

**AI KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

To the Shareholders of
AlKathiri Holding Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **AL KATHIRI Holding Company** (a Saudi Joint Stock Company) (the "Company") and its subsidiaries together referred to as the ("Group") as at 31 March 2026, and the related interim condensed consolidated statements of profit or loss and comprehensive income, changes in equity, and cash flows for the three-month period then ended.

The company's management is responsible for preparing and presenting these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements No. (2410) "Review of interim Financial Information performed by the independent auditor of the entity", endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed consolidated financial statements consists of making inquiries, primarily, to those responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note (2) to the condensed interim consolidated financial statements, which indicates that the Group incurred a net loss of SAR 13.9 million for the period ended 31 March 2026 (31 December 2025: net loss of SAR 36.5 million). In addition, the Group's accumulated losses amounted to SAR 69.2 million as at 31 March 2026 (31 December 2025: SAR 55.4 million), representing 61% (2025: 49%) of the Group's share capital.

These conditions, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and its ability to meet its obligations as they fall due. Our conclusion is not modified in respect of this matter.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared in all material respects, in accordance with the IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Professional Consultants Company



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

Dhu al-Qi'dah 20, 1447
May 7, 2026



AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED Consolidated INTERIM Statement of Financial Position (UNAUDITED)
As of 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As of 31 March 2026 (Unaudited)	As of 31 December 2025 (Audited)
<u>ASSETS</u>			
Non-current assets:			
Property, plant and equipment, net	6	136,438,632	139,315,717
Right of use assets, net	7	14,783,323	11,536,270
Total non-current assets		151,221,955	150,851,987
CURRENT ASSETS:			
Trade receivables	8	59,297,237	42,797,014
Contract assets	9	30,439,978	32,555,381
Inventory	10	4,740,643	4,197,196
Prepaid expenses and other debit balances	12	47,419,033	74,532,997
Cash and Cash Equivalents	13	5,523,312	2,877,252
Total current assets		147,420,203	156,959,840
Total assets		298,642,158	307,811,827
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	14	113,022,000	113,022,000
Share premium		7,559,083	7,559,083
Statutory Reserve	15	4,927,354	4,927,354
(Accumulated losses)		(69,244,224)	(55,426,642)
Equity attributable to the shareholders of parent company		56,264,213	70,081,795
Non-controlling interest		33,372	94,641
Total equity		56,297,585	70,176,436
<u>LIABILITIES</u>			
NON-CURRENT LIABILITIES:			
Sukuk at amortized cost	16	100,000,000	100,000,000
Non-current portion of lease liabilities	7	8,147,041	5,570,485
Provision for removal and rehabilitation		280,712	281,058
Employees defined benefits obligations	18	3,815,424	3,536,000
Total non-current liabilities		112,243,177	109,387,543
CURRENT LIABILITIES:			
Trade payables		55,362,536	47,613,024
Payables to Subcontractors	19	23,132,330	30,011,893
Short term loans	20	12,527,999	17,888,308
Industrial Development Fund loan	17	12,082,570	12,044,050
Current portion of lease liabilities	7	4,536,495	4,469,177
Accrued expenses and other credit balances	21	17,961,932	11,723,862
Zakat	22	4,497,534	4,497,534
Total current liabilities		130,101,396	128,247,848
Total liabilities		242,344,573	237,635,391
Total Equity And Liabilities		298,642,158	307,811,827

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED Consolidated Statement of Profit or Loss and Other Comprehensive Income (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three months period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Revenue	23	28,059,168	51,837,209
Less: Cost of revenue	24	(34,762,356)	(49,596,876)
Gross(Loss)/profit		(6,703,188)	2,240,333
Less:			
General and administrative expenses	25	(3,773,453)	(3,926,471)
Selling and Marketing expenses		(661,131)	(1,192,379)
Loss From main operations		(11,137,772)	(2,878,517)
Finance cost	26	(2,914,162)	(2,440,585)
Deposits returns		-	224,494
Other Revenue		173,083	21,568
Loss before Zakat		(13,878,851)	(5,073,040)
Less:Zakat	22	-	-
Net loss for the period		(13,878,851)	(5,073,040)
Items that will be reclassified subsequently to profit or loss:			
Actuarial loss on remeasurement of employee benefits	18	-	-
Total comprehensive loss for the period		(13,878,851)	(5,073,040)
Net loss for the period attributable to:			
Shareholders of parent company		(13,817,582)	(5,039,097)
Non-controlling interest		(61,269)	(33,943)
		(13,878,851)	(5,073,040)
Total comprehensive loss for the year attributable to:			
Shareholders of parent company		(13,817,582)	(5,039,097)
Non-controlling interest		(61,269)	(33,943)
		(13,878,851)	(5,073,040)
Loss per share based on net loss attributable to the Company's shareholders			
Loss per share from net loss for the period	27	(0,06)	(0,02)




The accompanying notes form an integral part of these condensed consolidated interim financial statements.

AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(All amounts in Saudi Riyals unless otherwise stated)

	Share Capital	Share premium	Statutory reserve	Accumulated losses	Total equity belonging to the parent company	Non-controlling interests*	Total
Balance as at 1 January 2025 "Audited"	113,022,000	7,559,083	4,927,354	(15,854,184)	109,654,253	285,511	109,939,764
Net loss for the period	-	-	-	(5,039,097)	(5,039,097)	(33,943)	(5,073,040)
Other comprehensive loss for the period	-	-	-	-	-	-	-
Balance at 31 March 2025 "Unaudited"	113,022,000	7,559,083	4,927,354	(20,893,281)	104,615,156	251,568	104,866,724
Balance as at 1 January 2026 "Audited"	113,022,000	7,559,083	4,927,354	(55,426,642)	70,081,795	94,641	70,176,436
Net loss for the period	-	-	-	(13,817,582)	(13,817,582)	(61,269)	(13,878,851)
Other comprehensive loss for the period	-	-	-	-	-	-	-
Balance at 31 March 2026 "Unaudited"	113,022,000	7,559,083	4,927,354	(69,244,224)	56,264,213	33,372	56,297,585

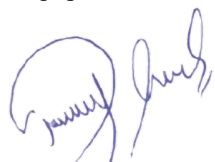
*Non-controlling shareholders hold 1% of the shares in Alyan Industry Company, a subsidiary of Al Kathiri Holding Company. This interest is presented as non-controlling interests in the consolidated financial statements.




The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	For the three months period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Cash Flows From Operations Activities:		
Loss for the priod before zakat	(13,878,851)	(5,073,040)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation of property, plant and equipment and right-of-use assets	3,918,745	3,288,753
Finance cost	2,914,162	2,440,585
Employees defined benefits obligations, Charged	755,116	354,651
	(6,290,828)	1,010,949
Changes In Operating Assets and Liabilities:		
Trade receivables	(16,500,223)	(6,758,446)
Inventory	(543,447)	(1,141,950)
Contract assets	2,115,403	-
Prepayments and Other Receivables	26,961,162	(10,016,251)
Trade payables	7,749,512	6,167,241
Payables to Subcontractors	(6,879,563)	-
Accrued expenses and other credit balances	4,137,348	(1,717,782)
Employees defined benefits obligations, Paid	(475,692)	(105,634)
Net cash generated from/(used in) operating activities	10,273,672	(12,561,873)
Cash Flows from Investing activities:		
Additions of property and equipment	(4,962)	(4,384,513)
Additions of Projects under process	(654,606)	(633,676)
Prepaid right-of-use assets	(450,000)	-
Net cash used in investing activities	(1,109,568)	(5,018,189)
Cash Flows from Financing Activates:		
Short-term loans, received	6,732,874	16,264,942
Short-term loans, paid	(12,514,545)	(9,186,277)
Interest paid on sukuk at amortized cost	-	(4,273,173)
Lease obligations, paid	(736,373)	(327,084)
Net cash (Used in) generated from financing activities	(6,518,044)	2,478,408
Net change in cash and cash equivalents	2,646,060	(15,101,654)
Cash and cash equivalents at the beginning of the priod	2,877,252	33,384,991
Cash and cash equivalents at the end of the priod	5,523,312	18,283,337
Non cash flows:		
Additions to right-of-use assets	3,631,497	-
Additions to lease liabilities	3,181,497	-
Property, plant and equipment transferred from Projects under process	-	88,730




The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

1. THE COMPANY AND NATURE OF ITS BUSINESS:

a) The Establishing of The Company

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

b) The The main activities of the Group companies, each of which operates under an independent commercial registration, are as follows:

AlKathiri Holding	The main activities of the Company consist of managing its subsidiaries or participating in the management of other companies in which it holds an interest, providing the necessary support thereto, owning industrial property rights including patents, trademarks, industrial marks, franchise rights and other intangible rights, and exploiting and leasing them to its subsidiaries or to third parties.
Alyan	The Company's main activities consist of the manufacture of hollow cement blocks and bricks, the production of ready-mix concrete, the manufacture of concrete additives and plasticizers, the manufacture of ready-mix and dry-mix multi-purpose concrete mixtures, the manufacture of window frames made of concrete or cement, the manufacture of asbestos cement or cellulose fiber cement products, and the manufacture of building materials produced from plant-based materials bonded with cement.
Musanada	The main activities of the Company consist of contracting and construction works, in addition to the trading and sale of cement, concrete, and sand.
Luxury Yacht Manufacturing Company (Single Person Company)	The Company's main activities consists of the manufacture of glass products and marine industries, including the production of insulating glass and electric lamp glass, as well as the design and manufacture of boats and vessels of various types, such as passenger and cargo vessels, oil tankers, recreational boats and fishing boats, as well as floating marine structures.
AlKathiri Sukuk Establishment	Its principal activity is dealing in securities, in accordance with the securities laws and regulations applicable in the Kingdom of Saudi Arabia. The Company does not prepare or issue separate financial statements.
Terras Town Real Estate Company	The Company's main activities consists of real estate activities in owned or leased properties and real estate activities on a fee or contract basis.
Saraya Al Diyar Investment Company	The nature of the Company's activities is investment in the hospitality and hotel sector. The Company aims to develop and manage high-quality hotel and hospitality projects that meet the growing demand for premium services in the Kingdom of Saudi Arabia.
Musanada Qatar Company	Masanada Qatar Company is a wholly-owned subsidiary of Masanada Al-Imdad Company, with its entire capital acquired, and it has not conducted any operational activities up to the date of preparation of the financial statements.

The head office of AlKathiri Holding Company is located in Riyadh, Al Malqa District, Green Offices, Prince Yazid bin Abdullah bin Abdulrahman Road (branching from King Khalid Road), Unit No. 19, Riyadh 13523-6695.

C) The company's share capital

During the year 2017, the partners decided to convert the Company from a limited liability company into a closed joint stock company. Ministerial Resolution No. (Q/171) was issued on 09/06/1438H approving the license to convert the Company. Subsequently, on 15/06/1438H, Ministerial Resolution No. (Q/181) was issued, announcing the Company's conversion into a closed joint stock company and increasing its capital from SAR 5,000,000 to SAR 27,300,000 by transferring SAR 20,207,901 from retained earnings and SAR 2,092,099 from the statutory reserve, based on the 2016 financial statements.

On 17/05/2017, the Capital Market Authority approved the prospectus for the issuance of AlKathiri Holding Company and the offering of 819,000 shares, representing 26.1% of the capital, for listing on the Nomu – Parallel Market. Following the offering, the Company's capital became SAR 31,395,000. On 28/10/2019, the Capital Market Authority approved the Company's request to transfer from the Nomu – Parallel Market to the Main Market, with a capital of SAR 45,208,800 divided into 4,520,880 shares.

The Extraordinary General Assembly held on 18/02/1442H (corresponding to 05/10/2020) approved the Board of Directors' recommendation dated 17/03/1441H (corresponding to 14/11/2019) to increase the Company's capital from SAR 45,208,800 to SAR 90,417,600 through a public offering of shares while retaining the preemptive subscription rights for shareholders registered in the Company's records as of the assembly date.

**AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

1. The Company And Nature Of Its Business(Continued):

C) The company's share capital(Continued)

The Extraordinary General Assembly held on 13/11/1442H (corresponding to 23/06/2021) approved the increase of the Company's capital from SAR 90,417,600 to SAR 113,022,000 by capitalizing retained earnings and issuing one bonus share for every four shares held by existing shareholders.

Establishment of Special Purpose Entity for Sukuk

During the year 2023, the Company established a special purpose entity named "AlKathiri Sukuk Facility" (the "Special Purpose Entity"), which is licensed by the Capital Market Authority under license No. (SPE00034) dated 16 December 2021.

AL KATHIRI Holding Company is the sponsor of the entity, while Alkhair Capital Company acts as the trustee. The purpose of establishing this entity is to issue debt instruments (sukuk) based on receivables, in accordance with the rules and regulations issued by the Capital Market Authority.

Share Split

The Extraordinary General Assembly held on 21/09/1444H (corresponding to 12/04/2023) approved the split of the nominal value of the shares from SAR 10 per share to SAR 0.50 per share, without any change in the Company's capital. Accordingly, the number of the Company's shares increased from 11,302,200 shares to 226,044,000 shares.

Establishment of The Luxury Yachts Company

AlKathiri Holding Company announced on 28/10/2023 (corresponding to 13/04/1445H) the approval of the Board of Directors to establish a wholly-owned subsidiary (100%) under the name "The Luxury Yachts Company (single-person limited liability company)" with a capital of SAR 10,000,000. The nature of the subsidiary's activity is building and manufacturing luxury yachts.

Establishment of Musandat for Contracting – Qatar

AlKathiri Holding Company announced on 10/10/2024 that, on 06/04/1446H (corresponding to 09/10/2024), Musandat Al-Imdad Limited Company, a subsidiary of AlKathiri Holding Company, established a limited liability company in Qatar under the name "Musandat for Contracting," with a capital of QAR 500,000, wholly owned (100%) by AlKathiri Holding Company. The headquarters of the Company are located in Doha, Qatar.

d) Fiscal year

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

e) Functional and presentation currency

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

(c) Geopolitical developments

The Company continues to monitor regional geopolitical developments and their potential impact on the Kingdom of Saudi Arabia, given that the majority of the Company's operations are conducted within the Kingdom of Saudi Arabia. While the situation remains evolving, the Company maintains a robust operational framework to manage the related risks. These developments have not resulted in any material impact on the Company's condensed interim consolidated financial statements for the period ended 31 March 2026. However, due to the evolving nature of the situation, the Company will continue to assess the potential long-term implications on its business in future reporting periods.

2. The Basis Of Preparation:

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Certified Public Accountants.

2.2 Preparation of the Consolidated Financial Statements

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for cases where International Financial Reporting Standards require an alternative measurement basis, as disclosed in the accounting policies in Note (5) to the interim condensed consolidated financial statements.

**AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

2. The Basis Of Preparation(Continued):

2.2 Preparation of the Consolidated Financial Statements(Continued)

The preparation of the interim condensed consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates, and assumptions that may affect the accounting policies and the amounts reported in the interim condensed consolidated financial statements. These significant accounting judgments and key sources of estimation uncertainty have been disclosed in Note (4).

Going Concern

The Group incurred a net loss of SAR 13.9 million for the period ended 31 March 2026 (for the period ended 31 December 2025: net loss of SAR 36.5 million). In addition, the accumulated losses amounted to SAR 69.2 million as of 31 March 2026 (31 December 2025: SAR 55.4 million), representing 61% of the Group's share capital (2025: 49%).

These accumulated losses are primarily attributable to the challenges facing the building materials sector, including exposure to fluctuations in raw material prices and production input costs, which adversely affected profit margins.

These conditions, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In December 2025, the Group's management performed an assessment of the Group's ability to continue as a going concern by preparing future cash flow forecasts and reviewing the key assumptions related thereto. Management's plans include, among other matters, improving operational performance, enhancing revenues, rationalizing costs, increasing operational efficiency, and evaluating available financing options when required.

Based on the foregoing, management believes that the Group has sufficient resources to continue its operations and meet its obligations as they fall due, which supports the appropriateness of adopting the going concern basis in the preparation of these condensed consolidated interim financial statements.

New standards, amendments to standards, and interpretations

Issued standards not yet applied

The following is a statement of new standards and amendments to standards applicable for years beginning on or after 1 January 2026, with early application permitted, but the Company has not applied them at the date of preparing these financial statements. The Company is currently assessing the impact of applying these standards on the financial statements.

A) Amendments to International Financial Reporting Standard 9 and International Accounting Standard 7 – Classification and Measurement of Financial Instruments

Amendments:

Clarification of the requirements for the timing of recognition and derecognition of certain financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

Clarification and additional guidance for assessing whether a financial asset meets the "solely payments of principal and interest" criteria.

Addition of new disclosures for some instruments with contractual terms that can change cash flows (such as certain instruments with features linked to achieving environmental, social, and governance objectives); and

Updates to disclosures related to equity instruments measured at fair value through other comprehensive income.

B) International Financial Reporting Standard 18, "Presentation and Disclosure in Financial Statements"

The new standard for presentation and disclosure in financial statements applies for years beginning on or after 1 January 2027, with a focus on updates to the statement of profit or loss. The main new concepts introduced in IFRS 18 include:

Structure of the statement of profit or loss;

Required disclosures in the financial statements for some profit or loss performance measures reported outside the entity's financial statements (i.e., management-defined performance measures); and enhancing the aggregation and classification principles applicable to primary financial statements and notes in general.

**AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

3. Basis of Consolidation of Financial Statements

These consolidated financial statements, which include the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the Group's consolidated financial statements, comprise the assets, liabilities, and results of operations of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Specifically, the Group controls an investee company only when the Group:

Has power over the investee (i.e., rights giving the Group the current ability to direct the relevant activities of the investee).
Is exposed to, or has rights to, variable returns from its involvement with the investee.

Has the ability to use its power over the investee to affect the returns.

In general, there is a presumption that control arises from holding the majority of voting rights. To support this presumption, when the Group holds less than the majority of voting rights or similar rights in the investee, the Group considers all relevant facts and circumstances when determining whether it exercises control over the investee, including: Contractual arrangements with other holders of voting rights in the investee.

Rights arising from other contractual arrangements.

The Group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control is obtained until the date that control ceases. The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in a business combination is generally measured at fair value, as is the case for the net identifiable assets acquired. The excess of the acquisition cost plus the fair value of non-controlling interests over the fair value of net identifiable assets acquired is recognized as goodwill in the consolidated statement of financial position. Non-controlling interests are measured at their proportionate share of the net identifiable assets of the acquiree at the acquisition date. The share of profit or loss and net assets not owned by the Group is presented as a separate item in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. All intra-group transactions, balances, profits, and losses arising from intra-group transactions are eliminated. The accounting policies of subsidiaries are adjusted where necessary to ensure consistency with the policies adopted by the Group.

Group structure:

The interim condensed consolidated financial statements as at 31 March 2025 include the financial statements of the Company and its subsidiaries (together, "the Group"), as set out below:

Company's name	Country	Legal entity	Ownership Ratio (%)
Alian Industry Company	Saudi Arabia	Closed joint stock	99
Msandh Alemdad Company Ltd	Saudi Arabia	Limited liability company	100
The Luxury Yacht	Saudi Arabia	Limited liability company	100
Sukuk Al-kathiri	Saudi Arabia	Special purpose entity	The company is the sponsor
Terrace Town Real Estate Company	Saudi Arabia	Limited liability company	100
Saraya Al Diyar Investment Company	Saudi Arabia	Limited liability company	100
Mosanda for constructions	Qatar	Limited liability company	100

4. Significant assumptions, estimates, and judgments:

The preparation of the financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia requires the use of certain significant estimates and assumptions that affect the amounts recognized for assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date, as well as the amounts recognized for revenues and expenses during the reporting period. Estimates and judgments are continuously assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions regarding the future, which by their nature, rarely equal the actual outcomes.

The key estimates and assumptions are continuously reviewed. Adjustments to estimates are recognized prospectively.

**AL KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

4. Significant assumptions, estimates, and judgments (continued):

4-1 Fair Value Measurement

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. Fair value measurement assumes that the sale of the asset or transfer of the liability will occur 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 most advantageous markets must be accessible by the Company. The fair value of assets or liabilities is measured assuming that market participants will act in their economic best interest

when pricing the assets and liabilities. For non-financial assets, fair value measurement takes into account the ability of market participants to generate economic benefits through the highest and best use of the asset or by selling it to other market participants who would use the asset optimally.

The Company uses appropriate valuation techniques according to the circumstances, with sufficient data available to measure fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

Expected Credit Loss Provision for Trade Receivables

Expected credit losses are calculated to determine impairment losses on receivables. The provision is determined by referring to a range of factors to ensure that receivables balances are not overstated due to the risk of non-collection. Receivables are grouped based on shared credit risk characteristics and the number of days past due. Expected loss rates are derived from the Company's historical information and adjusted to reflect the expected future outcome, including forward-looking macroeconomic factors such as inflation and GDP growth.

Impairment of Non-Financial Assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is calculated based on available data for binding sales transactions conducted under arm's length conditions for similar assets or observable market prices less incidental costs to dispose of the asset. Value in use is calculated using a discounted cash flow method. Cash flows are based on a five-year forecast and do not include uncommitted restructuring activities or major future investments that would enhance the performance of the asset under review. Recoverable amount is affected by the discount rate used in the DCF model, expected future cash flows, and the growth rate applied for extrapolation.

Employee End-of-Service Benefits Provision

Defined benefit obligations for employees are determined using actuarial valuations. Actuarial valuation involves making several assumptions, which may differ from actual future developments. These assumptions include the discount rate, future salary increases, mortality rates, and future pension increases. Due to the long-term and complex nature of the assumptions, the defined benefit obligation is highly sensitive to changes in these assumptions, and all assumptions are reviewed at each reporting date.

Useful Lives and Residual Values of Property and Equipment

The useful life of each item of property and equipment is estimated based on the period over which the asset is expected to be available for use. The estimate is based on collective judgment, technical assessment, past experience with similar assets, and the application of judgment when the asset becomes available for use and depreciation begins.

Estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to normal wear and tear, technical or commercial obsolescence, or legal or other restrictions on the use of the asset. Changes in the estimated useful life or depreciation method are accounted for prospectively.

Slow-Moving Inventory Provision

Management establishes provisions for obsolete and slow-moving inventory. Estimates of net realizable value of inventory are based on the most reliable evidence available at the time of assessment, considering price or cost fluctuations directly related to events occurring after the consolidated statement of financial position date to the extent that they confirm the conditions as at year-end.

Leases – Incremental Borrowing Rate Estimation

The Company cannot easily determine the interest rate implicit in a lease; therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate the Company would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in the same economic environment. This rate reflects the amount the Company would have to pay, requiring estimation when observable rates are unavailable or need adjustment to reflect the terms of the lease. The Company estimates the incremental borrowing rate using observable inputs (e.g., market interest rates) when available and applies entity-specific adjustments.

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4. Significant assumptions, estimates, and judgments (continued):

Zakat and Withholding Taxes

The Company determines Zakat and withholding tax provisions in accordance with the requirements of the Zakat, Tax, and Customs Authority (“Authority”) and is subject to change based on final assessments received from the Authority. Provisions are recognized based on management’s best estimates regarding potential additional Zakat/taxes. The final outcome of any additional amounts assessed by the Authority depends on the results of any appeals available to the Company. Differences between the final tax outcome and initially recognized amounts may affect the statement of comprehensive income in the period of determination.

Accrued Expenses

Management recognizes accrued expenses for services and benefits received before the end of the reporting period for which invoices have not yet been received by the reporting date. Determining these expenses requires estimates of the value of services received and timing of accrual. Estimates are based on contractual terms with suppliers, recurring service agreements, and any available information at the reporting date and are reviewed periodically to ensure they reflect actual obligations as at the period-end.

5. Summary Of The Significant Accounting Policies

The accounting policies used in the preparation of the condensed interim consolidated financial statements for the three-month period ended 31 March 2026 are consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2025

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6- Property, plant and equipment, net

	Land	Buildings and constructions	Machines and equipment	Vehicles and cars	Furniture	Computer	Capital work in Progress (1/6)	Total
Book Value:								
Balance at 1 January 2026 "Audited"	6,400,000	97,121,129	91,264,871	5,757,131	2,058,899	1,486,742	12,738,361	216,827,133
Additions during the period	-	-	-	-	579	4,383	654,606	659,568
Disposals during the period	-	-	-	-	-	(3,550)	-	(3,550)
Balance at 31 March 2026 "Unaudited"	6,400,000	97,121,129	91,264,871	5,757,131	2,059,478	1,487,575	13,392,967	217,483,151
Accumulated depreciation:								
Balance at 1 January 2026 "Audited"	-	16,750,336	49,409,577	4,530,464	1,058,660	798,521	-	72,547,558
Depreciation of the period	-	1,207,814	2,073,440	138,864	69,587	44,596	-	3,534,301
Disposals during the period	-	-	-	-	-	(1,198)	-	(1,198)
Balance at 31 March 2026 "Unaudited"	-	17,958,150	51,483,017	4,669,328	1,128,247	841,919	-	76,080,661
Accumulated impairment								
Impairment charge for the period	-	2,402,153	2,331,614	142,394	50,924	36,773	-	4,963,858
Balance as at 31 March 2026 "Unaudited"	-	2,402,153	2,331,614	142,394	50,924	36,773	-	4,963,858
Net Book Value:								
Balance as at 31 March 2026 "Unaudited"	6,400,000	76,760,826	37,450,240	945,409	880,307	608,883	13,392,967	136,438,632

Property, Plant and Equipment that are fully depreciated but still in use amounted to SAR 10,428,416 as at 31 March 2026 (31 December 2025: SAR 10,428,416).

Depreciation for the period includes depreciation of assets used in general and administrative expenses amounting to SAR 8,092 (31 December 2025: SAR 40,170) and depreciation of assets used in cost of revenues amounting to SAR 3,526,209 (31 December 2025: SAR 12,377,525).

The carrying value of the pledged assets as at 31 March 2026 amounted to SAR 47,320,012 (31 December 2025: SAR 47,320,012).

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6. Property, plant and equipment, net (Continued):

	Land	Buildings and constructions	Machines and equipment	Vehicles and cars	Furniture	Computer	Capital work in Progress (1/6)	Total
Book Value:								
Balance at 1 January 2025 "Audited"	6,400,000	94,427,977	84,045,492	5,671,503	1,847,185	1,329,376	11,411,524	205,133,057
Additions during the Year	-	2,693,152	4,342,976	85,628	220,447	168,785	1,997,606	9,508,594
Transefer from right of use*	-	-	2,912,520	-	-	-	-	2,912,520
Transfers from projects under construction	-	-	638,457	-	(8,733)	(11,419)	(670,769)	(52,464)
Disposals during the year	-	-	(674,574)	-	-	-	-	(674,574)
Balance at 31 December 2025 "Audited"	6,400,000	97,121,129	91,264,871	5,757,131	2,058,899	1,486,742	12,738,361	216,827,133
Accumulated depreciation:								
Balance at 1 January 2025	-	12,119,468	42,118,764	3,993,962	794,341	620,215	-	59,646,750
Depreciation of the year	-	4,630,868	7,827,613	538,723	264,319	178,306	-	13,439,829
Disposals during the Year	-	-	(536,800)	(2,221)	-	-	-	(539,021)
Balance at 31 December 2025 "Audited"	-	16,750,336	49,409,577	4,530,464	1,058,660	798,521	-	72,547,558
Accumulated impairment								
Balance as at 1 January 2025	-	-	-	-	-	-	-	-
Impairment charge for the year	-	2,402,153	2,331,614	142,394	50,924	36,773	-	4,963,858
Balance as at December 31, 2025 "Audited"	-	2,402,153	2,331,614	142,394	50,924	36,773	-	4,963,858
Net Book Value:								
At 31 December 2025 "Audited"	6,400,000	77,968,640	39,523,680	1,084,273	949,315	651,448	12,738,361	139,315,717

Property, Plant and Equipment that are fully depreciated but still in use amounted to SAR 10,428,416 as at 31 December 2025 (31 December 2024: SAR 10,185,994).

Depreciation for the year includes depreciation of assets used in general and administrative expenses amounting to SAR 40,170 (31 December 2024: SAR 236,910), and depreciation of assets used in cost of revenue amounting to SAR 12,377,525 (31 December 2024: SAR 12,937,990).

*Transfers represent the reclassification of right-of-use assets relating to two concrete pumps to Property, Plant and Equipment, following the transfer of ownership to the Company in August 2025 upon the expiry of the finance lease contract with ownership transfer.

The carrying amount of pledged assets as at 31 December 2025 amounted to SAR 47,320,012 (31 December 2024: SAR 47,320,012).

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6-1 Property, plant and equipment – net (Continued)

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
factory specialized in the manufacturing of yachts	12,998,301	12,378,133
Accounting software	394,666	360,228
	13,392,967	12,738,361

The balance of projects under construction, amounting to SAR 12,998,301 million, represents the costs of constructing a specialized yacht manufacturing plant, located in Rabigh Governorate, Makkah Region, Kingdom of Saudi Arabia, which is expected to be completed during 2026.

The balance also includes SAR 394,666, representing the costs of developing and implementing an Enterprise Resource Planning (ERP) system using the Odoo software, with the project expected to be completed during 2026.

7- Lease contracts

Right of use assets

	Land	Leased equipment	Total
Cost:			
Balance as at 1 January 2026 "Audited"	2,229,878	11,570,129	13,800,007
Addition during the Period*	3,631,497	-	3,631,497
Balance as at 31 March 2026 "Unaudited"	5,861,375	11,570,129	17,431,504
Accumulated amortization:			
Balance as at 1 January 2026 "Audited"	1,685,231	578,506	2,263,737
Charged during the Period	95,191	289,253	384,444
Balance as at 31 March 2026 "Unaudited"	1,780,422	867,759	2,648,181
Net carrying value:			
As at 31 March 2026 "Unaudited"	4,080,953	10,702,370	14,783,323

*Additions to right-of-use assets during the period represent the signing of a land lease contract in the Mulhim area, on which the concrete plant of Alyan Company, a subsidiary of Al Kathiri Group, is located.

	Land	Leased equipment	Total
Cost:			
Balance as at 1 January 2025 "Audited"	2,229,878	4,372,713	6,602,591
Transfers to property and equipment	-	(4,372,713)	(4,372,713)
Addition during the year	-	11,570,129	11,570,129
Balance as As at 31 December 2025 "Audited"	2,229,878	11,570,129	13,800,007
Accumulated amortization:			
Balance as at 1 January 2025 "Audited"	1,393,012	1,022,135	2,415,147
Charged during the year	293,553	1,016,564	1,310,117
Transfers to property and equipment	-	(1,460,193)	(1,460,193)
Adjustments	(1,334)	-	(1,334)
Balance as As at 31 December 2025 "Audited"	1,685,231	578,506	2,263,737
Net carrying value:			
As at 31 December 2025 "Audited"	544,647	10,991,623	11,536,270

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7- Lease contracts(Continued)

Lease liabilities	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Balance as at 1 January	10,039,662	1,727,370
Adjustments on lease contracts	-	163,944
Addition during the year on lease contracts	3,181,497	11,173,422
Interest charged during the year/ period	198,750	482,664
Paid during the year/ period	(736,373)	(3,507,738)
Balance as at the end of the year/ period	12,683,536	10,039,662
Current portion	4,536,495	4,469,177
Non-current portion	8,147,041	5,570,485
Balance as at the end of the year/ period	12,683,536	10,039,662

8- Trade receivable

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Trade receivable	78,433,797	61,933,574
Less: Expected credit loss	(19,136,560)	(19,136,560)
Balance as at the end of the year/ period	59,297,237	42,797,014

The movement on expected credit loss during the year/ period is as follows:

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Balance as as 1 January	19,136,560	17,163,544
Component during the period/year	-	1,973,016
Balance as at the end of the year/ period	19,136,560	19,136,560

9- Contract assets

The following table provides information on contract assets

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Contract assets	30,439,978	32,555,381
Balance as at the end of the year/ period	30,439,978	32,555,381

The movement in contract assets for the year/ period is as follows:

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Incurred cost-plus recognized profit	32,555,381	69,286,898
Less: Progress invoices	(2,115,403)	(36,731,517)
Balance as at the end of the year/ period	30,439,978	32,555,381

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10- Inventories

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Raw materials	10,315,595	9,951,430
Spare parts and production supplies	1,743,041	1,639,744
Gravel and sand inventory	210,091	134,106
Less: impairment in value of inventory	(7,528,084)	(7,528,084)
Balance as at the end of the year/ period	4,740,643	4,197,196

Movement in the impairment in value of inventory during the year/ period is as follows:

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Balance as at 1 January	7,528,084	-
Component during the period/year	-	7,528,084
Balance as at the end of the year/ period	7,528,084	7,528,084

11- Related parties transactions and balances

Related party transactions primarily represent salaries, allowances, and bonuses of key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including members of the Board of Directors and shareholders (whether executive or otherwise). The line item "Salaries, wages and related benefits" for the year ended 31 December comprises the following:

		For the three months period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Related party	Nature of the transactions		
	Salaries, wages and related		
Key management personnel	benefits	250,000	159,000
Key management personnel	End of service benefit	276,644	364,725

12- Prepayments and other debit balances

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Advances to subcontractors	18,436,738	19,366,976
Letters of guarantee margin	8,840,105	10,228,627
Retention receivables	5,641,165	5,565,237
Prepaid expenses	4,328,334	1,331,668
Advances to suppliers	4,084,776	7,659,167
Advances and petty cash	745,674	313,955
Accrued revenues*	-	25,669,363
Advance payment – SAR project	1,741,554	1,741,554
Others	3,600,687	2,656,450
Balance as at the end of the year/ period	47,419,033	74,532,997

This account represents unbilled revenue related to the supply of gravel to Basma Al-Bawani Company under an agreement contract in October 2025, which was billed in December 2025.

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13- Cash and cash equivalents

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Cash at banks	5,491,384	2,877,252
Cash on hand	31,928	-
Balance as at the end of the year/ period	5,523,312	2,877,252

14- Share capital

As of 31 March 2026, and 31 December 2025, the Company's share capital amounted to SAR 113,022,000 (one hundred and thirteen million and twenty-two thousand Saudi Riyals), fully paid, divided into 226,044,000 shares (two hundred and twenty-six million and forty-four thousand shares) of equal value, with a nominal value of SAR 0.50 (fifty halalas) per share. All shares are ordinary shares, and the share capital is distributed as follows:

Shareholder	As at 31 March 2026 (Unaudited)			As at 31 December 2025 (Audited)		
	Ownership Percentage	No. of shares	Total value of shares	Ownership Percentage	No. of shares	Total value of shares
Mishaal Nasser Al-Kathiri*	41.32%	93,392,250	46,696,126	41.32%	93,392,250	46,696,126
Other shareholders	58.68%	132,651,750	66,325,874	58.68%	132,651,750	66,325,874
Total	100%	226,044,000	113,022,000	%100	226,044,000	113,022,000

15- Statutory Reserve

In prior years, the Company established a statutory reserve in accordance with the requirements of the then-applicable Companies Law.

On May 23, 2023, the Company amended its Articles of Association to align with the Companies Law issued in 2022, which no longer requires companies to maintain a statutory reserve. The amended Articles of Association also do not stipulate the continuation of such reserve.

16- Sukuk at Amortized Cost:

On 30 March 2023, Al-Kathiri Sukuk Company (a special purpose entity affiliated with Al Kathiri Holding Company) issued 100,000 sukuk with a nominal value of SAR 1,000 per sukuk, for a total issuance value of SAR 100,000,000.

The sukuk have a tenor of five years from the issuance date, with an annual return to sukuk holders of 8.5%, payable semi-annually on March 30 and September 30 of each year.

The sukuk balance as of March 31, 2026 and December 31, 2025 was as follows:

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Sukuk Issued at Amortized Cost	100,000,000	100,000,000
Balance as at the end of the year/ period	100,000,000	100,000,000

17- Saudi Industrial Development Fund Loan

Elyan Industrial Company (a subsidiary of the Group) signed a loan agreement with the Saudi Industrial Development Fund on October 2, 2019, for a total amount of SAR 23,200,000, less an amount of SAR 1,160,000 deducted for study and industrial evaluation costs.

The loan was granted against a promissory note and a pledge over all factory assets in favor of the Fund as collateral.

During 2022, the Company received the full loan amount, including the study and evaluation costs. The loan is repayable in 12 periodic installments, with the first installment paid on May 16, 2022, and the final installment due on September 16, 2027.

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17- Saudi Industrial Development Fund Loan (Continued)

The movement of loan during the year/ period ended is as follows:

	As at 31 March	As at 31
	2026	December
	(Unaudited)	2025
	<u> </u>	<u> </u>
Balance as at 1 January	12,200,000	16,200,000
Paid during the year/ period	-	(4,000,000)
Less: Unamortized interest	(117,430)	(155,950)
Balance as at the end of the year/ period	<u>12,082,570</u>	<u>12,044,050</u>

17/1 Financial Covenants of the Saudi Industrial Development Fund Loan:

The loan agreement entered into with the Saudi Industrial Development Fund includes a number of financial and non-financial covenants and conditions that the Company is required to comply with.

In accordance with the terms of the agreement, management monitors compliance with these covenants on a periodic basis. In the event of any actual or potential breach of these covenants, management takes the necessary actions to remedy such breaches and ensure compliance with the agreement requirements.

During 2025, a breach of one of the financial covenants related to the credit facilities granted by the Saudi Industrial Development Fund (SIDF) occurred. No formal waiver was obtained from the lender regarding this covenant; however, management has communicated with the lender to maintain the loan. Accordingly, the loan has been reclassified as a current liability, with no material impact on the financial statements.

18- Employees' defined benefits obligations

The movement of provision during the year/ period is as follows:

	As at 31 March	As at 31
	2026	December
	(Unaudited)	2025
	<u> </u>	<u> </u>
Balance as at January 1	3,536,000	4,272,476
Component during the period/year	755,116	1,004,414
Actuarial gain from remeasurement of employees' defined benefits obligations	-	(1,273,613)
Paid during the year/ period	(475,692)	(467,277)
Balance as at the end of the year/ period	<u>3,815,424</u>	<u>3,536,000</u>

19- Trade Payable – Subcontractors

	As at 31 March	As at 31
	2026	December
	(Unaudited)	2025
	<u> </u>	<u> </u>
Subcontractors	23,132,330	30,011,893
Balance as at the end of the year/ period	<u>23,132,330</u>	<u>30,011,893</u>

Accounts payable to subcontractors represent amounts owed for work performed by subcontractors based on actual completion percentages; however, no invoices have been issued or payments made for these amounts.

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20- Short-term loans

The Company has signed credit facility agreements with several local banks with a total credit limit of SAR 16,521,000, secured by promissory notes totaling SAR 17,269,000, in addition to personal guarantees provided by one of the shareholders and the Managing Director, Mr. Mishaal Al-Kathiri, covering the full facility limit.

Additionally, Elyan Industrial Company (subsidiary) signed a credit facility agreement with Riyadh Bank on 28 July 2021, with a credit limit of SAR 6,000,000, secured by a promissory note of SAR 14,200,000.

On 12 December 2023, the agreement was renewed, increasing the credit limit by SAR 2,000,000 to a total limit of SAR 8,000,000, secured by a promissory note of SAR 9,000,000, in addition to surety guarantees provided by a shareholder of Al Kathiri Holding Company, who also serves as the Managing Director. The agreement matures on 12 December 2026.

The movement of loan during the year/ period is as follows:

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Balance as at 1 January	17,888,308	16,710,364
Proceeds during the year/ period	6,732,874	57,377,796
Charged interest	210,681	3,616,831
Paid during the year/ period	(12,303,864)	(59,816,683)
Balance as at the end of the year/ period	12,527,999	17,888,308

The balance of bank facilities as at the year/ period ended is as follows:

	Company name	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Short-term loans	Al-Kathiri Holding	4,917,020	6,697,469
Short-term loans	Elyan Industrial	7,265,869	10,527,893
Short-term loans	Msandh Alemdad	345,110	662,946
Balance as at the end of the year/ period		12,527,999	17,888,308

21- Accruals and other credit balances

	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Accrued returns on Al Kathiri Sukuk holders	4,273,600	2,172,878
Retention payable – Subcontractors	3,654,745	3,323,803
Accrued salaries	3,523,188	127,224
Subcontractors Payable	2,256,457	1,138,366
Accrued Expenses	1,250,881	975,762
VAT Payable	911,900	1,560,547
Advances from customers	800,427	1,190,277
Accrued Board of Directors' Remuneration	357,000	792,333
Retention payable – SAR project	99,234	99,234
Accrued professional fees	34,500	172,500
Other	800,000	170,938
Balance as at the end of the year/ period	17,961,932	11,723,862

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22- Zakat provision

	As at 31 March	As at 31
	2026	December
	(Unaudited)	2025
	(Unaudited)	(Audited)
Balance as at 1 January	4,497,534	-
Component during the period/year	-	2,005,831
Zakat differences adjustments	-	2,491,703
Balance as at the end of the year/ period	4,497,534	4,497,534

Zakat position:

During 2020, the Zakat, Tax, and Customs Authority approved the company's request to file consolidated Zakat accounts for the company and its subsidiaries starting from 2020. Each subsidiary, however, submits a separate information return, and the company allocates the Zakat liability to each subsidiary based on its ownership percentage.

The company obtained the final Zakat certificate for the financial statements for the year ended 31 December 2024, valid until 30 April 2026. Management confirms that there are no outstanding Zakat liens or claims that could result in a potential Zakat liability.

In December 2025, the Company received a final assessment from the Zakat, Tax and Customs Authority ("ZATCA") for the year 2023, which included a demand to settle additional Zakat differences amounting to SAR 2,491,703.

The Company submitted an objection within the statutory period; however, no decision has been made to date. Given that the Company expects the objection to be rejected, a provision for Zakat claims has been recognized for the full outstanding amount.

23- Revenue

	For the three months period ended 31	
	March	
	2026	2025
	(Unaudited)	(Unaudited)
Concrete Sales	19,285,536	25,919,679
Contracting Revenue	-	13,847,557
Washed Gravel and Sand Sales	695,706	-
Cement Sales	6,219,157	8,118,137
Concrete Panel Sales	1,858,769	3,951,836
Total at the end of the period/year	28,059,168	51,837,209

Revenues and sales are geographically distributed as follows:

	For the three months period ended 31	
	March	
	2026	2025
	(Unaudited)	(Unaudited)
Domestic Revenue	28,030,797	50,893,597
Export Revenue	28,371	943,612
Total at the end of the period/year	28,030,797	51,837,209

Revenues and sales are recognized based on the timing of recognition as follows:

	For the three months period ended 31	
	March	
	2026	2025
	(Unaudited)	(Unaudited)
Sales at a Point in Time	28,030,797	50,893,597
Revenue over a Period of Time	-	943,612
Total at the end of the period/year	28,030,797	51,837,209

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24- Cost of revenue

	For the three months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Raw materials	19,881,646	36,023,827
Salaries wages, and related benefits	4,647,490	3,983,764
Depreciation of PPE and ROU assets	3,910,653	3,078,636
Other employees' benefits	2,793,262	2,337,904
Maintenance and operating expenses	1,752,999	3,106,182
Car costs	1,048,967	1,044,587
Rent	32,646	21,976
Other	694,693	-
Total at the end of the period/year	34,762,356	49,596,876

25- General and administrative expenses

	For the three months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Salaries wages, and related benefits	2,344,126	2,014,087
Other employee benefits	667,835	824,187
Professional fees and consultancy	47,628	303,642
Rent Expenses*	17,560	60,379
Tadawul Group expenses	54,247	200,383
Depreciation of PPE	8,092	140,183
Government fees	9,399	25,639
Advertising and promotion	21,600	7,428
Other	602,966	350,543
Total at the end of the period/year	3,773,453	3,926,471

*This item represents the operating lease expense for the head office of Al-kathiri Company. The lease cost is allocated to related companies based on the agreed distribution ratios.

26- Finance cost

	For the three months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Expenses on Returns to Al-kathiri Sukuk Holders	2,100,722	2,100,940
Short-term Loans	574,513	267,050
Finance Lease	198,750	19,787
Saudi Industrial Development Fund Loan	38,520	51,034
Provision for decommissioning and rehabilitation interest	1,657	1,774
Total at the end of the period/year	2,914,162	2,440,585

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27- Loss per share

Basic loss per share has been calculated by dividing the loss for the year by the weighted average number of outstanding shares, as follows:

	For the three months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Net loss for the year attributable to company sharholders	(13,817,582)	(5,039,097)
Weighted average number of shares	226,044,000	226,044,000
Loss per share from net profit for the period/year	(0.06)	(0.02)

28- Contingent liabilities

Contingent liabilities arising from the uncovered portion of letters of guarantee amounted to SAR 3,948,640 as at 31 March 2026 (31 December 2025: SAR 4,948,640).

Letters of guarantee issued in the name of Al Kathiri Holding Company (100% owner) on behalf of Msandh Alemdad Company (a limited liability subsidiary) amounted to SAR 520,800 as at 31 March 2026 (2025: SAR 520,800). The related letters of guarantee margin amounted to SAR 78,120 as at 31 March 2026 (2025: SAR 78,120).

29- Financial risk management

The Company's activities expose it to the following financial risks arising from its use of financial instruments. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

29-1 Financial instruments by category

	As at 31 March 2026	As at 31 December 2025
<u>Financial assets</u>		
Trade receivables	78,433,797	61,933,574
Contract assets	30,439,978	32,555,381
Prepayments and other receivables	18,827,630	44,433,632
Cash and cash equivalents	5,523,312	2,877,252
Total at the end of the period/year	133,224,717	141,799,839
	As at 31 March 2026	As at 31 December 2025
<u>Financial liabilities</u>		
Sukuk at amortized cost	100,000,000	100,000,000
Trade payables	55,362,536	47,613,024
Payables to Subcontractors	23,132,330	30,011,893
Accruals and other payables	16,249,605	8,973,038
Short-term loans	12,527,999	29,932,358
Lease liabilities	4,536,495	10,039,662
Total at the end of the period/year	211,808,965	226,569,975

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29- Financial risk management(Continued)

29-1 Financial instruments by category(Continued)

Credit risk

Credit risk represents the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk relating to customers by setting credit limits for each customer and monitoring outstanding receivable balances.

	As at 31 March 2026	As at 31 December 2025
Trade receivables	78,433,797	61,933,574
Contract assets	30,439,978	32,555,381
Other receivables	18,827,630	44,433,632
Cash at banks	5,523,312	2,877,252
Total at the end of the period/year	133,224,717	141,799,839

30- Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

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

Financial liabilities

As at 31 March	Carrying amount	Contractual cash flows	Less than one year	1-5 years	More than 5 years
Trade payables	55,362,536	55,362,536	55,362,536	-	-
Accruals and other credit balances	16,249,605	16,249,605	16,249,605	-	-
Short-term loans	12,527,999	12,527,999	12,527,999	-	-
Lease liabilities	4,536,495	4,536,495	-	4,536,495	-
Long-term loans	12,082,570	12,082,570	-	12,082,570	-
Long-term sukuk	100,000,000	100,000,000	-	100,000,000	-
Subcontractors	23,132,330	23,132,330	23,132,330	-	-
	223,891,535	223,891,535	107,272,470	116,619,065	-

As at 31 December	Carrying amount	Contractual cash flows	Less than one year	1-5 years	More than 5 years
Trade payables	47,613,024	47,613,024	47,613,024	-	-
Accruals and other credit balances	8,592,865	8,592,865	8,592,865	-	-
Short-term loans	17,888,308	17,888,308	17,888,308	-	-
Lease liabilities	10,039,662	10,039,662	-	10,039,662	-
Long-term loans	12,044,050	12,044,050	-	112,044,050	-
Long-term sukuk	100,000,000	100,000,000	-	100,000,000	-
Subcontractors	30,011,893	30,011,893	30,011,893	-	-
	226,189,802	226,189,802	104,106,090	222,083,712	-

31. Market risk (including commission rate risk and foreign currency risk)

Market risk represents the risk that changes in market prices, such as commission rates, foreign exchange rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments.

(a) Commission rate risk management

Commission rate risk arises from fluctuations in the value of financial instruments due to changes in prevailing market commission rates. The Company is exposed to commission rate risk on its commission-bearing assets, mainly Murabaha deposits and credit facilities.

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31- Market risk (including commission rate risk and foreign currency risk) (Continued)

(b) Foreign currency risk

The Company's transactions are primarily denominated in Saudi Riyals, with limited transactions in US Dollars, which are pegged to the Saudi Riyal at a fixed exchange rate. The Company does not have significant foreign currency-denominated assets or liabilities. Accordingly, the Company is not exposed to significant foreign currency risk, and no foreign currency sensitivity analysis is presented.

32- Capital risk management

The Company's capital management objectives are to safeguard its ability to continue as a going concern, thereby enabling it to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure in order to minimize the cost of capital

To maintain or adjust its capital structure, the Company may adjust dividend payments to shareholders, issue new shares, or obtain/repay financing from or to financial institutions

In line with other industrial companies, the Company manages capital risk by monitoring its debt levels and liquid assets, while considering future investment requirements and shareholder expectations. Debt is calculated as total long-term financing and short-term borrowings. Total capital comprises shareholders' equity as presented in the consolidated statement of financial position under "Capital and Reserves", and net debt (net cash and cash equivalents).

The key information related to the Group's capital risk management as at the end of the period/year is as follows:

Item	As at 31 March	As at 31 December
Total debt (loans and sukuk)	124,610,569	129,199,449
Less: cash and bank balances	(5,523,312)	(2,877,252)
Net debt	119,087,257	126,322,197
Total equity	56,297,585	70,176,436
Total capital employed	175,384,842	196,498,633
Debt to equity ratio	67.90%	64.3%

33- Fair values of financial instruments

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 Group's financial assets comprise cash and cash equivalents, receivables, and other assets, while financial liabilities comprise trade payables, accrued expenses, and other liabilities. The fair values of financial instruments do not materially differ from their carrying amounts.

34- Geographical information

All the Company's assets and liabilities are located within the Kingdom of Saudi Arabia. Masanat Qatar, a subsidiary of Msandh Alemdad Company, is considered an investment entity and has no significant operating activities to date. The Company's head office is located in Riyadh.

35- Operating segments

For management purposes, the Group is organized into business segments based on its products and services:

- Contracting / development revenues
- Sale of cement and materials

As at 31 March

Description	Sale of goods	Contract revenues	Total
External revenues	28,063,367	-	28,063,367
Intersegment revenues	(4,199)	-	(4,199)
Total segment revenues	28,059,168	-	28,059,168
External direct costs	(34,766,555)	-	(34,766,555)
Intersegment costs	4,199	-	4,199
Total segment costs	(34,762,356)	-	(34,762,356)
Segment net profit	(6,703,188)	-	(6,703,188)

36- Comparative figures

Certain comparative figures have been reclassified to conform with the presentation of the consolidated financial statements for the current year.

37- Approval the condensed consolidated financial interim statements

The consolidated financial statements were approved by the Company's Board of Directors on 20 Dhu al-Qi'dah 1447 AH (corresponding to 7 May 2026).