventory movement.

#### 5.6 Property, machinery and equipment

Property, machinery and equipment appear at cost minus accumulated depreciation and any decrease in value. The cost is consumed minus the residual estimated value of property, machinery and equipment (excluding land where it is not consumed) in a fixed-installment manner over its projected production life span using the following annual depreciation ratios:

- |                                      |     |
|--------------------------------------|-----|
| • Buildings                          | %15 |
| • Machinery and equipment            | %10 |
| • Vehicles and cars                  | %20 |
| • Furniture and office equipment     | %15 |
| • Computers and Computer attachments | %15 |

The book value of property, machinery and equipment is audited to ensure a decrease in its value when events or changes in circumstances indicate that the book value cannot be recovered. If such evidence exists and the book value is greater than the recoverable value, the value of property, machinery and equipment is reduced to the recoverable value, which represents the greater value of the equitable value of the asset minus the sale costs or the present value of cash flows for the estimated future benefits of that asset.

**SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**5.6 Property, machinery and equipment (continued)**

The book value of property, machinery and equipment is audited to ensure a decrease in its value when events or changes in circumstances indicate that the book value cannot be recovered. If such evidence exists and the book value is greater than the recoverable value, the value of property, machinery and equipment is reduced to the recoverable value, which represents the greater value of the equitable value of the asset minus the sale costs or the present value of cash flows for the estimated future benefits of that asset.

The profit or loss resulting from the exclusion or disposal of an asset is determined on the basis of the difference between the net extracted from the exclusion and the book value of the asset and recognizes it in the consolidated statement of profits or losses and other comprehensive income.

Carry repair and maintenance expenses it in the consolidated statement of profits or losses and other comprehensive income. Improvements that substantially increase the value or age of the asset in question are capitalized.

The remaining values, age of use and method of consumption are reviewed at the end of each fiscal year and the impact of any changes in estimate is calculated on the future basis.

Gains or losses resulting from the exclusion of property and equipment, calculated on the basis of the difference between net sales intake and the book value of the asset, are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is excluded.

At the end of each reporting period, the Company reviews the book values of its assets to determine whether there is any indication that those assets have suffered impairment losses. If such indicators exist, the recoverable value of the asset is estimated in order to determine the extent of loss of depreciation (if any). When it is not possible to estimate the refundable amount for a single asset, the company estimates the refundable amount for the cash generating unit to which the asset belongs. When a reasonable and consistent basis for distribution can be established, the company's assets are also distributed to individual cash generating units, or otherwise distributed to the smallest set of cash units for which a reasonable and consistent basis can be determined.

The refundable amount exceeds the fair value minus the sale cost and the value generated by the use. When estimating the value of use, estimated future cash flows are deducted from their current value using the pre-tax discount rate that reflects current market assessments of the time value of the money and the specific risks of the asset for which future cash flows have not been adjusted.

If the refundable amount (cash generating unit) is less than its book value, the book value (cash generating unit) of the asset is reduced to its refundable amount. A loss of depreciation is listed directly in the consolidated statement of profit or loss and other comprehensive income.

If the loss of value is subsequently reversed, the book value of the asset (or cash generating unit) must be increased to the adjusted estimates of the recoverable amount, but so that the increased book value does not exceed the book value that could have been determined if the loss of value of the asset (or cash generating unit) was not acknowledged in previous years. The loss of impairment is recognized directly in the consolidated statement of profit or loss and other comprehensive income.

**5.7 Capital works in progress**

The capital works under implementation include all assets that are capitalized for incompleteness as well as existing projects and are proven at cost, including all costs from contractors' dues, material value and consultant fees.

## 5. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### 5.8 Lease contracts

At the inception of the contract, the Company and its subsidiaries determines whether the contract is a lease or includes a lease. That is, if under the contract the right to control the use of a specific asset for a specified year is transferred in exchange for that.

- Group as lessee

The Group apply a single method to recognizing and measuring all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease obligations to make lease payments and right-of-use assets that represent the right to use related assets.

- **Right-of-use assets**

The Company and its subsidiaries recognize a right-of-use asset on the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for remeasurement of lease liabilities. The cost of right-of-use assets includes the value of the lease commitments recognized and lease payments made on or before the lease commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets.

- **Lease liabilities**

On the commencement date of the lease, the Company recognizes the lease liability measured at the present value of the lease payments to be paid over the lease term. Lease payments include fixed payments (including in substance fixed payments) that are based on a rate.

After the lease start date, the lease liability is increased to reflect the commission increase, and reduced to reflect the lease payments made. In addition, the carrying amount of the lease liability is re-measured if there is a modification, a change in the lease term, a change in lease payments (i.e., a change in future lease payments as a result of a change in the index or rate used to determine those payments) or a change in the evaluation of a purchase option The origin in question.

### 5.9 Borrowing costs

Borrowing costs directly related to the creation of eligible assets, which require a long period of time to be ready for the required use, are capitalized upon completion of all necessary activities related to the preparation of the eligible asset for the purpose for which it was created. All other borrowing costs are established as an allowance and are placed on the consolidated of profits or losses other comprehensive income in the period in which they occurred.

### 5.10 Provision End-of-Service indemnities

The company provides severance pay compensation to its employees in accordance with the provisions of the labor and workers' system in Saudi Arabia, which is entitled on the basis of the employee's final wage, length of service and completion of the minimum period of service.

The end-of-service obligation is calculated by estimating the value of future benefits that are due to employees in current and previous periods and the value is deducted to reach the current value.

The Company makes assumptions that are used when determining key elements of costs in order to meet these future liabilities. These assumptions are made after

Consulting the company's actuarial expert and include those used to determine the cost of the normal service as well as the financing elements of liabilities. A qualified actuary calculates the commitment to the specified benefits using the amounts due by unit method.

A reassessment of specific benefit obligations consisting of actuarial profits and losses is recognized directly in the list of other comprehensive income. The Group determines the interest expense on the specific benefit obligations for the year by applying the discount rate used to measure the specific benefit obligations at the beginning of the year after taking into account any change in net benefit obligations specified during the year as a result of contributions and payments for liabilities. Net interest and other expenses related to the benefit plans specified in the consolidated of profits or losses and other comprehensive income statement are recognized.

## SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### 5.11 Statutor Reserve

In line with the requirements of the Saudi Arabian Company's corporate system and the company's statutes, the company builds a regular reserve of 10% of the annual net profit until this reserve reaches 30% of the capital. The reserve is not available for distribution as dividends.

### 5.12 Zakat

- The company is subject to zakat in accordance with the instructions of the General Authority for Zakat and Income in Saudi Arabia and is formed a provision for the estimated zakat.
- Zakat due is calculated on the basis of 2.5% of the zakat or adjusted net income whichever is more.

### 5.13 Revenues from contracts with customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- revenue from contracts with customers.

**Step 1 - Identify the contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2 - Identify the performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3 - Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4 - Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the

Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.**

If the consideration promised in a contract includes a variable amount, the Company shall estimate the

amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer.

### Other income

Other income is recognized in accordance with the principle of entitlement.

### 5.14 Expenses

Production costs and direct and indirect production-related expenses are classified as sales costs. All other expenses are classified as general and administrative expenses or sales and distribution expenses.

### 5.15 Foreign Exchange Translation

Transactions made during the period in foreign currencies are transferred to Saudi riyals at the prevailing transfer rates at the date of the transactions.

### 5.16 Transactions with related parties

Parties are related parties because of their ability to exercise control over the company or to exert significant influence or joint control over the company's financial and operational decisions. Also, companies are related

parties when the company can exert influence, or jointly control the financial and operational decisions of these parties.

Transactions with related parties usually involve the transfer of resources, services, or obligations between the parties.

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**SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**5.17 Skouk with amortized cost**

The Company classifies Skouk at amortized cost using the effective interest rate over the life of the instrument and is included in the statement of profit or loss and other comprehensive income.

**6. MEASURING FAIR VALUE:**

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. Fair value measurement assumes that the transaction to sell assets or to transfer the liabilities line occurs either:

1. In the main market of asset or liabilities. Or
2. In the absence of the main market, in the most preferred market for asset or liabilities.

The fair value of the asset or liability line is measured using assumptions that market participants will use when pricing the asset line or liabilities, assuming that market participants act on the basis of their economic interest.

Measuring the fair value of non-financial assets takes into account the ability of the market participant to achieve economic advantages by using the asset line at the highest and best use of it or by selling it to another market participant who will use the asset line at the highest and best use.

All assets and liabilities for which fair value is measured or disclosed in Consolidated financial statements are classified into the fair value hierarchy, described as follows, based on the minimum input needed to measure fair value as a whole:

Level 1. (unadjusted) market prices in active markets for similar assets or liabilities.

Level 2 - valuation techniques that use the minimum inputs required to measure fair value and directly or indirectly observe

Level 3 - other valuation techniques that use the minimum inputs required to measure fair value but are not based on observable market data.

With regard to the assets and liabilities recognized in the Consolidated financial statements on a recurring basis, the company determines whether the transfers were made between levels in the sequence by reassessing the classification (based on the minimum input needed to measure the fair value as a whole) at the end of each year to prepare the financial reports.

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7. PROPERTY, PLANT AND EQUIPMENT:

	Land	Buildings and constructions	Machines and equipment	Vehicles and cars	Furniture	Computer	Capital work in Progress (1/7)	Total
<b>Book Value:</b>								
Balance at 1 January 2023	6,400,000	91,892,225	69,015,737	4,469,102	1,085,458	880,142	9,175,215	182,917,879
Additions	-	171,830	278,590	-	233,255	226,115	2,249,789	3,159,579
Transfer	-	7,709,431	2,227,226	313,600	350,494	23,540	(10,624,291)	-
Reclassification	-	-	-	-	-	-	(358,061)	(358,061)
Balance at 31 December 2023	6,400,000	99,773,486	71,521,553	4,782,702	1,669,207	1,129,797	442,652	185,719,397
<b>Accumulated depreciation:</b>								
Balance at 1 January 2023	-	8,248,267	28,222,510	3,192,706	401,575	309,430	-	40,374,488
Depreciation of the year	-	4,759,455	6,371,227	297,518	166,079	140,585	-	11,734,864
Balance at 31 December 2023	-	13,007,722	34,593,737	3,490,224	567,654	450,015	-	52,109,352
<b>Net Book Value:</b>								
At 31 December 2023	<b>6,400,000</b>	<b>86,765,764</b>	<b>36,927,816</b>	<b>1,292,478</b>	<b>1,101,553</b>	<b>679,782</b>	<b>442,652</b>	<b>133,610,045</b>
At 31 December 2022	<b>6,400,000</b>	<b>83,643,958</b>	<b>40,793,227</b>	<b>1,276,396</b>	<b>683,883</b>	<b>570,712</b>	<b>9,175,215</b>	<b>142,543,391</b>

Depreciated property, plant and equipment, fully booked and still operating, amounted to SAR 7,913,428 as of December 31, 2023 (December 31, 2022: SAR 4,957,783).

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7/1. CAPITAL WORK IN PROGRESS

	As at 31 December	
	2023	2022
Programs	235,911	-
Yachts factory	206,741	-
Ice factory	-	218,427
ware house construction	-	5,320,526
Ishbelia village	-	1,336,262
Paid for capital contracts	-	2,300,000
<b>Total</b>	<b>442,652</b>	<b>9,175,215</b>

8. Lease contracts

Right of use assets

	Land	Rental cars	Total
<b>Book Value:</b>			
Balance at 1 January 2023	1,635,018	17,443,880	19,078,898
Reconcilations	237,095	-	237,095
Balance at 31 December 2023	1,872,113	17,443,880	19,315,993
<b>Accumulated amortization:</b>			
Balance at 1 January 2023	836,559	1,843,272	2,679,831
Amortization of the year	264,717	1,745,105	2,009,822
Balance at 31 December	1,101,276	3,588,377	4,689,653
<b>Net</b>			
As at 31 December 2023	<b>770,837</b>	<b>13,855,503</b>	<b>14,626,340</b>
As at 31 December 2022	<b>798,459</b>	<b>15,600,608</b>	<b>16,399,067</b>

Lease liabilities

	As at 31 December	
	2023	2022
Balance at 1 January	10,550,713	3,184,876
Reconcilations on financial lease obligations	237,095	(1,049,467)
Additions on financial lease obligations	-	14,728,874
Intrests	825,599	44,774
Paid	(6,054,460)	(6,358,344)
Balance at 31 December	<b>5,560,970</b>	<b>10,552,735</b>

The lease obligations as at December 31 were classified as follows:

	As at 31 December	
	2023	2022
Current portion	4,177,327	5,269,134
Non-current portion	1,381,620	5,281,579
<b>Total</b>	<b>5,558,947</b>	<b>10,550,713</b>

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**9. TRADE RECEIVABLES :**

	As at 31 December	
	2023	2022
Trade receivables	44,113,290	31,504,231
<b>Less:</b> Provision for Expected credit losses	<u>(8,472,643)</u>	<u>(5,131,260)</u>
Net	<u><b>35,640,647</b></u>	<u><b>26,372,971</b></u>

The movement of the provision was as follows:

	As at 31 December	
	2023	2022
Balance at 1 January	5,131,260	8,912,566
Reversed provision	-	(3,781,306)
Charged	<u>3,341,383</u>	<u>-</u>
Balance at 31 December	<u><b>8,472,643</b></u>	<u><b>5,131,260</b></u>

**10. INVENTORY:**

	As at 31 December	
	2023	2022
Raw material	28,496,429	9,037,141
Spare parts and production supplies	1,377,719	811,415
Finished goods	<u>95,583</u>	<u>175,938</u>
Total	<u><b>29,969,731</b></u>	<u><b>10,024,494</b></u>

**11. Benefits received by members of the board and committees who occupy executive positions:**

Mr.Khaled Alkhayal Chirman of Alian company and alkathiri holding company chairman  
Mr.Meshaal Alkathiri managing director of alian company and alkathiri holding managing director  
Mr. Abdullah Alsheikh board of directormember of alkathiri holding company  
Mr. Saud Alshryum board of director member of alkathiri holding company  
Mr. Ahmed Alsaegh board of director member of alkathiri holding company  
Mr. Abdellah Alowidan\ board of director member of alkathiri holding company

Mr/ Adel Al Kathiri was a member of the Board of Directors of Al Kathiri Holding Company only until April 12, 2023 AD - He is currently a member of the Audit Committee of Al Kathiri Holding Company beginning April 12, 2023 AD.

**Transactions with members of the Board of Directors and senior executives:**

Related party transactions are mainly the salaries, allowances and remunerations of senior executives. Senior management personnel are the persons who exercise authority and responsibility in planning, directing and controlling the Company's activities, directly or indirectly, including directors and shareholders (whether executive or non-executive). That). The item on salaries. wages and the like during the year ending on December 31. includes the following:

<u>Transaction with</u>	<u>Nature of transaction</u>	As at 31 December	
		2023	2022
Senior Executives	Salaries	328,337	328,337
Senior Executives	Provision for end of service	215,301	185,305
Board of Directors	Board of director bonus	<u>96,000</u>	<u>96,000</u>
		<u><b>311,301</b></u>	<u><b>281,305</b></u>

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**12.PREPAID EXPENSES AND OTHER DEBIT BALANCES:**

	As at 31 December	
	2023	2022
Letter of gurantee	3,662,820	478,120
Prepaid expenses	1,642,327	1,852,662
Suppliers advanced payments	1,341,558	1,162,701
Advanced payments subcontractors	900,397	-
Works gurantee	635,528	-
VAT	318,271	-
Unearned revenues	226,271	200,802
Letter of credit	-	135,000
Others	13,829	-
<b>Total</b>	<b>8,741,001</b>	<b>3,829,285</b>

**13. CASH AND CASH EQUIVALENTS**

	As at 31 December	
	2023	2022
Short term deposits	30,000,000	-
Cash at Bank	48,383,602	2,720,350
Cash	45	-
<b>Total</b>	<b>78,383,647</b>	<b>2,720,350</b>

\*The short term deposits are deptsits at the local banks due after 3 months or less from the date of deposits with retun percentage %5 to 6% annually.

**14.SHARE CAPITAL:**

The company's capital as of December 31, 2023 and 2022 was determined at (113,022,000) one hundred and thirteen million and twenty-two thousand Saudi riyals, fully paid, divided into (226,044,000 shares) two hundred and twenty-six million and forty-four thousand shares of equal value, each worth (50) halalas. (0.5 Saudi riyals) On 9/21/1444 AH corresponding to 4/12/2023 AD, the extraordinary general assembly agreed to set the nominal value of each share at 50 halalas (0.5 Saudi riyals) instead of 10 Saudi riyals, so that the number of shares became 226,044,000 shares instead of 11,302,200. One share, all of which are ordinary shares, divided as follows:

Statement	As at 31 December2023			As at 31 December2022		
	Contribution percentage	Number of Shares	Stock value	Contribution percentage	Number of Shares	Stock value
Meshaal AL-kathiri	38.58%	871987334.4	43,599,367	43.44%	4909902	49,099,020
Other Shareholders	61.42%	1388452666	69,422,633	56.56%	6392298	63,922,980
<b>Total</b>	<b>100.00%</b>	<b>2260440000</b>	<b>113,022,000</b>	<b>100.00%</b>	<b>11302200</b>	<b>113,022,000</b>

**15. Statutory reserve:**

The company formed a statutory reserve, and on May 23, 2023, the company amended the company's bylaws to comply with the companies' bylaws for the

**16. Sukuk at amortized cost**

On March 30, 2023, Al Kathiri Sukuk , a "special purpose facility" affiliated to Al Kathiri Holding Company, issued 100,000 bonds ( 1000 ) SR each , with total amounted by 100 million riyal saudi,the value of Skouk due after 5 years , the issued skuk are with a rate of return to the sukuk holder of 8.5% annually, due on March 30 and September 30 of each year, and the balance was as of 31 December 2023 as follows:

	As at 31 December	
	2023	2022
The value of the issued Skuk	100,000,000	-
<b>Total</b>	<b>100,000,000</b>	<b>-</b>

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**17.THE INDUSTRIAL DEVELOPMENT FUND LOAN:**

Alyan Industry company (subsidiary company) signed an agreement with the Saudi Industrial Development Fund on 2 Oct. 2019 in the amount of 23,200,000 Saudi riyals, from which an amount of 1,160,000 Saudi riyals will be deducted in exchange for studies and the cost of industrial evaluation. The company has obtained the full amount, which includes the costs of studies and evaluation, in full during 2022, and the loan is paid in 12 installments, starting from 16 May 2022 and ending on 16 Sep. 2027.

The movement for SIDF loan during the year as follow:

	<u>As at 31 December</u>	
	<u>2023</u>	<u>2022</u>
Balance at 1 January	22,200,000	3,844,121
Adjustment	-	563,879
Recieved	-	18,792,000
Paid	(2,000,000)	(1,000,000)
<b>Less: un-amortization interest</b>	<b>(574,076)</b>	<b>(880,812)</b>
Balance at 31 December	<u><b>19,625,924</b></u>	<u><b>21,319,188</b></u>

The loan was classified as on December 31, as follows:

**17-2.Financial Covenants - Loan from Saudi Industrial Development Fund:**

The loan agreement with the Saudi Industrial Development Fund includes certain covenants with the Fund. Under the terms of this agreement, management monitors the covenants periodically, and in the event of any potential breach, management takes corrective actions and Alian company was committed to these covenants

**The loan is classified as follows:**

	<u>As at 31 December</u>	
	<u>2023</u>	<u>2022</u>
The current portion of Saudi Industrial Development Fund loan	4,000,000	1,736,783
The non-current portion of Saudi Industrial Development Fund loan	15,625,924	19,582,405
Total	<u><b>19,625,924</b></u>	<u><b>21,319,188</b></u>

**18. PROVISION FOR END OF SERVICE:**

	<u>As at 31 December</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	5.1%	5.20%
Salary increase rate	5%	5%
Employee turnover rate	Moderate	Moderate
Retirement age	60	60

The movement of the provision was as follows:

	<u>As at 31 December</u>	
	<u>2023</u>	<u>2022</u>
Balance at 1 January	2,369,139	1,519,202
Charged	1,018,669	625,577
Loss for actuarial revaluation of employee benefits	45,196	259,044
Paid	(144,350)	(34,684)
Balance at 31 December	<u><b>3,288,654</b></u>	<u><b>2,369,139</b></u>

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**19. LOANS AND BANK FACILITIES:**

The company signed several agreements with local banks with a credit ceiling of 16,521,000 Saudi riyals, guaranteed by promissory notes in the amount of 17,269,000 Saudi riyals, and personal guarantees from the shareholder and managing director, Mr. Meshaal Al Kathiri, for the facility ceiling.

Alyan Industry Company (closed joint stock) signed a facility agreement with Riyad Bank on 28 Jul.2021 with a credit ceiling of 6,000,000 riyals and a promissory note guarantee of 14,200,000 riyals. The agreement was renewed on 12 Dec.2023, increasing the credit ceiling by 2,000,000 riyals, guaranteed by a promissory note in the amount of 9,000,000 Saudi riyals. One of the shareholders of Al Kathiri Holding Company and holds the position of Managing Director, so that the total credit ceiling becomes 8,000,000 riyals, and the agreement ends on 12 December 2026.

The balance at the year end was as follows:

	<b>As at December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at 1 January	15,987,292	27,850,521
Recieved	38,218,421	30,093,016
Interest	2,277,256	1,438,251
Paid	(37,351,970)	(43,394,496)
<b>Balance at 31 December</b>	<b>19,130,999</b>	<b>15,987,292</b>

The balance of the facilities used on 31 Dec. as follows:

	<u>Company Name</u>	<b>As at December 31</b>	
		<b>2023</b>	<b>2022</b>
Short term loans	Al Kathiri holding company	13,592,116	13,902,292
Short term loans	Alian industry	5,538,883	2,085,000
<b>Total</b>		<b>19,130,999</b>	<b>15,987,292</b>

**20. ACCRUES EXPENSES AND OTHER CREDIT BALANCES :**

	<b>As at December 31</b>	
	<b>2023</b>	<b>2022</b>
Accrues interest for Skuk Alkathiri holders	2,036,377	-
Advance payments from clients	1,062,004	427,977
Subcontractors	895,838	-
Accrues board remuneration	778,000	913,000
Accrued expenses	533,232	391,875
VAT	317,950	54,321
Professional fees are payable	178,250	-
Salaries owed	47,835	-
Works gurantee from subcontractors	45,474	-
Others	74,091	-
<b>Total</b>	<b>5,969,051</b>	<b>1,787,173</b>

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**21. ZAKAT:**

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
<b>Zakat Calculation:</b>		
Net (loss)/ profit	(3,239,235)	2,551,816
Adjustment	6,404,421	651,807
Adjusted net profit	3,165,186	3,203,623
<b>Additions:</b>		
Share Capital	113,022,000	113,022,000
Retained earnings	9,706,370	8,424,759
Reserves	4,927,354	4,756,378
Debts and it's equivalentents	37,116,626	46,619,390
Provisions	7,612,469	6,845,966
Other	8,249,737	8,160,058
Total additions	180,634,556	187,828,551
<b>Discounts</b>		
Property, plant and equipment	(133,610,045)	(142,543,391)
Other	(16,004,058)	(17,210,482)
Total Deductions	(149,614,103)	(159,753,873)
Zakat base	<b>34,185,639</b>	<b>30,278,301</b>
Zakat due	<b>878,739</b>	<b>777,991</b>

The movement in zakat provision was as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
Balance at beginning of the year	777,991	968,944
provided	878,739	777,991
Paid	(777,991)	(968,944)
Balance at the end of the year	<b>878,739</b>	<b>777,991</b>

During the year 2020 AD, the Zakat,Tax and Customs Authority approved the company's request to provide unified accounts for the company and its subsidiaries starting from 2020 AD, provided that an independent information declaration is submitted for each subsidiary separately. the company distributes the zakat obligation ti the subsidiaries separately according to the share holding percentage of each comapny.

The company obtained a final Zakat certificate for the year 2022.

The company doesn't have any zakat accrued invoices which may required contingible liabilities.

Zakat is calculated at 2.5% of the adjusted net profit or the zakat base, whichever is greater.

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**22. REVENUES:**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Concrete sales	91,641,476	97,467,672
Cement sales	9,900,726	20,058,221
Constructions revenue	11,327,055	-
Concrete wall sales	9,590,657	9,640,192
Sand and white Pebble sales	6,720,000	-
Special projects	-	2,205,625
<b>Total</b>	<b>129,179,914</b>	<b>129,371,710</b>

The revenues are divided as follows:

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Domestic revenues	127,132,661	129,371,710
Exports revenues	2,047,253	-
<b>Total</b>	<b>129,179,914</b>	<b>129,371,710</b>

-The revenues generated above are revenues that were recognized at a specific point of time.

**23. COST OF REVENUE:**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw materials	66,593,448	81,580,585
Depreciation of property, machinery and equipment	13,694,706	13,253,678
Salaries	12,703,790	9,642,042
Other operating expenses	10,395,456	7,216,991
Another employee benefits	3,040,177	2,613,151
<b>Total</b>	<b>106,427,577</b>	<b>114,306,447</b>

**24. GENERAL AND ADMINISTRATIVE EXPENSES:**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries	6,020,224	4,987,553
Professional and consultants fees	4,009,005	1,197,332
Allowances for attending board and committee meetings	687,000	887,500
Another employee benefits	460,924	599,423
Capital Market Authority expenses	222,747	272,540
Advertising expenses	170,875	-
Governmental fees	100,119	-
Depreciation of property, machinery and equipment	49,980	-
Elian company listing expenses	16,974	820,000
SIDF Follow-up and supervision costs	-	207,564
Others	1,014,729	946,329
<b>Total</b>	<b>12,752,577</b>	<b>9,918,241</b>

Allowances for attending board and committee meetings The allowances of Al Kathiri Holding Company "a Saudi joint stock company" and Alyaan Industry Company "a closed joint stock company" include one of its subsidiaries,during 2023 are amounting to 330,000 riyals and 357,000 riyals, respectively (2022: 424,500riyals and 463,000 riyals respectively).

**25. Financing Expenses:**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expenses for Skuk	6,380,822	-
Short term loans	2,277,256	1,438,251
Financial lease	825,599	1,019,496
Saudi Industrial Development Fund loan	306,736	843,067
allowance for removal and rehabilitation interest	7,992	26,420
<b>Total</b>	<b>9,798,405</b>	<b>3,327,234</b>

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**25. EARNING (LOSS) PER SHARE:**

The earnings per share and the weighted average number of shares for the year ended December 31, 2023 have been adjusted to align with the weighted average number of new shares after its increase during the year 2023 (Disclosure 1). as required in accordance with International Accounting Standard No. 33 (Earnings per Share). To be consistent with the Weighted average number of shares after splitting The calculation of the basic / diluted earnings per share is based on the profit(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The earnings per share for the Year ended on December 31, 2023 AD were calculated on the basis of the weighted average number of outstanding shares 2023 as follows:

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Profit from main operations	3,324,649	6,188,195
Net profit (loss) for the year of the Company's shareholders	(4,138,744)	1,709,762
weighted average number of shares	<u>226,044,000</u>	<u>226,044,000</u>
From Income from main activities	<u>0.01</u>	<u>0.03</u>
From net income (loss) for the year	<u>(0.02)</u>	<u>0.01</u>

- The diluted earnings (loss) per share is the same as the basic earnings(loss) per share since the company has no transferable securities and no diluted financial instruments to exercise.

**26. CONTINGENT LIABILITIES:**

Letters of guarantee drawn in the name of Al Kathiri Holding Company for Msandh Alemdad Company (limited liability company) "one of the subsidiaries" as on December 31, 2023 in the amount of 4,934,700 Saudi riyals (December 31,2022: 4,520,800 Saudi riyals), and the covered amount on December 31, 2023 amounted by 3,584,700 Saudi riyals (2022: 478,120 Saudi riyal)

There is a letter of guarantee for Mesandh emdad Company (a limited liability company), one of the subsidiaries, and Riyad Bank, in the amount of 520,800 Saudi riyals, and the covered amount is 78,120 Saudi riyals on December 31, 2023 .(2022: 78,120)

**RISK MANAGMENT:**

**Credit risk**

Credit risk represents one party's inability to meet its obligations, resulting in the other party incurring financial loss. The Company is committed to managing customer-related credit risk by setting credit limits for each customer and monitoring existing debits.

**Special commission price risk**

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the company is subject to the risk of special commission rates on its assets associated with special commissions such as murabaha deposits and credit facilities.

**Liquidity risk**

Liquidity risks represent the company's difficulties in providing funds to meet financial instrument obligations. Liquidity risk results from the inability to sell a financial asset quickly at an amount equivalent to its fair value. The Company manages liquidity risks by maintaining cash balances with banks and ensuring that adequate facilities can be obtained, if necessary, to continuously cover its short-term obligations.

The terms of collection include the collection of the value of the sales within a period of 30 to 60 days from the date of sale and that the purchases are paid within a period of 30 to 60 days from the date of purchase.

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**Currency risk**

Currency risk resulting from fluctuating value of financial instruments is the result of changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates during its normal business cycle. The company did not conduct any significant transactions in currencies other than the Saudi riyal, US dollar and euro during the year.

**27.COMPARATIVE FIGURES:**

Insignificant comparative figures for the year ending on December 31, 2023 have been reclassified in line with the current year's classification.

**28.APPROVAL THE CONSOLIDATED FINANCIAL STATEMENTS:**

These consolidated financial statements were approved by the Company's Board of Directors on March 30, 2024, Ramadan 20,1445H.