

AL KATHIRI HOLDING COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

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Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements

To the Shareholders of AL KATHIRI 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 (the "Company") a Saudi Joint Stock Company, and its subsidiary (together "the Group") as of 30 June 2026 and the interim condensed consolidated statements of profit or loss and other comprehensive income for the three and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons 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 International Standards on Auditing that are 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.

Basis for Qualified Conclusion

- As disclosed in Note (29) of the notes to the interim condensed consolidated financial statements, the Group's property, plant and equipment as of 30 June 2026 includes assets attributable to ALIAN INDUSTRY COMPANY ("a subsidiary") with a net book value of 104,185,144 ₪. Due to indicators of impairment, management performed an assessment to determine the assets' recoverable amount. Our impairment test results for evaluating the impairment showed that the value in use of these assets is less than their carrying amount. However, we were not provided with sufficient information to assess the fair value less costs to disposal; therefore, we were unable to determine the recoverable amount. Accordingly, we could not determine whether adjustments were required to the carrying amount of these assets, and the related effects on the loss, equity, and related disclosures for the period ended 30 June 2026.
- As disclosed in Note (16) of the notes to the interim condensed consolidated financial statements, the Group breached certain financial covenants related to the issued sukuk, with an outstanding balance of 100,000,000 ₪ as of 30 June 2026 and 31 December 2025, and the Group did not obtain a waiver for the breach. Therefore, the sukuk should have been classified as current liabilities in accordance with the requirements of International Accounting Standard (1) "Presentation of Financial Statements." However, management classified the sukuk as non-current liabilities, which resulted in an increase in non-current liabilities and a decrease in current liabilities by 100,000,000 ₪ as of 30 June 2026 and 31 December 2025.

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements (Continued)

To the Shareholders of AL KATHIRI HOLDING COMPANY

A Saudi Joint Stock Company

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion paragraph above, 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 IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

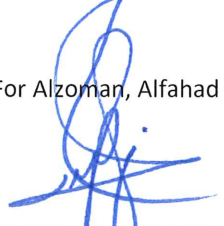
Material Uncertainty Related to Going Concern

We draw attention to Note (6-1) to the accompanying interim condensed consolidated financial statements, which indicates that the Group incurred a loss of 33,436,803 ﷲ for the period ended 30 June 2026, and as of that date, the Group's accumulated losses reached 103,372,295 ﷲ, representing 91.46% of the company's share capital. As of the same date, the Group's current liabilities exceeded its current assets by 17,976,628 ﷲ. These events and conditions, together 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. Our conclusion is not modified in respect of this matter.

Other Matter

The Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2025 were reviewed by another auditor, who expressed an unmodified conclusion on those financial statements on 20 Safar 1447H (corresponding to 14 August 2025). Also, the Group's consolidated financial statements for the year ended 31 December 2025 were audited by the same other auditor, who expressed an unmodified opinion on those financial statements on 20 Shawwal 1447H (corresponding to 8 April 2026).

For Alzoman, Alfahad & Alhajjaj for Professional Services


Zaher Abdullah Alhajjaj
Certified Public Accountant
License No (562)



Riyadh, Kingdom of Saudi Arabia

Date: 3 Rabi' al-Thani 1448H

Corresponding to: 14 September 2026

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS OF 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Note	30 June 2026 (unaudited)	31 December 2025 (audited) Restated (Note 30)	1 January 2025 (audited) Restated (Note 30)
Assets				
Non-Current Assets				
Property, plant and equipment	7	135,422,544	139,315,717	145,486,307
Right of use assets	8	14,385,882	11,536,270	4,187,444
Intangible assets	9	1,651,976	-	-
Total Non-Current Assets		151,460,402	150,851,987	149,673,751
Current assets				
Inventory	12	4,206,848	4,197,196	33,586,634
Trade receivables	10	44,630,636	38,622,518	38,134,263
Contract assets	11	20,432,536	22,060,750	1,731,343
Prepaid expenses and other debit balances	14	48,589,897	74,532,997	25,871,087
Cash and cash equivalents	15	4,063,437	2,877,252	33,384,991
Total Current Assets		121,923,354	142,290,713	132,708,318
Total assets		273,383,756	293,142,700	282,382,069
Equity and liabilities				
Equity				
Capital	1	113,022,000	113,022,000	113,022,000
Share premium		7,559,083	7,559,083	7,559,083
Statutory reserve		4,927,354	4,927,354	4,927,354
Accumulated losses		(103,372,295)	(70,095,769)	(18,716,536)
Equity attributable to the shareholders of the Parent Company		22,136,142	55,412,668	106,791,901
Non-controlling interest		(65,636)	94,641	285,511
Total Equity		22,070,506	55,507,309	107,077,412
Liabilities				
Non-current liabilities				
Sukuk at amortized cost	16	100,000,000	100,000,000	100,000,000
Saudi Industrial Development Fund loan - non-current portion		-	-	11,860,952
Lease liabilities – non-current portion	8	7,212,739	5,570,485	829,081
Provision for removal and rehabilitation		284,370	281,058	271,959
Employees defined benefit obligations		3,916,159	3,536,000	4,272,476
Total non-current liabilities		111,413,268	109,387,543	117,234,468
Current liabilities				
Short-term bank facilities	18	16,760,526	17,888,308	16,710,363
Saudi Industrial Development Fund loan - current portion	17	12,112,671	12,044,050	4,000,000
Trade Payables		64,072,322	47,613,024	28,669,383
Contract liabilities - Subcontractors		21,496,807	30,011,893	-
Lease liabilities - Current portion	8	4,536,495	4,469,177	898,289
Accrued expenses and other credit balances	19	12,994,613	11,723,862	7,792,154
Zakat provision	20	7,926,548	4,497,534	-
Total current liabilities		139,899,982	128,247,848	58,070,189
Total Liabilities		251,313,250	237,635,391	175,304,657
Total equity and liabilities		273,383,756	293,142,700	282,382,069

Mohammed Kamel
Chief Financial Officer

Mishaal Al Kathiri
Chief Executive Officer and Managing Director

Khalid Al-Khayyal
Chairman of the board

The accompanying notes from (1) to (32) form an integral part of these interim condensed consolidated financial statements

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026	2025	2026	2025
		(unaudited)	(unaudited) Restated (Note 30)	(unaudited)	(unaudited) Restated (Note 30)
Revenue	21	22,363,705	67,868,159	53,746,502	117,714,876
Cost of revenue	22	(28,208,994)	(65,847,791)	(62,971,350)	(115,444,667)
Gross (Loss)/ Profit		(5,845,289)	2,020,368	(9,224,848)	2,270,209
General and administrative expenses	23	(5,598,219)	(4,665,620)	(9,371,672)	(8,592,091)
Selling and marketing expenses		(489,613)	(623,494)	(1,150,744)	(1,815,873)
Expected credit losses provision	10	(3,706,119)	-	(3,706,119)	-
Slow-moving and obsolete inventory provision	12	(750,642)	-	(750,642)	-
Operating loss		(16,389,882)	(3,268,746)	(24,204,025)	(8,137,755)
Finance costs	24	(2,897,499)	(2,800,149)	(5,811,661)	(5,240,734)
Deposits income		-	-	-	224,494
Other income, net		162,703	54,714	335,786	76,282
Loss for the period before zakat		(19,124,678)	(6,014,181)	(29,679,900)	(13,077,713)
Zakat		(3,756,903)	(44,771)	(3,756,903)	(44,771)
Net loss for the period		(22,881,581)	(6,058,952)	(33,436,803)	(13,122,484)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		(22,881,581)	(6,058,952)	(33,436,803)	(13,122,484)
Total comprehensive loss for the period attributable to:					
Shareholders of the Parent Company		(22,784,098)	(6,049,717)	(33,276,526)	(13,079,358)
Non-controlling interests		(97,483)	(9,235)	(160,277)	(43,126)
		(22,881,581)	(6,058,952)	(33,436,803)	(13,122,484)
Loss per share attributable to the shareholders of the Parent Company:	25				
Basic and diluted loss per share from net loss for the period		(0.101)	(0.027)	(0.147)	(0.058)

Mohammed Kamel
Chief Financial Officer



Mishaal Al Kathiri
Chief Executive Officer and Managing Director



Khalid Al-Khayyal
Chairman of the board



The accompanying notes from (1) to (32) form an integral part of these interim condensed consolidated financial statements

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

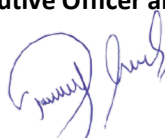
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Capital	Statutory reserve	Share premium	Accumulated losses	Equity attributable to the Parent Company	Non-controlling interests	Total
For the period ended 30 June 2026							
Balance as of 1 January 2026	113,022,000	4,927,354	7,559,083	(55,426,642)	70,081,795	94,641	70,176,436
Prior years adjustments (Note 30)	-	-	-	(14,669,127)	(14,669,127)	-	(14,669,127)
Balance as of 1 January 2026 (Restated Note 30)	113,022,000	4,927,354	7,559,083	(70,095,769)	55,412,668	94,641	55,507,309
Total comprehensive loss for the period	-	-	-	(33,276,526)	(33,276,526)	(160,277)	(33,436,803)
Balance as of 30 June 2026	<u>113,022,000</u>	<u>4,927,354</u>	<u>7,559,083</u>	<u>(103,372,295)</u>	<u>22,136,142</u>	<u>(65,636)</u>	<u>22,070,506</u>
For the period ended 30 June 2025							
Balance as of 1 January 2025	113,022,000	4,927,354	7,559,083	(15,854,184)	109,654,253	285,511	109,939,764
Prior years adjustments (Note 30)	-	-	-	(2,862,352)	(2,862,352)	-	(2,862,352)
Balance as of 1 January 2025 (Restated Note 30)	113,022,000	4,927,354	7,559,083	(18,716,536)	106,791,901	285,511	107,077,412
Total comprehensive loss for the period	-	-	-	(13,079,358)	(13,079,358)	(43,126)	(13,122,484)
Balance as of 30 June 2025	<u>113,022,000</u>	<u>4,927,354</u>	<u>7,559,083</u>	<u>(31,795,894)</u>	<u>93,712,543</u>	<u>242,385</u>	<u>93,954,928</u>

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Chairman of the board



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AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Note	For the six-month period ended 30 June	
		2026 (unaudited)	2025 (unaudited) Restated (Note 30)
Cash flows from operating activities			
Loss for the period before zakat		(29,679,900)	(13,077,713)
Adjustments:			
Depreciation of property, plant and equipment	7	7,264,705	6,553,637
Depreciation of right of use assets	22	781,885	372,723
Amortization of intangible assets	22	148,024	-
Expected credit losses provision	10	3,706,119	-
Slow-moving and obsolete inventory provision	12	750,642	-
Finance costs	24	5,811,661	5,240,734
Employees defined benefit obligations charge		1,097,123	637,759
Losses on disposal of property, plant and equipment		2,400	-
		(10,117,341)	(272,860)
Changes in:			
Inventory		(760,294)	(4,448,741)
Trade receivables		(9,714,237)	(5,324,598)
Contract assets		1,628,214	(13,352,010)
Prepaid expenses and other debit balances		23,693,100	(19,276,020)
Trade Payables		14,209,298	11,175,045
Contract liabilities - Subcontractors		(8,515,086)	14,726,257
Accrued expenses and other credit balances		1,270,751	(535,944)
Cash flows generated from / (used in) operating activities		11,694,405	(17,308,871)
Zakat paid		(327,889)	(44,771)
Employees defined benefit obligations paid		(716,964)	(145,862)
Net cash generated from / (used in) operating activities		10,649,552	(17,499,504)
Cash flows from investing activities			
Purchase of property, plant and equipment		(673,932)	(7,180,031)
Advance payments for additions to right of use assets		(450,000)	(396,706)
Net cash used in investing activities		(1,123,932)	(7,576,737)
Cash flows from financing activities			
Proceeds from short-term bank facilities		15,989,688	28,086,966
Short-term bank facilities paid		(18,224,538)	(22,822,095)
Profit paid on sukuk at amortized cost		(4,237,326)	(4,266,686)
Lease liabilities paid		(1,867,259)	(1,024,734)
Saudi Industrial Development Fund loan paid		-	(2,000,000)
Net cash used in financing activities		(8,339,435)	(2,026,549)
Net change in cash and cash equivalents		1,186,185	(27,102,790)
Cash and cash equivalents at the beginning of the period		2,877,252	33,384,991
Cash and cash equivalents at the end of the period		4,063,437	6,282,201
Non-cash transactions			
Additions to right-of-use assets and related lease liabilities		3,181,497	11,435,196
Additions to property, plant and equipment		2,700,000	-
Additions to intangible assets		1,800,000	-

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Khalid Al-Khayyal
Chairman of the board

The accompanying notes from (1) to (32) form an integral part of these interim condensed consolidated financial statements

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

1- COMPANY AND PRINCIPAL ACTIVITIES**a) Incorporation of the Company**

Al Kathiri Holding Company (the "Company") is a Saudi joint stock company, registered in the city of Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010255690 and Unified National Number 7001842223, dated 29 Sha'ban 1429H (corresponding to 30 August 2008).

b) These interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, as set out below:

Company	Country of incorporation	Commercial Registration Number	Commercial Registration Date	Percentage	
				30 June 2026	31 December 2025
AL KATHIRI HOLDING COMPANY	Kingdom of Saudi Arabia	1010255690	29-08-1429H	100%	100%
ALIAN INDUSTRY COMPANY	Kingdom of Saudi Arabia	1010442592	25-06-1437H	99%	99%
MSANDH ALEMDAD CONTRACTING COMPANY	Kingdom of Saudi Arabia	1010945513	23-06-1439H	100%	100%
LUXURY YACHT (a Single Person Company)	Kingdom of Saudi Arabia	4602115416	17-04-1445H	100%	100%
AL KATHIRI SUKOK ESTABLISHMENT	Kingdom of Saudi Arabia	Special purpose entity		The Company is the Sponsor	The Company is the Sponsor
TERRACE TOWN REAL ESTATE DEVELOPMENT COMPANY	Kingdom of Saudi Arabia	1010563774	30-06-1440H	100%	100%
SARAYA AIDIYAR INVESTMENT COMPANY	Kingdom of Saudi Arabia	5850156169	01-07-1446H	100%	100%
MSANDH CONTRACTING COMPANY	Qatar	204779	06-04-1446H	100%	100%

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

1- COMPANY AND PRINCIPAL ACTIVITIES (CONTINUED)

The principal activities of the Group's companies, each of which operates under a separate commercial registration, are set out below:

AL KATHIRI HOLDING COMPANY	The principal activities of the Company consist of managing its subsidiaries or participating in the management of other companies in which it holds an interest, and providing necessary support thereto, as well as owning industrial property rights, including patents, trademarks, industrial marks, franchise rights and other intangible rights, and exploiting and leasing such rights to its subsidiaries or to third parties.
ALIAN INDUSTRY COMPANY	The activity of the Company consists 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 multi-purpose ready-mix and dry concrete mixes, the manufacture of window frames made of concrete or cement, the manufacture of asbestos cement or cellulose fiber cement products, and the manufacture of construction materials produced from plant-based materials bonded with cement.
MSANDH ALEMDAD CONTRACTING COMPANY	The Company's principal activities consist of contracting and construction works, in addition to trading and selling cement, concrete and sand.
LUXURY YACHT (a Single Person Company)	The nature of the Company's activity consists of the manufacture of glass products and marine industries, including the production of insulating glass and light bulb glass, in addition to the design and manufacture of boats and ships of various types, such as passenger and cargo vessels, oil tankers, recreational boats, fishing boats, as well as floating marine structures.
AL KATHIRI SUKOK ESTABLISHMENT	Its principal activity is dealing in securities, in accordance with the securities regulations and by-laws licensed in the Kingdom of Saudi Arabia. The Company does not prepare or issue separate financial statements.
TERRACE TOWN REAL ESTATE DEVELOPMENT COMPANY	The nature of the Company's activity consists of real estate activities on owned or leased properties, and real estate activities carried out on a fee or contract basis. The Company has not practiced any operating activity up to the date of preparation of the financial statements.
SARAYA AIDIYAR INVESTMENT COMPANY	The nature of the Company's activity consists of investment in the hospitality and hotel sector, with the objective of developing and managing high-quality hotel and hospitality projects that meet the growing demand for premium services in the Kingdom of Saudi Arabia. The Company has not practiced any operating activity up to the date of preparation of the financial statements.
MSANDH CONTRACTING COMPANY- QATAR	MSANDH Contracting Company is a wholly owned subsidiary of MSANDH ALEMDAD CONTRACTING COMPANY, whose entire share capital was acquired; it does not carry out any operating activity as of the date of preparation of these financial statements.

The Company's Head Office is located in Riyadh, Al-Malqa District, Al-Makatib Al-Khadra, Prince Yazeed bin Abdullah bin Abdulrahman Road (off King Khalid Road), Unit No. 19, Riyadh 13523-6695.

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

1- COMPANY AND PRINCIPAL ACTIVITIES (CONTINUED)**c) Share capital of the Company**

The Company's share capital as of 30 June 2026 amounted to 113,022,000 ﷲ, divided into 226,044,000 shares with a par value of 0.5 ﷲ per share (31 December 2025: 113,022,000 ﷲ, divided into 226,044,000 shares with a par value of 0.5 ﷲ per share), all of which are ordinary shares.

D) Geopolitical Developments

The Group has continued to monitor geopolitical developments in the region and assess their potential impact on the Kingdom of Saudi Arabia and the Gulf Cooperation Council countries, given that the majority of the Group's operations are carried out within the Kingdom of Saudi Arabia. Notwithstanding the continued evolution of the situation, the Group maintains a robust operational framework for managing the risks associated with these developments.

These developments did not have any material impact on the Group's interim condensed consolidated financial statements for the period ended 30 June 2026. Nevertheless, given the evolving nature of these events, the Group will continue to assess the potential long-term impacts on its operations at future reporting dates.

2- BASIS OF PREPARATION**2-1 Statement of Compliance**

These interim consolidated condensed financial statements have been prepared in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia and other Standards and Pronouncements complementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants and should be read in conjunction with the latest consolidated financial statements of the Group for the year ended on 31 December 2025. It does not include all the information required for the entire set of consolidated financial statements normally prepared in accordance with International Financial Reporting Standards, but changes in accounting policies "if any" and selected explanatory notes are included to explain important events and transactions to understand the changes in the consolidated financial position and consolidated financial performance of the Group since the last annual consolidated financial statements.

The Group's management has prepared all adjustments deemed necessary to fairly present the interim condensed consolidated financial statements as of 30 June 2026, and the interim condensed consolidated results of operations for the period then ended. The interim condensed consolidated financial results for that period may not be an accurate indicator of the consolidated financial results for the year ending 31 December 2026.

2-2 Basis of Measurement

The interim condensed consolidated financial statements have been prepared according to historical cost principle, going concern basis and the accrual basis of accounting, except for the obligations of the defined employee benefits plan, which are measured using the projected unit credit method. Other basis will be used if International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants require that.

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

2- BASIS OF PREPARATION (CONTINUED)**2-3 Presentation and Functional Currency**

The interim condensed consolidated financial statements are presented in ﷲ, which represents the Group's presentation currency and functional currency. All amounts have been rounded to the nearest ﷲ, unless otherwise stated.

3- BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows, and notes to the interim condensed consolidated financial statements, include 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 if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.
- Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over the investee, including:
 - The contractual arrangement(s) with the other vote holders of the investee;
 - Rights arising from other contractual arrangements
 - The Group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control commences and until the date on which control ceases. The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as is the net identifiable assets acquired. Any excess of the cost of acquisition, together with the fair value of the non-controlling interests, over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated statement of financial position. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. The share of profit or loss and net assets not attributable to the Group is presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income, and within equity in the consolidated statement of financial position, respectively. All intra-group transactions, balances, and unrealized gains and losses arising from transactions between Group companies are eliminated. The accounting policies of subsidiaries are amended, where necessary, to ensure consistency with the policies adopted by the Group.

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(ALL AMOUNTS IN SAUDI RIYALS (ﷻ) UNLESS OTHERWISE STATED)

4- MATERIAL ACCOUNTING POLICIES

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended 31 December 2025.

5- NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim condensed financial statements of the Company other than presentation and disclosures, except as stated otherwise.

Amendments to IAS 21 - Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments IFRS 7 and IFRS 9 regarding the classification and measurement of financial instruments

The amendments include the following:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognized on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

Annual Improvements to IFRS Accounting Standards - Volume 11

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter.
- IFRS 7: Gain or loss on derecognition.
- IFRS 7: Disclosure of deferred difference between fair value and transaction price.
- IFRS 7: Introduction and credit risk disclosures.
- IFRS 9: Lessee derecognition of lease liabilities.
- IFRS 9: Transaction price.
- IFRS 10: Determination of a "de facto agent."
- IAS 7: Cost method.

Amendments to IFRS 7 and IFRS 9 – Power Purchase Agreements

The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts.
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts.
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

New and Revised Standards, Interpretations and Amendments Issued but Not Yet Effective

The following new and revised standards, interpretations and amendments are effective for periods beginning on or after 1 January 2027 and earlier application is permitted; however, the Company has not early adopted them in preparing these interim-condensed Consolidated financial statements.

5- NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these interim financial statements.

The Group is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its financial statements.

A) Structure of the Statement of Profit or Loss

Investing Category

IFRS 18 requires certain income and expenses to be presented within the investing category. The Group has assessed the requirements of the standard and concluded that this category is not expected to be applicable to the Group, given that AL KATHIRI HOLDING COMPANY holds a 100% interest in its operating subsidiaries, with the exception of ALIAN INDUSTRY COMPANY, in which the Group holds a 99% interest. Accordingly, all subsidiaries are, in substance, operating entities controlled by the Group and do not represent investments generating returns independently of the Group's principal activities. Consequently, no material income or expenses are expected to be presented within the investing category.

Operating and Financing Categories

No material change is expected in the presentation of operating and financing activities as a result of the application of IFRS 18, as the Group's current classification of income and expenses is, in substance, consistent with the requirements of the new standard.

Finance Expenses

Borrowing costs, including interest incurred on the Group's financing facilities, will continue to be presented within the financing category. Similarly, the interest component arising from the remeasurement of employee benefit obligations will continue to be classified within finance expenses, in accordance with the requirements of IFRS 18.

B) Management-Defined Performance Measures

The Group has assessed the disclosure requirements relating to management-defined performance measures. Given that the Group does not currently disclose, within its published financial reports, any performance measures other than those defined under International Financial Reporting Standards, no additional disclosures relating to such measures are expected upon the application of IFRS 18.

C) Aggregation and Disaggregation Principles

IFRS 18 provides guidance on the aggregation and disaggregation of information within the financial statements. Upon application of the standard, the Group will review the presentation and classification of certain financial statement line items and related disclosures to ensure that items with similar characteristics are appropriately aggregated, and that items with dissimilar characteristics are disaggregated where material. These changes are expected to enhance the clarity and transparency of the financial statements, without any impact on the Group's reported financial position or financial performance.

D) Amendments Resulting from the Application of the Standard

IFRS 18 includes amendments to IAS 7 "Statement of Cash Flows." Under the indirect method, the reconciliation of cash flows from operating activities will commence from operating profit, rather than from profit before zakat currently used as the starting point. Accordingly, the presentation of the reconciliation within the statement of cash flows will be amended.

In addition, interest paid on borrowings will be presented within cash flows from financing activities, in line with the classification requirements set out in IFRS 18. These changes are limited to the presentation and classification approach within the statement of cash flows and will have no impact on the Group's net cash flows or on cash and cash equivalents.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

IFRS 19 is effective for annual reporting periods beginning on or after 1 January 2027. The International Accounting Standards Board has issued IFRS 19 "Subsidiaries without Public Accountability: Disclosures," which permits eligible entities to elect to apply reduced disclosure requirements, while continuing to apply the recognition, measurement and presentation requirements set out in the other International Financial Reporting Standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not be required to apply the disclosure requirements set out in the other International Financial Reporting Standards.

6- USE OF JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants requires the management to use judgements, assumptions and estimates that affect the recorded amounts of revenues, costs, assets, liabilities and disclosures about contingent liabilities at the date of the financial period. However, uncertainty about these assumptions and estimates may result in results that may require a material adjustment to the carrying amount of the assets and liabilities affected in the future.

Estimates and related judgements and assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized prospectively.

The significant judgements, assumptions and estimates made by management in applying the Group's accounting policies and the significant sources of uncertainty in the judgments, assumptions and estimates were similar to those described in the Group's most recent annual consolidated financial statements.

6-1 Going Concern

The Group incurred a loss of 33,436,803 ﷲ for the period ended 30 June 2026, and as of that date, the Group's accumulated losses reached 103,372,295 ﷲ, representing 91.46% of the company's share capital. As of the same date, the Group's current liabilities exceeded its current assets by 17,976,628 ﷲ.

These accumulated losses are mainly attributable to the challenges facing the construction materials sector, including exposure to fluctuations in raw material and production input prices, which have adversely affected profit margins. The Group's management has performed an assessment of the Group's ability to continue as a going concern and has prepared budgets and financial projections covering the foreseeable future. These projections are based on an expected improvement in the Group's operating performance, resulting in revenue growth, improved profitability, and operational cash flows.

On 2 July 2026, the Board of Directors of the company resolved to reduce the company's share capital from 113,022,000 ﷲ to 43,777,776 ﷲ, representing a reduction percentage of 61.27%, with the objective of restructuring the company's share capital and absorbing accumulated losses by canceling 138,488,448 ordinary shares, subject to obtaining the approval of the Extraordinary General Assembly and the necessary regulatory approvals.

Furthermore, on 26 August 2026, Mr. Mishaal Al Kathiri, a principal shareholder and Managing Director of the Group, provided a formal undertaking to provide financial support and funding to the Group up to a total amount of 15,000,000 ﷲ in accordance with the Group's funding requirements, with the objective of supporting liquidity and working capital and enabling the Group to meet its financial obligations as they fall due. This undertaking remains valid for a period of twelve months from the date of its issuance, unless replaced or extended in writing. Management took this undertaking, along with the other actions and initiatives referred to above, into consideration when assessing the Group's ability to continue as a going concern.

On 6 September 2026, the Board of Directors of the company resolved to reduce the company's share capital from 113,022,000 ﷲ to 9,649,705 ﷲ, representing a reduction percentage of 91.46%, with the objective of restructuring the company's share capital and absorbing accumulated losses by canceling 206,744,590 ordinary shares, upon obtaining the approval of the Extraordinary General Assembly and the necessary regulatory approvals.

Furthermore, the Board of Directors has recommended, upon completion of the capital reduction process, increasing the company's capital by 150,000,000 ﷲ through a rights issue, with the aim of supporting the company's financial position and providing the necessary funding to execute its operational and strategic plan. The proposed capital increase is also subject to the approval of the Extraordinary General Assembly and the necessary regulatory approvals.

Accordingly, management has no material doubt regarding the Group's ability to continue as a going concern.

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7- PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings and constructions	Machines and equipment	Vehicles	Furniture and office equipment	Computers and accessories	Projects Under Construction (Note 7-1)	Total
Cost								
Balance as of 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	-	288,300	2,423,000	-	17,643	20,019	624,970	3,373,932
Disposals	-	-	-	-	-	(3,550)	-	(3,550)
Balance as of 30 June 2026 (Unaudited)	6,400,000	97,409,429	93,687,871	5,757,131	2,076,542	1,503,211	13,363,331	220,197,515
Accumulated Depreciation								
Balance as of 1 January 2026 (Audited)	-	16,750,336	49,409,577	4,530,464	1,058,660	798,521	-	72,547,558
Charge during the period	-	2,436,056	4,325,092	274,252	139,709	89,596	-	7,264,705
Disposals	-	-	-	-	-	(1,150)	-	(1,150)
Balance as of 30 June 2026 (Unaudited)	-	19,186,392	53,734,669	4,804,716	1,198,369	886,967	-	79,811,113
Accumulated Impairment								
Balance as of 1 January 2026 (Audited)	-	2,402,153	2,331,614	142,394	50,924	36,773	-	4,963,858
Balance as of 30 June 2026 (Unaudited)	-	2,402,153	2,331,614	142,394	50,924	36,773	-	4,963,858
Net Book Value								
As of 30 June 2026 (Unaudited)	6,400,000	75,820,884	37,621,588	810,021	827,249	579,471	13,363,331	135,422,544
As of 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

- The cost of pledged property, plant and equipment as of 30 June 2026 amounts to 47,320,012 ﷲ (31 December 2025: 47,320,012 ﷲ) (see Note 17).
- MSANDH ALEMDAD CONTRACTING COMPANY (a subsidiary) acquired property, plant, and equipment with a value of 2,700,000 ﷲ and intangible assets with a value of 1,800,000 ﷲ (see Note 9) during the period. The procedures for transferring the ownership of the property, plant, and equipment and intangible assets and completing their registration in the name of the subsidiary with the relevant authorities are still in progress.
- Depreciation charge for property, plant and equipment has been allocated as follows:

	30 June 2026 (unaudited)	30 June 2025 (unaudited)
Cost of Revenue (Note 22)	7,242,159	6,233,977
General and administrative expenses (Note 23)	22,546	319,660
	7,264,705	6,553,637

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7- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**7-1 Projects Under Construction**

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Construction of yacht factory	12,968,663	12,378,133
Accounting software	394,668	360,228
	13,363,331	12,738,361

The balance of projects under construction includes an amount of 12,968,663 ﷲ representing the construction costs of a specialized yacht manufacturing plant located in Rabigh Governorate, Makkah Region, Kingdom of Saudi Arabia, which is expected to be completed during the first half of 2027.

The balance also includes an amount of 394,668 ﷲ representing the costs of developing and implementing an enterprise resource planning (ERP) system using Odoo software, and the project is expected to be completed during the second half of 2026.

8- LEASES

Leases comprise a plot of land in Malham featuring a ready-mix concrete factory, a plot of land in Sudair City for Industry and Business affiliated with the Saudi Authority for Industrial Cities and Technology Zones ("MODON") on which a building technology factory is established, as well as a plot of land in Jeddah for the construction of a yacht factory. These assets are depreciated over the lease term or the useful life, whichever is shorter. Lease terms range from two to 10 years.

A) The movement in right of use assets is as follows:

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Cost		
Balance at the beginning of the period / year	13,800,007	6,602,591
Additions for the period / year	3,631,497	11,570,129
Transferred to property, plant and equipment	-	(4,372,713)
Balance at the end of the period/ year	17,431,504	13,800,007
Accumulated depreciation		
Balance at the beginning of the period / year	2,263,737	2,415,147
Charge for the period / year	781,885	1,310,117
Transferred to property, plant and equipment	-	(1,460,193)
Adjustments	-	(1,334)
Balance at the end of the period/ year	3,045,622	2,263,737
Net Book Value	14,385,882	11,536,270

B) The movement in Lease Liabilities is as follows:

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Balance at the beginning of the period / year	10,039,662	1,727,370
Additions for the period / year	3,181,497	11,173,422
Interest expense during the period / year	395,334	482,664
Paid during the period / year	(1,867,259)	(3,507,738)
Adjustments	-	163,944
Balance as of the end of the period/ year	11,749,234	10,039,662
Lease liabilities – non-current portion	7,212,739	5,570,485
Lease liabilities – Current portion	4,536,495	4,469,177
	11,749,234	10,039,662

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9- INTANGIBLE ASSETS

	30 June 2026 (unaudited)
Cost	
Additions during the period	1,800,000
Balance as of 30 June 2026	1,800,000
Accumulated amortization	
Charge for the period (Note 22)	148,024
Balance as of 30 June 2026	148,024
Net Book Value	1,651,976

The balance of intangible assets represents a quarry license in Al-Ahsa Governorate, Eastern Region, belonging to MSANDH ALEMDAD CONTRACTING COMPANY (a subsidiary), which the Group acquired during the period (see Note 7). The procedures for transferring the ownership of the license and completing its registration in the name of the subsidiary with the relevant authorities are still ongoing.

The Group amortizes intangible assets over 6 years on a straight-line basis over their estimated useful life, based on management's estimation through prior experience, considering the information and evidence available to management regarding the possibility of renewal and fulfillment of the relevant requirements.

10- TRADE RECEIVABLES

	30 June 2026 (unaudited)	31 December 2025 (audited)
		Restated (Note 30)
Trade receivables	71,647,811	61,933,574
Expected credit loss provision (Note 10-1)	(27,017,175)	(23,311,056)
	44,630,636	38,622,518

10-1 The movement in the expected credit loss provision during the period/ year is as follows:

	30 June 2026 (unaudited)	31 December 2025 (audited)
		Restated (Note 30)
Balance at the beginning of the period/ year	23,311,056	17,163,544
Charge for the period/ year	3,706,119	6,147,512
Balance at the end of the period/ year	27,017,175	23,311,056

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10- TRADE RECEIVABLES (CONTINUED)**10-2** The credit risk on the Group's trade receivables is as follows:

	<u>Carrying amount</u>	<u>Estimated credit loss rate</u>	<u>Credit loss</u>
30 June 2026			
0 - 30	14,531,435	5.77%	838,785
31 - 60	5,988,081	15.39%	921,455
61 - 90	4,095,293	25.66%	1,050,870
91 - 120	12,621,810	22.65%	2,858,843
121 - 360	5,063,653	35.41%	1,792,869
More than 360	29,347,539	66.63%	19,554,353
Total	71,647,811		27,017,175
31 December 2025 (restated, note 30)			
0 - 30	20,426,706	0.65%	133,450
31 - 60	3,667,334	3.75%	138,470
61 - 90	299,314	22.04%	65,955
91 - 120	846,301	49.07%	415,320
121 - 360	7,695,817	31.23%	2,403,479
More than 360	28,998,102	69.50%	20,154,382
Total	61,933,574		23,311,056

11- CONTRACT ASSETS

Contract assets represent the value of work performed by the Group during the period / year that has not yet been invoiced to customers as of the date of preparation of the financial statements. Upon completion of the billing cycle, amounts recognized as contract assets are reclassified to trade receivables.

The following table provides information on the movement of contract assets:

	<u>30 June 2026 (unaudited)</u>	<u>31 December 2025 (audited) Restated (Note 30)</u>
Balance at the beginning of the period/ year	22,060,750	1,731,343
Additions during the period/ year	6,120,413	89,967,822
Progress billings	(7,748,627)	(69,638,415)
Balance at the end of the period/ year	20,432,536	22,060,750

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12- INVENTORY

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Raw materials	10,742,524	9,951,430
Spare parts and production supplies inventory	1,529,924	1,639,744
Finished goods inventory	213,126	134,106
Slow-moving and obsolete inventory provision (Note 12-1)	(8,278,726)	(7,528,084)
	4,206,848	4,197,196

12- 1 The movement in the slow-moving and obsolete inventory provision during the period/ year is as follows:

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Balance at the beginning of the period/ year	7,528,084	-
Charge for the period/ year	750,642	7,528,084
Balance at the end of the period/ year	8,278,726	7,528,084

13- RELATED PARTY TRANSACTIONS

Related party transactions primarily consist of salaries, allowances and remuneration of key executive management personnel. Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including members of the Board of Directors and shareholders (whether executive or otherwise). Such transactions are as follows:

	For the six-month period ended 30 June	
Nature of transaction	2026	2025
	(unaudited)	(unaudited)
Salaries, wages and related benefits	660,000	318,000
Employees defined benefit obligations	306,370	377,938
Attendance allowances and remuneration of BOD and committee members	417,781	-

During the year ended 31 December 2025, the Group entered into transactions and contracts with related parties, represented by subsidiaries, in the ordinary course of business and on prevailing commercial terms, with a total transaction value of 50,137,553 ﷲ. These transactions and contracts were submitted to the General Assembly of the shareholders of Al Kathiri Holding Company (the Parent Company) but did not obtain General Assembly approval. The company is taking the necessary procedures to regularize the status in accordance with the General Assembly's resolution and re-submit these transactions to the General Assembly for approval, which have been approved by the Board of Directors of the Parent Company and the General Assembly of ALIAN INDUSTRY COMPANY (a subsidiary) on 29 June 2026. Note that transactions and outstanding balances between group companies are eliminated in the preparation of the consolidated financial statements.

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14- PREPAID EXPENSES AND OTHER DEBIT BALANCES

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Advances to subcontractors	20,871,823	21,108,530
Letters of guarantee and letters of credit margins	10,740,105	10,228,627
Prepaid expenses	6,153,883	1,331,668
Advances to suppliers	5,049,837	10,246,667
Retention receivables	4,894,139	5,565,237
Value Added Tax	461,680	-
Employees advances and custodies	381,449	313,955
Accrued income *	-	25,669,363
Other	36,981	68,950
	48,589,897	74,532,997

* This account represents unbilled revenue relating to the supply of gravel to a local company under a contract agreement in October 2025, and these revenues were billed during the month of March 2026.

15- CASH AND CASH EQUIVALENTS

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Cash at banks	4,052,006	2,877,252
Cash on hand	11,431	-
	4,063,437	2,877,252

16- SUKUK AT AMORTIZED COST

AL KATHIRI SUKOK ESTABLISHMENT (a special purpose entity, a subsidiary of AL KATHIRI HOLDING COMPANY) issued, on 30 March 2023, 100,000 sukuk with a nominal value of 1,000 ﷲ per sukuk, with a total issuance value of 100,000,000 ﷲ.

The sukuk have a tenure of five years from the issuance date, bearing an annual profit rate to sukuk holders of 8.5%, payable in two semi-annual installments on 30 March and 30 September of each year.

The terms and conditions of the sukuk issuance include a number of financial and non-financial covenants and conditions with which the company is required to comply.

As of 30 June 2026, and 31 December 2025, the Group did not comply with the financial covenants relating to the sukuk, and the classification in the financial statements was not adjusted accordingly.

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Value of Sukuk Issued at Amortized Cost	100,000,000	100,000,000

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17- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN

On 2 October 2019, ALIAN INDUSTRY COMPANY (a subsidiary) signed a loan agreement with the Saudi Industrial Development Fund ("SIDF") for a total amount of 23,200,000 ﷲ, from which an amount of 1,160,000 ﷲ is deducted for industrial studies and evaluation costs.

The loan was granted against the provision of a promissory note and a mortgage over all factory assets in favor of the Fund as collateral for the loan (see Note 7).

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

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

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Balance at the beginning of the period/ year	12,200,000	16,200,000
Paid	-	(4,000,000)
Unamortized finance costs	(87,329)	(155,950)
Balance at the end of the period/ year	12,112,671	12,044,050

17-1 Financial Covenants Relating to the SIDF 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 borrowing company is required to comply with.

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

As of 30 June 2026, and 31 December 2025, the Group did not comply with the financial covenants, and no formal waiver was obtained regarding this breach. The non-compliance status continued as of 30 June 2026. Accordingly, the loan continued to be classified as current liabilities as of 30 June 2026.

18- SHORT-TERM BANK FACILITIES

The Company entered into credit facility agreements with a number of local banks, with a total credit limit of 16,521,000 ﷲ, against the issuance of promissory notes with a total value of 17,269,000 ﷲ, in addition to personal guarantees provided by one of the shareholders and Managing Director, Mr. Mishaal Al Kathiri, covering the entire facility limit. The agreements expire on 31 August 2028.

Furthermore, on 28 July 2021, ALIAN INDUSTRY COMPANY (a subsidiary) signed a credit facility agreement with Riyadh Bank with a credit limit of 6,000,000 ﷲ, against the provision of a promissory note amounting to 14,200,000 ﷲ. On 12 December 2023, the agreement was renewed and the credit limit was increased by 2,000,000 ﷲ, bringing the total credit limit to 8,000,000 ﷲ, against the provision of a promissory note amounting to 9,000,000 ﷲ, in addition to joint and several guarantees provided by a shareholder and Managing Director, Mr. Mishaal Al Kathiri. The agreement expires on 12 December 2026.

Additionally, MSANDH ALEMDAD CONTRACTING COMPANY (a subsidiary) signed a facility agreement with Riyadh Bank on 16 January 2025 with a credit limit of 18,175,000 ﷲ, secured by a promissory note of 19,630,000 ﷲ and joint and several guarantees from a shareholder and Managing Director, Mr. Mishaal Al Kathiri. The agreement expires on 16 January 2028.

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18- SHORT-TERM BANK FACILITIES (CONTINUED)

The movement in short-term bank facilities during the period/ year is as follows:

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Balance at the beginning of the period/ year	17,888,308	16,710,363
Proceeds during the period/ year	15,989,688	57,377,796
Interest during the period/ year	1,107,068	3,616,832
Paid during the period/ year	(18,224,538)	(59,816,683)
Balance at the end of the period/ year	16,760,526	17,888,308

The balance of short-term bank facilities at the end of the period/ year, at the level of the borrowing company, is as follows:

Company	30 June 2026	31 December 2025
	(unaudited)	(audited)
AL KATHIRI HOLDING COMPANY	9,395,602	6,697,469
ALIAN INDUSTRY COMPANY	7,263,482	10,527,893
MSANDH ALEMDAD CONTRACTING COMPANY	101,442	662,946
	16,760,526	17,888,308

19- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Retention payable – Subcontractors	3,793,211	3,423,037
Accrued expenses	2,194,038	975,762
Accrued profit due to AL KATHIRI SUKOK holders	2,136,604	2,172,878
Trade payables – Subcontractors	1,592,118	1,138,366
Accrued salaries	1,303,244	127,224
Advances from customers	1,178,764	1,190,277
Accrued Board of Directors' remuneration	417,781	792,333
Value Added Tax	-	1,560,547
Other	378,853	343,438
	12,994,613	11,723,862

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20- ZAKAT PROVISION

	30 June 2026 (unaudited)	31 December 2025 (audited)
Balance at the beginning of the period/ year	4,497,534	-
Zakat differences	2,946,169	2,491,703
Formed during the period/ year	810,734	2,050,602
Paid during the period/ year	(327,889)	(44,771)
Balance at the end of the period/ year	7,926,548	4,497,534

Zakat Status

During 2020, the Zakat, Tax and Customs Authority (ZATCA) approved the Group's request to file consolidated zakat returns for the Company and its subsidiaries commencing from 2020, on the basis that a separate information declaration is filed for each subsidiary individually, with the Company allocating the zakat liability among the subsidiaries based on each company's equity ownership percentage.

The Group has obtained the final zakat certificate in respect of the financial statements for the fiscal year ended 31 December 2025, valid until 30 April 2027.

During 2025, the Group received a final Zakat assessment from ZATCA for the year 2023, claiming additional Zakat differences of 2,491,703 ﷻ. The Group filed its objection within the statutory period; however, no decision has been issued to date. Given that Group management expects the objection to be rejected, a provision has been recognized for the full assessed amount.

During 2026, the Group received a preliminary Zakat assessment from ZATCA for the year 2024, claiming additional Zakat differences of 2,946,169 ﷻ, and the Group has recognized a provision for the full assessed amount.

21- REVENUE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (unaudited)	2025 (unaudited) Restated (Note 30)	2026 (unaudited)	2025 (unaudited) Restated (Note 30)
Concrete sales	15,884,206	24,822,224	35,169,742	50,741,903
Cement sales	2,162,239	6,960,937	8,381,396	15,079,074
Contracting revenue	2,796,784	33,157,580	6,120,413	45,014,645
Concrete panel sales	1,207,238	2,920,708	3,066,007	6,872,544
Gravel and washed sand sales	313,238	6,710	1,008,944	6,710
	22,363,705	67,868,159	53,746,502	117,714,876

Revenue is disaggregated by geographic distribution as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (unaudited)	2025 (unaudited) Restated (Note 30)	2026 (unaudited)	2025 (unaudited) Restated (Note 30)
Local revenue and sales	22,335,334	67,373,159	53,718,131	116,276,264
Export sales	28,371	495,000	28,371	1,438,612
	22,363,705	67,868,159	53,746,502	117,714,876

Revenues are categorized according to the timing of recognition as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (unaudited)	2025 (unaudited) Restated (Note 30)	2026 (unaudited)	2025 (unaudited) Restated (Note 30)
Revenue recognized at a point in time	19,566,921	34,710,579	47,626,089	72,700,231
Revenue recognized over time	2,796,784	33,157,580	6,120,413	45,014,645
	22,363,705	67,868,159	53,746,502	117,714,876

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22- COST OF SALES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Raw materials	13,468,368	53,243,333	33,350,014	89,267,160
Depreciation of property, plant and equipment (Note 7)	3,707,858	3,334,787	7,242,159	6,233,977
Salaries and wages	2,575,913	3,112,414	7,223,403	6,218,596
Maintenance and operating expenses	3,241,771	1,793,018	4,986,678	5,776,782
Other employee benefits	1,967,613	2,005,214	4,760,875	4,343,118
Vehicle expenses	1,265,293	742,812	2,314,260	1,787,399
Depreciation of right of use assets	397,441	193,277	781,885	372,723
Amortization of intangible assets (Note 9)	148,024	-	148,024	-
Other	1,436,713	1,422,936	2,164,052	1,444,912
	28,208,994	65,847,791	62,971,350	115,444,667

23- GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and wages	2,349,787	2,303,843	4,693,913	4,317,930
Other employee benefits	1,156,865	848,029	1,824,700	1,672,216
Professional and consultancy fees	1,062,153	686,686	1,109,781	990,328
Attendance allowances and remuneration of Board of Directors and committee members (Note 13)	417,781	-	417,781	-
Rent *	140,535	75,987	158,095	136,366
Saudi Tadawul Group expenses	72,428	202,609	126,675	402,992
Depreciation of property, plant and equipment (Note 7)	14,454	179,477	22,546	319,660
Other	384,216	368,989	1,018,181	752,599
	5,598,219	4,665,620	9,371,672	8,592,091

* This item represents the operating rent for Al Kathiri Holding Head Office, the cost of which is allocated among related companies.

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24- FINANCE COSTS

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit expense to Al Kathiri sukuk holders	2,136,604	2,165,746	4,237,326	4,266,686
Interest on short-term bank facilities	532,555	473,197	1,107,068	740,247
Interest on lease liabilities	196,584	113,142	395,334	132,929
Interest on Saudi Industrial Development Fund loan	30,101	46,289	68,621	97,323
Unwinding of discount on provision for removal and rehabilitation	1,655	1,775	3,312	3,549
	<u>2,897,499</u>	<u>2,800,149</u>	<u>5,811,661</u>	<u>5,240,734</u>

25- LOSS PER SHARE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		Restated (Note 30)		Restated (Note 30)
Net loss for the period attributable to shareholders of the Parent Company	(22,784,098)	(6,049,717)	(33,276,526)	(13,079,358)
Weighted average number of ordinary shares	226,044,000	226,044,000	226,044,000	226,044,000
Basic and diluted loss per share from net loss for the period	<u>(0.101)</u>	<u>(0.027)</u>	<u>(0.147)</u>	<u>(0.058)</u>

Basic loss per share was calculated by dividing the net loss for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. There is no dilutive effect on the Company's basic loss per share.

26- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities arising from the uncovered portion of letters of guarantee amounted to 3,948,640 ﷲ as of 30 June 2026 (31 December 2025: 4,948,640 ﷲ).

There are letters of guarantee issued in the name of AL KATHIRI HOLDING COMPANY on behalf of MSANDH ALEMDAD CONTRACTING COMPANY, one of its subsidiaries, as of June 30, 2026, amounting to 520,800 ﷲ (December 31, 2025: 520,800 ﷲ), with a margin on letters of guarantee amounting to 78,120 ﷲ as of 30 June 2026 (31 December 2025: 78,120 ﷲ).

The Group had capital commitments as of 30 June 2026 amounting to 7,031,337 ﷲ (31 December 2025: 7,621,867 ﷲ), relating to projects under construction for property, plant and equipment.

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27- FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Through its operating activities, the Group is exposed to the following financial risks:

Credit risk

Liquidity risk

Currency risk

Interest rate risk

Other market price risk

As with all businesses, the Group is exposed to risks arising from its use of financial instruments. This note describes the Group's objectives, policies and procedures for managing these risks, and the methods used to measure them.

There have been no significant changes in the Group's exposure to financial instrument risks, and its objectives, policies and procedures for managing those risks, or the methods used to measure them, from prior periods, unless otherwise stated in this note.

27-1 Financial Instruments by Category

	30 June 2026	31 December 2025
	(unaudited)	(audited)
Financial assets		Restated (Note 30)
Trade receivables	44,630,636	38,622,518
Contract assets	20,432,536	22,060,750
Other debit balances	16,477,373	16,107,819
Cash and cash equivalents	4,063,437	2,877,252
	85,603,982	79,668,339
Financial liabilities		
Sukuk at amortized cost	100,000,000	100,000,000
Trade Payables	64,072,322	47,613,024
Contract liabilities – Subcontractors	21,496,807	30,011,893
Short-term bank facilities	16,760,526	17,888,308
Saudi Industrial Development Fund loan	12,112,671	12,044,050
Lease liabilities	11,749,234	10,039,662
Accrued expenses and other credit balances	11,436,996	10,190,147
	237,628,556	227,787,084

Credit risk

Credit risk represents the risk that one party will fail to discharge its obligations, causing the other party to incur a financial loss. The Group's policy requires all customers who wish to trade on credit terms to be subject to credit verification. Financial instruments that are subject to concentrations of credit risk consist principally of trade receivables, contract assets, other debit balances, and cash at banks. The Group places its bank balances with a number of financial institutions with good credit ratings and has a policy of setting limits on the amounts deposited with each financial institution. The Group does not believe there is significant risk of non-performance by these institutions. The Group does not consider itself to be exposed to significant concentrations of credit risk.

The assessment of credit risk on trade receivables requires additional credit risk estimates using expected credit losses derived from the probability of default, exposure at default, and loss given default.

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27- FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)**27-1 Financial Instruments by Category (Continued)****Credit risk (Continued)**

The carrying amount of financial assets represents the maximum exposure to credit risk as of the consolidated statement of financial position date, and is as follows:

	30 June 2026	31 December 2025
	(unaudited)	(audited)
		Restated (Note 30)
Trade receivables	71,647,811	61,933,574
Contract assets	20,432,536	22,060,750
Other debit balances	16,477,373	16,107,819
Cash at banks	4,052,006	2,877,252
	112,609,726	102,979,395

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising the liquidity necessary to meet commitments associated with financial liabilities owed by the Group to third parties. To mitigate liquidity risk and the associated losses to the Group's business, the Group maintains, wherever possible, sufficient highly liquid current assets under all business conditions. The Group also maintains a policy of highly dynamic cash flow forecasting and a system through which it estimates the maturity dates of its liabilities and develops appropriate plans to secure the resources required to meet these liabilities on a timely basis.

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

As of 30 June 2026	Carrying amount	Contractual cash payments	Less than one year	From one to five years
Sukuk at amortized cost	100,000,000	100,000,000	-	100,000,000
Short-term bank facilities	16,760,526	16,760,526	16,760,526	-
Saudi Industrial Development Fund loan	12,112,671	12,112,671	12,112,671	-
Trade Payables	64,072,322	64,072,322	64,072,322	-
Contract liabilities - Subcontractors	21,496,807	21,496,807	21,496,807	-
Lease liabilities	11,749,234	12,813,677	4,892,852	7,920,825
Accrued expenses and other credit balances	11,436,996	11,436,996	11,436,996	-
	237,628,556	238,692,999	130,772,174	107,920,825
As of 31 December 2025 (restated, note 30)	Carrying amount	Contractual cash payments	Less than one year	From one to five years
Sukuk at amortized cost	100,000,000	100,000,000	-	100,000,000
Short-term bank facilities	17,888,308	17,888,308	17,888,308	-
Saudi Industrial Development Fund loan	12,044,050	12,044,050	12,044,050	-
Trade Payables	47,613,024	47,613,024	47,613,024	-
Contract liabilities - Subcontractors	30,011,893	30,011,893	30,011,893	-
Lease liabilities	10,039,662	15,022,795	4,442,852	10,579,943
Accrued expenses and other credit balances	10,190,147	10,190,147	10,190,147	-
	227,787,084	232,770,217	122,190,274	110,579,943

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27- FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)**27-1 Financial Instruments by Category (Continued)****Market Risk (including Interest Rate Risk and Foreign Currency Exchange Rate Risk)**

Market risk represents the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices, may affect the Group's income or the value of its holdings of financial instruments as a result of fluctuations in the value of financial instruments. During the year, market risk management aims to manage and control exposure to market risk within acceptable limits while maximizing returns.

a) Special Commission Rate Risk Management

Special commission rate risk relates to the risk arising from fluctuations in the value of a financial instrument as a result of changes in prevailing market commission rates. The Group is subject to special commission rate risk in respect of its commission-bearing assets, represented by Murabaha deposits and short-term loans.

B) Currency Risk

The Group's transactions are conducted mainly in ﷲ, and it has limited transactions in US Dollars, which is pegged to the ﷲ at a fixed exchange rate. Management monitors any potential impact of exchange rate fluctuations on the interim condensed consolidated financial statements; however, the Group does not hold any material foreign currency assets or liabilities. Accordingly, the Group is not exposed to any significant foreign currency risk, and a foreign currency sensitivity analysis is not presented.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or obtain / repay financing to or from financial institutions.

Consistent with other industrial companies, the Group manages capital risk by monitoring the levels of its debt and liquid assets and maintaining future investment requirements and shareholders' expectations. Debt is calculated as total long-term financing (loans and sukuk) and short-term facilities. Total capital comprises shareholders' equity, as disclosed in the interim condensed consolidated statement of financial position under "Share Capital."

Key information relating to the Group's capital risk management at the end of the period/ year is as follows:

	30 June 2026 (unaudited)	31 December 2025 (audited) Restated (Note 30)
Total debt (Sukuk, loans and facilities)	128,873,197	129,932,358
Less: Cash and cash equivalents	(4,063,437)	(2,877,252)
Net debt	124,809,760	127,055,106
 Total Equity	 22,070,506	 55,507,309
Total used capital	146,880,266	182,562,415
Net Debt to Equity Ratio for the period/ year	84.97%	69.60%

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28- FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties on an arm's length basis. Financial instruments comprise financial assets and financial liabilities. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices in an active market for the same financial instruments.

Level 2: Quoted prices in an active market for similar assets and liabilities, or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: Valuation techniques for which significant inputs are not based on observable market data.

The fair values of all financial assets and financial liabilities equal their carrying amounts.

29- SEGMENT INFORMATION

Segment information relates to the Group's subsidiaries, which form the basis used by Group management to evaluate the performance of subsidiaries, make decisions regarding resource allocation, and assess performance, in accordance with the Group's internal reporting methods. Intercompany balances and transactions are eliminated upon the preparation of the Group's consolidated financial statements.

The segment information presented includes the assets, liabilities, and results of operations of each subsidiary independently, with assets and liabilities being directly allocated to the subsidiary to which they relate.

Below is a summary of the financial information of the reportable subsidiaries for the six-month periods ended 30 June 2026, and 30 June 2025, respectively:

For the six-month period ended 30 June 2026

	ALIAN INDUSTRY COMPANY	MSANDH ALEMDAD CONTRACTING COMPANY	Other	Total
Revenue	38,363,915	15,382,587	-	53,746,502
Cost of revenue	(46,069,252)	(16,902,098)	-	(62,971,350)
Gross loss	(7,705,337)	(1,519,511)	-	(9,224,848)
Net loss for the period	(16,027,704)	(5,004,077)	(12,405,022)	(33,436,803)

For the six-month period ended 30 June 2025 (restated, note 30)

	ALIAN INDUSTRY COMPANY	MSANDH ALEMDAD CONTRACTING COMPANY	Other	Total
Revenue	57,724,539	59,990,337	-	117,714,876
Cost of revenue	(56,021,277)	(59,423,390)	-	(115,444,667)
Gross profit	1,703,262	566,947	-	2,270,209
Net loss for the period	(4,312,594)	(1,526,861)	(7,283,029)	(13,122,484)

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29- SEGMENT INFORMATION (CONTINUED)**Statement of financial position as of 30 June 2026**

	ALIAN INDUSTRY COMPANY *	MSANDH ALEMDAD CONTRACTING COMPANY	Other	Total
Total Non-Current Assets*	118,250,765	14,311,308	18,898,329	151,460,402
Total Current Assets	33,001,106	88,089,464	832,784	121,923,354
TOTAL ASSETS	151,251,871	102,400,772	19,731,113	273,383,756
Total Non-Current Liabilities	9,511,589	811,164	101,090,515	111,413,268
Total current liabilities	77,043,299	41,849,520	21,007,163	139,899,982
TOTAL LIABILITIES	86,554,888	42,660,684	122,097,678	251,313,250

* The non-current assets of ALIAN INDUSTRY COMPANY include property, plant, and equipment with a net book value of 104,185,144 ﷲ.

Statement of financial position as of 31 December 2025 (restated - Note 30)

	ALIAN INDUSTRY COMPANY	MSANDH ALEMDAD CONTRACTING COMPANY	Other	Total
Total Non-Current Assets	121,455,351	10,669,533	18,727,103	150,851,987
Total Current Assets	33,257,376	108,000,347	1,032,990	142,290,713
TOTAL ASSETS	154,712,727	118,669,880	19,760,093	293,142,700
Total Non-Current Liabilities	7,632,610	737,000	101,017,933	109,387,543
Total current liabilities	65,301,845	46,127,029	16,818,974	128,247,848
TOTAL LIABILITIES	72,934,455	46,864,029	117,836,907	237,635,391

30- Prior years' adjustments

During the period ended 30 June 2026, management restated certain comparative figures in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Below is the impact of accounting for these adjustments.

A) Management identified certain errors in the application of International Financial Reporting Standard (IFRS) 15 "Revenue from Contracts with Customers", and accordingly, management made the necessary adjustments to prior comparative years as detailed in the note as follows:

- Adjusting revenue recognition according to the percentage of completion calculated based on costs incurred compared to total estimated project costs;
- Adjusting contract assets based on the calculated percentage of completion and progress billings.

B) Management identified certain errors in the application of International Financial Reporting Standard (IFRS) 9 "Financial Instruments", and accordingly, management made the necessary adjustments, which consist of increasing the allowance for expected credit losses on trade receivables for the year ended 31 December 2025.

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30- PRIOR YEARS' ADJUSTMENTS (CONTINUED)**Impact of adjustments on the consolidated statement of financial position as of 1 January 2025:**

	Note	Balance as of 1 January 2025 As issued	Restatements	Balance as of 1 January 2025 Restated
Assets				
Current assets				
Contract assets	A	4,593,695	(2,862,352)	1,731,343
Total Current Assets		135,570,670	(2,862,352)	132,708,318
Total Assets		285,244,421	(2,862,352)	282,382,069
Equity and liabilities				
Equity				
Accumulated losses	A	(15,854,184)	(2,862,352)	(18,716,536)
Equity attributable to the shareholders of the Parent Company		109,654,253	(2,862,352)	106,791,901
Total Equity		109,939,764	(2,862,352)	107,077,412
Total equity and liabilities		285,244,421	(2,862,352)	282,382,069

Impact of adjustments on the consolidated statement of financial position as of 31 December 2025:

	Note	Balance as of 1 January 2025 As issued	Restatements	Balance as of 1 January 2025 Restated
Assets				
Current assets				
Trade receivables	B	42,797,014	(4,174,496)	38,622,518
Contract assets	A	32,555,381	(10,494,631)	22,060,750
Total Current Assets		156,959,840	(14,669,127)	142,290,713
Total Assets		307,811,827	(14,669,127)	293,142,700
Equity and liabilities				
Equity				
Accumulated losses	A, B	(55,426,642)	(14,669,127)	(70,095,769)
Equity attributable to the shareholders of the Parent Company		70,081,795	(14,669,127)	55,412,668
Total Equity		70,176,436	(14,669,127)	55,507,309
Total equity and liabilities		307,811,827	(14,669,127)	293,142,700

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

30- PRIOR YEARS' ADJUSTMENTS (CONTINUED)

Impact of adjustments on the interim condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2025:

	Note	For the six-month period ended 30 June 2025 As issued	Restatements	For the six-month period ended 30 June 2025 Restated
Revenue	A	123,191,394	(5,476,518)	117,714,876
Gross profit		7,746,727	(5,476,518)	2,270,209
Loss from main operations		(2,661,237)	(5,476,518)	(8,137,755)
Loss for the period before zakat		(7,601,195)	(5,476,518)	(13,077,713)
Net loss for the period		(7,645,966)	(5,476,518)	(13,122,484)
Total comprehensive loss for the period		(7,645,966)	(5,476,518)	(13,122,484)
Total comprehensive loss for the period attributable to the shareholders of the Parent Company		(7,602,840)	(5,476,518)	(13,079,358)
Basic and diluted loss per share attributable to the shareholders of the Parent Company:				
Basic and diluted loss per share from net loss for the period		(0.034)	(0.024)	(0.058)

Impact of adjustments on the interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2025:

	Note	For the three- month period ended 30 June 2025 As issued	Restatements	For the three- month period ended 30 June 2025 Restated
Revenue	A	71,354,185	(3,486,026)	67,868,159
Gross profit		5,506,394	(3,486,026)	2,020,368
Profit from main operations		217,280	(3,486,026)	(3,268,746)
Loss for the period before zakat		(2,528,155)	(3,486,026)	(6,014,181)
Net loss for the period		(2,572,926)	(3,486,026)	(6,058,952)
Total comprehensive loss for the period		(2,572,926)	(3,486,026)	(6,058,952)
Total comprehensive loss for the period attributable to the shareholders of the Parent Company		(2,563,691)	(3,486,026)	(6,049,717)
Basic and diluted loss per share attributable to the shareholders of the Parent Company:				
Basic and diluted loss per share from net loss for the period		(0.011)	(0.016)	(0.027)

Impact of adjustments on the interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2025:

There is no impact on the interim condensed consolidated statement of cash flows for the period ended 30 June 2025.

AL KATHIRI HOLDING COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

31- SUBSEQUENT EVENTS

On 2 July 2026, the Board of Directors of the company resolved to reduce the company's share capital from 113,022,000 ﷲ to 43,777,776 ﷲ, representing a reduction percentage of 61.27%, with the objective of restructuring the company's share capital and absorbing accumulated losses by canceling 138,488,448 ordinary shares, subject to obtaining the approval of the Extraordinary General Assembly and the necessary regulatory approvals. On 6 September 2026, the Board of Directors of the company resolved to reduce the company's share capital from 113,022,000 ﷲ to 9,649,705 ﷲ, representing a reduction percentage of 91.46%, with the objective of restructuring the company's share capital and absorbing accumulated losses by canceling 206,744,590 ordinary shares, upon obtaining the approval of the Extraordinary General Assembly and the necessary regulatory approvals.

There were no significant subsequent events after 30 June 2026 other than what is mentioned above up to the date of approval of the interim condensed consolidated financial statements that could have a material impact on the interim condensed consolidated financial statements as of 30 June 2026.

32- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Company's Board of Directors on 24 Rabi' al-Awwal 1448 H (corresponding to 6 September 2026 G).