Mayar Holding Company
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 AND
INDEPENDENT AUDITOR'S REPORT

Mayar Holding Company
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2023

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAYAR HOLDING COMPANY
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Mayar Holding Company, A Saudi Joint Stock Company (the "Company") and its Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, consolidated statement of 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 material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code"), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that 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 judgement, 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.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of trade receivables	
As at 31 December 2023, the Group's gross trade receivables amounted to SR 94,133,283 (2022: 97,867,210) against which an allowance for expected credit loss of SR 32,023,345 (2022: 27,153,354) was maintained. Assessment of determining allowance for expected credit losses is highly subjective due to significant judgement, estimates and assumptions applied by the management. The management is required to determine an expected loss rate against outstanding trade receivables based on the Group's historical credit loss experience adjusted with forward-looking information. The assessment of the correlation between historical observed loss rates, forecast economic conditions and expected future cash flows is significant estimate. Given the judgement particularly related to the calculation of expected credit losses, we considered this area as a key audit matter. *The Group's material accounting policy for impairment of financial assets is disclosed in note 4(f), the significant accounting estimates and assumptions relating to impairment of trade receivables are disclosed in note 5.2 and related disclosures about trade receivable and allowance for expected credit losses are included in note 9 of the accompanying consolidated financial statements.*	Our audit procedures related to impairment losses on trade receivables included: • Obtained an understanding of the design and implementation of key controls over the process of expected credit loss calculation. • Obtained management's model for the expected credit losses assessment and tested on sample basis key assumptions, including those used to calculate the expected loss rate. We also assessed the reasonability of incorporation of forward-looking macro-economic factors to reflect the impact of future events on expected credit losses. • Compared methodology of ECL model with the requirements of IFRS 9. • On a sample basis, we tested the accuracy of the historical data and aging analysis of trade receivables used as inputs to the expected credit loss model. • We also checked the arithmetical accuracy of the model and recalculated expected credit losses on a sample basis. • Assessed the adequacy and appropriateness of the related disclosures regarding expected credit losses of trade receivables.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF MAYAR HOLDING COMPANY
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition	
During the year ended 31 December 2023, the Group recognized a total revenue amounting to SR 355 million (2022: SR 414 million). One of the Group's significant revenue streams is revenue from contracts with customers for installation of elevators and escalators. The Group recognizes revenue from these contracts using the percentage of completion. The determination of the percentage of completion requires significant judgement and estimates such as assessment of costs incurred over total cost of the contracts and the process for identification of loss-making contracts. The revenue and costs related to a contract include estimates as the total cost of a contract depends on various factors including estimation of material and labour costs. We determined this to be a key audit matter since percentage of completion involves significant judgement and estimation by the Group's management. *The Group's material accounting policy for revenue recognition is disclosed in note 4(n), the significant accounting estimates and assumptions relating to revenue recognition are disclosed in note 5.2 and related disclosures about revenue are included in note 22 of the accompanying consolidated financial statements.*	Our audit procedures, included among others: • Assessed the Group's estimation process (including the approval of contract budget, monitoring of project costs and activities, management's review and customer's approval of project stage of completion achieved), used in determining the amounts of revenue and costs recognized in the consolidated financial statements. • On sample basis, verified the contractual terms and work status of the customer contracts, along with discussion with management and checked that contract revenue recognized according to the percentage of completion of each contract measured by the stage of completion of physical activities. • Performed analytical procedures to compare revenue and gross margin with reported in prior periods for identifying significant fluctuations and obtaining explanation from management about such fluctuations. • Assessed the adequacy of the disclosures in the consolidated financial statements taking into account the nature, amount, and timing of recognition of revenue arising from contracts with customers.

Other Information included in the Group's 2023 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Group's 2023 annual report but does not include in the consolidated financial statements and our auditor's report thereon. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF MAYAR HOLDING COMPANY
(A Saudi Joint Stock Company)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA and the provisions of Companies' Law and the Company's By-Laws, 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.

The Board of Directors is 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 that are endorsed in the Kingdom of Saudi Arabia 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 that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our 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.

Alluhaid & Alyahya Chartered Accountants
A Limited Liability Company
Paid up capital SR 100,000 - CR:1010468314
Kingdom of Saudi Arabia Riyadh King Fahd Road
Muhammadiyah District, Grand Tower 12 th Floor

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF MAYAR HOLDING COMPANY
(A Saudi Joint Stock Company)

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 year 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 Alluhaid & Alyahya Chartered Accountants

Saleh A. Al-Yahya
Certified Public Accountant
License No. 473

Riyadh: 18 Ramadan 1445H
(28 March 2024G)

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اللحيد واليحيى محاسبون قانونيون
Alluhaid & Alyahya
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 SR	2022 SR
ASSETS			
CURRENT ASSETS			
Inventories	8	**76,773,889**	89,381,561
Trade receivables	9	**62,109,938**	70,713,856
Contract assets	10	**47,866,540**	25,439,677
Prepayment and other current assets	11	**31,969,083**	36,104,587
Amounts due from related parties	12	**17,358,570**	17,707,696
Cash and bank balances	13	**8,822,396**	9,651,693
TOTAL CURRENT ASSETS		**244,900,416**	248,999,070
NON-CURRENT ASSETS			
Property, plant and equipment	6	**211,289,065**	226,121,264
Deferred tax asset	21	**203,426**	-
Right-of-use assets	7	**9,729,319**	9,409,697
TOTAL NON-CURRENT ASSETS		**221,221,810**	235,530,961
TOTAL ASSETS		**466,122,226**	484,530,031
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Current portion of lease liabilities	7	**4,481,009**	4,438,681
Bank overdrafts and short-term borrowings	18	**207,848,409**	178,832,450
Current portion of long-term borrowings	17	**34,409,316**	28,898,387
Trade payables, accruals and others	19	**81,716,713**	78,852,949
Contract liabilities	20	**39,919,792**	27,783,851
Amounts due to related parties	12	**26,782,763**	21,516,599
Amounts due to shareholders	12	**5,601,425**	1,334,465
Zakat and income tax payable	21	**835,988**	1,433,114
TOTAL CURRENT LIABILITIES		**401,595,415**	343,090,496
NON-CURRENT LIABILITIES			
Lease liabilities	7	**4,804,244**	4,511,251
Long-term borrowings	17	**6,001,852**	31,404,033
Employee benefit obligations	16	**15,041,362**	13,039,555
TOTAL NON-CURRENT LIABILITIES		**25,847,458**	48,954,839
TOTAL LIABILITIES		**427,442,873**	392,045,335
EQUITY			
Share capital	14	**60,000,000**	60,000,000
Statutory reserve	15	**-**	1,580,638
Asset revaluation surplus	33	**49,032,247**	34,933,797
(Accumulated losses) retained earnings		**(28,880,114)**	8,413,203
Foreign currency translation reserve		**(51,088,972)**	(29,989,081)
Share based payment reserve	32	**4,653,600**	3,461,511
Treasury shares	14	**(1,283,933)**	(1,283,933)
Equity attributable to equity holders of the parent		**32,432,828**	77,116,135
Non-controlling interest	29	**6,246,525**	15,368,561
TOTAL EQUITY		**38,679,353**	92,484,696
TOTAL LIABILITIES AND EQUITY		**466,122,226**	484,530,031

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman
Ahmed E. El-Sayed	Eng. Abdulmajed A. AlShaikh	Eng. Thamer A. Bin Rayes

Mayar Holding Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2023

	Notes	2023 SR	2022 SR
Revenue	22	**354,959,173**	413,786,811
Cost of sales	23	**(314,154,896)**	(358,072,397)
GROSS PROFIT		**40,804,277**	55,714,414
Selling and distribution expenses	24	**(11,851,748)**	(10,705,146)
General and administrative expenses	25	**(43,019,360)**	(36,617,646)
Allowance for expected credit losses on trade receivables and contract assets	9,10	**(8,319,337)**	(733,671)
OPERATING (LOSS) INCOME		**(22,386,168)**	7,657,951
Financial charges	26	**(19,834,709)**	(12,614,313)
Foreign exchange losses		**(3,569,927)**	(720,953)
Other income	27	**4,353,228**	7,863,717
(LOSS) INCOME BEFORE ZAKAT AND TAX		**(41,437,576)**	2,186,402
Zakat	21	**(470,754)**	(346,907)
Tax	21	**33,426**	(1,033,114)
NET (LOSS) INCOME FOR THE YEAR		**(41,874,904)**	806,381
Attributable to:			
Equity holders of the parent		**(38,217,486)**	1,381,023
Non-controlling interests		**(3,657,418)**	(574,642)
		(41,874,904)	806,381
(Loss) earnings per share (Saudi Riyal)			
Basic and diluted attributable to equity holders of the parent	28	**(0.32)**	0.01

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer
Ahmed E. El-Sayed

Chief Executive Officer
Eng. Abdulmajed A. AlShaikh

Chairman
Eng. Thamer A. Bin Rayes

Mayar Holding Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	*2023* *SR*	*2022* *SR*
NET (LOSS) INCOME FOR THE YEAR		**(41,874,904)**	806,381
OTHER COMPREHENSIVE (LOSS) INCOME			
Items that will be reclassified subsequently to the consolidated statement of income:			
Foreign currency translation		**(30,487,365)**	(44,748,353)
		(30,487,365)	(44,748,353)
Items that will not be reclassified subsequently to the consolidated statement of income:			
(Loss) gain on remeasurement of defined benefit obligation	16	**(656,469)**	2,100,825
Revaluation of freehold land	33	**16,120,932**	46,497,609
		15,464,463	48,598,434
Net movement of other comprehensive (loss) income for the year		**(15,022,902)**	3,850,081
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(56,897,806)**	4,656,462
Attributable to:			
Equity holders of the parent		**(45,875,396)**	6,890,069
Non-controlling interests		**(11,022,410)**	(2,233,607)
		(56,897,806)	4,656,462

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer
Ahmed E. El-Sayed

Chief Executive Officer
Eng. Abdulmajed A. AlShaikh

Chairman
Eng. Thamer A. Bin Rayes

Mayar Holding Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Attributable to equity holders of the Parent										
	Share capital	*Share premium*	*Share based payment reserve*	*Statutory reserve*	*(Accumulated loss) retained earnings*	*Treasury shares*	*Foreign currency translation reserve*	*Asset revaluation surplus*	*Total*	*Non-controlling interest*	*Total equity*
	SR	SR	SR	SR	SR	SR	SR		SR	SR	SR
Balance as at 1 January 2022	5,000,000	-	-	1,500,000	6,895,649	(121,364)	1,536,495	-	14,810,780	4,998,385	19,809,165
Net income for the year	-	-	-	-	1,381,023	-	-	-	1,381,023	(574,642)	806,381
Other comprehensive income for the year	-	-	-	-	2,100,825	-	(31,525,576)	34,933,797	5,509,046	(1,658,965)	3,850,081
Total comprehensive income for the year	-	-	-	-	3,481,848	-	(31,525,576)	34,933,797	6,890,069	(2,233,607)	4,656,462
Non-controlling interest share in capital increase of a subsidiary (note 29)	-	-	-	-	-	-	-	-	-	12,603,783	12,603,783
Transfer to statutory reserve	-	-	-	80,638	(80,638)	-	-	-	-	-	-
Share-based payments (note 32)	-	-	3,461,511	-	-	-	-	-	3,461,511	-	3,461,511
Increase in capital (note 14a)	670,000	55,007,000	-	-	-	-	-	-	55,677,000	-	55,677,000
Transfer to share capital (note 14a)	54,330,000	(54,330,000)	-	-	-	-	-	-	-	-	-
Transaction cost (note 14a)	-	(677,000)	-	-	(1,883,656)	-	-	-	(2,560,656)	-	(2,560,656)
Increase in treasury shares		-	-	-	-	(1,162,569)	-	-	(1,162,569)	-	(1,162,569)
Balance as at 31 December 2022	60,000,000	-	3,461,511	1,580,638	8,413,203	(1,283,933)	(29,989,081)	34,933,797	77,116,135	15,368,561	92,484,696
Balance as at 1 January 2023	**60,000,000**	-	**3,461,511**	**1,580,638**	**8,413,203**	**(1,283,933)**	**(29,989,081)**	**34,933,797**	**77,116,135**	**15,368,561**	**92,484,696**
Net loss for the year	-	-	-	-	**(38,217,486)**	-	-	-	**(38,217,486)**	**(3,657,418)**	**(41,874,904)**
Other comprehensive loss for the year	-	-	-	-	**(656,469)**	-	**(21,099,891)**	**14,098,450**	**(7,657,910)**	**(7,364,992)**	**(15,022,902)**
Total comprehensive loss for the year	-	-	-	-	**(38,873,955)**	-	**(21,099,891)**	**14,098,450**	**(45,875,396)**	**(11,022,410)**	**(56,897,806)**
Non-controlling interest share in capital increase of a subsidiary (note 29)	-	-	-	-	-	-	-	-	-	**1,900,374**	**1,900,374**
Share-based payments (note 32)	-	-	**1,192,089**	-	-	-	-	-	**1,192,089**	-	**1,192,089**
Transfer of statutory reserve (note 15)			-	**(1,580,638)**	**1,580,638**	-	-	-	-	-	-
Balance as at 31 December 2023	**60,000,000**	-	**4,653,600**	-	**(28,880,114)**	**(1,283,933)**	**(51,088,972)**	**49,032,247**	**32,432,828**	**6,246,525**	**38,679,353**

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman
Ahmed E. El-Sayed	Eng. Abdulmajed A. AlShaikh	Eng. Thamer A. Bin Rayes

Mayar Holding Company
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 31 December 2023

	Notes	*2023* *SR*	*2022* *SR*
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) income before zakat and tax		**(41,437,576)**	2,186,402
Adjustments:			
Depreciation of property, plant and equipment	6	**10,602,997**	10,823,562
Depreciation of right-of-use assets	7	**4,828,730**	3,889,239
Allowance for expected credit losses on trade receivables and contract assets	9,10	**8,319,337**	733,671
Provision for (reversal of) obsolete and slow-moving inventories	8	**364,226**	(685,393)
Provision for employees defined benefit obligation	16	**2,721,807**	2,171,889
Financial charges	26	**19,834,709**	12,614,313
Share-based payment expense	32	**1,192,089**	3,461,511
Gain on termination of lease		**(28,502)**	(108,985)
Gain on disposal of property, plant and equipment		**(190,263)**	(537,799)
Net foreign exchange differences		**(4,150,523)**	(13,400,222)
		2,057,031	21,148,188
Changes in operating assets and liabilities:			
Inventories		**12,243,446**	(15,109,863)
Trade receivables		**1,800,361**	15,579,784
Prepayments and other current assets		**4,135,504**	(5,403,609)
Amounts due from related parties		**349,126**	(1,120,785)
Amounts due to related parties		**5,266,164**	(3,033,939)
Trade payables, accruals and others		**2,863,764**	(40,392,095)
Contract assets		**(23,942,643)**	(5,729,016)
Contract liabilities		**12,135,941**	(5,243,208)
Cash from (used in) operating activities		**16,908,694**	(39,304,543)
Zakat and income tax paid	21	**(1,237,880)**	(1,017,849)
Finance charges paid		**(19,066,083)**	(11,908,012)
Employee defined benefit obligations paid	16	**(1,376,469)**	(2,240,176)
Net cash used in operating activities		**(4,771,738)**	(54,470,580)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(7,860,051)**	(11,295,935)
Proceeds from disposal of property, plant and equipment		**2,071,325**	1,102,819
Net cash used in investing activities		**(5,788,726)**	(10,193,116)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (repayment of) bank overdrafts and short-term borrowings		**29,015,959**	(30,467,521)
(Repayment of) proceeds from long-term borrowings		**(19,891,252)**	34,078,799
Proceeds from issuance of shares		-	55,677,000
Transaction cost		-	(2,560,656)
Amounts due to shareholders		**4,266,960**	(14,819,078)
Repayment of principal portion of lease liabilities	7	**(5,560,874)**	(2,638,505)
Increase in treasury shares		-	(1,162,569)
Non-controlling interest share in capital increase of a subsidiary	29	**1,900,374**	12,603,783
Net cash from financing activities		**9,731,167**	58,181,072
Net decrease in cash and cash equivalents		**(829,297)**	(6,482,624)
Cash and cash equivalents at beginning of the year		**9,651,693**	16,134,317
Cash and cash equivalents at end of the year	13	**8,822,396**	9,651,693
NON-CASH TRANSACTIONS			
Remeasurement gain or loss of employee benefits	16	**(656,469)**	2,100,825
Land revaluation surplus	33	**16,120,932**	46,497,609
Additions on right of use assets and lease liabilities	7	**6,370,169**	6,335,482

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman
Ahmed E. El-Sayed	Eng. Abdulmajed A. AlShaikh	Eng. Thamer A. Bin Rayes

1 CORPORATE INFORMATION

Mayar Holding Company (the "Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia with Commercial Registration No. 1010398836 dated 20 Safar 1435H (corresponding to 23 December 2013). The Company is licensed to engage in managing subsidiaries of holding companies, owning real estate and movables necessary for holding companies, providing loans, guarantees, and financing for subsidiaries of holding companies, owning and leasing industrial property rights to subsidiaries of holding companies.

During the year ended 31 December 2021, the Company's board of directors approved the plan to list the Company's ordinary shares in Nomu – Parallel Market which was performed by way of private placement. The offering did not constitute an offer to the public in any jurisdiction outside Kingdom of Saudi Arabia. Trading in listed shares on the parallel market is limited to existing shareholders (excluding the Company's major shareholders who own (5%) or more of share capital and to whom the prohibition period is applicable), as well as categories of qualified investors. On 22 Shaban 1444H (corresponding to 14 March 2023), Capital Market Authority (CMA) approved the Company's application to register its shares for direct listing on Nomu – Parallel Market. The Company's shares were listed on Nomu – Parallel Market on 20 Ramadan 1444H (corresponding to 11 April 2023). From the date of listing, the Company has started trading as a Joint Stock Company.

The financial statements of following subsidiaries are included in these consolidated financial statements:

Directly and indirectly owned subsidiary	*Principal activities*	*Country of incorporation*	*31 December 2023*	*31 December 2022*
Gulf Elevators & Escalators Company Limited	Manufacturing Elevators & Escalators	Saudi Arabia	100%	100%
Fuji Saudi Arabia for Elevators & Escalators Company Limited.	Trading Elevators & Escalators	Saudi Arabia	100%	100%
Elevators Solutions for Operation & Maintenance Company	Trading Elevators & Escalators	Saudi Arabia	100%	100%
Egypt Gulf Elevators & Escalators Company Limited. (i)	Manufacturing Elevators & Escalators	Arab Republic of Egypt	60%	60%
Jedaya Agriculture Company (iii)	Trading in feed and agriculture	Saudi Arabia	99.3%	100%
Saudi Drip Irrigation Company Limited	Trading in Irrigation systems	Saudi Arabia	100%	100%
Misr Gulf for Modern Industries Company	Manufacturing rubber soles for shoes	Arab Republic of Egypt	100%	100%
Creative Performance Company for Elevators	Trading Elevators & Escalators	Saudi Arabia	100%	100%
Rasa Company for Food Industries (ii)	Food Manufacturing	Saudi Arabia	97.4%	-

(i) This is indirectly owned subsidiary.

(ii) The entity was established on 25 Duh Al-Qi'dah 1444 H (corresponding to 15 June 2023) and has not started any operations as of 31 December 2023.

(iii) During the year ended 31 December 2023, the Group disposed 0.7% interest in the voting shares of Jedaya Agriculture Company decreasing its ownership interest to 99.3% at a carrying value of SR 109,000, hence no gain or loss was recognised on this this change in ownership without loss of control.

2 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), collectively hereafter referred to as "IFRS"

The consolidated financial statements have been prepared under the historical cost convention, except for land which has been measured at fair value. The consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional and presentation currency. All financial information has been rounded off to the nearest currency unit (Saudi Riyal), unless otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Certain prior period figures have been reclassified to conform to the current period's presentation.

3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries listed in note 1 as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The following are detail of material accounting policies information applied by the Group in preparing its consolidated financial statements. These policies have been consistently applied to the year presented, unless otherwise stated.

a) ***Business combination***
Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Subsequently, for the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed off in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

For business combinations involving entities under common control the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of income and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) ***Current versus non-current classification of assets & liabilities***

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities are classified as non-current.

c) ***Fair value measurement***

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the below-mentioned fair value hierarchy and based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) ***Fair value measurement*** (continued)

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

d) ***Property, plant and equipment***

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized with the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria related to the provision are met. Work in progress is stated at cost, net of accumulated impairment losses, if any.

On commissioning, work in progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Group's policies.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Lands and construction work in progress are not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Category	***No. of years***
Buildings	15-30
Irrigation systems and wells	5-30
Leased hold improvements	Lease term or 4 years, whichever is less
Machinery and equipment	4-20
Furniture & office equipment	4-10
Motor vehicles	4-6
Computer equipment	4-5
Tools	4

Any item of property, plant and equipment and any significant part that was originally recognized is derecognized upon disposal; (i.e., on the date the recipient obtains control) or when no future benefits are expected from the use or disposal. Any gain or loss arising on derecognition of an asset (which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The residual value, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each financial year, and adjusted prospectively, if appropriate.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) ***Inventories***

Inventory is stated at cost or at net realizable value (i.e. estimated selling price minus completion and selling costs), whichever is lower. The costs incurred in bringing each product to its present location and condition are calculated as follows:

- Raw materials: purchase cost on a weighted average cost basis.
- Finished Goods and Work in progress: The cost of materials, direct labor and a share of manufacturing overheads based on normal operating capacity, excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

f) ***Financial instruments – initial recognition and subsequent measurement***

A financial instrument is any contract that gives rise to the Group's financial assets and financial liabilities or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as financial assets at amortised cost (debt instruments) which are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include cash and cash equivalents, trade receivables and amounts due from related parties.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) *Financial instruments – initial recognition and subsequent measurement (continued)*

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) *Financial instruments – initial recognition and subsequent measurement (continued)*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified as financial liabilities at amortised cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) **Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) *Cash and cash equivalents*
Cash and cash equivalents in the consolidated statement of financial position consist of bank balances and cash in hand, which are subject to an insignificant risk of changes in value. Cash and cash equivalents that are subject to bank restrictions and are not available for use are excluded from cash and cash equivalents for the purpose of preparing the cash flow statement.

h) *Treasury shares*
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

i) *Employee benefits*
The Group implements defined benefit programs under the applicable Saudi Labor Law on the basis of the employees' cumulative periods of service as at the date of the consolidated statement of financial position. The cost of providing benefits under defined benefits programs is determined individually for each program using the projected unit credit method.

Re-measurements, which include actuarial gains and losses, are recognized immediately in the consolidated statement of income in the period in which they occur. Re-measurements are not reclassified to the consolidated statement of income in subsequent periods.

Past service costs are recognized in the consolidated statement of income on the earlier date between:
- Date of plan the plan amendment or curtailment, and
- Date on which the Group recognizes related restructuring costs.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) ***Employee benefits (continued)***

Net interest is calculated by applying the discount rate to the net identifiable liabilities or assets. The Group recognizes the following changes in the net defined benefits obligation under "cost of sales", "general and administrative expenses" and "selling and distribution" item in the consolidated statement of income:

- Service costs which include current service costs, past service costs, and gains and losses from non-routine reductions and adjustments
- Net interest expense or income.

j) ***Zakat and income tax***

Zakat is provided for in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final zakat and income tax assessments are recorded in the period in which such assessments are made.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

k) ***Provisions***

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using the current rate that reflects, when appropriate, the risks associated with that obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost.

l) ***Onerous contracts***

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

m) ***Contingent assets and liabilities***

Contingent assets are not recognized in the consolidated financial statements, but are disclosed when it is probable that economic benefits will be acquired. An assessment is made at each reporting date to recognize contingent liabilities, which represent contingent liabilities arising from past events that can only occur with the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) ***Revenue from contracts with customers***

The Group is in the business of manufacturing and installation of elevators and escalators. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Sales of goods

The Group recognizes revenue when control of the products sold is transferred to the customer, which is taken into consideration in the context of the five-step revenue recognition method and the application of applicable shipping conditions.

Allocation of performance obligations

In some cases, the Group identifies delivery services as a distinct and identifiable item separately from the sale of the goods. Revenue from such services is recognized when the Group transfers control of the goods at the Group's loading site and delivers delivery services to the buyer's site. The Group allocates a portion of the total transaction price to delivery services based on its best estimate of similar independent services.

Contract revenue

Revenue from fixed-price contracts is recognized based on the percentage of completion method, which is determined using the ratio of the costs incurred so far to the total costs related to fulfilling the contracts at the discretion of management. No contract profits are recognized until management believes that the outcome of that contract can be evaluated with reasonable certainty. In the case of contracts that are expected to incur losses, a provision is made in full for estimated future losses. The value of work completed in excess of billed amounts is included in current assets, less provision for any losses incurred or foreseen on completion of contracts, advances for completed works and received or receivable progress claims. In cases where the progress amounts received or receivable exceed the value of the completed works, the increase is included within the current liabilities as claims for the increase in the value of the executed works.

Contract modifications, i.e. change orders, are accounted for as part of existing contracts, with a cumulative preemptive adjustment to revenue.

For significant contract modifications, separate contract recognition may be done, at the discretion of management for the following factors:

An increase in the scope of the contract business due to the addition of promised goods or services that are self-distinguishable, an increase in the contract price by an amount that reflects the company's independent selling prices

for additional promised goods or services, and any appropriate adjustments to that price to reflect the circumstances surrounding the contract in question.

Contract balances

i) Contract Assets

Contract assets represent the right to receive consideration for the goods or services transferred to the customer. In the event that the Group transfers the goods or services to the customer before the customer pays the consideration or before it is due, the value of the executed works in excess of the billing is recognized for the consideration earned which is conditional on successful completion.

ii) Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) ***Revenue from contracts with customers (continued)***

iii) Contract Liability

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

iv) Retention receivable

Retention receivable represents the portion of invoices retained by customers in accordance with the contractual terms and can be recovered either upon completion of some phases of the contract or at the end of the contract term.

o) ***Foreign currencies***

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured at historical cost, stated in a foreign currency, are translated at the prevalent exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated at the prevalent exchange rates at the date when the fair value was determined. Gains or losses resulting from translating non-monetary items that were measured at fair value are treated in accordance with the recognition of gains or losses resulting from the change in the fair value of the item (i.e., the translation differences are recognized on the items for which fair value gains or losses are measured in other comprehensive income or profit or loss item, and is also recognized in statement of income or in other comprehensive income, respectively).

In determining the spot exchange rate used on initial recognition of the related assets, expenses and revenue (or any part thereof) upon discontinuation of initial recognition of a non-monetary asset or non-monetary liability relating to the advance consideration, the date of the transaction is the date on which the entity originally recognized the non-monetary asset or liability arising from the advance consideration. If there are multiple payments paid or received in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

p) ***Impairment of non-financial assets***

The Group assesses, at each reporting date, whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is the fair value of the asset or cash-generating unit less costs of disposal and value in use, whichever is higher. The recoverable amount of an individual asset is determined separately, unless the asset does not generate cash flows that are largely independent of the cash flows from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) ***Impairment of non-financial assets (continued)***

In assessing the present value, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions are specified, an appropriate valuation form is used. These calculations are recognized by valuation multiples, listed share prices for publicly traded companies or other available fair value indicators.

Impairment losses from continuing operations are recognized in the consolidated statement of income in the categories of expenses that correspond to the function of impairment assets, except for any previously revalued properties and the revaluation was added to other comprehensive income. In this case, the fair value decrease is recognized in other comprehensive income until it reaches the amount of a previous revaluation.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If any such indication exists, the group estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

q) ***Expenses***

Selling and distribution expenses are those that relate specifically to sales representatives and delivery vehicles in addition to advertising and promotional expenses. All other operating expenses are classified as general and administrative expenses.

r) ***Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

<u>Right of use Asset</u>

The Group recognizes the right to use the assets on the commencement date of the lease (i.e., the date the underlying asset becomes available for use). The right to use asset is measured at cost, less any accumulated impairment losses and depreciation, and adjusted for any re-measurement of the lease liability. The cost of the right-to-use asset comprises the amount of the lease liability recognized, the initial direct costs incurred, and lease payments made on or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use value is amortized on a straight-line basis over its estimated useful life or the lease term. The right-of-use asset is also subject to impairment.

At the commencement date of the lease, the Group 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 embedded fixed payments) less lease incentives receivable and variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the price of exercising the purchase option that the group is certain to exercise and the penalty payments for terminating the lease, if the lease term reflects that the group exercises the termination option. Variable lease payments, which are not dependent on an index or rate, are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

r) ***Leases (continued)***

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accrual of interest and a reduction by the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there is an adjustment, a change in the lease term, a change in the guaranteed fixed lease payments, or a change in the assessment to purchase the underlying asset.

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to short-term leases of commercial premises, places of residence and offices (i.e. leases that have a term of 12 months or less from the start date and do not include a purchase option). The Group also applies the low value asset lease exemption to lease contracts of commercial buildings, places of residence and offices that are considered low value (i.e. less than SAR 18,175). Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Other disclosures related to the uncertainties and risks to which the Group is exposed are as follows:
- Financial Instruments and Risk Management – Note 30
- Disclosures Related to Sensitivity Analyses of employee benefits – Note 16

5.1 Judgments

While applying the Group's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

<u>Property, plant and equipment components</u>

The Group's assets, classified under property, plant and equipment, are depreciated on a straight-line basis over their useful lives. When determining the useful life of an asset, it is broken down into significant components so that each significant component is depreciated separately. Judgment is required when ascertaining significant components of a major asset. While determining the significance of a component, management considers the quantitative significance of that component as well as qualitative factors such as the difference in the useful life compared to the related asset, depreciation method and replacement cycle/maintenance schedule.

5.2 Estimates and assumptions

Below are the key assumptions related to the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements that have a material impact that leads to a material adjustment to the carrying amount of assets and liabilities during the next financial year. The Group has made assumptions and estimates based on the indicators available at the date of preparing the consolidated financial statements. However, existing conditions and assumptions regarding future developments may change due to changes in the market or circumstances outside the Group's control. These changes in the assumptions are reversed when they occur.

<u>Provision for expected credit losses on trade receivables and contract assets</u>

The Group uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. Loss rates are determined based on days past due for different groups of customer segments with similar loss patterns (i.e. in terms of geographic region, product type, customer type, price, coverage with letters of credit and other forms of credit guarantee). The provision matrix is originally determined on the basis of previously observed default rates. The Group calibrates the matrix to adjust for past credit losses with forward-looking information.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

5.2 Estimates and assumptions (continued)

An evaluation of the interrelationship between observed past default rates, expected economic conditions and expected credit losses is an important estimation. The amount of expected credit losses is affected by changes in expected economic conditions and circumstances. Also, the Group's past credit losses and expected economic conditions may not be indicative of the customer's potential actual default in the future.

Employees defined benefits

The provision for employees' end of service benefits is calculated according to the projected unit cost method taking into account the labour laws in the investee countries. The Group is required to make assumptions regarding variables such as discount rates, rate of salary increase, longevity and employee turnover, if applicable. Changes in key assumptions can have a significant impact on the projected benefit obligations and employee defined benefit costs. The assumptions are reviewed at each reporting date.

Defined benefit obligations are discounted at a rate set by reference to relevant market yields at the end of the reporting period on high quality corporate or government bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the bonds, quality of the corporate bonds and the identification of outliers which are excluded, if any.

Useful lives of property, plant and equipment

The useful life of each component of the group's property, plant and equipment is estimated based on the period during which the asset is expected to be available for use. This estimate is based on a collective evaluation of practices in similar businesses, internal technical evaluation, prior experience with similar assets and application of judgments when the asset becomes available for use and starting the depreciation charge.

The estimated useful life of each asset is periodically reviewed and updated in the event that expectations differ from previous estimates as a result of normal depreciation of the asset, technical and commercial obsolescence, legal restrictions or other restrictions on the use of the asset. However, it is possible that future results of operations will be materially affected by changes in the amounts and timing of recorded expenses resulting from changes in the factors mentioned above. Reducing the estimated useful life of any item of property, plant and equipment will increase the recorded operation net expenses and reduce the non-current assets.

Revaluation of land

The Group measures its land at revalued amounts, with changes in fair value being recognized in OCI. Land was valued by reference to transactions involving properties of a similar nature, location and condition. The Group engages independent valuation specialists to assess fair values at each year end for the land. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in note 32.

The cost to complete and the percentage of completion of ongoing contracts

The process of estimating the cost to complete and percentage of completion of ongoing contracts requires significant estimates by management. These estimates are necessarily based on assumptions about several factors involving varying degrees of judgments and uncertainty, and actual results may differ from management's estimates which might result in future changes in revenue from contracts with customers.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

5.2 Estimates and assumptions (continued)

Going concern
The Company has incurred a net loss of SR 42 million for the year ended 31 December 2023 and as at that date the accumulated losses reached SR 29 million. Furthermore, as at 31 December 2023, the Company's current liabilities exceeded current assets by SR 157 million, primarily due to expected scheduled debt repayments of SR 253 million over the next twelve months which includes SR 218 million due against a revolving credit facility. Based on the terms of the agreement, a cash settlement cannot be enforced by the lender except in the case of non-compliance with the underlying covenants, a situation that management considers to be an unlikely event given the nature of these covenants. Accordingly, management believes that the repayment date of amounts due under the revolving credit facility will continue to be rolled over until the expiry of the agreement, as was the case in the past. Furthermore, as at 31 December 2023, the Company has access to undrawn borrowing facilities amounting to SR 12 million under the same revolving credit facility.

The Board of Directors of the Company has approved the 5-year business plan and believes that the Company has the resources to continue in business for the foreseeable future. Accordingly, the consolidated financial statements of the Company continue to be prepared on a going concern basis.

6 PROPERTY, PLANT AND EQUIPMENT

	Lands SR	*Building and leasehold improvements SR*	*Irigation system SR*	*Machinery and equipment SR*	*Furniture and office equipment SR*	*Motor vehicles SR*	*Computer equipment SR*	*Tools SR*	*Work in progress SR*	*Total SR*
Cost										
1 January 2023	**83,291,264**	**68,896,405**	**21,135,453**	**107,885,524**	**7,297,074**	**19,499,835**	**9,712,514**	**3,950,563**	**43,341,390**	**365,010,022**
Additions	**-**	**111,291**	**-**	**2,802,893**	**460,795**	**1,964,642**	**529,332**	**547,401**	**1,443,697**	**7,860,051**
Disposals	**-**	**(1,015,217)**	**-**	**(360,460)**	**-**	**(2,885,191)**	**(1,739)**	**-**	**-**	**(4,262,607)**
Transfers	**-**	**28,865,811**	**-**	**5,523,727**	**296,755**	**-**	**80,385**	**-**	**(34,766,678)**	**-**
Foreign exchange difference	**(16,950,293)**	**(3,453,289)**	**-**	**(3,963,166)**	**(165,717)**	**(731,115)**	**(71,195)**	**(679,946)**	**(8,574,712)**	**(34,589,433)**
Revaluation surplus	**16,120,932**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,120,932**
31 December 2023	**82,461,903**	**93,405,001**	**21,135,453**	**111,888,518**	**7,888,907**	**17,848,171**	**10,249,297**	**3,818,018**	**1,443,697**	**350,138,965**
Accumulated depreciation										
1 January 2023	**-**	**25,881,553**	**14,425,769**	**70,226,290**	**6,007,162**	**11,216,568**	**8,016,530**	**3,114,886**	**-**	**138,888,758**
Charge for the year	**-**	**2,160,035**	**577,474**	**5,165,622**	**381,001**	**1,399,880**	**558,367**	**360,618**	**-**	**10,602,997**
Disposals	**-**	**(1,015,213)**	**-**	**(281,771)**	**-**	**(1,082,822)**	**(1,739)**	**-**	**-**	**(2,381,545)**
Foreign exchange difference	**-**	**(2,035,630)**	**-**	**(4,474,798)**	**(133,677)**	**(601,111)**	**(404,717)**	**(610,377)**	**-**	**(8,260,310)**
31 December 2023	**-**	**24,990,745**	**15,003,243**	**70,635,343**	**6,254,486**	**10,932,515**	**8,168,441**	**2,865,127**	**-**	**138,849,900**
Net book value as at 31 December 2023	**82,461,903**	**68,414,256**	**6,132,210**	**41,253,175**	**1,634,421**	**6,915,656**	**2,080,856**	**952,891**	**1,443,697**	**211,289,065**

6 PROPERTY, PLANT AND EQUIPMENT (continued)

	Lands SR	*Building and leasehold improvements SR*	*Irigation system SR*	*Machinery and equipment SR*	*Furniture and office equipment SR*	*Motor vehicles SR*	*Computer equipment SR*	*Tools SR*	*Work in progress SR*	*Total SR*
Cost										
1 January 2022	43,376,058	70,164,801	21,135,453	108,291,353	7,560,827	17,198,602	9,674,174	5,707,837	61,614,473	344,723,578
Additions	231,549	12,475	-	1,658,435	347,912	4,144,602	303,163	452,246	4,145,554	11,295,936
Disposals	-	-	-	(333,484)	(48,753)	(1,535,919)	(18,004)	(828,213)	-	(2,764,384)
Transfers	-	-	-	-	-	-	50,000	-	(50,000)	-
Foreign exchange difference	(6,813,952)	(1,280,871)	-	(1,730,780)	(562,912)	(307,450)	(296,819)	(1,381,307)	(22,368,637)	(34,742,727)
Revaluation surplus	46,497,609	-	-	-	-	-	-	-	-	46,497,609
31 December 2022	83,291,264	68,896,405	21,135,453	107,885,524	7,297,074	19,499,835	9,712,514	3,950,563	43,341,390	365,010,022
Accumulated depreciation										
1 January 2022	-	23,790,006	14,621,149	65,187,802	5,727,128	11,732,941	7,706,415	3,891,434	-	132,656,875
Charge for the year	-	2,210,912	769,534	5,221,843	541,019	1,212,397	467,239	400,618	-	10,823,562
Disposals	-	-	-	(183,355)	(43,377)	(1,535,891)	(11,378)	(425,352)	-	(2,199,353)
Foreign exchange difference	-	(119,365)	(964,914)	-	(217,608)	(192,879)	(145,746)	(751,814)	-	(2,392,326)
31 December 2022	-	25,881,553	14,425,769	70,226,290	6,007,162	11,216,568	8,016,530	3,114,886	-	138,888,758
Net book value as at 31 December 2022	83,291,264	43,014,852	6,709,684	37,659,234	1,289,912	8,283,267	1,695,984	835,677	43,341,390	226,121,264

As at 31 December 2023, property, plant and equipment includes machinery and equipment with a cost of SR 27,700,000 (2022: SR 27,700,000) pledged as a security against financing facility.

6 PROPERTY, PLANT AND EQUIPMENT (continued)

	2023 *SR*	*2022* *SR*
Cost of sales (note 23)	**9,793,679**	9,905,780
General and administrative expenses (note 25)	**780,327**	892,036
Selling and distribution expenses (note 24)	**28,991**	25,746
	10,602,997	10,823,562

7 RIGHT-OF-USE ASSETS

The Group leases land, buildings and vehicles. The information about the assets leased by the Group is as follows:

2023

	Land *SR*	*Buildings* *SR*	*Motor vehicles* *SR*	*Total* *SR*
Cost				
As at 1 January 2023	**1,007,032**	**7,507,937**	**8,192,108**	**16,707,077**
Additions during the year	**-**	**4,701,393**	**1,668,776**	**6,370,169**
Write-off and termination	**-**	**(1,697,301)**	**-**	**(1,697,301)**
Foreign exchange difference	**-**	**-**	**(1,087,461)**	**(1,087,461)**
As at 31 December 2023	**1,007,032**	**10,512,029**	**8,773,423**	**20,292,484**
Accumulated depreciation				
As at 1 January 2023	**446,884**	**4,417,678**	**2,432,818**	**7,297,380**
Charged during the year	**111,661**	**2,623,769**	**2,093,300**	**4,828,730**
Write-off and termination	**-**	**(1,207,817)**	**-**	**(1,207,817)**
Foreign exchange difference	**-**	**-**	**(355,128)**	**(355,128)**
As at 31 December 2023	**558,545**	**5,833,630**	**4,170,990**	**10,563,165**
Net book value				
At 31 December 2023	**448,487**	**4,678,399**	**4,602,433**	**9,729,319**

2022

	Land SR	Buildings SR	Motor vehicles SR	Total SR
Cost				
As at 1 January 2022	1,007,032	8,570,289	4,989,917	14,567,238
Additions during the year	-	1,471,261	4,864,221	6,335,482
Write-off and termination	-	(2,533,613)	(153,468)	(2,687,081)
Foreign exchange difference	-	-	(1,508,562)	(1,508,562)
As at 31 December 2022	1,007,032	7,507,937	8,192,108	16,707,077
Accumulated depreciation				
As at 1 January 2022	338,453	4,321,925	1,391,954	6,052,332
Charged during the year	108,431	2,231,362	1,549,446	3,889,239
Write-off and termination	-	(2,135,609)	(132,156)	(2,267,765)
Foreign exchange difference	-	-	(376,426)	(376,426)
As at 31 December 2022	446,884	4,417,678	2,432,818	7,297,380
Net book value				
At 31 December 2022	560,148	3,090,259	5,759,290	9,409,697

7 RIGHT-OF-USE ASSETS (continued)

The factory building of one of the subsidiaries is built on a leased land from the Industrial City in Jeddah for a period of 10 years at a nominal annual rent that started on 7 Dhul Qidah 1436H (corresponding to 21 August 2015). The lease contract has an extention option and the Company expects to renew the contract upon its expiry. The average lease term for the building is 8 years, and for vehicles is 4 years.

	2023	*2022*
	SR	*SR*
Cost of sales (note 23)	**2,562,529**	2,738,596
General and administrative expenses (note 25)	**1,695,504**	778,816
Selling and distribution expenses (note 24)	**570,697**	371,827
	4,828,730	3,889,239

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023	*2022*
	SR	*SR*
As at 1 January	**8,949,932**	7,474,510
Additions during the year	**6,370,169**	6,335,482
Financial charges (note 26)	**768,626**	441,152
Payment during the year	**(5,560,874)**	(2,638,505)
Termination	**(517,986)**	(528,301)
Foreign exchange difference	**(724,614)**	(2,134,406)
As at 31 December	**9,285,253**	8,949,932
Current portion of the lease liabilities	**4,481,009**	4,438,681
Non-current portion of lease liabilities	**4,804,244**	4,511,251

The maturity analysis of lease liabilities is disclosed in note 30.

8 INVENTORIES

	2023	*2022*
	SR	*SR*
Raw materials	**45,143,945**	50,380,800
Finished goods	**19,803,738**	32,895,878
Consumables	**7,490,205**	9,467,347
Goods in transit	**5,688,391**	-
Work in progress	**5,352,776**	2,978,476
	83,479,055	95,722,501
Less: provision for obsolete and slow-moving inventories	**(6,705,166)**	(6,340,940)
	76,773,889	89,381,561

8 INVENTORIES (continued)

Movement in provision for obsolete and slow-moving inventories was as follows:

	2023 *SR*	*2022* *SR*
As at 1 January	**6,340,940**	7,026,333
Charge (reversal) for the year	**364,226**	(685,393)
As at 31 December	**6,705,166**	6,340,940

9 TRADE RECEIVABLES

	2023 *SR*	*2022* *SR*
Trade receivables	**94,133,283**	97,867,210
Less: Allowance for expected credit losses	**(32,023,345)**	(27,153,354)
	62,109,938	70,713,856

Trade receivables are non-interest bearing and generally with collection term of between 30 – 180 days.

Movement in the allowance for expected credit losses during the year is as follows:

	2023 *SR*	*2022* *SR*
As at 1 January	**27,153,354**	28,055,850
Write-off	**(1,933,566)**	(1,155,061)
Charge for the year	**6,803,557**	252,565
As at 31 December	**32,023,345**	27,153,354

The aging analysis of trade receivables and provision for expected credit losses is as follows:

	Not overdue *SR*	*91-120 days* *SR*	*121-360 days* *SR*	*More than 360 days* *SR*	*Total* *SR*
31 December 2023					
Gross carrying amount	**42,921,645**	**4,517,149**	**7,105,897**	**39,588,592**	**94,133,283**
Expected credit loss	**254,234**	**602,701**	**2,522,917**	**28,643,493**	**32,023,345**
Expected credit loss rate	**1%**	**13%**	**36%**	**72%**	
31 December 2022					
Gross carrying amount	40,261,578	5,339,445	17,674,121	34,592,066	97,867,210
Expected credit loss	183,721	243,878	2,555,121	24,170,634	27,153,354
Expected credit loss rate	1%	5%	14%	70%	

10 CONTRACT ASSETS

	2023 *SR*	*2022* *SR*
Contract assets	**50,599,503**	26,656,860
Less: Allowance for expected credit losses	**(2,732,963)**	(1,217,183)
	47,866,540	25,439,677

Movement in the allowance for expected credit losses during the year is as follows:

	2023 *SR*	*2022* *SR*
As at 1 January	**1,217,183**	736,077
Charge during the year	**1,515,780**	481,106
As at 31 December	**2,732,963**	1,217,183

11 PREPAYMENTS AND OTHER CURRENT ASSETS

	2023 *SR*	*2022* *SR*
Advance to suppliers	**18,650,947**	18,462,607
Retention receivable	**4,263,414**	3,022,645
Margin deposits on letters of guarantee and documentary credit	**3,003,600**	2,980,350
Prepaid expenses	**2,826,874**	2,749,198
Employees’ receivables	**773,631**	523,421
Government subsidy	-	7,562,787
Others	**2,450,617**	803,579
	31,969,083	36,104,587

The management has conducted an ECL assessment on margin deposits, advance to suppliers and other receivables and has concluded that the ECL is not significant against the related balances.

12 RELATED PARTIES TRANSACTIONS AND BALANCES

The sales to and purchases from related parties are made on mutually agreed terms. The outstanding balance with related parties is unsecured and without interest and is payable on demand unless otherwise stated.

Following are the details of the significant transactions with related parties during the year:

			Amount of transaction	
Name of related party	*Nature of relationship*	*Nature of transaction*	***2023 SR***	*2022 SR*
Helwan Machinery & Equipment Company	Affiliate	Contract revenue	**30,337,103**	49,001,451
		Funding	**3,647,904**	5,843,891
		Fines (note 27)	**-**	2,193,054
		Equipment rent	**-**	1,024,549
National Authority for Military Production	Affiliate	Funding	**3,647,904**	5,843,891
Aklna Trading Company	Affiliate	Advance payment for investment	**-**	3,500,000
Taya Holding Company	Shareholder	Funding	**4,400,000**	-
		End of service benefits	**-**	21,984
Clarity of Vision Information Technology	Affiliate	IT services charges	**443,500**	1,726,000
		End of service benefits	**220,224**	-
Arabian Gulf for Contracting and Maintenance Company	Affiliate	Expenses paid on behalf of affiliate	**-**	2,500,000
Mr. Ali Alhumaid	Affiliate	Payment on behalf of Group Affiliate	**-**	279,953
Misr Polymers Company	Affiliate	Expenses paid on behalf of the Company	**15,664**	65,735
Sadric Egypt for Industries	Affiliate	Expenses paid on behalf of the Company	**161,760**	-
Taya Real Estate Company	Affiliate	Rent	**1,893,990**	1,911,710
Edama Utilities Company for Operation & Maintenance	Affiliate	Sales	**78,703**	-
		Purchases	**13,495**	-

12 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Following is a summary of balances with related parties, which are shown in the consolidated statement of financial position:

Amounts due from related parties

	2023	*2022*
	SR	*SR*
Sadric Egypt for Industries	**8,151,271**	8,313,031
Arabian Gulf for Contracting and Maintenance Company	**4,163,746**	4,161,459
Aklna Trading Company	**3,690,140**	3,531,292
Clarity of Vision Information Technology Company	**436,641**	-
Adeeb Alfadil	**395,705**	393,873
Ali Alhumaid	**296,166**	279,953
Misr Polymers Company	**81,399**	65,735
Misr Saudi for Contracting Company	**78,294**	962,353
Edama Utilities Company for Operation & Maintenance	**65,208**	-
	17,358,570	17,707,696

Amounts due to related parties

	2023	*2022*
	SR	*SR*
National Authority for Military Production	**13,264,663**	10,378,037
Helwan Company for Machinery and Equipment	**13,242,922**	11,138,356
Taya Real Estate Company	**268,857**	206
Taya Investment Company	**6,321**	-
	26,782,763	21,516,599

Amounts due to shareholders

	2023	*2022*
	SR	*SR*
Taya Holding Company	**4,400,000**	-
Eng. Abdullah Bin Rayes	**651,424**	-
Mr. Hatem Elharthy	**550,000**	1,300,000
Mr. Fahad Al Ajlan	**-**	34,465
	5,601,425	1,334,465

Compensations for the key management personnel of the Group

The key management personnel of the Group consist of the Board of Directors and senior management members who have the authority and responsibility for planning, directing and controlling the activities of the Group.

	2023	*2022*
	SR	*SR*
Salaries and benefits	**6,197,322**	7,840,899
Long term benefits	**349,743**	141,900

13 CASH AND BANK BALANCES

	2023	*2022*
	SR	*SR*
Cash at banks	**8,226,501**	9,254,609
Cash in hand	**595,895**	397,084
	8,822,396	9,651,693

14 SHARE CAPITAL AND TREASURY SHARES

a. Share capital

As at 31 December 2023, the share capital of the Company consists of 120,000,000 shares (2022: 6,000,000 shares) of par value of SR 0.5 (2022: SR 10) each. The extra ordinary general assembly in its meeting, held on 13 Rabi Al Awwal 1445H (corresponding to 28 September 2023), approved to split the Company's shares from 6 million ordinary shares to 120 million ordinary shares at a nominal value of SR 10 for each to SR 0.5 for each share. This has not resulted in a change in the value of the Company's share capital. All legal formalities in relation to share split has been completed as of 31 December 2023.

Pursuant to the shareholders resolution, dated 6 December 2021, the share capital of the Company was increased from SR 5,000,000 (500,000 shares) to SR 60,000,000 (6,000,000 shares) as follows:

a) through issuance of new 67,000 shares (par value SR 10 each) for cash at a share price of SR 831 each and recognized share premium of SR 55,007,000.
b) through issuance of 5,433,000 shares by capitalizing share premium amounting to SR 54,330,000.

All the legal formalities related to issuance of the above new shares were completed during the year ended 31 December 2022. The transaction cost attributable to issuance of shares amounting to SR 2,560,656 was charged directly to equity as a reduction in share premium and retained earnings.

b. Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Company. As at 31 December 2023, the Company held 1,545 shares (31 December 2022: 1,545 shares) amounting to SR 1,283,933 (31 December 2022: SR 1,283,933).

15 STATUTORY RESERVE

During the meeting held on 24 Rabi Al Awwal 1445H (corresponding to 9 October 2023), the Company's extraordinary general assembly approved certain amendments to the Company's by-laws to comply with the new applicable companies' law, including elimination of the requirement of transfer to a statutory reserve. Moreover, the same extraordinary general assembly approved the transfer of the statutory reserve balance amounting to SR 1,580,638 to retained earnings.

16 EMPLOYEE BENEFIT OBLIGATIONS

The Group provides end of service benefits to its employees taking into consideration the local labor laws, employment market and tax laws of the countries where the companies are located.

End of service benefits are mandatory for all employees who are based in the Kingdom of Saudi Arabia under the Saudi Arabian labor law and the Group's employment policies. End of service is based on employees' compensation and accumulated period of service and is payable upon termination, resignation or retirement. The Defined Benefit Obligation ("DBO") in respect of employees' end of service benefits is calculated by estimating the future benefits payments that employees have earned in return for their service. An appropriate discount rate is then applied to determine the present value of the Group's obligation. The DBO is an unfunded plan.

Re-measurements are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

16 EMPLOYEE BENEFIT OBLIGATIONS (continued)

	2023	*2022*
	SR	*SR*
As at 1 January	**13,039,555**	15,208,667
Current services cost	**2,102,807**	1,750,438
Finance cost	**619,000**	421,451
	2,721,807	2,171,889
Benefits paid during the year	**(1,376,469)**	(2,240,176)
Loss (gain) on remeasurement of defined benefits obligations	**656,469**	(2,100,825)
As at 31 December	**15,041,362**	13,039,555

The significant assumptions used in determining the defined benefit obligations are set out below:

	2023	*2022*
Discount rate	**4.8%** – **4.9%**	4.2% – 4.5%
Average salary increases	**2%** – **3%**	2% – 3%

The table below illustrates the approximate DBO if the Group were to change one key assumption, while the other actuarial assumptions remain unchanged. The sensitivity analysis is intended to illustrate the inherent uncertainty in the valuation of the DBO under market conditions at the measurement date. These results cannot be extrapolated due to non-linear effects that changes in key actuarial assumptions may have on the total DBO. The sensitivities only apply to the DBO and not to the net amounts recognized in the consolidated statement of financial position. The quantitative sensitivity analysis of significant assumptions on defined benefits obligation is as follows:

	2023	*2022*
	SR	*SR*
Discount rate		
Increase by 1%	**(14,053,000)**	(12,167,000)
Decrease by 1%	**16,059,000**	14,004,000
Average salary increases		
Increase by 1%	**16,071,000**	13,378,000
Decrease by 1%	**(14,025,000)**	(12,783,000)

17 LONG-TERM BORROWINGS

The Group has loans from local banks amounting to SR 64.5 million (31 December 2022: 64.5 million). The average markup on the loans is 2.75% per annum plus SIBOR. The movement in the loans is as follows:

	2023	*2022*
	SR	*SR*
As at 1 January	**60,302,420**	26,223,621
Additions during the year	**30,561,168**	52,641,776
Payments during the year	**(50,452,420)**	(18,562,977)
	40,411,168	60,302,420
Current portion	**34,409,316**	28,898,387
Non-current portion	**6,001,852**	31,404,033

18 BANK OVERDRAFTS AND SHORT-TERM BORROWINGS

The Group has obtained overdraft facilities and short-term loans from local banks to finance working capital requirements. These facilities are secured by personal guarantees, promissory notes from certain shareholders of the parent company and the proceeds from certain projects. These facilities carry a commission based on the prevailing market commercial rates. The outstanding balance of these facilities and loans as at 31 December 2023 was SR 208 million (2022: SR 179 million).

19 TRADE PAYABLES, ACCRUALS AND OTHERS

	2023 ***SR***	*2022* *SR*
Trade payables	**43,186,781**	56,116,867
Accrued liabilities	**16,165,522**	17,380,861
Value added tax payable	**13,861,235**	577,794
Retention payable	**2,468,306**	-
Employees payable	**2,228,270**	2,447,335
Professional fees payable	**494,309**	523,501
Others	**3,312,290**	1,806,591
	81,716,713	78,852,949

20 CONTRACT LIABILITIES

	2023 ***SR***	*2022* *SR*
Advance payments from customers	**39,919,792**	27,783,851
	39,919,792	27,783,851

21 ZAKAT AND INCOME TAX

21.1 Zakat

The zakat charge for the year consists of current year charge amounting to SR 470,754 (2022: SR 346,907).

The zakat base for the year was calculated according to the following basis:

	2023 ***SR***	*2022* *SR*
Shareholders’ equity	**122,487,599**	12,402,413
Opening provisions and other adjustments	**74,922,816**	104,099,412
Carrying amount of long-term assets	**(168,236,633)**	(228,262,442)
	29,173,782	(111,760,617)
Adjusted income for the year	**(3,440,788)**	8,190,641
Zakat base	**25,732,994**	(103,569,976)

The difference between the financial and the results subject to zakat are mainly due to provisions which are not allowed in the calculation of adjusted income for the year.

21 ZAKAT (continued)

21.2 Movement of zakat provision

The movement of the zakat provision during the year was as follows:

	2023 SR	*2022* SR
At the beginning of the year	**400,000**	875,206
Charge for the year	**470,754**	346,907
Paid during the year	**(204,766)**	(822,113)
At the end of the year	**665,988**	400,000

21.3 Zakat assessments

The zakat liability of the Company and its wholly owned subsidiaries is calculated on a consolidated basis as part of the consolidated zakat return. Consolidated zakat returns for all years until 2022 have been filed with Zakat, Tax and Customs Authority ("ZATCA") and are still under review of ZATCA.

21.4 Income Tax

The tax expense and income tax provision included in these consolidated financial statements relates to the operations of our subsidiary in Egypt and is calculated based on the tax laws and regulations of Egypt.

	2023 SR	*2022* SR
At the beginning of the year	**1,033,114**	195,736
(Reversal) charge for the year (i)	**(33,426)**	1,033,114
Paid during the year	**(1,033,114)**	(195,736)
At the end of the year	**(33,426)**	1,033,114

(i) During the year, tax charge for a subsidiary was amounted to SR 170,000 which is outstanding as at 31 December 2023. Furthermore, the reversal of temporary difference related to deferred tax amounted to SR 203,426 and related deferred tax was amounted to SR 203,426.

22 REVENUE

	Timing of revenue recognition	*2023* SR	*2022* SR
Sale of feed and agriculture products	At a point in time	**140,261,437**	209,444,431
Contracts revenue	Over the time	**107,252,228**	89,160,207
Sale of plastic products	At a point in time	**83,090,082**	91,486,835
Maintenance services	Over the time	**17,568,965**	17,506,531
Sale of spare parts	At a point in time	**6,786,461**	6,188,807
		354,959,173	413,786,811

23 COST OF SALES

	2023	*2022*
	SR	*SR*
Direct material cost	**236,622,774**	272,653,659
Employee-related cost	**37,797,186**	39,571,672
Installation costs	**10,150,642**	13,916,923
Depreciation of property, plant and equipment (note 6)	**9,793,679**	9,905,780
Maintenance cost	**2,583,956**	2,679,029
Depreciation of right-of-use assets (note 7)	**2,562,529**	2,738,596
Utilities	**2,443,896**	3,822,566
Others	**12,200,234**	12,784,172
	314,154,896	358,072,397

24 SELLING AND DISTRIBUTION EXPENSES

	2023	*2022*
	SR	*SR*
Employee-related expenses	**7,880,601**	6,881,928
Sales commission	**1,650,055**	1,555,195
Depreciation of right-of-use assets (note 7)	**570,697**	371,827
Depreciation of property, plant and equipment (note 6)	**28,991**	25,746
Others	**1,721,404**	1,870,450
	11,851,748	10,705,146

25 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	*2022*
	SR	*SR*
Employee related expenses	**27,282,206**	23,002,864
Professional fees	**3,837,626**	3,346,610
Depreciation of right-of-use assets (note 7)	**1,695,504**	778,816
Repairs and maintenance	**1,000,407**	1,045,174
Utilities	**946,341**	925,171
Travel expenses	**889,351**	857,756
Depreciation of property, plant and equipment (note 6)	**780,327**	892,036
Freight expenses	**705,796**	1,050,741
Others	**5,881,802**	4,718,478
	43,019,360	36,617,646

26 FINANCIAL CHARGES

	2023	*2022*
	SR	*SR*
Financial charges on borrowings	**19,066,083**	12,173,161
Financial charges on the lease liabilities	**768,626**	441,152
	19,834,709	12,614,313

27 OTHER INCOME, NET

	2023 *SR*	*2022* *SR*
Rental income	**2,237,609**	2,935,239
Governmental support	**968,925**	556,664
Income from scrap sales	**412,164**	484,323
Gain on disposal of property, plant and equipment	**190,263**	537,799
Income from fines on customers (note 12)	**-**	2,193,054
Others	**544,267**	1,156,638
	4,353,228	7,863,717

28 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares during the year.

Diluted earnings per share amounts are calculated by dividing the net income for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The earning per share of the Company for the year ended 31 December 2022 has been retrospectively adjusted due to the reasons mentioned in note 14a. The following table shows income and shares data used to calculate the basic and diluted earnings per share:

	2023 *SR*	*2022* *Restated* *SR*
Net (loss) income attributable to the equity holders of the Parent	**(38,217,486)**	1,381,023
Weighted average number ordinary shares	**120,000,000**	120,000,000
(Loss) earnings per share from net (loss) income attributable to equity holders of the Parent	**(0.32)**	0.01

There are no items that have diluted the weighted average number of ordinary shares.

29 NON-CONTROLLING INTEREST

	2023 *SR*	*2022* *SR*
As at 1 January	**15,368,561**	4,998,385
Contribution	**1,900,374**	12,603,783
Share of loss for the year	**(3,657,418)**	(574,642)
Share of other comprehensive loss for the year	**(7,364,992)**	(1,658,965)
As at 31 December	**6,246,525**	15,368,561

30 FINANCIAL INSTRUMENTS

30.1 Financial assets

	2023	*2022*
	SR	*SR*
Financial assets carried at amortized cost		
Trade receivables (note 9)	**62,109,938**	70,713,856
Contract assets (note 10)	**47,866,540**	25,439,677
Amounts due from related parties (note 12)	**17,358,570**	17,707,696
Other current assets	**10,491,262**	14,892,782
Cash and bank balances (note 13)	**8,226,501**	9,254,609
Total financial assets carried at amortized cost	**146,052,811**	138,008,620

30.2 Financial liabilities

	2023	*2022*
	SR	*SR*
Financial liabilities carried at amortized cost		
Bank overdrafts and short-term loans (note 18)	**207,848,409**	178,832,450
Trade and other payables (note 19)	**51,689,956**	60,894,294
Long-term borrowings (note 17)	**40,411,168**	60,302,420
Amounts due to related parties (note 12)	**26,782,763**	21,516,599
Lease liabilities (note 7)	**9,285,253**	8,949,932
Amounts due to shareholders (note 12)	**5,601,425**	1,334,465
Total financial liabilities carried at amortized cost	**341,618,974**	331,830,160

30.3 Fair value measurement

Financial assets consist of cash and bank balance, trade receivables, contract assets, other current assets and amounts due from related parties. Financial liabilities consist of trade and other liabilities, lease liabilities, bank borrowing and amount due to related parties and shareholders. The fair values of financial assets and financial liabilities approximate their carrying values at the reporting date mainly due to the short-term maturities and frequent repricing of these instruments and are classified as level 2.

As at 31 December 2023 and 2022, there were no financial instruments measured at fair value**.**

30.4 Financial risk management

The Group's activities expose it to various financial risks, including market risk (which includes currency risk and commission rate risk), credit risk and liquidity risk.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplinary and constructive control environment in which all employees understand their roles and obligations.

30 FINANCIAL INSTRUMENTS (continued)

***30.4 Financial risk management* (continued)**

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk
The Group's policies limit the amount of credit exposure to any individual peers based on their credit rating as well as other factors. Moreover, the Group's policies require that bank balance are invested with a diversified group of financial institutions, in the majority of cases with investment grade credit ratings. The Group ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third party rating models. The expected credit losses details are given in note 9.

With respect to the credit risk exposure of other financial assets, namely, due from related parties, bank deposits and other current assets, the maximum credit risk of the Group is limited to their carrying values, in case there is a failure of the other party to meet its obligation.

Liquidity risk
Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group approach to managing liquidity risk is to maintain sufficient bank balance ensuring the availability of incremental funding through credit facilities. The Group invests excess cash in current accounts and time deposits ensuring instruments with appropriate maturities or sufficient liquidity to meet forecast cash flow requirements.

The table below summarizes the maturity profile of the Group's financial liabilities based on undiscounted contractual payments:

As at 31 December 2023

	Within 1 year SR	*Between 1 to 5 years SR*	*No specified maturity SR*	*Total SR*
Long term borrowings	**35,190,000**	**6,642,700**	**-**	**41,832,700**
Bank overdrafts and short-term borrowings	**218,240,829**	**-**	**-**	**218,240,829**
Lease liabilities	**4,635,068**	**5,250,679**	**-**	**9,885,747**
Trade payables and others	**51,689,956**	**-**	**-**	**51,689,956**
Amounts due to related parties	**-**	**-**	**26,782,763**	**26,782,763**
Amounts due to shareholders	**-**	**-**	**5,601,425**	**5,601,425**
Total	**309,755,853**	**11,893,379**	**32,384,188**	**354,033,420**

As at 31 December 2022

	Within 1 year SR	*Between 1 to 5 years SR*	*No specified maturity SR*	*Total SR*
Long term borrowings	29,765,350	33,288,200	-	63,053,550
Bank overdrafts and short-term borrowings	187,774,073	-	-	187,774,073
Lease liabilities	3,990,863	5,576,902	-	9,567,765
Trade payables and others	60,894,294	-	-	60,894,294
Amounts due to related parties	-	-	21,516,599	21,516,599
Amounts due to shareholders	-	-	1,334,464	1,334,464
Total	282,424,580	38,865,102	22,851,063	344,140,745

30 FINANCIAL INSTRUMENTS (continued)

30.4 Financial risk management (continued)

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and commission rates will affect fair value or future cash flows of financial instruments of the Group. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk consists of currency risk and commission rate risk as follows:

a) Currency risk
Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries.

The possible impact of +5% and -5% change in EGP exchange rate on Group's net investments in foreign subsidiaries is SR 2,712,844 (2022: SR 2,767,041) and SR (2,998,406) (2022: SR (3,058,309))

The Group's management believes that the currency risk is not significant for all other foreign currencies as the Saudi Riyal exchange rate is almost fixed against those currencies.

b) Commission rate risk
Commission rate risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in special commission rates prevailing in the market. The Group is subject to commission rate risk on its commission bearing assets and liabilities, including bank deposits and loans. The Group manages commission rate risk by constantly monitoring changes in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change in commission rates, with all other variables held constant, of the Group's income before zakat and income tax (through the impact on floating rate borrowings) for the year ended 31 December:

	Gains (losses) through income and equity	
	2023	*2022*
	SR	*SR*
+100 bps	**(2,482,600)**	(2,391,350)
-100 bps	**2,482,600**	2,391,350

30.5 Capital management

The primary objective of the Group's capital management is to support its business and maximize shareholders value.

For the purpose of the Group's capital management, capital comprises issued share capital and all other equity reserves attributable to equity holders. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its operations and maximize shareholder's benefits. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

Neither the subsidiaries nor the Company are subject to externally imposed capital requirements.

No changes were made to the objectives, policies and procedures for capital management during the years ending on 31 December 2023 and 31 December 2022.

31 COMMITMENT AND CONTINGENCIES

The Group's bankers have issued on its behalf bank guarantees amounting to SR 22,271,198 (31 December 2022: SR 4,549,532) in the normal course of business.

32 SHARE-BASED PAYMENTS

Senior Executive Plan

Under the Senior Executive Plan (SEP), share of the Parent are granted to certain senior executives of the Parent provided the said executive must remain in service for a period of two years from the date of grant.

As at 31 December 2023, the Company had the following share-based payment arrangements:

Plan	*Grant Date*	*Number of shares*	*Vesting date*	*Vesting conditions*
Senior Executive plan	12 December 2021	5,600	12 December 2021	Vested immediately
	12 December 2021	2,800	12 December 2022	Remain in service
	12 December 2021	2,800	12 December 2023	Remain in service
		11,200		

The senior executives will be entitled for shares on above mentioned vesting date. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share-based plan. The Group accounts for the SEP as an equity-settled plan.

The estimated fair value of each share granted in the SEP is SR 831 which was based on the valuation performed by the management at the date of grant.

During the year ended 31 December 2023, the Company recognized expenses amounting to SR 1,192,089 (2022: SR 3,461,511) for employees' services against equity-settled share-based payments.

There were no cancellations or modifications to the awards in 2023.

33 REVALUATION OF FREEHOLD LANDS

Management determined that land constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

On 30 September 2022, the Group has changed its accounting policy to measure the freehold land at the revalued amount in accordance with IAS 16 as endorsed in the Kingdom of Saudi Arabia. Previously, the Group followed the policy to keep land at cost.

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on prices of transactions for properties of similar nature, location and condition. As at the date of revaluation on 31 December 2023, the properties' fair values are based on valuations performed by "Makeen AlQimah", "Estnad" and "Art of Value Real Estate Valuation", accredited independent valuers who have valuation experience for similar properties. A net gain from the revaluation of the land of SR 16,120,932 in 2023 (2022: SR 46,497,609) is recognized in statement of other comprehensive income. The amount attributable to equity holders of the Parent was SR 49,032,247 (2022: SR 34,933,797).

34 SEGMENT INFORMATION

For management purposes, the Group is organized into three business segments and holding company. The business segments are determined based on the Group's products.

Elevators and escalators segment
The Group conducts several activities including under this segment which includes manufacturing, selling, installing and maintaining elevators and escalators and their spare parts.

Feed and agriculture
The Group produces compound feed for poultry and livestock.

Plastic segment
The Group produces various plastic products such as drip irrigation systems plastic products, semi-finished plastic compounds, high-quality PVC compounds, EVA products, shoes and sandals products.

Below is an analysis of revenue, gross profit, net (loss) income for the year, property, plant and equipment, total assets and total liabilities for each business segment and holding company:

	Elevators and escalators SR	*Feed and agriculture SR*	*Plastic SR*	*Mayar Holding Company SR*	*Eliminations SR*	*Total SR*
31 December 2023						
Revenues	**196,773,972**	**140,261,437**	**83,832,402**	**-**	**(65,908,638)**	**354,959,173**
Gross profit	**28,841,047**	**(496,617)**	**11,340,829**	**-**	**1,119,018**	**40,804,277**
Net (loss) income for the year	**(6,917,653)**	**(24,548,576)**	**302,498**	**(38,275,202)**	**28,001,357**	**(41,437,576)**
Property, plant and equipment	**76,656,567**	**116,589,843**	**17,941,945**	**100,710**	**-**	**211,289,065**
Total assets	**359,231,651**	**157,430,542**	**61,402,044**	**81,629,371**	**(193,571,382)**	**466,122,226**
Total liabilities	**342,714,421**	**144,293,873**	**31,508,728**	**50,447,112**	**(141,521,261)**	**427,442,873**
31 December 2022						
Revenues	173,770,533	208,652,012	95,396,798	-	(64,032,532)	413,786,811
Gross profit	33,267,855	14,880,159	11,288,186	-	(3,721,786)	55,714,414
Net income for the year	3,786,992	(399,026)	1,964,629	179,972	(4,726,186)	806,381
Property, plant and equipment	95,788,962	109,478,244	20,819,236	34,822	-	226,121,264
Total assets	338,580,902	183,548,028	64,684,809	111,238,024	(213,521,732)	484,530,031
Total liabilities	300,190,837	161,726,788	46,267,795	35,322,938	(151,463,023)	392,045,335

35 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated).

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments toIAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements.

36 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standards / amendments to standards / interpretations	*Effective date*
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

37 SUBSEQUENT EVENTS

In the opinion of the management, no matter has occurred up to and including the date of the approval of consolidated financial statements by the Board of Directors of the Group which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 December 2023.

38 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements, for the year ended on 31 December 2023, were approved by the Company's Board of Directors during its meeting held on 18 Ramadan 1445 H (corresponding to 28 March 2024).