

الكثيري القابضة

AI KATHIRI HOLDING COMPANY



“
Al Kathiri Holding Company
Board of Directors Report
Fiscal Year 2020
”



His Royal Highness
Mohammed Ibn Salman Ibn Abdulaziz Al-Saud
The Crown Prince, Deputy Prime Minister, Minister of Defense



The Custodian of the Two Holy Mosques
King Salman Ibn Abdulaziz Al-Saud

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Chairman's Statement

Dear shareholders of Al Kathiri Holding Company
Peace be upon you.

On behalf of the Board of Al Kathiri Holding Company, I am pleased to present to you the annual report of the company for the year ended December 2020 ,31, the report was prepared in accordance with the Company's Articles of Association and the Saudi Companies Law and the requirements of the Corporate Governance Regulations and the Rules for the Offer of Securities and Continuing Obligations issued by the Capital Market Authority, which Sheds light on the performance and achievements of the company and the efforts it exerts to enhance performance in developing the rights of its shareholders according to what was stated in its final accounts and its financial position for the fiscal year ending on December 2020 ,31. due to Covid19- pandemic The whole world faced the most difficult economic conditions in various fields during the year 2020, which led to the impact on all basic sectors, and with the presence of these challenges beyond our control, the company has developed many plans and procedures to evaluate all expected possibilities to reduce the negative effects Which may be reflected in one way or another on our current and future business results, and we renew our commitment to make all possible efforts aimed at achieving our goals and our strategy in order to ensure the satisfaction of shareholders and investors.

It is also a pleasure for us to extend our sincere thanks to our customers for their loyalty to the company and to our valued shareholders for their continuous support to us, and to all the employees of the company for their dedication and tireless efforts to achieve the company's the goals of the. The company's Board of Directors is fully prepared to answer any inquiries about the information disclosed in this report at the next General Assembly meeting, the date of which will be announced later, By Allah's Well.



CEO's Message

The success we have achieved over the past ten years motivates us to achieve even more successes. This success would not have been possible without the contributions of the company's employees who strive to achieve the company's vision and mission in all the work we do.

We must realize the important role of the Capital Market Authority in facilitating the procedures for the entry of emerging companies to the market and providing more opportunities for these companies. Al Kathiri Holding Company aims to achieve continuous growth and seeks to enhance its business through establishing new partnerships and the utilization of modern technologies. Also, the company focuses primarily on sustainable development in pursuance of reducing the impact of its business on the environment in various sectors, including real estate development, concrete production and building construction works.

Regarding construction technologies, we are seeking to adopt the latest technologies in the field of construction in 2021, which will allow customers to manage construction work without the need of being present on the work site.

In support of Saudi Arabia Vision 2030, Al Kathiri Holding Company is committed to providing additional job opportunities, nurturing talents, and reducing unemployment rates. The company believes that nurturing and supporting local Saudi talent is essential in building a rich and diversified economy.

Considering that the company seeks to adopt modern technologies, the company conducts training courses and workshops to nurture talented young Saudis and teach them how to work on modern technologies. Al Kathiri Holding Company is proud on its teamwork while realizing that every employee is a leader in his field.

As for future goals, Al Kathiri Holding has placed major targets to support the development and reinforcement of its business across the country. We are still at the beginning of the road and have only achieved %30 of our goals so far. In spite of this, being included in the main market of Tadawul has contributed to reinforcing our production, expanding our customer base, growing our sales and business, as well as providing an opportunity for further achievement. We look forward to seizing the opportunities that will be available to us when Tadawul becomes an attractive market globally.

Al Kathiri Holding Company aims to establish long-term partnerships with clients to enhance mutual success. The company has succeeded in building close relationships with its customers using the best modern technologies and the latest manufacturing and production equipment to ensure the quality of its products and services. The company also continues optimizing its business to manage costs and enhance operational efficiency. In pursuit of providing the best trade and transportation solutions to ensure both the safe and efficient delivery of its products on time, the company also provides the highest level of after-sales services in order to fully meet customer needs.



Chapter One

Who We Are

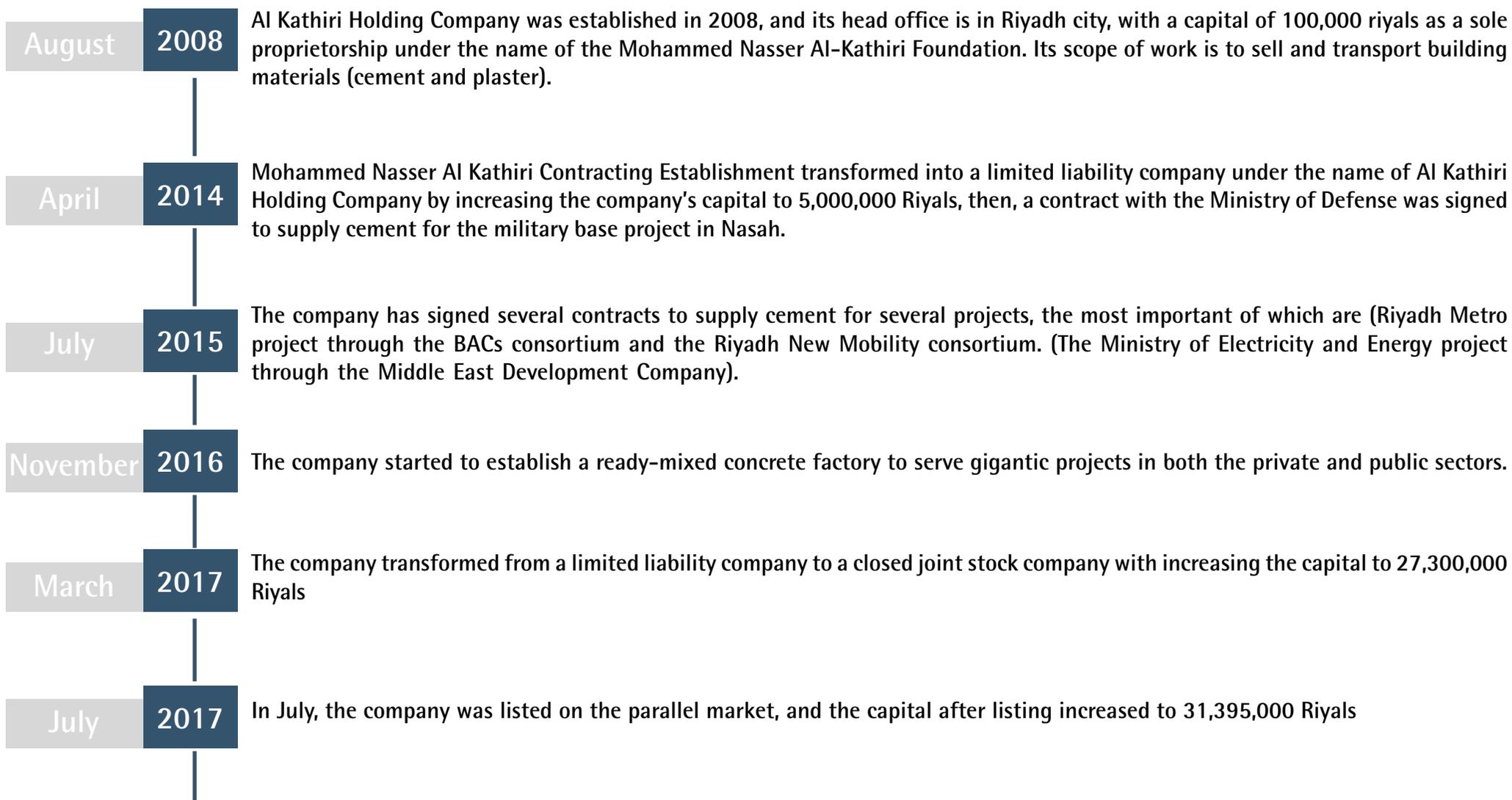


First: About the company

Al Kathiri Holding Company is a Saudi joint stock company established in 2008 with a small number of employees and trucks, the company has grown with increased demand in the market during the urban renaissance in the Kingdom as the company has grown rapidly over the past five years. The company has signed several contracts with cement factories to meet the demand of ready-mix concrete plants during the coming years, the company also supplies cement to the Bacs consortium and the Riyadh New Mobility consortium that implemented the (Riyadh Train) project. The company has also participated in several other projects, including King Abdullah Financial District project and Princess Noura bint Abdul Rahman University. We also participated in the construction of bridges and roads by supplying cement to construction and contracting companies, and our efforts culminated in establishing a ready-mixed concrete factory in the north part the Riyadh city, and the company recently obtained the approval of the Ministry of Housing for the modern construction technology provided by its subsidiary - Alian Industry Company. Thus, the company established a new factory in Sudair industrial & business City to produce precast concrete panels, which will be used to construct prefabricated buildings according to the approved technology.



Second: A brief of the company's transformation.



March 2018

Msandh Al-Emdad Support Company, a wholly owned company of Al Kathiri Holding Company, was established with a capital of 100,000 Riyals for the purpose of providing logistical services and supporting the company's transportation sector.

August 2018

The branch of the company was transferred to Alian Industry Company (one person company), and its activity is to provide the current and future needs in the ready-mix concrete industry with a capital of 500,000 Saudi Riyals fully paid from the company's own resources to support its futuristic plans.

August 2018

The extraordinary General Assembly agreed to increase the capital to 37,674,000 Riyals.

April 2019

The extraordinary General Assembly agreed to increase the capital to 45,208,800 Riyals.

October 2019

The Saudi Stock Exchange Company (Tadawul) agreed to move the company to the main market (TASI), to become the first company to move from the parallel market to the main market.

November 2019

Listing and commencement of trading the shares of Al Kathiri Holding Company in the main market with the symbol (3008) in the basic materials sector, with a daily fluctuation of %10 for the share price.

October 2020

The extraordinary General Assembly agreed to increase the company's capital by offering 4,520,880 ordinary shares with a value of 45,208,800 Riyals, so that the company's capital after the increase would be 90,417,600 Saudi Riyals.

Third: The Company's Vision

To become the leading company in the Kingdom of Saudi Arabia in the field of supplying building materials with innovative solutions, and to contribute to supplying the Saudi market with high-quality products for a sustainable future.

Fourth: The company's mission.

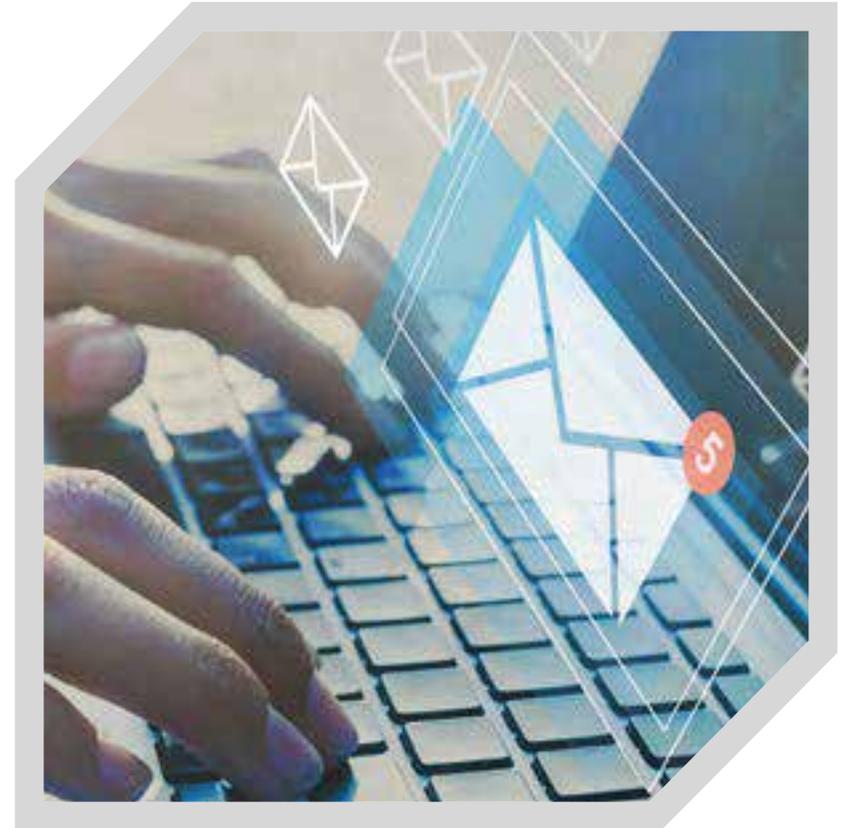
Building mutual trust between the company and its customers to achieve a sustainable society.

Developing the workforce to provide innovative products and solutions.

Paying attention to global standards, quality and satisfaction of producers and consumers.

Striving to leave make a difference on the success and development of society, and to reflect this on the company's clients.

To be the leader in providing future construction solutions and technologies in all aspects and to grow the company by providing what is required to serve customers.



Fifth: The company's objectives

Building is our future, growth is our motto, and achieving 2030 vision is our goal.



We look beyond the year 2030 with an ambitious plan that covers not only our country, but our neighboring countries as well.



Gaining appropriate investment returns that allow the company to grow and expand its current activities and add new activities.



Sixth: Company values



Client

Focusing on serving the customer and achieving the highest benefit for him by providing high quality products at competitive prices and by providing a competent technical support.



Supplier

Creating a long-term business relationship between the company and the supplier based on trust and balance of interests.



Employee

Providing a safe and highly professional work environment that contributes to attracting and maintaining competencies.



Investors

Maintaining shareholders rights of and maximizing investment returns.



Environment

working within the highest environmental standards and developing work systems that contribute to reducing damage to the environment.



Seventh: Company strategy

Constant pursuit of a position that places it among the leading companies in the Kingdom of Saudi Arabia.

Increasing the production capacities of the company's products as well as adding new products.



strengthen the relationship with current customers by meeting their requests and maintaining the highest quality standards through the constant endeavor to develop products.

Continuing to improve operational processes by rationalizing costs and raising operations efficiency.



Eighth: Competitive aspects of the company (advantages)

- ◆ • Providing the best appropriate solutions to meet the needs of trading and transportation of its customers, taking into consideration the delivery at the specified time and place with safety and high efficiency.
- ◆ • The presence of a full and specialized technical team and staff working to fulfill the customers' desires.
- ◆ • Long-term strategic relationships with its clients, achieving the highest standards of mutual success.
- ◆ • After-sales service, with accurate and continuous follow-up with customers and flexibility in dealing with them to gain their satisfaction.
- ◆ • Constant and continuous search for the latest building technologies that serve the construction sector and the use of the latest manufacturing and production equipment.
- ◆ • Multiple sources of cement, which allows many options for customers.
- ◆ • Continuing to satisfy the customer by providing him with products at competitive prices to obtain an ambitious market share.



Ninth: Competitive aspects of the company (advantages)

The main activities of the company are to manage its subsidiaries or to participate in the management of the other companies in which it contributes and to provide the necessary support for them, and to own industrial property rights from patents, trademarks, industrial rights, franchises, and other moral rights and to exploit them and lease them to their subsidiaries or others.

Company Name	Legal Entity	Main Activity	Incorporation Date	Capital	Company Ownership Percentage	State of incorporation and operations
Msandh Al-Emdad Limited Co.	Limited Liability	Providing logistical services and support the company's transportation sector.	2018/03/11	1,000,000	%100	KSA
Alian Industry Co.	Limited Liability	Production, manufacture and sale of ready-mix concrete and precast panels.	2018/08/6	10,000,000	%100	KSA

The company carries out its activities through its headquarters in Riyadh and its subsidiaries in the Kingdom of Saudi Arabia. The main activities of the company are summarized in the following sectors:

- The sector of supplying, transporting, distributing, and selling cement and building raw materials

Transportation, distribution, and sale of cement and building raw materials (gravel and washed sand) to local markets in all regions of the Kingdom, the most important of which are the central and western region markets, through the company's fleet consisting of (24) vehicles, and this sector is managed by the Msandh Al-Emdad LTD Company Which is a Subsidiary and a wholly owned company by Al Kathiri Holding Company.

- The sector of producing and selling ready-mix concrete

Production and sale of ready-mix concrete through the Al Kathiri Ready-Mix Concrete Factory, which allows a production capacity of 2,000 cubic meters per day of ready-mix concrete. In addition, this sector is managed by Alian Industry Company (a subsidiary company) which is wholly owned by Al Kathiri Holding Company.

- 3D concrete panels production sector.

Recently, the company entered the three-dimensional concrete panels production sector, where Alian Industry Company (a subsidiary company) wholly owned by Al Kathiri Holding Company obtained the approval of the 3D concrete panels production technology from the Ministry of Housing on 1441/03/07 (corresponding to 2019/10/03). Furthermore, in cooperation with Emmedue M2 (an Italian company), the company is currently in the process of establishing a factory for the production of 3D concrete panels on an industrial land with an area of 12,308 square meters, located in Sudair City for Industry and Business, and leased from the Saudi Organization for Industrial cities and Technology Zones (MODON).

The construction of the 3D concrete panels production factory began in the fourth quarter of 2019. Where all the construction work of the factory has been completed and machinery and equipment imported from Italy have been received; However, the operation of the factory requires the representatives of the Italian company, (Emmadue) to come to the Kingdom to oversee the installation and assembly of equipment and machinery and train the group's employees, which has become difficult to happen due to the outbreak of the Coronavirus «Covid19-», and therefore we will not be able to identify The date of the actual operation of the factory, noting that it was expected to start operating in the third quarter of 2020.

The maximum production capacity of the 3D concrete panels production factory at %100 actual operation is one million, three hundred thousand (1,300,000) square meters of three-dimensional concrete panels annually, and the company will work during the three years following the first operational year to reach %80 actual operation, which is the maximum energy that the company seeks to produce the necessary three-dimensional concrete panels to build 800 housing units, in line with the requirements of the Ministry of Housing, which requested that the factory have a maximum production capacity that enables it to produce three-dimensional concrete panels to build 800 housing units annually.

The targeted production capacity of the 3D concrete panels production factory.

Operational Year	Production Capacity in Square Meter	Actual Operation Percentage	Number of Targeted Units for Construction
First Year	650,000 – 390,000	%50 – %30	400 – 240
Second Year	910,000 – 650,000	%70 – %50	560 – 400
Third Year	1,040,000 – 910,000	%80 – %70	800 – 560
Fourth Year	1,040,000	%80	800

- Real estate development sector

The company recently entered the real estate development sector, as Msandh Al-Emdad Limited company (a subsidiary company), which is wholly owned by Al Kathiri Holding Company, passed the qualification criteria approved by the Wafi program of the Ministry of Housing, and sought to obtain the pass criteria in order to implement real estate projects by using to modern construction technology with 3D concrete panels, which will be produced by Allian Industry company.



Chapter Two

The Board of Directors and
its Committees

First: The Board of Directors

- A) Formation and classification of the Board of Directors:

The company is managed by a Board of Directors composed of (four members) elected by the Ordinary General Assembly of the shareholders for a period not exceeding three years. The Company's Ordinary General Assembly agreed to re-elect the following members of the Board of Directors for the new session that started on 2020/13/03 and ends on 2023/12/03 from:

No.	Name	Position	Membership Classification		
			Executive	Non-Executive	Independent
1	Rayed Mohammed Nasser Alkathiri	Chairman		✓	
2	Meshal Muhammed Nasser Alkathiri	CEO and Managing Director	✓		
3	Adel Ibrahim Muhammed Alkathiri	Independent Member			✓
4	Saud Muhammed Abdullah Al-Shuraim	Independent Member			✓

- B) Names of Board of Directors members, members of the committees, and their current and previous positions, qualifications, and experiences:

(1) Board of Directors



Rayed Mohammed Nasser Alkathiri

Membership	Non-Executive
Current Job	Alkathiri Holding Company Chairman
Previous Job	Commercial Director of Al Kathiri Holding Company
Qualification	Diploma in Computer from King Saud University
Experience	<ul style="list-style-type: none"> - Commercial Director of Al Kathiri Holding Company from 2015 until 2017. - Working at the General Administration of Security Missions, Project Management and Development in the Ministry of Interior. -Participation in the works of Najmat Al Khayal Company in public schools construction projects



Meshal Muhammed Nasser Alkathiri

Membership	Executive
Current Job	CEO & Managing Director
Previous Job	General Manager of Alkathiri Holding Company
Qualification	Bachelors degree in Marine Science
Experience	<ul style="list-style-type: none"> - General Manager of Al Kathiri Holding Company from 2014 until 2017 - promoted from the rank of a liaison officer to a platoon commander of the Fifth Battalion of the Eastern Fleet. -Membership of the Board of Directors of Lynn Al-Khair Trading Company and Al-Mansa Agricultural Company and Chairman of the Nominations and Remuneration Committee of Lynn Al-Khair Trading Company



Adel Ibrahim Mohammed Alkathiri

Membership	Independent
Current Job	Board Member
Previous Job	Director of the Planning and Support Department of the Saudi Telecom Company
Qualification	Bachelor's in management and Information Systems
Experience	<ul style="list-style-type: none"> - Executive Assistant and Regulatory Vice President for Corporate Affairs of STC - Director of STC Organizational Knowledge Department - Support and Worker Team Leader and Business Support System Manager for STC - Supervisor of the Equity Loans Unit and credit analyst at Al-Rajhi Bank - Associate administrator in the credit department of the Saudi American Bank



Saud Muhammed Abdullah Al-Shuraim

Membership	Independent
Current Job	Board Member
Previous Job	CEO of ZKTeco
Qualification	Electricity Diploma
Experience	<ul style="list-style-type: none"> - Establishing Takadum company, in partnership with the Chinese company ZKTeco - Establishing the Integrated Protection Company for Trade and Financial Systems, and the Al Shuraim Spare Parts Corporation - Chairman of the Board of Directors of Lynn Al-Khair Trading Company and Al-Menasa Agricultural Company - General Manager of Distinguished Food Company, Innovation Consortium Company, Waad Progress for Industry Company, and Masayef Company Ltd.

(2) Audit Committee Members

Name	Membership	Current Job	Previous Job	Qualification
Maher Nitham Albargothi	Committee member	General Manager of Sorouh Financial Con-sulting.	Director of Corporate Consulting Sector – Dubai for Financial Consult-ing	Master of Accounting
Ashwag Mu-hammed Alka-thiri	Committee member	Director of the global trade and supply fi-nance chain at Al-Rajhi Bank.	Primary specialist for commercial guarantees services at Al-Rajhi Bank. Banking assistant for Chinese trade and supply services.	Advanced Diploma in Insurance. Bachelor's degree in Social Work
Mahmoud Hanafy Mujala Aqil	Committee member-	CFO of United Broth-ers Company.	Head of Accounts for United Broth-ers Company.	Bachelor of Commerce from Accounting Department
Saud Mu-hammed Abdul-lah Al-Shuraim	Committee member	Board Member	CEO of ZKTeco.	Electricity Diploma

- On 2020/19/09, the Board of Directors decided to accept the resignation of Mr. Mahmoud Hanafy Mujala Aqil from the membership of the Audit Committee and to appoint an independent member of the Board of Directors, Mr. Saud Muhammad Abdullah Al Shuraim in his place, and to offer the appointment to the first upcoming General Assembly to approve his appointment.

(3) Members of the Nomination, Remuneration Committee

Name	Membership	Current Job	Previous Job	Qualification
Saud Muhammed Abdullah Al-Shuraim	Committee President	Board Member	CEO of ZKTeco.	Electricity Diploma
Rayed Mohammed Nasser Alkathiri	Committee Member	Alkathiri Holding Company Chairman	Commercial Director of Al Kathiri Holding Company	Diploma in Computer from King Saud University
Khaled Abdulmuhsen Abdulrahman Alkhayal	Committee Member	-1 Member of the Nomination and Remuneration Committee and Secretary of the Board of Directors, Al Kathiri Holding Company 2 - Member of the Nomination and Remuneration Committee, City Cement Company -3 Member of the Board of Directors of the Red Sea Cables Company -4 Member of the Board of Directors of Ayed Abdul Rahman Al-Ayed Contracting Company	Member of the Board of Directors of Al-Madina Cement Company 2 - Member of the Board of Directors of Al-Abd Al-Latif Industrial Investment Company -3 Member of the Audit Committee of the Al-Abdul Latif Industrial Investment Company -4 General Manager of Osoul Al-Wasatah for Commercial Services -5 Chairman of the Board of Directors of Al Wasil House Company	Master of Business Administration

- C) Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current or previous boards of directors or of its managers.

Member Name	Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current or previous boards of directors or of its managers	Inside/Outside KSA	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability /)	Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current or previous boards of directors or of its managers.	Inside/Outside KSA	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability /)
Meshal Muhammed Nasser Alkathiri	Alkathiri Holding Company	Inside KSA	Listed joint-stock company			
	Leen Alkhair Trading Company	Inside KSA	Closed joint-stock company			
	Almanasah Agricultural Company	Inside KSA	Closed joint-stock company			
	Msandh Al-Emdad	Inside KSA	Limited liability Company			
	Alian Industry Company (One Person Company	Inside KSA	Limited liability Company			
	Taqadum global company for Communication and Information Technology	Inside KSA	Closed joint-stock company			

Member Name	Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current or previous boards of directors or of its managers	Inside/Outside KSA	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability /)	Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current or previous boards of directors or of its managers.	Inside/Outside KSA	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability /)
Saud Muhammed Abdullah Al-Shuraim	Alkathiri Holding Company	Inside KSA	Listed joint-stock company			
	Leen Alkhair Trading Company	Inside KSA	Closed joint-stock company			
	Almanasah Agricultural Company	Inside KSA	Closed joint-stock company			
	Algheta Almumaiz Company	Inside KSA	Limited liability Company			
	Taqadum global company for Communication and Information Technology	Inside KSA	Limited liability Company			
	EtiHAD Alebtikar Company	Inside KSA	Limited liability Company			
	Waad Altaqadum for Industry	Inside KSA	Limited liability Company			
	Msaif Limited Company	Inside KSA	Limited liability Company			
AlanthaMa Almutaheda Company	Inside KSA	Limited liability Company				

- D) Number of convened board meetings during the last fiscal year, the dates they were held, and the attendance record for each meeting indicating the names of the attendees

During the fiscal year, the Board of Directors Convened (4) meetings during the year 2020.

Name	Number and date of meetings and attendance record				Total
	First Meeting 2020/01/09	Second Meeting 2020/02/08	Third Meeting 2020/03/14	Fourth Meeting 2020/12/15	
Rayed Mohammed Nasser Alkathiri	✓	✓	✓	✓	4
Meshal Muhammed Nasser Alkathiri	✓	✓	✓	✓	4
Adel Ibrahim Muhammed Alkathiri	✓	✓	✓	✓	4
Saud Muhammed Abdullah Al-Shuraim	✓	✓	✓	✓	4

- E) A statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the general assembly

Meetings of the Board of Directors from the date of the last meeting of the General Assembly, convened on (2020/10/05)

Name	Number and date of meetings and attendance record		Total
		First Meeting 2020/12/15	
Rayed Mohammed Nasser Alkathiri		✓	1
Meshal Muhammed Nasser Alkathiri		✓	1
Adel Ibrahim Muhammed Alkathiri		✓	1
Saud Muhammed Abdullah Al-Shuraim		✓	1

- F) Actions taken by the Board of Directors to inform its members – especially non-executives – of shareholders' proposals and comments about the company and its performance.

The board of directors did not receive any comments from the shareholders about the company and its performance, and the Board of Directors is always keen that the most of its members, especially non-executives, attend to the general assembly meetings to listen to shareholders' questions and suggestions about the company and its performance, respond to them and document them in the minutes of the assemblies.

- G) Where applicable, the means adopted by the Board of Directors in evaluating its performance and the performance of its committees and members, and the external body that performed the evaluation and its relationship to the company, if any.

The Board of Directors of the company recently approved an internal form for evaluating the performance of the members of the board submitted by the Nominations and Remuneration Committee, this form has been adopted since 2019, whereby the members of the Board participate in the evaluation process by providing their opinions, and the evaluation results are analyzed under the supervision of the Nominations and Remuneration Committee and then the results are submitted to the Board of Directors. The evaluation process was not outsourced.

Second: Board committees

The company's board of directors is the primary responsibility for the company's business and the supervisor of the management of its affairs and considering the terms of reference of the general assembly, the Board of Directors has the broadest powers in managing the company. The sub-committees emanating from the Board of Directors are considered as appointed by the Board of Directors to carry out on behalf of the Board some specific tasks and to submit periodic reports of what it finds to the Board. The existence of committees emanating from the Board of Directors of a consultative nature with efficiency and effectiveness is a goal that the company's management seeks to achieve because of their positive impact. In order to reach decisions with absolute transparency, the board of directors forms an appropriate number of committees according to the company's need and circumstances, and a sufficient number of non-executive board members must be appointed in the relevant committees. Therefore, the following committees were formed:

• A- Audit Committee:

The Extraordinary General Assembly of the company approved in its meeting convened on 1441/16/07 (corresponding to 2020/11/03), the formation of the audit committee, defining its functions, work controls and remuneration for its members for the current session, which began on 1441/18/07 (corresponding to 20/13/03) for a period of three years ending with the end of the current session of the Board of Directors on 1444/20/08 (corresponding to 2023/12/3). The following table shows the members of the audit committee:

Table No. (1): Members of the Audit Committee.

Name	Position
Maher Nitham Albargothi	Chairman
Ashwag Muhammed Alkathiri	Member
Mahmoud Hanafy Mujala Aqil	Member
Saud Muhammed Abdullah Al-Shuraim	Member

- On 2020/19/09, the Board of Directors decided to accept the resignation of Mr. Mahmoud Hanafy Mujala Aqil from the membership of the Audit Committee and to appoint an independent member of the Board of Directors, Mr. Saud Muhammad Abdullah Al Shuraim in his place, and to offer the appointment to the first upcoming General Assembly to approve his appointment.
- * The membership of the committee member expired on 2020/19/09
- * The membership of the committee member began on 2020/19/09

Duties and Responsibilities of the Audit Committee:

- (1)- Study the preliminary financial statements, express a technical opinion on them, and recommend to the Board of Directors regarding them.
- (2)- Study and review the internal control systems, internal audit reports and the company's risk management, and recommend the appointment of the internal auditor.
- (3)- Recommending the Board to appoint the external auditor, verifying his independence and objectivity, have discussions with him, answering his inquiries, and studying the report of the external auditor.
- (4)- Verify the company's compliance with the laws, regulations, policies, and instructions of the regulatory authorities, and review contracts and dealings with related parties.

The attendance record of the Audit Committee.

During the fiscal year 2020, the committee convened seven meetings for the period from 2020-01-01 to 2020-31-12, as shown in the following table:

Name	Membership Nature	Attendance Record							Total
		First Meet-ing 2020/01/29	Second Meeting 2020/02/04	Third Meeting 2020/02/09	Fourth Meeting 2020/08/10	Fifth Meet-ing 2020/09/10	Sixth Meeting 2020/10/08	Seventh Meeting 2020/12/15	
Mr. Maher Nitham Al-bargothi	Chairman	✓	✓	✓	✓	✓	✓	✓	7
Ms. Ashwag Mu-hammed Alkathiri	Member	✓	✓	✓	✓	✓	✓	✓	7
Mr. Mahmoud Hanafy Mu-jala Aqil *	Member	✓	✓	✓	✓	✓	0	0	5
Mr.Saud Mu-hammed Abdullah Al-Shuraim **	Member	0	0	0	0	0	✓	✓	2

* Membership of the committee member expired on 2020/19/09.

** Membership of the committee member began on 2020/19/09.



The Extraordinary General Assembly of the company approved in its meeting convened on 1441/16/07 (corresponding to 2020/11/03), the formation of the audit committee, defining its functions, work controls and remuneration for its members for the current session, which began on 1441/18/07 (corresponding to 20/13/03) for a period of three years ending with the end of the current session of the Board of Directors on 1444/20/08 (corresponding to 2023/12/3). The following table shows the members of the audit committee:

The Board of Directors of the company decided, in its meeting held on 1441/19/07 AH (corresponding to 2020/14/03 AD), to form the Nominations and Remuneration Committee and define its tasks, work controls and remuneration for its members for the current session, which began on 1441/18/07 AH (corresponding to 2020/13/3 AD). And for a period of three years ending with the end of the current session of the Board of Directors on 1444/20/08 AH (corresponding to 2023/12/03 AD), and the following are the members of the Nomination and Remuneration Committee:

Table No. (2): Members of the Nomination and Remuneration Committee

Name	Position
Saud Muhammed Abdullah Al-Shuraim	Chairman
Rayed Mohammed Nasser Alkathiri	Member
Khaled Abdulmuhsen Abdulrahman Alkhayal	Member

Duties and responsibilities of the Nomination, Remuneration Committee

- (1)- Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from it and the executive management of the company and submitting it to the Board of Directors for consideration in preparation for approval by the general assembly of the company, considering that standards related to performance are followed, disclosed, and their implementation verified.
- (2)- Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the desired goals.
- (3)- Recommending to the Board of Directors the remuneration of members of the Board of Directors and the committees emanating from it and the senior executives of the company in accordance with the approved policy.
- (4)- Reviewing the basis for distributing annual bonuses determined by the Board of Directors and making recommendations to the Board of Directors in this respect.
- (5)- Propose clear policies and standards for membership in the Board of Directors and executive management.
- (6)- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.
- (7)- Annual review of the necessary needs of skills or appropriate expertise for board membership, and executive management functions.

● — Attendance Record for the Nomination, Remuneration Committee: — ●

The Nominations and Remuneration Committee convened (2) meetings during the year 2020, and the following table shows the formation of the Nomination, Remuneration Committee, including the name of the member and the nature of the membership, in addition to the number of times he attended the committee's meetings and the date of the meeting:

Member Name	Member-ship Nature	Attendance Record		Total
		First Meeting 2020/01/09	Second Meeting 2020/08/10	
Mr. Saud Muhammed Abdullah Al-Shuraim	Chairman	✓	✓	2
Mr. Rayed Mohammed Nas-ser Alkathiri	Member	✓	✓	2
Mr. Khaled Abdulmuhsen Abdulrahman Alkhayal	Member	✓	✓	2

Third: Executive Management

The Executive Management is comprised of:

Name	Membership	Current Job	Previous Job	Qualification
Meshal Muhammed Nasser Alkathiri	CEO	CEO & Managing Director	General Manager of Alkathiri Holding Company	Bachelor's degree in Marine Science
Ahmed Abdulsattar Zuhair Ismail	CFO	CFO	Financial Director of the Arabian Concrete Company	Bachelor of Commerce

● Executive Management Functions: ●

- (1)- Establishing a future vision to develop and increase the company's profits in order to achieve better revenue for shareholders.
- (2)- Follow-up of the company's long, medium, and short-term strategic plans, updating them and reviewing them periodically.
- (3)- Directing the sales and marketing work and discussing ways to activate it.
- (4)- Approval of the estimated budgets, approval of the budgets of the consolidated branches, the operating costs, and the cash flow as a whole and submitting it to obtain the final approvals.
- (5)- Supervising the implementation of approved policies and procedures in all company departments.

Fourth: Board members and senior Executives own shares of the company.

• (1) Member Ownership: -

Relative Name	Relative Relation	Beginning of the year		End of the Year		Net Change	
		Num-ber of Shares	Ownership Percent-age	Number of Shares	Ownership Percent-age	Num-ber of Shares	Ownership Percentage
Mr. Rayed Mohammed Nasser Alkathiri	Chairman	6,014	0.1330 %	12,028	0.1330 %	6,014	0 %
Mr. Meshal Muhammed Nasser Alkathiri	CEO - Board Member	2,927,637	64.7581 %	4,536,022	50.1674 %	1,608,385	(14.5907) %

• (2) Ownership of board members relatives: -

Relative Name	Relative Relation	Beginning of the year		End of the Year		Net Change	
		Num-ber of Shares	Ownership Percent-age	Num-ber of Shares	Ownership Percent-age	Num-ber of Shares	Ownership Percentage
Norah Nassre Muhammed Alhazzani	Chairman's Wife	1,335	0.0295 %	0	0 %	(1,113)	(0.0295) %
Ashwag Muhammed Nasser Alkathiri	Chairman's Sister	1,335	0.0295 %	2,670	0.02953 %	1,335	0 %
Hanan Muhammed Nasser Alkathiri	Chairman's Sister	1,335	0.0295 %	2,418	0.0267 %	1,083	(0.0028) %

• (3) Ownership of Senior Executives, their wives, and minor children: -

Member Name	Position	Remarks	Beginning of the year		End of the Year		Net Change	
			Num-ber of Shares	Ownership Percent-age	Num-ber of Shares	Ownership Percent-age	Num-ber of Shares	Ownership Percentage
Mr. Meshal Mu-hammed Nasser Alkathiri	CEO - Board Member	Shares	2,927,637	64.7581 %	4,536,022	50.1674 %	1,608,385	(14.5907) %

Fifth: Disclosure of the remuneration of the Board of Directors members and the Executive Management in accordance with what is stipulated in Article 93 of the Corporate Governance Regulations.

A) On April 2019 ,23, the Extraordinary General Assembly approved the work regulations of the Nomination and Remuneration Committee and the remuneration policy for members of the Board of Directors, the committees emanating from it, and the executive management.

B) - The Nominations, Remuneration, in accordance with the remuneration policy for members of the Board of Directors, the committees emanating from it and the executive management of the Board of Directors, has recommended the remuneration and allowances of the members of the Board and the committees affiliated with them to the General Assembly for approval as follows:

Name	Position	Certain Amount	Salaries	Allowances	Total member earnings	Attendance Record in 2020
Rayed Mo-hammed Nasser Alkathiri	Board of Directors Chairman - Member of the Nomination and Remuneration Committee	40,000	0	12,000	52,000	Attending (4) Board of Directors meetings + (2) Nomination Committee meeting
Adel Ibrahim Muhammed Alkathiri	Vice Chairman of the Board of Directors - Member of the Board of Directors	40,000	0	8,000	48,000	Attending (4) Board of Directors meetings
Saud Muhammed Abdullah Al-Shuraim	Board Member - Chairman of the Nomination and Re-muneration Committee	40,000	0	16,000	56,000	Attending (4) Board of Directors meetings + (2) Nomination Committee meeting + (2) Audit Committee meeting
Maher Nitham Albargothi	Audit Committee Chairman	0	0	14,000	14,000	Attending (7) audit committee meetings
Ashwag Mohammed Alkathiri	Audit Committee Member	0	0	14,000	14,000	Attending (7) audit committee meetings
Mahmoud Hanafy Mujala Aqil	Audit Committee Member	0	0	10,000	10,000	Attending (5) audit committee meetings
Khaled Abdulmuhsen Abdulrahman Alkhalayal	Member of the Nomination and Remuneration Committee - Secretary of the Board of Directors	0	0	12,000	12,000	Attending (4) Board of Directors meetings + (2) Nomination Committee meeting
Meshal Mu-hammed Nasser Alkathiri	CEO - Member of the Board of Directors	40,000	360,000	8,000	408,000	Attending (4) Board of Directors meetings
Total		160,000	360,000	94,000	614,000	

• (4) Payments to Board Members, Committee Members and Senior Executives:

● A) Board remuneration policy

The company's system states the method of remuneration for members of the board of directors, and these rewards may be a specific salary, attendance allowance for sessions, benefits in kind, or a certain percentage of profits, and it can combine two or more of these benefits. As the company approaches in determining this remuneration according to the volume of business and responsibilities that the member bears, in addition to these remunerations being within the limits of the company's basic system and not exceeding 500,000 Saudi Riyals for each member of the company.

- The granted bonuses have been implemented in accordance with this policy, and there is no material deviation from this policy

● B) Details of the policies related to remuneration and the mechanisms for determining them and the financial and in-kind benefits amounts paid to each member of the Board of Directors for any business, executive, technical, administrative or advisory positions.

This has been clarified in the policy of remuneration for members of the Board of Directors, its committees, and the executive management.

● C) A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration.

There is no arrangement or agreement by which a member of the Board of Directors waived any remuneration.

● D) A statement of what Board members have received as workers or administrators, or what they have received in return for technical or administrative work or consultations.

No Statement.

E) What follows is a comprehensive statement of all that obtained by members of the Board of Directors, subordinate committees, and senior executives:

1) Board members 'remuneration

Member Name	Fixed Rewards						Variable Rewards						EOS Reward	Grand Total	Expenses Allowance	
	A Certain Amount	Allowance to attend sessions	Total allowance for attending committee sessions	Benefits in Kind	A statement of what Board members have received as workers or administrators, or what they have received in re-turn for technical or administrative work or consultations	Remuneration for the Board Chairman the Managing Director or the Secretary, if he is a member	Total	Profit Percentage	Periodic Bonuses	Short-term incentive plans	Long-term incentive plans	Granted Shares				Total
First: Independent Members																
Adel Ibrahim Muhammed Alkathiri	40,000	8,000	0	0	0	0	48,000	0	0	0	0	0	0	0	48,000	0
Saud Muhammed Abdullah Al-Shuraim	40,000	8,000	8,000	0	0	0	56,000	0	0	0	0	0	0	0	56,000	0
Total	80,000	16,000	8,000	0	0	0	104,000	0	0	0	0	0	0	0	104,000	0
Second: Non-executive members																
Rayed Mohammed Nasser Alkathiri	40,000	8,000	4,000	0	0	0	52,000	0	0	0	0	0	0	0	52,000	0
Total	40,000	8,000	4,000	0	0	0	52,000	0	0	0	0	0	0	0	52,000	0
Third: Executive members																
Meshal Muhammed Nasser Alkathiri	40,000	8,000	0	0	0	0	48,000	0	0	0	0	0	0	0	48,000	0
Total	40,000	8,000	0	0	0	0	48,000	0	0	0	0	0	0	0	48,000	0

(2) Senior Executive Remuneration:

Senior Executive Positions	Fixed Rewards				Variable Rewards						EOS Reward	Total executive remuneration for the Board, if any.	Grand Total
	Salaries	Allowances	Benefits in Kind	Total	Profit Percentage	Periodic Bonuses	Short-term incentive plans	Long-term incentive plans	Granted Shares	Total			
CEO	360,000	0	0	0	0	0	0	0	0	360,000	0	48,000	408,000
CFO	180,000	135,066	0	0	0	0	0	0	0	315,066	0	0	315,066
Total	540,000	135,066	0	0		0	0	0	0	675,066	0	48,000	723,066

3) Remuneration of members of committees

A) Members of the Audit Committee

Member name	Fixed remuneration (except for fees for attending meetings)	fees for attending meetings	Total
Maher Nitham Albar-gothi	0	14,000	14,000
Ashwag Muhammed Nasser Alkathiri	0	14,000	14,000
Mahmoud Hanfi Aqil	0	10,000	10,000
Saud Muhammed Ab-dullah Al-Shuraim	0	4,000	4,000
Total	0	42,000	42,000

B) Members of the Nomination and Remuneration Committee

Member name	Fixed remuneration (except for fees for attending meetings)	fees for attending meetings	Total
Saud Muhammed Ab-dullah Al-Shuraim	0	4,000	4,000
Rayed Mohammed Nasser Alkathiri	0	4,000	4,000
Khaled Abdulmuhsen Abdulrahman Alkhayal	0	4,000	4,000
Total	0	12,000	12,000

Sixthly: A list of the dates of the General Assembly meetings held during the last financial year and the names of the Board members who attended them.

During the year 2020, the company held two extraordinary general assembly meetings. The following are the dates of these assemblies and the members of the boards of directors attending this assembly:

Name	Attendance Record		Total
	First meeting 2020-03-11	Second meeting 2020-10-05	
Rayed Mohammed Nasser Alkathiri	✓	✓	2
Meshal Muhammed Nasser Alkathiri	✓	✓	2
Adel Ibrahim Abdulmuhsen Alkathiri	✓	✓	2
Saud Muhammed Abdullah Al-Shuraim	✓	✓	2

Seventhly: Numbers of company's requests of shareholders records, dates and reasons thereof

Shareholders records

Sequence	Corporate Number	Request date	Date of the equity ownership files	Request reasons
1	3008	2020-01-29	2020-01-29	Corporate actions
2	3008	2020-02-25	2020-03-11	General assembly
3	3008	2020-05-15	2020-05-14	Corporate actions
4	3008	2020-09-14	2020-10-05	General assembly
5	3008	2020-10-12	2020-10-07	Corporate actions
6	3008	2020-11-05	2020-11-04	Corporate actions

Eighthly: The Board of Directors Declarations:

The Board of Directors acknowledges the following:

- 01 • proper books of account have been maintained.
- 02 • the system of internal control is sound in design and has been effectively implemented; and
- 03 • there are no significant doubts concerning the company's ability to continue its activity

Ninthly: The Audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor as well as justifications for those recommendations and reasons for disregarding them.

There are no disagreements between the Audit Committee recommendations and the Board resolutions; or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor.

Tenthly: The Board of Directors Confirmations:

The board of directors hereby confirms the following:

- ◆ • The company is always endeavoring to fulfil and implement the regulatory requirements stipulated in the Corporate Governance Regulations, including policies and procedures related to disclosure and transparency.
- ◆ • The company did not receive any request from the legal auditor to hold the general assembly during the ended financial year.
- ◆ • The Chairman of the Board of Directors did not receive any written request to hold emergency meetings from two or more members during the ended financial year.
- ◆ • The company did not receive a request from shareholders who own 5% of the capital or more to convene the general assembly during the ended fiscal year.
- ◆ • Shareholders owning 5% or more of the company's shares did not request to add one or more topics to the general assembly's agenda when preparing it.
- ◆ • The Board of Directors did not absolve any of the company's debtors from their liabilities towards the company during the year 2020.
- ◆ • No procedures or restrictions that may impede the shareholders' use of his rights guaranteed by the regulations including his right to vote have been put in place.
- ◆ • The financial position and the company's business results confirm the company's ability to continue its activity.
- ◆ • There are no constraints that may affect the company's ability to prepare its financial statements in accordance with international standards.
- ◆ • The company did not grant any cash loan of any kind to members of the board of directors, nor did it guarantee any loan given by one of them to another.
- ◆ • The company does not have preference or priority shares related to voting (whether for the shareholders, members of the board of directors, or its employees). All the company's shares are common shares all of which are of equal nominal value, equal voting rights and other rights according to the system.
- ◆ • The auditor did not provide any services of an advisory nature to the company and did not receive any fees in this regard during the financial year 2020.

Chapter Three

Planning and performance



Firstly: A description of the main scope of business of the company and its affiliates. If there are two or more, a statement showing each activity and how it affects the company businesses and results shall be attached.

The primary activities of the company are managing its affiliates or engaging in managing other companies in which it is a shareholder, providing the necessary support to these companies; owning industrial property rights including patents, trademarks, franchising, and other intangible rights to be used and leased to its affiliates or others.

These primary activities are:

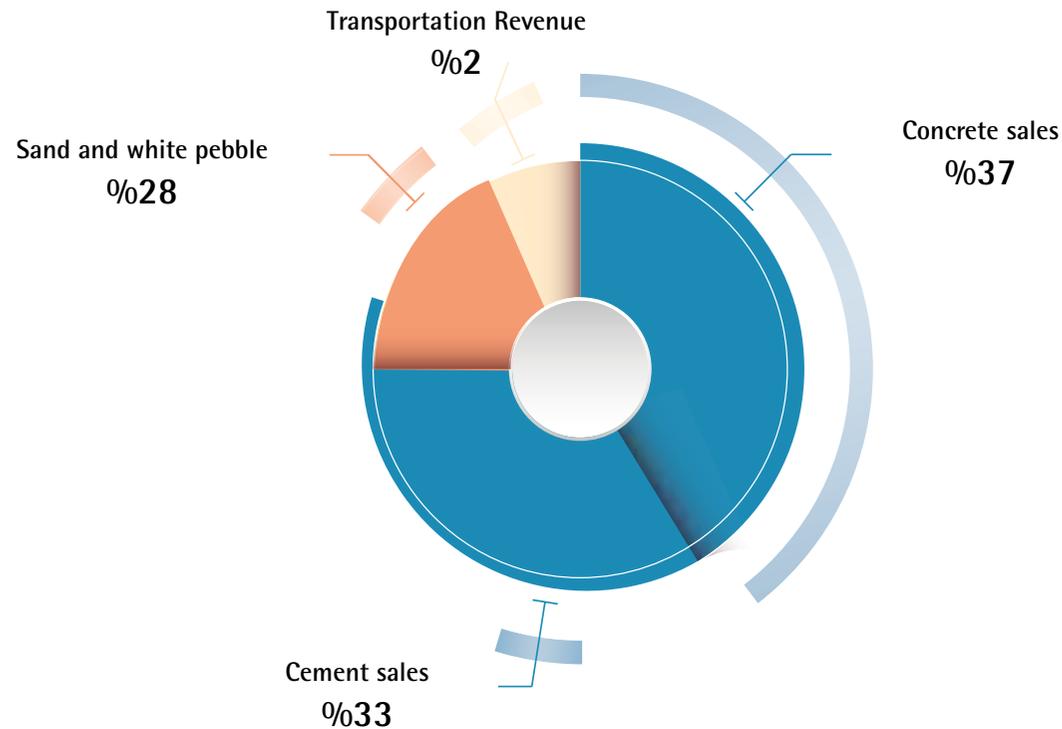
- 01 **Supplying, Transportation, Distribution and selling of Cement**
This sector deals with the sale, transport and distribution of cement and basic construction material (gravel and various sand types) for local markets in all regions of Saudi, with core focus on markets in both central and western regions. As the company has its own transportation fleet that works on the transport and distribution of cement. The sector is run by Msandh Alemdad Ltd: an affiliate wholly owned by AlKathiri holding Company.
- 02 **Production & Sale of Ready-mix Concrete**
This sector is responsible for the production and sale of ready-made concrete through AlKathiri Holding Concrete Factory. The sector is run by Alian Industry Co: an affiliate wholly owned by Alkathiri holding company.
- 03 **Production of Three-dimensional concrete panels**
Since Alian Industry Co has obtained The Ministry of Housing approval for the 3D concrete panels production technology, it is currently in cooperation with the Italian company Emmedue to establish a factory in Sudair Industrial and Business City with a production capacity of one million square meters of concrete panels annually.
- 04 **Real Estate Development**
Msandh Alemdad Ltd has passed the qualification criteria approved by the Wafi program: one of the Ministry of Housing programs.

A) Analysis of the company's and its Subsidiaries total revenues

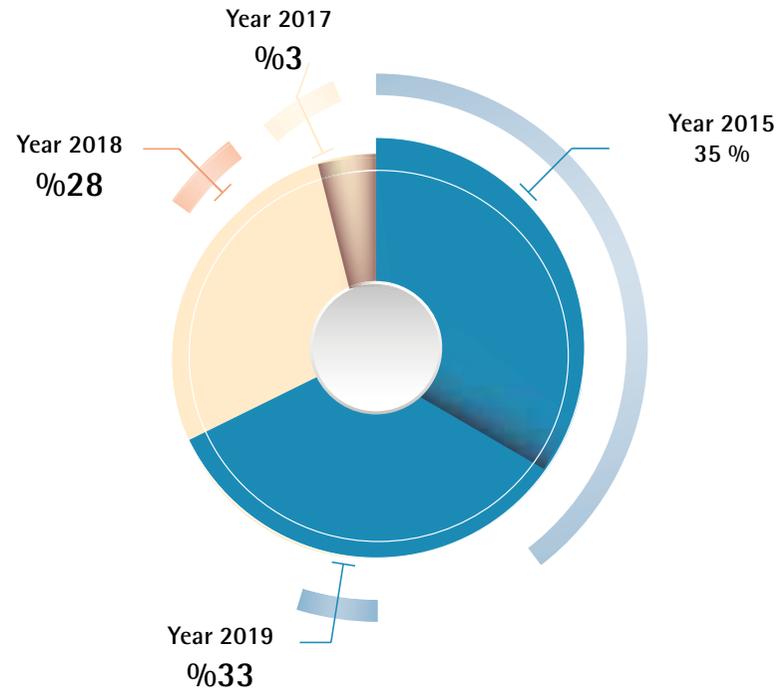
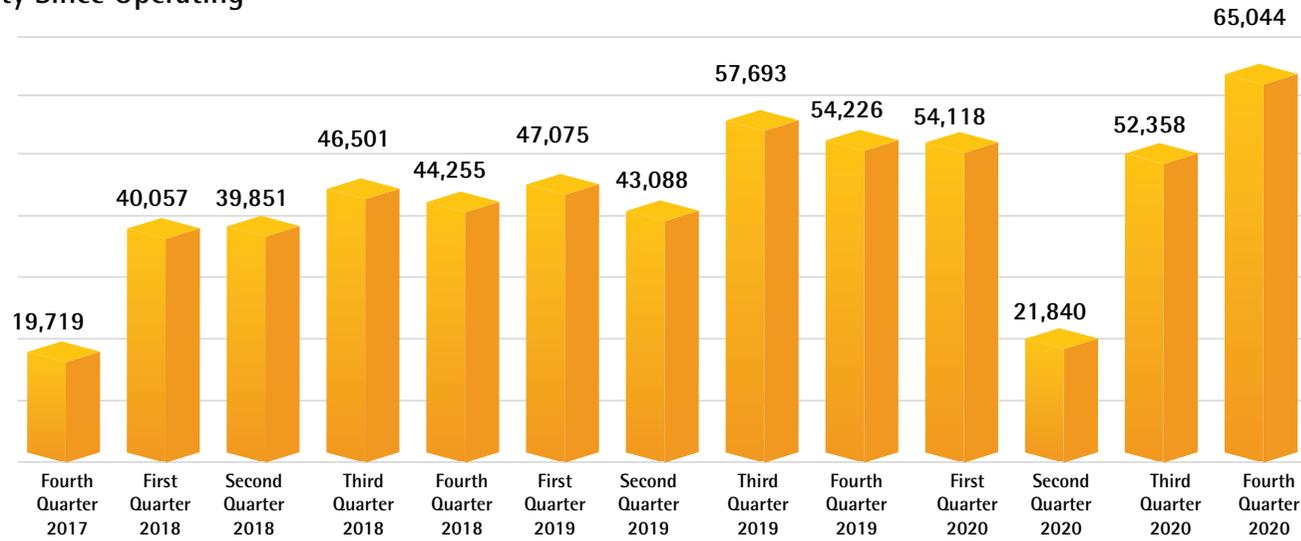
The company's revenues generated by the primary activities during the year 2020

Description	Cement Sales	Concrete Sales	Transportation Revenue	Sand and White Pebble Sales	Total
Total	34,176,305	39,384,595	1,847,424	29,030,531	104,438,855

The Company revenues generated by primary activities during the 2020



B) Production Capacity Since Operating



Secondly: A description of the company's significant plans and decisions (including changes to the structure, expanding the company's operations, or halting them) and the future expectations.



On 2020/10/05, the extraordinary general assembly approved the increase of the company's capital by offering 4,520,880 common shares worth 45,208,800 Saudi riyals. After the increase, the capital amounts to 90,417,600 Saudi riyals.



On 2020/12/21, the capital of Alian Industry was increased from 500,000 Saudi riyals to 10,000,000 Saudi riyals.



On 2020/12/28, the capital of Msandh Alemdad Ltd was increased from 100,000 Saudi riyals to 1,000,000 Saudi riyals.



The actual operation of the company's factory in Sudair City for Industry and Business is expected by the beginning of the second quarter of 2021



On,2020/11/02 Msandh Al-Emdad Ltd trademark was approved and launched.



On 2020/09/20, Alian Industry trademark was approved and launched.

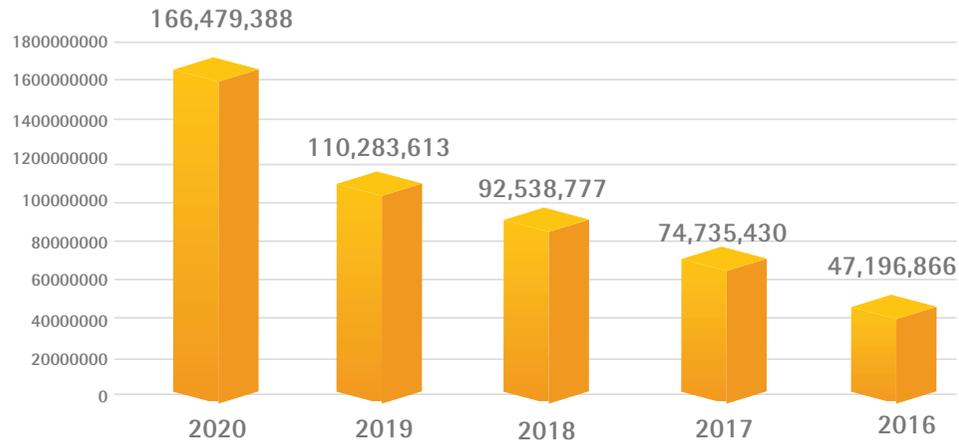
Thirdly: Financial performance

By reviewing the company's financial statements for the year ended 2020/31/12; which were audited and refined by "Al Kharashi & Co. Certified Accountants and Auditors", it is clear that:

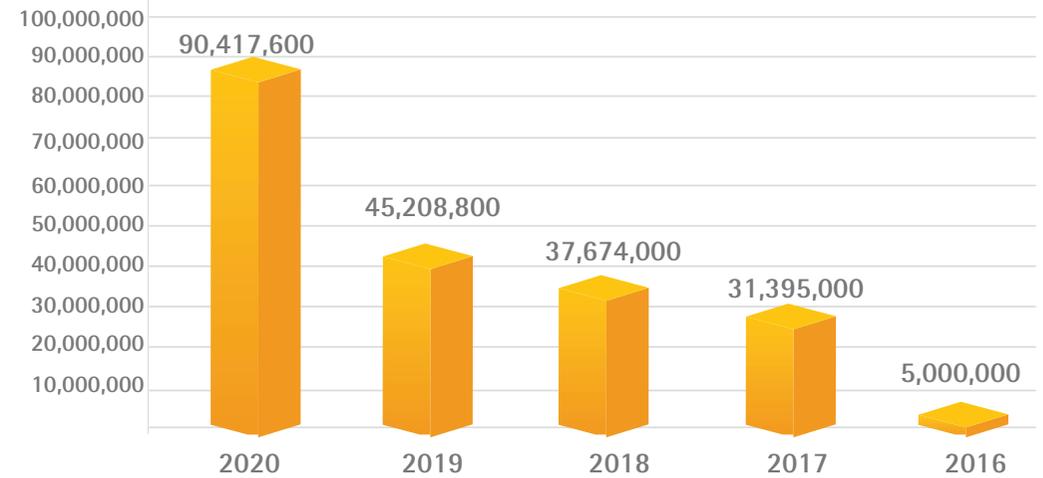
- (1) the company's assets and liabilities during the last five years

Statement	2020	2019	2018	2017	2016
Current assets	76,288,108	57,446,038	41,701,727	32,495,528	24,984,867
Current liabilities	35,604,496	34,244,475	22,805,616	18,101,198	16,448,605
Working capital	40,683,612	23,201,563	18,896,111	14,394,330	8,536,262
Non-current assets	90,191,278	52,837,575	50,837,050	42,239,902	22,211,999
Total assets	166,479,386	110,283,613	92,538,777	74,735,430	47,196,866
Other liabilities – non-current	5,374,650	4,842,228	14,552,226	10,757,545	3,425,696
Total liabilities	40,979,146	39,086,703	37,357,842	28,858,743	19,874,301
Paid-in capital	90,417,600	45,208,800	37,674,000	31,395,000	5,000,000
Reserves and retained earnings	27,271,721	18,177,189	9,696,014	6,670,766	22,322,565
Stockholders' equity (no minority rights)	125,500,242	71,196,910	55,180,935	45,876,687	27,322,565
Total liabilities and stockholders' equity	166,479,388	110,283,613	92,538,777	74,735,430	47,196,866

Stockholders equity



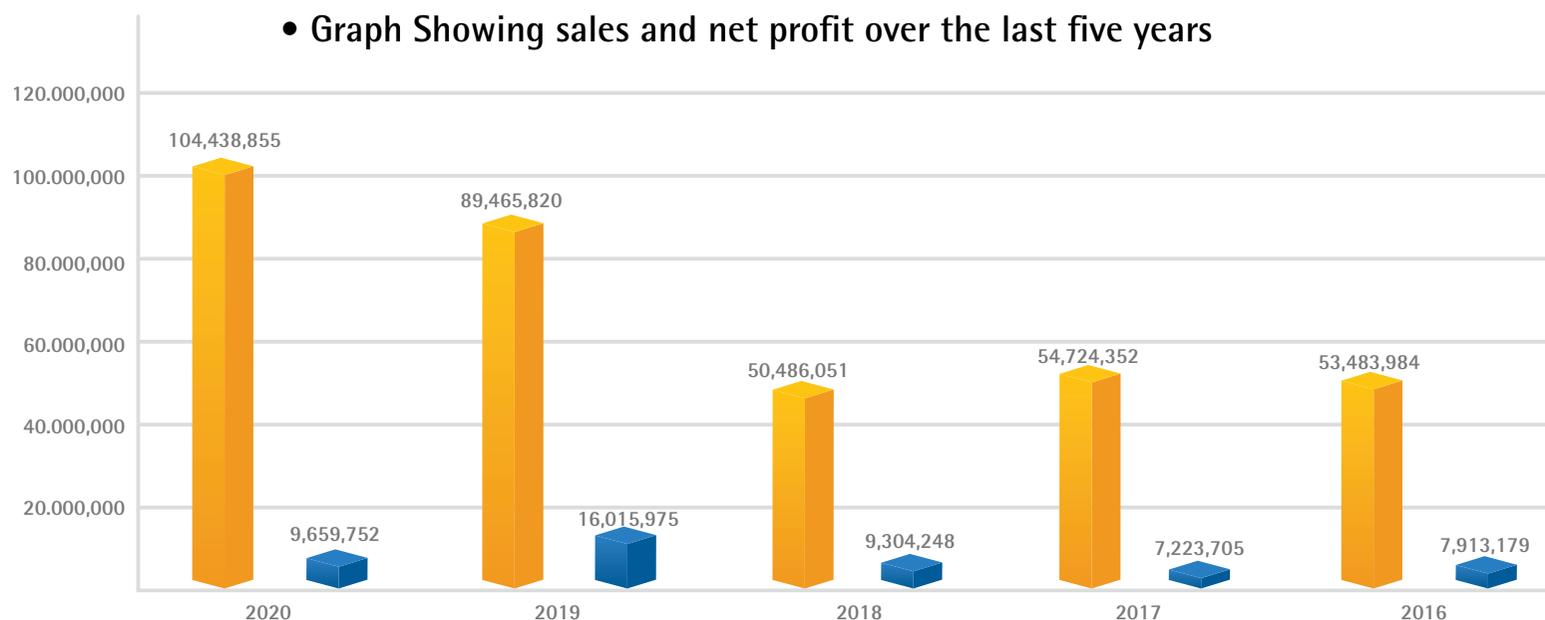
Capital development



• (2) business results during the last 5 years

statement	2020	2019	2018	2017	2016
sales	104,438,855	89,465,820	50,486,051	54,724,352	53,483,984
Cost of sales	77,472,448	61,565,554	34,620,455	41,382,541	41,934,192
Gross profit of the business	26,966,407	27,900,266	15,865,596	13,341,811	11,549,792
Finance expenses, general and administrative expenses, and selling and marketing expenses	16,608,138	10,051,032	6,626,583	5,947,557	3,432,823
Other income	127,233	1,372,886-	307,592	2,984	0
Zakat and income tax	825,750	460,373	242,357	173,533	203,790
Net profit (no minority rights)	9,659,752	16,015,975	9,304,248	7,223,705	7,913,179

• Graph Showing sales and net profit over the last five years



• (3) Operational results of the year 2020 compared to the year 2019

statement	2020	2019	change	% of change
revenues	104,438,855	89,465,820	14,973,035	%16.74
revenues cost	77,472,448-	61,565,554-	15,906,894-	%25.84
Gross profit	26,966,407	27,900,266	933,859-	%3.35-
Selling and marketing expenses	1,768,703-	1,295,013-	473,690-	%36.58
General and administrative expenses	9,637,238-	3,616,124-	6,021,114-	%166.51
Depreciation of fixed assets	5,202,197-	5,139,895-	62,302-	%1.21
Main operations net profit	10,358,269	17,849,234	7,490,965-	%41.97-
Capital losses	73,121-	0	73,121-	-----
Financial burden	103,320-	1,458,417-	1,355,097	%92.92-
Other revenues	303,674	85,531	218,143	%255.05
Net profit before zakat	10,485,502	16,476,348	5,990,846-	%36.36-
zakat	825,750-	460,373-	365,377-	%79.37
Net profit of the year	9,659,752	16,015,975	6,356,223-	%39.69-
Actuarial re-evaluation of employee benefits	113,840-	0	113,840-	-----
Gross Comprehensive Income	9,545,912	16,015,975	6,470,063-	%40.40-
Weighted average number of shares	5,237,304	4,287,611	949,693	%22.15
Earnings per share from main operations	1.98	4.16	2-	%52.49-
Earnings per share from net profit	1.84	3.74	2-	%50.62-

Fourthly: A statement of the value of the regular payments paid and due to pay for zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description of them and their reasons.

Statement	2020		Brief Description	Reason Statement
	Paid Amount	Due until the end of the annual financial period and has not been paid		
Zakat	894,571	825,750	Regular payments made and due in compliance with the provisions and rules of Zakat obligation and the instructions of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia	Regulatory Requirement
Zakat assessment	405,384		Regular payments made and due in compliance with the provisions and rules of Zakat obligation and the instructions of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia	Regulatory Requirement
VAT	15,231,355	241,776	The company is subject to the value-added tax system issued under Cabinet Resolution No. 654 dated 1438/11/01 AH, whereby the company prepares monthly returns since the beginning of the year 2018, and pays them monthly during the statutory period on the basis of the due from the previous month	Regulatory Requirement
General Organization for Social Insurance	151,441,40	0	Regular payments made and due in compliance with the provisions and rules of the General Organization for Social Insurance in the Kingdom of Saudi Arabia	Regulatory Requirement
Costs of visas, pass-ports, and residencies	1,201,245	0	Regular payments made and due in accordance with the provisions and rules of the Ministry of Interior and the Ministry of Labor	Regulatory Requirement

Fifthly: Provision for Legal Zakat

The company allocated an amount of (825,750) Riyals for Islamic Zakat in the for the zakat due for the year 2020 and obtained a Zakat certificate from the Department of Zakat and Income for the fiscal year ending on 2019/31/12 and ending on 2021/30/04, and work is underway to secure a Zakat certificate for the fiscal year ending 2020/31/12.

Sixthly: A Description of the value of any investments or reserves established for the benefit of the company's employees

The company has allocated an amount of 922,329 riyals as a provision for leaving the service bonus, and the company has not set aside any investments or other reserves for its employees.

Seventhly: Details of the company's social contributions, if any

There is no

Eighthly: Details of shares and debt instruments issued for each subsidiary.

There are no shares or debt instruments issued by the subsidiaries of the company.

Ninthly: loans and bank facilities:

- 01 • The company entered into credit facility agreements compatible with the provisions of Islamic Sharia with local banks that include a checking account facility, a short-term loan, financing participation and Murabaha contracts, documentary credit facilities and letters of guarantee, in order to finance the purchase of raw materials during the period at variable Islamic Murabaha rates agreed with the bank.
- 02 • Alian Industry Company, a wholly owned subsidiary of Al Kathiri Holding Company, entered into a loan contract number 20019 dated 02 October 2019 with the Saudi Industrial Development Fund. The maximum loan amount is (23,200,000 Saudi riyals) and the payments are disbursed according to the loan installments and according to the terms and regulations set forth in the concluded contract with the aim of establishing a factory to produce insulated Concrete 3D panels.

The following is a detailed statement of the loans and credit facilities that have been signed:

Creditor Name	Amount or limits (facilities - loans)	Facilities Duration - Loan	The amounts paid in repayment of the loan during the year	Loan Remaining Amount	Total indebtedness of the company and its subsidiaries
A - Short-term credit facilities					
Riyadh Bank	25,071,000	Facilities to be paid every 6 months	5,605,289	16,138,819	16,138,819
Al-Bank Al-Arabi	5,000,000	Facilities to be paid every 6 months	4,599,021	4,700,000	4,700,000
Al-Ahli Bank	5,000,000	Facilities to be paid every 6 months	0	5,000,000	5,000,000
Long-Term Loans					
Saudi Industrial Development Fund	23,200,000	Installments to be paid within 7 years	0	4,408,800	4,408,800

Tenthly: Human Resources

The importance of human resources is reflected by being the most important elements of the production process, which requires the search for good competencies capable of outstanding performance and giving, and therefore the human resources department has been concerned with raising efficiency, effectiveness and stability, as well as achieving loyalty and belonging to the company's employees through available job opportunities and creating appropriate climatic conditions and work environment in addition to justice In terms of wages, administrative transactions, provision of social and health services and care, the following are data of the company's employees and its subsidiaries.

Name of The Company	Range of The Company	Saudization Percentage	Number of Employees
Al Kathiri Holding Company	Medium Green	11.8	78
Msansh Al-Emdad Limited Company	Medium Green	22.22	54
Alian Industry Company	Platinum	41.18	17
Total number of employees including its subsidiaries			149

Eleventhly: Information Technology

Al Kathiri Holding Company always strives to implement all that modern science has achieved in recognition of the extent of responsibility, so the company replaced the accounting system used by it with an ERP system, and the importance of this project in organizing the company's transactions and reducing the cost by using appropriate computer programs - the company is also working on updating and developing its website by adding company news and facilitating the process of uploading CVs for applicants.



Chapter Four

Governance

First: Governance Regulations

The company has set written policies approved by the Board of Directors and the General Assembly of shareholders that ensure compliance with sound corporate governance rules and practices and include the company's readiness for development and targeted growth. The company applies all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority, except for the guiding provisions below:

Article Number – Paragraph	Article Text/Paragraph	Non-Application Reason
39	Training of Board Members	Guiding Provision
41	Training	Guiding Provision
70	Formation of Risk Management Committee	Guiding Provision
71	Risk Management Committee Competencies	Guiding Provision
72	Risk Management Committee Meetings	Guiding Provision
85	Motivate employees	Guiding Provision
87	Social Responsibility	Guiding Provision
88	Social work initiatives	Guiding Provision
95	Corporate Governance Committee Formation	Guiding Provision

Second: Risk Management

The company is exposed to the following risks as a result of its use of financial instruments.

Credit risk:

Credit risk is the inability of one party to fulfill its obligations which results in the other party incurring a financial loss. The company seeks to manage credit risk with respect to customers by settling credit limits for individual customers, obtaining bank guarantees from selected clients, monitoring outstanding receivables, and ensuring close follow-up of those receivables.

Special commission risk:

Special commission rate risk relates to risks arising from the fluctuation of the value of a financial instrument as a result of changes in commission rates prevailing in the market. The company is subject to special commission rate risk regarding its special commission-related assets, such as Murabaha deposits and credit facilities.

Liquidity risk:

Liquidity risk means that the company may encounter difficulties in raising funds to meet obligations associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The company manages liquidity risk by ensuring that bank facilities are available. The company's terms of sales require payments to be made within 30 to 60 days from the date of the sale. Accounts payable are paid within 30 to 60 days from the date of purchase.

Currency risk:

Currency risk is the result of fluctuation in the value of financial instruments due to changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates during its normal business cycle. The company did not undertake any significant transactions in currencies other than the Saudi Riyal, the US Dollar, and the Euro during the period.

Third: Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the authority or from any supervisory, regulatory or judicial authority, with an explanation of the causes of the violation, the authority which imposed the decision, and the means of remedying it and avoiding its occurrence in the future.

No penalty, sanction, precautionary measure, or precautionary restriction was imposed on the company by the Authority or from any other supervisory, regulatory or judicial authority during the year 2020.

Fourth: The results of the annual review of the effectiveness and procedures of the company's internal control system, in addition to the audit committee's opinion on the adequacy of the company's internal control system.

The effectiveness of internal control procedures was reviewed by the Audit Committee and by the Board of Directors, to verify their adequacy and efficiency in protecting the company's assets, evaluating business risks and measuring the efficiency of performance. The internal audit processes did not show a fundamental weakness in the company's internal control system.

Fourth: The results of the annual review of the effectiveness and procedures of the company's internal control system, in addition to the audit committee's opinion on the adequacy of the company's internal control system.

The effectiveness of internal control procedures was reviewed by the Audit Committee and by the Board of Directors, to verify their adequacy and efficiency in protecting the company's assets, evaluating business risks and measuring the efficiency of performance. The internal audit processes did not show a fundamental weakness in the company's internal control system.

The Audit Committee conclude that the internal control procedures applied in the company during the fiscal year 2020 are highly effective and efficient, and in light of the work carried out by the committee, which does not have any fundamental observations or deficiencies in the internal control procedures that require any kind of alert or disclosure.

Fifth: Details of the treasury shares held by the company and details of the uses of these shares

There are no treasury shares held by the company.

Sixth: A description of any interest in the voting-eligible shares category belonging to persons (other than the members of the company's board of directors, senior Executives, and their relatives) who informed the company of those rights under Article forty-five of the Registration and Listing Rules, and any change in those rights during the last fiscal year.

There is no interest in the voting-eligible shares category belonging to persons other than members of the Board of Directors and senior executives with those rights or any change in those rights during the last fiscal year.

Seventh: A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year with an explanation of any compensation obtained by the company for that.

Not Available.

Eighth: A description of any transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.

Not Available.

Ninth: A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year.

Not Available.

Tenth: A description of any refund, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.

Not Available.

Eleventh: A description of any transaction between the company and a related party.

The company, its board members, and Senior Executives or any person related to any of them, are not involved in any kind of business, contracts, in which there was a related party involved.

Twelfth: Information related to any business or contracts in which the company is a party, and in which or in which there was an interest for a member of the company's board of directors or for its senior executives or for any person related to any of them, including the names of those involved in business or contracts, the nature of these business or contracts and their terms and conditions. – If there are no such works or contracts, the company must submit a declaration of this, and its duration and amount.

The company, its board members, and Senior Executives or any person related to any of them, are not involved in any kind of business, contracts, in which there was a related party involved.

Thirteenth: Recommendation of the Audit Committee concerning the need to appoint an internal auditor.

Not applicable: The company appointed a department for internal audit during the year 2019, and this department is still carrying out its work during the year 2020.

Fourteenth: Company announcements on Tadawul website during the year 2020 (Company symbol 3008)

	Article Text/Paragraph	Non-Application Reason
1	2020-01-07	Al Kathiri Holding Co. Announces Obtaining an approving of Al Ahli National Commercial Bank renewal of Shariah-compliant credit facilities agreement
2	2020-02-09	Al Kathiri Holding Co. announces its Annual Financial Results for the Period Ending on 31-12-2019
3	2020-02-17	Al Kathiri Holding Co. announces to Invites its Shareholders to Attend the (First Meeting) Extraordinary General Assembly Meeting
4	2020-03-12	Al Kathiri Holding Co. Announces the Results of the Extraordinary General Assembly Meeting, (First Meeting)
5	2020-03-15	Al Kathiri Holding Co. Announces appointment of Board of Directors Chairman, vice- Chairman, Managing Director and sub committees formation
6	2020-04-08	Al Kathiri Holding Co. Announces the Impact of the Latest Decisions Released to Control Coronavirus Outbreak (COVID19-)
7	2020-04-28	Al Kathiri Holding Co. announces the return to work in the ready-mix concrete sector
8	2020-05-17	Al Kathiri Holding Co. announces the primary Financial Results for the Period Ending on 31-03-2020 (Three Months)
9	2020-05-19	Al Kathiri Holding Co. Announces the Submission of the Increase of the Company's Capital by Offering Right Issues Application File to CMA
10	2020-08-05	Al Kathiri Holding Co. Announces the signing of a contract with one of its subsidiaries (Alian Industry Company) with Tamimi Global Co Ltd.
11	2020-08-16	Al Kathiri Holding Co. announces its primary Financial Results for the Period Ending on 30-06-2020 (Six Months)
12	2020-09-06	Al Kathiri Holding Co. Invites its Shareholders to Attend the Extraordinary General Assembly Meeting for Capital Increase (First Meeting)
13	2020-09-14	Al Kathiri Holding Co. Announces the publication of a prospectus for the rights issue shares
14	2020-09-20	Al Kathiri Holding Co. Announces Resignation and Appointment Audit Committee Member
15	2020-10-01	Al Kathiri Holding Co. announces the start of online voting on the agenda of the Extraordinary General Assembly meeting for Capital Increase (reminder announcement)
16	2020-10-06	Al Kathiri Holding Co. Announces the Results of the Extra Ordinary General Assembly's Meeting Approving Increase (First Meeting)
17	2020-10-06	Addendum Announcement from Al Kathiri Holding Co. in regards to Al Kathiri Holding Co. Announces the Results of the Extra Ordinary General Assembly's Meeting Approving Increase (First Meeting)
18	2020-10-06	Al Kathiri Holding Co. Announces the Specification of the Period for Right Issues Trading and New Shares Subscription
19	2020-10-12	Al Kathiri Holding Co. Announces the Start of the Right Issues Trading and New Shares Subscription Period (Reminder)
20	2020-10-19	Al Kathiri Holding Co. Announces the Last Day for Right Issues Trading and New Shares Subscription (Reminder)
21	2020-10-25	Al Kathiri Holding Co. Announces the Results of Right Issues Trading and New Shares Subscription, and the details of Selling Unsubscribed Shares
22	2020-11-01	Al Kathiri Holding Co. Announces the Results of Remaining Offering and the Allotment of Right Issues
23	2020-11-05	Al Kathiri Holding Co. Announces the Distribution of Compensation to Right Issues Owners who did not Use their Rights to Subscribe to New Shares
24	2020-11-09	Al Kathiri Holding Co. announces its primary Financial Results for the Period Ending on 30-09-2020 (Nine Months)
25	2020-11-10	Correction announcement from Al Kathiri Holding Co. in regards to Al Kathiri Holding Co. announces its primary Financial Results for the Period Ending on 30-09-2020 (Nine Months)
26	2020-11-16	Al Kathiri Holding Co. Announces latest updates on Establishing the Alian Industry Factory in Sudair City for Industry and Business
27	2020-12-07	Al Kathiri Holding Company announces that the ready-mix concrete Factory has obtained classification (A) from Riyadh Municipality
28	2020-12-22	Al Kathiri Holding Company announces that one of its affiliates has signed a contractor membership agreement with the National Housing Company

Chapter Five

Profit Distribution and
The Board of Directors
Recommendations



First: profit distribution policy

In accordance with the provisions of the Company's Articles of Association (Article 46), the company's annual net profit distribution policy shall be as follows:

- 01 Sparing (10 percent) of the net profit to form the statutory reserve of the company. The Ordinary General Assembly may decide to discontinue such reserve when the said reserve reaches (30 percent) of the paid-up share capital.
- 02 The Ordinary General Assembly may, upon the proposal of the Board of Directors, spare (%5) of the annual profits to form a statutory reserve for a purpose or purposes determined by the General Assembly.
- 03 The Ordinary General Assembly may decide to form additional reserves, to serve the interest of the Company, or to ensure the distribution of fixed profits as much as possible to the shareholders. The Assembly may also to deduct from the net profits amounts to establish social institutions for the company's employees or to help the existing ones.
- 04 The remainder shall be distributed to shareholders at the rate of %5 of the paid-up capital of the Company.
- 05 Subject to the provisions of article 20 of this Statute and Article 76 of the Companies Law, (%10) per cent of the remainder shall be allocated to the Board of Directors, provided that the remuneration is commensurate with the number of meetings attended by the Member.

Second: profit entitlement

The Owner will be entitled to its share of the profits in accordance with the decision issued in this regard. The decision will indicate the entitlement and distribution dates. Profits are limited to shareholders recorded in the company's shareholders register at at the end of the day specified for the entitlement.

Third: Profit Distribution of the year 2021

The Board of Directors issued a recommendation to increase the company's capital by granting bonus shares to shareholders at the rate of one bonus share for every four owned shares. Thus, the increase before the issuance will be (25%) of shares number. As the capital before increase is (90,417,600) Saudi Riyals and will be (113,022,000) Saudi Riyals after. The number of shares was (9,041,760) before increase and (11,302,200) after. This capital increase will be financed through the capitalization of (22,604,400) Saudi Riyals from the company retained earnings.

Forth: A description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.

No arrangement or agreement under which a shareholder of the company has waived any rights to dividends.

Fifth: Profit distribution for the financial year ended 2020-12-31

The extraordinary general assembly approved the board of directors' decision to increase the company's capital by offering 4,520,880 common shares as rights issue shares of 45,208,800 Saudi Riyals, increasing the capital to 90,417,600 Saudi Riyals.

Sixth: The Board of Directors recommendations to the General Assembly

In accordance with the provisions of the Company's Articles of Association (Article 45), the Board of Directors, after reviewing the company's achievements during the year ended 2020-12-31, as well as the financial statements, proposes the following:

- 01 To vote on the auditor's report for the financial year ended 2019/12/31.
- 02 To vote on the company's financial statements for the financial year ended 2019/12/31.
- 03 To vote on the board of directors' report for the financial year ended 2019/12/31.
- 04 To vote on the appointment of the company's auditor among candidates based on the recommendation of the audit committee, to review and audit the financial statements for the second, third and annual quarters of the current year 2021 and the first quarter of the year 2022 and determine their fees.
- 05 To vote on releasing the members of the Board of Directors from their liabilities for the year ended 2020/12/31.
- 06 To vote on the disbursement of (160,000) Saudi riyals as a reward for the members of the Board of Directors for the financial year ended 2020/12/31.
- 07 To vote on the Board of Directors' decision to appoint Mr. Saud Muhammad Abdullah Al Shuraim as a member of the Audit Committee (independent) as of 2020/9/19 until the end of the current session on 2023/3/12; to succeed the resigned member of the Audit Committee, Mr. Mahmoud Hanafy Mujala Aqeel (Independent Member -Not a Board Member), with effect as on 2020/9/19. This appointment is in accordance with The Audit committee charter (Resume Attached).
- 08 To vote on the board of directors' recommendation to transfer the amount of the additional capital (251,838) Saudi Riyals to the retained earnings account.
- 09 To vote on the board of directors' recommendation to increase the capital by granting bonus shares for every shareholder owning four shares.

Chapter Six

The chartered accountant's
report and the financial
statements and
supplementary information
2020 for the year



First: Auditors' report and financial statements

Auditors' report shows that the financial statements are free of material misstatements, and any reservations toward it. No recommendation was issued by the Board of Directors to replace the chartered accountant certified by the company's general assembly.

Second: Any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountant

The company has reclassified the audited accounts as of 2017/01/01 to comply with international accounting standards for international reporting, which did not result in any material or immaterial changes to the company's financial reports.

Thus, the company completed its plan to implement international accounting standards and issued its financial statements for the years (2018, 2019, 2020 & 2019) in accordance with the international standards in force in the Kingdom of Saudi Arabia.

The company's records have been properly prepared according to the accounting standards issued by the Saudi Organization for Certified Public Accountants, and there are no differences from the applied accounting standards issued by the Saudi Organization for Certified Public Accountants that require disclosure.

Third: If the auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information.

The auditor's report on annual financial statements for the financial year 2020 contains no reservations or substantive remarks and is a clean audit report.

Fourth: If the Board recommended replacing the auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation.

The Board of Directors did not recommend replacing the auditor before the end of its term.

Closing Address



The Board of Directors extends its sincere thanks and gratitude to the executive management and all employees of the company for their efforts, and it appreciates the shareholders' contributions to the company and looks forward to more achievements in the upcoming years.

