



Sukuk Offering Prospectus Through a Special Purposes Entity "SUKUK ALKATHIRI"

SUKUK ALKATHIRI is a Special Purposes Entity ("SPE") established under CMA License No. (SPE00034) dated 12/05/1443H (corresponding to 16/12/2021G). Issuance of up to SAR (500,000,000) in aggregate nominal amount of Sukuk (the "Programme") in series (each a Series) in accordance with the general terms and conditions of the Sukuk (the "Conditions") and applicable final terms (the "Applicable Final Terms") in relation to the individual Sukuk issued in respect of each Series.

Sukuk Al Kathiri is a Special Purposes Entity ("SPE") (hereinafter referred to as the "Special Purposes Entity" or the "Issuer" or "Sukuk Al Kathiri") established pursuant to Special Purposes Entity License No. (SPE00034) issued by the Saudi Arabian Capital Market Authority (the "Authority" or the "CMA") on 12/05/1443H (corresponding to 12/12/2021G) for the purpose of issuing debt instruments based on debt. The validity of the license is for a period of five (5) years. Under such license, AlKathiri Holding Company is appointed as the Sponsor of the SPE. AlKathiri Holding Company is a Saudi Arabian public joint stock company with commercial registration no. (1010255690) dated 29/08/1429H (Corresponding to 30/08/2008G) (hereinafter referred to as the "Sponsor" or "AlKathiri Holding"). The paid up capital of Al Kathiri Holding Company is SAR (113,022,000) one hundred and thirteen million and twenty-two thousand Saudi riyals, divided into eleven million three hundred and two hundred (11,302,200) shares, with the Nominal Amount of each share being ten SAR (10). It should be noted that Al Kathiri Holding has one major shareholder who owns (5%) or more of the capital being: Mr. Meshal Muhammad Nasser Al Kathiri (who owns 4,909,953 shares representing approximately 43.44% of Al Kathiri Holding's total shares).

The issuance of up to SAR (500,000,000) in aggregate nominal amount of Sukuk will be offered under a Sukuk Issuance Programme in series of separate issuance (each a "Series") in accordance with the Conditions and the Applicable Final Terms. In relation to the individual Sukuk issued in respect of each Series (hereinafter referred to as the "Applicable Final Terms").

Each Series (as defined under the "Terms and Conditions of Sukuk" "Conditions") of Sukuk issued under the Programme will be constituted by the master declaration of agency (the "Master Declaration of Agency") concluded on 13/05/1444H (corresponding to 07/12/2022G) between Sukuk Al Kathiri (as the "Issuer" and "Agent"), Al Kathiri Holding (as the "Obligor" and AlKathir Capital Saudi Arabia Company (as the "Sukukholders' Agent's Delegate") (hereinafter referred to as the "Sukukholders' Agent's Delegate"); in addition to other Sukuk Documents as the Master Murabaha Agreement and the Mudaraba Agreement.

As further explained in the Conditions, the Sukuk of each Series confer on the holders thereof from time to time (the "Sukukholders") the right to receive certain payments (as more particularly described in the Conditions) arising from the Sukuk Assets (as defined in Conditions) of the relevant Series. Each of the Sukuk will represent an undivided ownership interest in the Sukuk Assets (as defined below) and represents an interest in the Payment Obligations (as defined below) and will at all times rank pari passu among themselves without any preference. Recourse in respect of the payment obligations of the Issuer under the Sukuk and the Sukuk Documents is limited in the manner described in Condition 5 (Limited Recourse and No Petition) (for more information, please see paragraph (14-3) "Information Related to the Sukuk and the Offering Terms and Conditions" of section (14) "Information Concerning the Sukuk and the Terms and Conditions of the Offer").

The Payment Obligations of the Issuer under the Sukuk and Sukuk Documents to which it is a party will constitute unsubordinated, unconditional or unsecured obligations of the Sponsor. The Sukuk also grants their holders equal rights at all times and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Sponsor, save for obligations as may be preferred by provisions of law that are both mandatory and of general application.

According to the Declaration of Agency, the Sukukholders' Agent's Delegate will be appointed to act as an agent for and on behalf of the Sukukholders. Each Sukukholder by subscribing to, acquiring or holding Sukuk agrees to the terms of the Declaration of Agency, including, but not limited to, the authority of the Sukukholders of each relevant Series by virtue of an Extraordinary Resolution to revoke of the appointment of the Sukukholders' Agent's Delegate of that Series.

Pursuant to the Sukuk Documents, the obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Issuer, save for obligations as may be preferred by provisions of law that are both mandatory and of general application. Periodic Distribution Amounts under the Sukuk will be distributed from the Mudaraba profit and Murabaha income. According to the final terms and conditions, the Issuer keeps any amounts due and payable by the Payment Administrator, as instructed by the Issuer under the Mudaraba Agreement and Murabaha Agreements, that exceed the Periodic Distribution Amounts that have not been reinvested according to the Terms and Conditions. The Issuer is not entitled to use and invest the existing funds in the transaction account balance (if any) for its own account, but may use and invest these funds in the Business Portfolio for the benefit of and on behalf of the Sukukholders. In the event that the Periodic Distribution Amounts and the Sukuk's capital are not fully paid to the Sukukholders, the Issuer is obligated to pay the existing funds in the Transaction Account (if any) to the Sukukholders in order to compensate them for any shortfall related to the Periodic Distribution Amounts and any loss related to the Mudaraba assets as on the date of liquidation.

The balance of the funds outstanding in the transaction account balance shall be paid in the order of priority set out in Condition 6 (Sukuk - Clause 6-1 (d) Application of Proceeds - Transaction Account) (for more information, please see subparagraph (d) "Application of Proceeds - Transaction Account" of Paragraph (15-5) "Condition 6: the "Sukuk" of Section (15) "Terms and Conditions of Sukuk" of this Prospectus).

Any surplus liquidation proceeds, after payment of the amounts (if any) described in the Condition 13(g), may be granted by the Sukukholders to the Mudarabah as an incentive fee for its own account (for more details, please see subparagraph (g) "Liquidation of Mudaraba and Distribution of Remaining Sukuk Assets" of Paragraph (15-12) "Condition 13: Redemption; Dissolution of the Sukuk" of Section (15) "Terms and Conditions of the Sukuk" of this Prospectus), only after the Mudaraba is liquidated and the Sukuk have been redeemed or purchased and cancelled on the Dissolution Date.

The Sukuk will be admitted to listing on the Saudi Arabian Stock Exchange ("Tadawul") and Edaa will be appointed as registrar the "Registrar" which expression includes any successor registrar of the Sukuk. The Sukuk will be registered form in denominations of SAR (1,000) subject to a minimum initial subscription amount of SAR (5,000) in accordance with Condition 3 (c) (Transfers) (For more details, please see subparagraph (c) "Transfers" of Clause 15-3 "Condition 3: Register, Title and Transfers" of Section (15) "Terms and Conditions of Sukuk" of this Prospectus).

The Sukuk will be represented at all times by interests in a registered form global sak, without coupons attached (the "Global Sak"), which will be deposited with the Securities Depository Center Company ("Edaa") which is wholly owned by the Saudi Tadawul Group Holding Company ("Tadawul").

The Sukuk may only be held in book entry dematerialised form and definitive sukuk will not be issued to Sukukholders in relation to their holdings of Sukuk.

The offering, sale and trading of Sukuk is limited to persons who are categorized as Qualified Persons (as defined below) being:

- a natural person who is resident in the Kingdom of Saudi Arabia under the Income Tax Law, or
- a legal person who is considered to be resident in the Kingdom of Saudi Arabia for tax purposes and who is holding a current commercial registration number issued by the Ministry of Commerce. However, the requirement for such legal person to hold a current commercial registration number issued by the Ministry of Commerce would not apply to Saudi Arabian governmental entities and mutual funds established in the Kingdom of Saudi Arabia and managed by a person authorised by the Authority or any other entity established in the Kingdom of Saudi Arabia pursuant to laws or regulations that do not require

such entity to hold a commercial registration, and who, in each case, has a bank account with a local bank in Saudi Arabia and an account at the depository center (Edaa); And
(c) Qualified Foreign Investor.

All categories of the above permitted investors will be allowed, based on the relevant laws and regulations, to trade in the Sukuk listed on the stock exchange market.

It should be noted that the Sukuk issued under the Programme will be subject to an offering period for each relevant Series which will be determined by the Sponsor after consultation with the Arranger and according to the conditions of the market at the time.

Each offer period for the relevant Series of the Sukuk will be specified in the Applicable Final Terms (each, an "Offer Period") and the relevant Series of Sukuk will be allocated after the end of the applicable Offer Period and issued on a date (each, an "Issue Date") notified by the Issuer and the Initial Arranger and Dealers to the relevant potential investors after the end of the relevant Offer Period (for more information, please see section (19) "SUBSCRIPTION UNDERTAKINGS").

The Issuer may close the application period earlier than the final submission date, such date being the new final submission date. The applicant must complete the entire investor application form, provided that incomplete application shall not be accepted. Applications must be dated, signed and filed (and in the case of Institutional Investors only applications may be delivered by fax and/or sent by e-mail) with the Arranger's manager on the final submission date. Investor Application Forms will be available from the receiving banks in case of individual investors in relation to the relevant Sukuk Series.

The entire shares of Al Kathiri Holding Company (Sponsor) have been initially listed in the Saudi Parallel Market (Nomu Market) with a number of three million, one hundred and thirty-nine thousand five hundred (3,139,500) ordinary shares and a Nominal Amount of ten (10) Saudi riyals per share, on 15/10/1438H (corresponding to 09/07/2017) after obtaining the approval of both the Authority and the Tadawul. On 05/12/1439H (corresponding to 16/08/2018G), the Company increased its capital by (20%) from thirty-one million three hundred and ninety-five thousand (31,395,000) Saudi riyals to thirty-seven million six hundred seventy-four (37,674,000) Saudi riyals by issuing six hundred and twenty-seven thousand nine hundred (627,900) ordinary shares as bonus shares with a Nominal Amount of ten (10) Saudi riyals per share by granting one free share for every five shares owned by the shareholder. On 06/03/1441H (corresponding to 03/11/2019G), AlKathiri Holding has been transferred from Nomu Market to the Main Market, and its shares were listed and traded in the Saudi Stock Exchange (Tadawul Main Market - TASI) with a total number of four million five hundred and twenty thousand eight hundred and eighty (4,520,880) ordinary shares and a Nominal Amount of ten (10) Saudi riyals per share, after obtaining the approval of the CMA and Tadawul. On 18/02/1442H (corresponding to 05/10/2020G), AlKathiri Holding's Extraordinary General Assembly Meeting approved the capital increase by (100%) through a rights issue, from forty-five million two hundred and eight thousand eight hundred (45,208,800) Saudi riyals to ninety million five hundred and seventeen thousand six hundred (90,417,600) Saudi riyals, by offering and listing four million five hundred and twenty thousand eight hundred and eighty (4,520,880) rights issue shares. On 13/11/1443H (corresponding to 23/06/2021G), AlKathiri Holding's Extraordinary General Assembly Meeting approved the capital increase by (25%) through bonus shares issuance, from ninety million four hundred and seventeen thousand six hundred (90,417,600) Saudi riyals to one hundred thirteen million and twenty-two thousand (113,022,000) Saudi riyals by granting one bonus share for each four shares owned by the shareholder.

AlKathiri Holding Company was rated Long-Term Rating (-BBB) with a stable outlook and short-term rating (T-4) by Tassnief a Simah Rating Agency. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Where a Series of Sukuk is rated, such rating will be specified in the Applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

As for Sukuk Al Kathiri (the Issuer), no shares or debt instruments were listed in any market, whether inside or outside the Kingdom of Saudi Arabia.

AlKathiri Holding Company (Sponsor) has applied to the Capital Market Authority (the "CMA" or "Authority") to register and offer the Sukuk through the Special Purposes Entity (Sukuk AlKathiri in its capacity as the "Issuer") and has submitted a request to the Saudi Stock Exchange Company (the "Saudi Tadawul" or "Tadawul") for the listing of the Sukuk. It has provided all supporting documents required by the CMA and Tadawul and all the requirements of the relevant authorities pertaining to the registration, offering and listing of the Sukuk have been met and approved.

Any Sukuk to be issued under the Programme may only be offered and sold in the Kingdom in accordance with the Rules on the Offer of Securities and Continuing Obligations. The distribution of this Base Prospectus and the offering, sale and delivery of Sukuk issued under the Programme in any jurisdiction other than the Kingdom may be restricted by law. Any Persons who come into possession of this Base Prospectus are required by the Issuer, AlKathir Capital Saudi Arabia (the "Initial Arranger") and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Sukuk issued under the Programme and on distribution of this Base Prospectus and other offering material relating to Sukuk issued under the Programme, please see section (19) "SUBSCRIPTION UNDERTAKINGS" of this Base Prospectus.

This Prospectus must be read in full and the "Important Notice" section on page (iii) and Section (2) "Risk Factors" of this Prospectus must be considered prior to making any investment decision in the Sukuk offered hereby.

This Prospectus includes information given as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange. The directors, of the Special Purposes Entity and the Sponsor, whose names appear on pages (v) and (ix) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus.

The securities offered hereby are issued by a Special Purposes Entity licensed by the Capital Market Authority. The Capital Market Authority maintains a register of special purposes entities and regulates the Special Purposes Entity. The Capital Market Authority does not approve, and is not responsible for, the terms of the securities the special purposes entity issues, the financing structure the Special Purposes Entity employs, or the investment risks and rewards associated with the securities. The Capital Market Authority does not regulate or monitor the value of the assets of the Special Purposes Entity or the ability of the Special Purposes Entity to meet its obligations and makes no endorsement of or recommendation about the securities.

Financial Advisor, Arranger and Sukukholders' Agent's Delegate

الخير كابيتال
ALKHAIR CAPITAL



To be the leading company in the field of supplying building materials and supporting the logistical sector, real estate development and contracting with innovative solutions with high-quality products for a sustainable environment



الكثيري القابضة

AI KATHIRI HOLDING COMPANY



IMPORTANT NOTICE

This Prospectus (the "**Prospectus**") provides details relating to Sukuk Al Kathiri (the "**Issuer**"), Al Kathiri Holding Company (the "**Sponsor**") and the Sukuk. When submitting an application to subscribe for the Sukuk, investors will be treated as applying on the basis of the information contained in this Prospectus, copies of which are available for collection from the Issuer's headquarters, the Sponsor, the Arranger or by visiting the websites of the Sponsor, Al Kathiri Holding Company, (www.alkathiriholding.com), the Financial advisor (www.alkhaircapital.com.sa) and the Capital Market Authority (www.cma.org.sa).

Al-Khair Capital Saudi Arabia Company ("**Al Khair Capital**") has been appointed by AlKathiri Holding Company (the "**Sponsor**") as financial advisor (the "**Financial Advisor**"), as Sukuk Arranger under the Programme (the "**Arranger**"), as the Sukukholders' Agent's Delegate (the "**Sukukholders' Agent's Delegate**") and as the Payment Administrator ("**Payment Administrator**") in relation to the Sukuk described herein. Further Al Khair Capital has been appointed by AlKathiri as the trustee of Sukuk Al Kathiri (the Issuer) and this has been reflected in the constitutive documents (for more information, please see paragraph (4-2) "**Date of Incorporation of Sukuk Al Kathiri**" of section (4) "**Background about Sukuk Al Kathiri and the Nature of its Business**" of this prospectus).

In connection with the offering of the Sukuk, no Person has been authorised to give any information or to make any representation about the Issuer or the Sukuk (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been made by the Issuer or the Arranger.

Each of the Financial Advisor and Arranger is not acting for any person in connection with the offering of the Sukuk and, unless otherwise required by relevant regulations, the Financial Advisors and Arranger will not regard any person (whether or not a recipient of this Prospectus or any other offering material relating to the Sukuk) as its client or customer (as such terms are defined in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority) in relation to the offer, sale and trade of the Sukuk. And none of them shall be responsible to anyone for providing the protections afforded to clients or customers of the Financial Advisor and Arranger, or for providing advice in relation to the offering of the Sukuk, the contents of this Prospectus or any other offering material relating to the Sukuk, or any transaction, arrangement or other matter referred to in this Prospectus.

This Prospectus contains information given in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Authority. The sole purpose of this Prospectus is to provide background information about the Issuer, the Sponsor and the Offering to assist each recipient of this Prospectus in making an independent evaluation and appraisal of the Issuer, the offering and any investment in the Sukuk. The Directors, whose names appear on the page (v), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus relating to the Issuer and the Sukuk and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and Tadawul do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Issuer and the Sponsor have made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, portions of the information herein are derived from external sources, and while neither the Issuer nor the Sponsor or any of their Directors, the Financial Advisor or their respective advisers whose names appear on the pages (v-vi-vii-ix-x) have any reason to believe that any of such information is materially inaccurate, such information has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the financial condition or position of the Issuer and the Sponsor that may be affected by future developments such as inflation, interest rates, taxes or other economic and political factors or other factors, over which beyond both the Issuer and the Sponsor have no control (please refer to Section No. (2) "**Risk Factors**" of this Prospectus). Neither the delivery of this Prospectus nor any oral or written information or printed interaction in relation to the Sukuk is intended to be, or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events. Neither this Prospectus nor any other information supplied in connection with the Sukuk is to be regarded as a recommendation on the part of the Issuer, the Sponsor, the Arranger, the Sukukholders' Agent's Delegate or any of their respective advisers or affiliates to participate in the offering of the Sukuk. In addition, the information provided herein is of a general nature and has been prepared without taking into account any potential investor's investment objectives, financial situation or particular investment needs. Each person (natural or legal) receiving this Prospectus is responsible for obtaining his own independent professional advice from a financial advisor licensed by the Authority in relation to the Issuer, the Sponsor or the offering of the Sukuk and for making his own independent evaluation and appraisal of the Issuer, the Sponsor, of an investment in the Sukuk and of the information and assumptions contained herein, using such advice, analysis and projections as he deems necessary in making any investment decision.



Neither the Arranger nor the Sukukholders' Agent's Delegate accept any liability or make any representation, warranty or undertaking, express or implied, in relation to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or the Sponsor in connection with the Issuer, the Sponsor the Sukuk or for any statement made or purported to be made by the Arranger or on its behalf in connection with the Issuer, the Sponsor or the Sukuk. Each person receiving this Prospectus is deemed to have not relied on the Arranger in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own assessment of the Issuer, the Sponsor or the Sukuk. The information contained in this Prospectus shall be deemed, and shall not be construed or relied upon in any way, as a promise, warranty or statement, whether as to the past or future, of any of the arranger, the dealers and lead managers. To the fullest extent permitted by law, the Arranger doesn't accept any responsibility for the contents of any part of this Prospectus.

Financial Information

The consolidated audited financial statements of AlKathiri Holding Company (the Sponsor) for the financial years ended 31 December 2019G, 2020G and 2021G and the accompanying notes thereto in addition to the reviewed consolidated financial statements for the interim period ending March 31, 2022G, and the accompanying notes thereto, were been prepared in accordance with the International Financial Reporting Standards (the "IFRS") as endorsed in the Kingdom of Saudi Arabia and the generally accepted accounting standards issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The consolidated financial statements for period ended December 31, 2019G were audited by Waleed Al Shabanat (Certified Accountants and Auditors Office), while the consolidated financial statements for the financial years ended 31 December, 2020G and 2021G and the interim consolidated financial statements (unaudited) for the three-month period ended March 31, 2022G, they were audited by Sulaiman Abdullah Al Kharashi (Alkharashi & Company Certified Accountants & Auditors).

AlKathiri Holding Company (the Sponsor) publishes its financial statements in Saudi Riyals. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Forecasts and Forward-looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of certain specific stated assumptions based on publicly available market information. Future operating conditions may differ from the assumptions used; as a result, no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. Both the Issuer the Sponsor confirm that the statements were prepared with the necessary due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words and terms, such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Issuer and Sponsor with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Issuer and Sponsor to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail (for further details, see Section 2 (RISK FACTORS)). Should any of these risks or uncertainties materialise or any underlying assumptions prove to be incorrect or inaccurate, the actual results of the Issuer and the Sponsor may vary materially from those described as estimated, believed, expected or planned in this Prospectus. Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Issuer and the Sponsor must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, they become aware of: (i) a significant change in any material information contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations; or (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except for the aforementioned circumstances, the Issuer and the Sponsor do not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the expectations of future events and circumstances set forth in this Prospectus may not occur as expected by the Issuer and the Sponsor or may not occur at all. Consequently, (eligible persons) prospective investors should consider and review all forward-looking statements in light of these explanations and should not place undue reliance on them.



Corporate Directory

Sukuk Al Kathiri's Board of Directors (the "BoD" or "Board")

Board of Directors (BoD) and Secretary										
Name	Position	Nationality	Age	Membership Status	Shares owned by members of the Board of Directors of Sukuk Al Kathiri and the Secretary of Al Kathiri Holding Company					
				Executive	Direct	Indirect****	Total	Percentage %	Date of Membership	
1- Saud Muhammad Abdullah Al Shuraim	Chairman of the Board	Saudi	32	Non-Executive	-	-	-	-	-	12/05/1443H (Corresponding to 16/12/2021G)
2- Meshal Mohammed Nasser Al Kathiri	Vice Chairman of the Board	Saudi	38	Executive	4,909,953	-	4,909,953	43.44%	-	12/05/1443H (Corresponding to 16/12/2021G)
3- Adel Ibrahim Mohammed Al Kathiri	Board Member	Saudi	49	Non-Executive	-	-	-	-	-	12/05/1443H (Corresponding to 16/12/2021G)
Secretary of the Board										
4- Khaled Abdel Mohsen Abdel Rahman Al Khayal	Secretary of the Board	Saudi	60	Non-Executive	-	-	-	-	-	12/05/1443H (Corresponding to 16/12/2021G)

Source: The Sponsor

* On 12/05/1443H (corresponding to 16/12/2021G), the above Directors of Sukuk Al Kathiri have been appointed as members of the first Board of Directors (the "BoD" or the "Board").

** A BoD's member acquires the status of "Executive Director" when he is a member of the Executive Management and participates in the day-to-day management or receives a salary in return. As for the "Non-executive Member", he is not dedicated to managing the entity or does not receive a salary, except for the membership remuneration for the BoD and its Committees.

**** Indirect ownership means the shares indirectly owned by a BoD's member or a shareholder in Al Kathiri Holding Company (Sponsor) through their ownership in companies owning shares in AlKathiri Holding Company. As of the date of this Prospectus, none of the BoD's members of Sukuk Al Kathiri (Issuer) has any indirect ownership in Al Kathiri Holding Company (Sponsor).



Sukuk Al Kathiri's Contact Information

Issuer's Address

Sukuk Al Kathiri
 3158-Prince Yazid bin Abdullah Abdul Rahman Road
 Al-Malqa District-Riyadh
 Tel: 0114167900 - 0114167909
 Website: www.alkathiriholding.com
 E-mail: info@alkathiriholding.com

1st Representative of Sukuk Al Kathiri

Name: Saud Muhammad Abdullah Al Shuraim

Position: Chairman of Board of Directors
 Address: 3158 Prince Yazid bin Abdullah bin Abdul Rahman -
 Al-Malqa District Unit No. 19 Riyadh 13523 - 6695
 Kingdom Saudi Arabia
 Phone Nb.: +966 114167900 Ext. No. (113)
 Mobile Nb.: 0566808806
 Fax: +966 114167909/106
 E-mail: saud@alkathiriholding.com

2nd Representative of Sukuk Al Kathiri

Name: Meshal Mohammed Nasser Al Kathiri

Position: Deputy Chairman of the Board
 Address: 3158 Prince Yazid bin Abdullah bin Abdul Rahman -
 Al-Malqa District Unit No. 19 Riyadh 13523 - 6695
 Kingdom Saudi Arabia
 Phone Nb.: +966 114167900 Ext. No. (101)
 Mobile Nb.: 0555212321
 Fax: +966 114167909/106
 E-mail: meshal@alkathiriholding.com



Al Kathiri Holding Company's Directory

Members of the Board of Directors and Secretary of Al Kathiri Holding Company*														
Nb.	Name	Position	Nationality	Age	Membership Status**	Independence	Membership Date	On Behalf of	Owned Shares					
									Direct		Indirect****		Total	Percentage
									#.	%	#	%		
1.	Rayed Mohammad Nasser Al Kathiri	Chairman of the Board	Saudi	39	Non-executive	Non-independent	18/07/1441H (corresponding to 13/03.2020G)	Himself	15,035	0.13%	-	-	15,035	0.13%
2.	Adel Ibrahim Mohammad Al Kathiri	Vice Chairman of the Board	Saudi	49	Non-executive	Independent	18/07/1441H (corresponding to 13/03.2020G)	Himself	-	-	-	-	-	-
3.	Meshaal Mohammad Nasser Al Kathiri	Managing Director & CEO	Saudi	38	Executive	Non-independent	18/07/1441H (corresponding to 13/03.2020G)	Himself	4,909,953	43.44%	-	-	4,909,953	43.44%
4.	Saud Mohammad Abdullah Al Shreym	Board Member	Saudi	32	Non-executive	Independent	18/07/1441H (corresponding to 13/03.2020G)	Himself	-	-	-	-	-	-
Secretary of Al Kathiri Holding Company														
	Khaled Abdul Mohsen Abdel Rahman Al Khayal	Board Secretary	Saudi	60	Non-executive	Independent	19/07/1441H (corresponding to 14/03.2020G)	Himself	-	-	-	-	-	-

Source: The Sponsor

* The General Assembly held on 16/04/1441H (corresponding to 11/03/2020G) approved the election of the above-mentioned BoD's members during its current session for a period of three years, from 18/07/1441H (corresponding to 13/03/2020G) till 20/08/1444H (corresponding to 12/03/2023G). As a result, Mr. Khaled Abdul Mohsen Abdel Rahman Al Khayal was appointed as Secretary of the BoD pursuant to the BoD's resolution issued on 19/07/1441H (corresponding to 14/03/2020G).

** A Board Member acquires the status of "Executive Member" when he/she is a Member of the Company's Executive Management and participates in the daily management or receives a salary in return. As for the "Non-executive Member", he/she is a Board Member who is not a full-time member of the management team or does not receive a salary, except for the membership remuneration for the Board and its Committees.



*** With regard to the BoD's independent member: He/She is a Non-executive BoD's member who enjoys complete independence in his position and decisions, and none of the following negate its independence requirement for a BoD's independent member:

1. if he/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
2. if he/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group;
3. if he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
4. if he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
5. if he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
6. if he/she is an employee or used to be an employee, during the preceding two years, of the Company, of any party dealing with the Company or any company within its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, held a controlling interest in any such parties;
7. if he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account;
8. if the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
9. if he/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
10. if he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company

**** Indirect ownership means shares indirectly owned by a BoD's member or a shareholder through their ownership of companies that own shares in AlKathiri Holding Company. As of the date of this Prospectus, none of the Board members has any indirect ownership.

Sponsor's Address

Al Kathiri Holding Company

3158-Prince Yazid bin Abdullah Abdul Rahman Road
Al-Malqa District-Unit No. (13) and (19)
Riyadh 13523-6695
Tel: 0114167900-920004192
Website: www.alkathiriholding.com
E-mail: info@alkathiriholding.com



AUTHORIZED REPRESENTATIVES OF THE SPONSOR

1st Representative of Al Kathiri Holding Company

Name: Adel Ibrahim Muhammed Al Kathiri

Position: Deputy Chairman of the Board
Address: 3158 Prince Yazid bin Abdullah bin Abdul Rahman - Al-Malqa District - Unit No. 19 Riyadh 13523 - 6695 KSA
Phone Nb.: +966 114167900 Ext. No. (112)
Fax: +966 114167909/106
E-mail: adel@alkathiriholding.com

2nd Representative of Al Kathiri Holding Company

Name: Meshal Mohammed Nasser Al Kathiri

Position: Managing Director and CEO
Address: 3158 Prince Yazid bin Abdullah bin Abdul Rahman - Al-Malqa District - Unit No. 19 Riyadh 13523 - 6695 KSA
Phone Nb.: +966 114167900 Ext. No. (101)
Fax: +966 114167909/106
E-mail: meshal@alkathiriholding.com

Board's Secretary of Al Kathiri Holding Company

Name: Khaled Abdel Mohsen Abdel Rahman Al Khayal

Position: Board Secretary of Al Kathiri Holding Company and Sukuk Al Kathiri
Address: 3158 Prince Yazid bin Abdullah bin Abdul Rahman - Al-Malqa District - Unit No. 19 Riyadh 13523 - 6695 KSA
Phone Nb.: +966 114167900 Ext. No. (116)
Fax: +966 114167909/106
E-mail: alkhayyal@alkathiriholding.com

Securities Market

Saudi Tadawul Company (Saudi Tadawul)

King Fahd Road - Olaya 6897
Unit No.: 15
P.O. Box 60612, Riyadh 11555
Kingdom of Saudi Arabia
Tel: +966 (11) 2181200
Fax: +966 (11) 2181260
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa





Advisors

Financial Advisor, Arranger, Sukukholders' Agent's Delegate and Payment Administrator

Alkhair Capital Saudi Arabia

King Abdul Aziz Road- Al-Wizarat District - Abraj Madarat
P.O. Bpx: 69410, Riyadh11547
Kingdom of Saudi Arabia
Phone: +966112155678
Fax: +966112191270
Website: www.alkhaircapital.com.sa
E-mail: info@alkhaircapital.com.sa



Issuer's Legal Advisor

Alsaleh, Alsahli & Partners Law Firm

Al Saif Center - King Abdullah Branch Road - Alworoood District
P.O. Box: 90549 Riyadh 11623
Kingdom of Saudi Arabia
Phone: +966 11 2054555
Fax: +966 11 4868434
Website: www.ssfirm.com.sa
E-mail: corporate@ssfirms.com.sa



Legal Advisor of the Financial Advisor and Arranger

Al-Akeel & Partners In cooperation with Mayer Brown International LLP

11th Floor - Palm Tower - King Fahd Road
Riyadh 13315
KSA
Phone: +966 11 2990500
Website: www.alakeellaw.com.sa
E-mail: info@alakeellaw.com.sa



In cooperation with



The Registrar

The Securities Depository Center Company (Edaa)

King Fahd Road - Olaya 6897
Unit Nb:11
Riyadh 3388 - 12211
KSA
Phone: + 966 920026000
Website: www.edaa.sa
E-mail: cc@edaa.sa



The Sponsor's External Auditors

Certified Public Accountants and External Auditors for the financial years ended December 31, 2020G and 2021 AD and the three-month period ended March 31, 2022G

Al-Kharashi & Partners Mazars

SA (Riyadh, Saudi Arabia)
Riyadh - Al Mather Al Shamali, Riyadh
P.O. Box: 8306 Riyadh11482
KSA
Phone: +966 11 4784009
Fax: +966 11 4774924
Email: general@alkharashicaa.com
Website: www.alkharashicaa.com



Certified Public Accountants and External Auditors for the financial year ended December 31, 2019G

Waleed Al-Shabanat Certified Accountants & Auditors

Riyadh - Salah Al-Din Al-Ayoubi Street
Matoon Building - Second Floor
P.O. Box: 63228 Riyadh 11516
Phone: +966 (11) 4771115
Fax: +966 (11) 4723475
Website: www.alshapanat.com
E-mail: info@alshapanat.com



Receiving Bank

It should be noted that Receiving Bank/ Banks may be appointed for each Series of Sukuk and their names will be included in the Applicable Final Terms for the relevant Series of Sukuk.

Shariah Committee of AlKhair Capital Saudi

Alkhair Capital Saudi Arabia

King Abdul Aziz Road- Al-Wizarat District - Abraj Madarat
P.O. Bpx: 69410, Riyadh11547
Kingdom of Saudi Arabia
Phone: +966112155678
Fax: +966112191270
Website: www.alkhaircapital.com.sa
E-mail: info@alkhaircapital.com.sa



Note:

All of the above-mentioned Advisors and Auditors have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their respective names, addresses, logos and statements attributed to each of them in the context in which they appear in the Prospectus, and neither they, their employees (forming part of the engagement team serving the Sponsor and the Issuer), or any of their employees' relatives have any shareholding or interest of any kind in the Sponsor and the Issuer as of the date of this Prospectus which would impair their independence.



Offering Summary

Investors wishing to subscribe to the offer Sukuk must read the entire Prospectus before deciding to invest in the offer Sukuk, as the offering summary is not sufficient to make a decision to invest in the offer Sukuk. Below is a summary of the offering:

Summary	
SPE's & Sponsor's Name, Description and Information of its Incorporation	<p>Sukuk Al Kathiri (SPE: Special Purposes Entity) was established under CMA License No. (SPE00034) dated 12/05/1443H (corresponding to 12/12/2021G), provided that its validity extends for a period of five (5) years, for the purpose of issuing debt instruments based on the Islamic principles of Murabaha and Mudaraba. The head office is located in the city of Riyadh, Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - 13523 - Riyadh 3158, KSA.</p> <p>As for Al Kathiri Holding Company (the "Sponsor"), it was initially established as a sole proprietorship by its owner Mohammed Nasser Mohammed Al-Kathiri under the name "Mohammed Nasser Mohammad Al Kathiri Contracting Establishment" and was registered in the Commercial Register under a registration certificate bearing the number (1010255690) and dated 29/08/1429H (corresponding to 31/08/2008G). On 14/06/1435H (corresponding to 14/04/2014 G), the establishment was converted to a limited liability company (LLC) with the entry of a new partner, Meshal Muhammad Nasser Al-Kathiri and its trade name was altered to become "Al Kathiri Holding Company". Following this, Al Kathiri Holding Company was converted from a limited liability company to a closed joint stock company (CJS) pursuant to Ministerial Resolution No. (Q/171) dated 09/06/1438H (corresponding to 08/03/2017G). On 5/10/1438H (corresponding to 09/07/2017G), AlKathiri Holding was converted to a public joint stock company and its shares were listed on the Parallel Market (Nomu). On 06/03/1441H (corresponding to 03/11/2019G), Al Kathiri Holding Company was transferred from the Parallel Market (Nomu) to the Main Market (TASI) and its shares were listed and traded on TASI.</p> <p>The head office of Al Kathiri Holding Company is located on 3518 - Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - Unit No. (13) & (19) - Riyadh 13523 - 6695.</p>
SPE & Sponsor Business Activity	<p>According to Sukuk Al Kathiri (Special Purposes Entity)'s Bylaws, the activities for which the SPE was incorporated are as follows:</p> <ol style="list-style-type: none"> 1. obtaining finance through the issuance of debt instruments based on the Islamic principles of Murabaha and Mudaraba provided that the Sponsor (or any of its subsidiaries) is the ultimate beneficiary of the required financing. 2. It shall not engage in any activity other than the following: <ol style="list-style-type: none"> a. issuing of debt instruments specified in paragraph 1 above. b. issuing shares for establishment purposes, provided that the shares are under the name of its trustee. c. Any ancillary activities necessary to achieve its above purposes. <p>As for Al Kathiri Holding Company (The Sponsor), it is a Saudi public joint stock company and is registered in the Commercial Register under a registration certificate bearing the number (1010255690) and dated 29/08/1429H (corresponding to 30/08/2008G). The activities are set out in its commercial registration certificate as follows:</p> <ul style="list-style-type: none"> - Managing subsidiaries of holding companies. - Having industrial property rights for subsidiaries of holding companies. - Leasing industrial property rights to subsidiaries of holding companies. - According to Article Three (3) of its Bylaws, the objectives of Al Kathiri Holding Company are as follows: <ol style="list-style-type: none"> 1. Managing subsidiaries, or participating in the management of other companies in which it contributes and provides the necessary support. 2. Investing money in shares and other securities. 3. Owning real estate and movables necessary to carry out its activity. 4. Owning industrial property rights such as patents, industrial trademarks, franchises and other moral rights, exploiting them, and renting them to subsidiaries or other companies. 5. The company carries out its activities in accordance with the applicable laws & regulations and after having obtained the necessary licenses from competent authorities, if any.

Summary	
Sponsor Credit Rating	Pursuant to Simah Rating Agency (Tassnief) Certificate No. (1010255690092021) dated October 2021G, Al Kathiri Holding Company was rated Long-Term Rating (-BBB) with a stable outlook and short-term rating (T-4).
Sponsor Substantial Shareholders, Shares Number and Ownership Percentage	Those who own (5%) or more of the Company's shares. Al Kathiri Holding Company has one shareholder who owns (5%) or more of the capital being: Mr. Meshal Muhammad Nasser Al Kathiri (who owns 4,909,953 shares, or approximately 43.44% of the total shares of Al Kathiri Holding Company).
Sponsor Capital	The paid up capital of Al Kathiri Holding Company is one hundred and thirteen million and twenty-two thousand (113,022,000) Saudi riyals divided into eleven million, three hundred and two hundred (11,302,200) shares with a Nominal Amount of ten (10) Saudi riyals per share.
Nominal Amount of Offered Sukuk	It is expected that the Aggregate Nominal Amount of the sukuk issuance Programme will be equal to five hundred million (500,000,000) Saudi riyals as specified in the Applicable Final Terms relevant to each Series of Sukuk issuance. The Sponsor determines the size and price of the offer Sukuk in accordance with the market conditions at the time, and each Sak has the value specified in the Applicable Final Terms pertaining to each Series.
Offering Proceeds and Financing Transaction	<p>Total proceeds from the issuance of sukuk are expected to reach five hundred million (500,000,000) Saudi riyals. The Offering proceeds, after deducting all costs, will be used for the purposes of Al Kathiri Holding Company's general trading and to meet its financial and strategic objectives (For more information, please see Paragraph No. (8-2) "Use of Offering Proceeds" from Section No. (8) "Finance Structure and Use of Offering Proceeds").</p> <p>For the financing transactions:</p> <p>The Sukukholders will, on the date of issuance of the Sukuk, deposit the subscription amounts for the relevant Sukuk in a bank account with the account agent in the name of the Sukukholders' Agent's Delegate (for the benefit of the Sukukholders) and managed by him (hereinafter referred to as the "Sukuk Proceeds Account", for the sukuk documents. The Sukukholders' Agent's Delegate, in accordance with the instructions of the Issuer, will acquire the Sukuk Assets using the amounts available in the Sukuk Proceeds Account as follows:</p> <ol style="list-style-type: none"> Pay the Mudaraba Capital to the Mudareb with at least (51%) of the Sukuk Proceeds (or for the Mudareb's benefit) so that the Mudareb could invest this amount in the Mudaraba Assets, in accordance with the Mudaraba Agreement. The Mudaraba revenue consists of the revenue accruing to the Mudaraba from the Mudaraba Assets after deducting direct costs and expenses related to the Mudaraba activities ("Mudaraba Revenue"). The share of the Sukukholders' Agent (in his capacity as Rab Al-Maal and the Sukukholders' Agent) in these revenues is referred herein as "Mudaraba Profits". apply no more than forty-nine per cent. (49%) of the amounts standing to the credit of the Sukuk Proceeds Account in murabaha arrangements (which represents the "Murabaha Capital") to purchase specific commodities to be sold on Al Kathiri Holding (as the purchaser) at a deferred price agreed upon in the purchase offer notice and mutual acceptance notice between the two parties, in accordance with the Master Murabaha Agreement (the deferred price is referred to as the "Deferred Sale Price", and the completed Murabaha transaction is referred to as the "Murabaha Transaction"). <p>(For more information on the use of the offering proceeds and the financing transactions, please see Section No. (8) "Finance Structure and Use of Offering Proceeds" of this Prospectus).</p>



Summary	
The Sponsor's Commitment to settle all payments due according to debt instruments	The Sukuk Documents include clauses relating to the obligations of the Sponsor and its warranties in particular to ensure the payment of the amounts due under any Series of Sukuk issuances (for more details about the obligations, warranties, covenants and assurances related to the Sponsor, please see Section (16) " Summary of Sukuk Documents " of this Prospectus).
Types of Targeted Investors	<p>Subscription to the offer Sukuk under the Programme is limited to eligible persons who falls under any of the below categories:</p> <p>(a) a natural person who is resident in the Kingdom of Saudi Arabia under the Income Tax Law; or (b) a legal person who is considered to be resident in the Kingdom of Saudi Arabia for tax purposes and who is holding a current commercial registration number issued by the Ministry of Commerce. However, the requirement for such legal person to hold a current commercial registration number issued by the Ministry of Commerce would not apply to Saudi Arabian governmental entities and mutual funds established in the Kingdom of Saudi Arabia and managed by a person authorised by the Authority or any other entity established in the Kingdom of Saudi Arabia pursuant to laws or regulations that do not require such entity to hold a commercial registration, and who, in each case, has a bank account with a local bank in Saudi Arabia and an account at the depository center (Edaa); And (c) Qualified Foreign Investor.</p>
Subscription Method for Targeted Investors	<p>Prospective Investors must submit to the relevant Dealer the application to subscribe for the relevant Series of Sukuk according to the approved investor application form during normal working hours (adopted by banks) during the Offering Period for each relevant Series of Sukuk as identified in the Applicable Final Terms. and The Offering Period could be extended (as may be suggested by Al Khair Capital Saudi Arabia Company in its capacity as the Arranger and Initial Dealer), and in relation to the individual participants, to the receiving banks ("Receiving Banks"), before the end of the Offer Period (as defined herein) and shall make payment for the Sukuk of such Series as per the instructions contained in the Investor Application Form. Investor Application Forms will be available from the relevant Dealer(s), or from the Receiving Banks, as applicable, in respect of such Series. Applications to purchase Sukuk for less than the Specified Denomination will not be accepted. For further details, please see section (19) "SUBSCRIPTION UNDERTAKINGS".</p> <p>The Issuer may end the application period earlier than the final submission date, such date being the new final submission date. The applicant must complete the entire investor application form, provided that incomplete application shall not be accepted. Applications must be dated, signed and filed (and in the case of Institutional Investors only applications may be delivered by fax and/or sent by e-mail) with the Arranger's manager on the final submission date.</p>
Minimum Number of Sukuk that Can Be Subscribed to by Targeted Investors	Five (5) Sukuk (each of 1,000 Saudi Riyals)
Value of the Minimum Number of Sukuk That Can be Subscribed to by Targeted Investors	Five thousand (5,000) Saudi riyals (equivalent to 5 sukuk on the basis that the denomination of each instrument is 1,000 Saudi riyals).



Summary	
Maximum Number of Sukuk That Can Be Subscribed to by Targeted Investors	The maximum number for each investor does not exceed the number of Sukuk offered for subscription (each of which is in denomination of 1,000 Saudi riyals).
Value of Maximum Number of Sukuk That Can Be Subscribed to by Targeted Investors	The maximum limit does not exceed the total Nominal Amount of all the Sukuk offered for subscription.
Methods of Allocation and Excess Refund for Each category of Targeted Investors	The Sukuk will be allocated at the discretion of the Issuer, Sponsor and Arranger as defined in the Applicable Final Terms for the relevant Series of Sukuk. After the offering period ends, the Arranger will notify the subscribers of the final number of Sukuk allocated to each of them with the amounts to be redeemed. The Subscription surplus will be returned (if any) to subscribers without any commissions or deductions and will be deposited in the subscriber's account specified in the investor application form.
Offering Period	Each Sukuk offering within the Programme is subject to an offering period, and the Sponsor (after consultation with the Arranger) determines the offering period for each Series of Sukuk offering according to the market's conditions at the time. Each offer period for the relevant Series of Sukuk will be specified in the Applicable Final Terms (each, an " Offer Period ") and the relevant Series of Sukuk will be allocated after the end of the applicable Offer Period and issued on a date (each, an " Issue Date ") notified by the Issuer and the Initial Arranger and Dealers to the relevant potential investors after the end of the relevant Offer Period. For further details, section (19) " SUBSCRIPTION UNDERTAKINGS ".



Summary

Detailed Information about the Rights Granted to Sukukholders

The Sukuk constitute undivided ownership interests in the Sukuk Assets and represent an undivided interest in the Payment Obligations and will at all times rank pari passu among themselves. Pursuant to the Sukuk Documents, the payment obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Sponsor, save for obligations as may be preferred by provisions of law that are both mandatory and of general application.

- The Declaration of Agency contains provisions for convening meetings of Sukukholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of a modification of the Sukuk, these Conditions or any relevant provision of the Sukuk Documents, subject to also obtaining the Issuer's approval.
- Such a meeting may be convened by the Issuer or the Agent (or the Sukukholders' Agent's Delegate on his behalf), and shall be convened by the Issuer upon the request in writing of the Sukukholders holding not less than one third of the aggregate Nominal Value of the Sukuk of any Series as are current as at such date. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing at least half of the aggregate Nominal Value of the Sukuk of any Series as are current as at such date or at any adjourned meeting will be two or more persons who shall hold or represent at least quarter of the aggregate Nominal Value of the Sukuk of any Series.
- With respect to any meeting, a document in the Arabic language (with a translation into English) will be issued by the Sukukholders' Agent's Delegate:
 - a. certifying that:
 - each registered Sukukholder of certain specified Sukuk (Relevant Sukuk) has instructed the Sukukholders' Agent's Delegate that the votes attributable to each Relevant Sukuk held by it are to be cast in a particular way on each resolution to be put to the Meeting;
 - the Relevant Sukuk will not be transferable from the time of instruction until the end of the Meeting or prior revocation of the instruction; and
 - during the period of forty-eight (48) hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
 - b. listing the Aggregate Nominal Amount of the Relevant Sukuk, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
 - c. authorising a named individual or individuals to vote in respect of the Relevant Sukuk in accordance with such instructions;
- In connection with the Block Voting Instructions and Forms of Proxy, the registered Sukukholder of a Sukuk may require the Sukukholders' Agent's Delegate to issue a Block Voting Instruction by delivering to the Sukukholders' Agent's Delegate written instructions not later than forty-eight (48) hours before the time fixed for the relevant Meeting. Any registered Sukukholder of a Sukuk may obtain an uncompleted and unexecuted Form of Proxy from the Sukukholders' Agent's Delegate. A Form of Proxy and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Sukuk.
- Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, rejected, or passed or rejected by a particular majority, shall be conclusive, without proof of the number of votes cast for, or against, the resolution.
- Minutes shall be made of all resolutions and proceedings at each Meeting recording, among other things, the number of Sukukholders of that Series of Sukuk present, the aggregate face value of the Sukuk as are current as of such date and held by them, the resolution taken and the number of votes cast in favour of and against each resolution.

Sukuk Details	
Detailed Information about the Rights Granted to Sukukholders	The Sukuk constitute undivided ownership interests in the Sukuk Assets and represent an undivided interest in the Payment Obligations and will at all times rank pari passu among themselves. Pursuant to the Sukuk Documents, the payment obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Issuer, save for obligations as may be preferred by provisions of law that are both mandatory and of general application.
Sukukholders' Meetings	The Declaration of Agency includes provisions related to Sukukholders' meetings according to the details provided in condition 16 (a) (Meetings of Sukukholders; Modification) (For more details, please see paragraph (15-16) " Condition 16: Meetings of Sukukholders " of Section (15) " Sukuk Terms and Conditions " of this Prospectus).
Sukuk Status	Sukuk will be issued in dematerialised registered form in the Specified Denominations. The Sukuk issued in respect of each Series will be represented by a Global Sak issued in respect of that Series which will be deposited with Edaa, Individual Sukuk representing holdings of the Global Sak will not be issued but Sukukholders will on request be entitled to receive a statement from the Registrar recording their holding of Sukuk. The Global Sak will represent all of the Sukuk of that Series that are current and the ownership by the Sukukholders of an undivided ownership interest in the Sukuk Assets.
Payment Administrator	Refers to Al-Khair Capital Saudi Arabia Company appointed by each, of the Issuer, the Sukukholder's Agent and the Sukukholders' Agent's Delegate, to act as agent in relation to the Programme and each Series of Sukuk issued thereunder for the purposes specified in the Payment Administration Agreement, the Conditions and the Applicable Final Terms
Account Bank	The Arab National Bank which will keep the Sukuk account.
Price of Sukuk Issuance	The Sukuk shall be issued at the price specified in the Applicable Final Terms issued in relation to each relevant Series. The Issuer shall determine the size and price of the offer Sukuk in accordance with the prevailing market conditions.
Currency of Sukuk Issuance	Saudi riyal (SAR)
Periodic Distribution Amount	The Periodic Distribution Amount to which Sukukholders are entitled will be calculated in accordance with the Terms and Conditions of the Sukuk and on the basis specified in the Applicable Final Terms issued in relation to each relevant Series.
Sukuk Maturity / Expiry Date	The maturity date of each Series of the Sukuk will be specified in the Applicable Final Terms issued in respect of each respective issuance Series.
Governing Law	The Sukuk Documents and the Sukuk are governed by, and are to be construed in accordance with, the laws and regulations of the Kingdom of Saudi Arabia.
Taxes	All payments relating to the Sukuk must be paid without withholding or deduction, or on account of, any current or future taxes, zakat, levies, imports, fees, charges, subscriptions or other fees of whatever nature, imposed, made or collected. Withholding or assessing by or on behalf of any competent authority of any relevant country (tax/taxes) unless withholding or deduction of taxes is required by law. In such event, the Issuer shall pay such additional sums in such way that the full amount, which would have been due and payable under the Sukuk, shall be received by the Sukukholders, except that such additional amount shall not be payable to any person who has Sukuk but is not an Eligible Person.

Sukuk Details	
Limited Recourse Right	<p>No Sukukholders shall have the right to claim directly against the Issuer unless (1) the Sukukholders' Agent's Delegate fails after becoming obligated to proceed according to the Sponsor's direction or has been required to do so in accordance with Condition 13 (Events of Default) (for further details of such defaults, please See paragraph (15-13) "Condition 13: Event(s) of Default" of Section (15) "Sukuk Terms and Conditions" of this Prospectus), or by an extraordinary resolution issued by the Sukukholders or upon a written request from the Sukukholders (who achieve the required quorum) and did not do so within sixty (60) days of the commitment (2) that the Sukukholders constitute at least twenty-five percent (25%) of the Aggregate Nominal Amount of the existing Sukuk as of that date.</p> <p>Further, the Declaration of Agency provides that the recourse to the Issuer is limited in the manner described in Condition 5 (Limited Recourse and No Petition).</p>
Sukuk Assets	<p>On the date of a Series of Sukuk issuance, the Sukukholders' Agent's Delegate shall, in accordance with and based on the Issuer's instructions, acquire Sukuk assets using the amounts in the Sukuk proceeds' account as follows:</p> <ol style="list-style-type: none"> a. Pay the Mudaraba capital constituting at least (51%) of the proceeds of the Sukuk (at the behest of the Mudareb) to invest this amount in Mudaraba assets in accordance with the Mudaraba Agreement. The Mudaraba income consists of the revenues accruing to the Mudaraba from the Mudaraba assets after deducting direct costs and costs related to Mudaraba activities ("Mudaraba Revenue"), and the share of the Sukukholders' Agent (in his capacity as Rab al Maal and Sukukholders' Agent) in this revenue is referred to as ("Mudaraba Profits"). b. Use the remaining balance in the Sukuk Proceeds account of no more than (49%) of the Sukuk Proceeds (which represents the "Murabaha Capital") to purchase specific commodities to be sold to Al Kathiri Holding (as the purchaser) at a deferred price agreed upon in the purchase offer notice and mutual acceptance notice between the two parties in accordance with the Master Murabaha Agreement (the deferred price is referred to as the "Deferred Sale Price", and the completed Murabaha Transaction is referred to as the "Murabaha Transaction").
Mudaraba Agreement	<p>According to the Mudaraba Agreement, both the Mudareb (for the benefit of the Issuer and Sukukholders) and Al Kathiri Holding Company (for its own account) shall each have an undivided ownership share of the Business Portfolio and all assets acquired from or through the Business Portfolio on the basis of the sharing of profit and the bearing of losses pro rata to their respective shares.</p>
Mudaraba Income	<p>The proportional profit shares of the Rab al Mal and Mudareb in any Mudaraba revenue shall be calculated using the following ratios:</p> <ol style="list-style-type: none"> 1. Sukukholders: ninety-nine percent (99%) of any Mudaraba revenue (Mudaraba Profit); and the 2. Mudareb: one per cent (1%) of any Mudaraba revenue (Mudareb Profit). <p>The Mudaraba Profits (and only Mudaraba Profits) are credited to a book-entry notional account to be maintained by the Mudareb in its books for and on behalf of the Issuer (the "Collection Account").</p> <p>On or prior to 11.00 a.m. (Riyadh time) one business day (1) before each Distribution Date or Partial Distribution Date, the Mudareb shall transfer the amounts standing to the credit of the Collection Account to the Transaction Account in the amount necessary to fund each amount due to be paid from the Transaction Account under Condition 6 (d) (Application of Proceeds - Transaction Account) (For more information, please see sub-paragraph (d) "Proceeds Account - Transaction Account" of Paragraph (15-5) "Condition 6: Sukuk" of Section (15) "Terms and Conditions of Sukuk").</p>



Sukuk Details	
Murabaha Agreement	<p>On each issue date, the Seller and the Purchaser conclude a Murabaha Transaction (Murabaha Transaction) according to the terms stipulated in the Master Declaration of Agency and Master Murabaha Agreement. Unless otherwise specified in the Applicable Final Terms, the Murabaha Transaction relating to a particular Series of Sukuk must include, but is not limited to, the following provisions:</p> <ol style="list-style-type: none"> a. The cost price of the Murabaha Transaction must be an amount not exceeding 49% of the aggregate nominal amount of the relevant series of Sukuk; b. The Murabaha Profit must be an amount equal to the difference between the deferred price and the cost price. c. the Deferred Price shall be an amount which equals 99 per cent. of the Aggregate Nominal Amount of the relevant Series of Sukuk; d. The deferred price must be paid in one or more installments (according to subparagraph (e) below) on the date(s) of payment of the Deferred Price; and the e. On any liquidation date, any deferred price becomes immediately payable and due on that date, and such amount shall constitute the Murabaha income. <p>All Deferred Sale Price payments by the Purchaser constitute the Murabaha Income and must be paid into the Transaction Account to be used in accordance with Condition 6(d) (Use of Proceeds - Transaction Account) (For more details, please see subparagraph (d) "Proceeds Account - Transaction Account" of Paragraph (15-5) Condition 6: Sukuk of Section (15) "Sukuk Terms & Conditions").</p>
Murabaha Income	All Deferred Sale Price payments by the Purchaser constitute the Murabaha Income and must be paid into the Transaction Account.
Sukuk Documents	<p>Means in relation to each Series of Sukuk (1) Mudaraba Agreement - (2) Master Declaration of Agency - (3) Registration Agreement* - (4) Payment Administration Agreement - (5) Master Murabaha Agreement (including any contract or document presented or signed under any document entered into in connection therewith) (6) Programme Agreement (including each Global Sak and their respective Conditions) and any other agreements, fee letters or documents delivered or executed under, pursuant to, or in connection therewith and "Sukuk Document" shall mean any one of them as the context may require.</p> <p>* On or about the issue date, an agreement will be concluded with Edaa (which is one of the Saudi Tadawul Group companies) for the purpose of listing the Sukuk on Tadawul to enable the trading, adjustment, settlement and set-off of Sukuk.</p>
Issue Description	The Sukuk Issuance Programme that enables the Issuer to issue of a number of Sukuk from time to time in the future through one or more Series of Sukuk (each a " Series ") at the current aggregate nominal amount and at any time shall not exceed the maximum amount authorized by the Programme Agreement. A single Prospectus is issued in respect of it.
Programme Amount	SAR (500,000,000) Five hundred million Saudi riyals.
Programme Duration	The programme was created for two years (2) that start from the date of approval by the CMA of the offering and registration.
Series	The Sukuk issued under the Programme are issued in one or more Series (each a Series)
Final Terms or Final Applicable Terms	Sukuk shall be references to the individual sukuk issued in respect of each Series under the Programme which are the subject of a final terms document for that Series (the Applicable Final Terms) and references to the Applicable Final Terms are to the final terms (or the relevant provisions thereof) of that Series attached to, or endorsed on, each Global Sak issued in respect of a Series under the Programme.



Sukuk Details

Final Due Date
of Sukuk

Subject to any purchase and amortization of the Sukuk or any early redemption, the Sukuk will be redeemed at their nominal amount in accordance with the mechanism specified in the Applicable Final Terms and the final due date stipulated in the Applicable Final Terms. Payments shall be made at the request of the Issuer or Sukukholders in accordance with the method specified in the conditions and the Applicable Final Terms for that Series of Sukuk. The Issuer shall notify the Sukukholders that all Sukuk are immediately due and payable at the amount of the liquidation and specify the payment date. Liquidation takes place on the day following the payment in full of the last existing Sukuk, after notifying the Authority and Tadawul prior to the announcement on the Tadawul website. At or prior to 11.00 a.m. (Riyadh time) one (1) Business Day prior to each Periodic Distribution Date, any Partial Periodic Distribution Date or on any Dissolution Date, the Issuer (or the Sukukholders' Agent's Delegate on its behalf) shall instruct the Payment Administrator to pay all monies standing to the credit of the Transaction Account in the following order of priority:

1. **first**, to the extent not previously paid, pari passu and rateably, to each Service Provider to which the Issuer is liable to make a payment, in each case in respect of the amounts owing to each of them under the Sukuk Documents or otherwise in their respective capacities;
2. **second**, to each Sukukholder in order to pay:
 - a. the aggregate amount of any shortfall between the amounts paid to Sukukholders on any previous Periodic Distribution Date(s) and the corresponding Periodic Distribution Amount(s) for such date(s) (each, a Shortfall) to the extent these remain unpaid; and
 - b. the Periodic Distribution Amount due for the relevant current Periodic Distribution Period or the Partial Periodic Distribution Amount due for the relevant Partial Periodic Distribution Period and the Instalment Amount due on the relevant Periodic Distribution Date, as applicable;
3. **third**, only if such payment is made on a Dissolution Date, pari passu and rateably, to the Sukukholders the amount due to pay the Dissolution Distribution Amount; and
4. **fourth**, only if such payment is made on a Dissolution Date, to the Sponsor (in its capacity as and Mudareb and Obligor) for its own account as an incentive fee

Article 10 of the Mudaraba Agreement stipulates that the Mudareb shall liquidate the Mudaraba Assets on the Dissolution Date. The proceeds of such liquidation (being the then current value of the Sukukholders' share of the Mudaraba Assets including the Available Amount) shall be used to pay any shortfall in the amounts due to the Sukukholders and/or the Sukukholders' Agent's Delegate on the Dissolution Date under the Sukuk (after taking into account any other amounts due to the Sukukholders under the Sukuk Documents) by payment of such amounts into the Transaction Account on the Dissolution Date. Any surplus liquidation proceeds, after payment of the amounts (if any) described in this sub-clause, may be granted by the Sukukholders to the Mudareb as an incentive fee for its own account.

It should be noted that during any periodic distribution period, Any amounts standing to the credit of the Transaction Account during any Periodic Distribution Period which exceed the corresponding Periodic Distribution Amount, the Instalment Amount (if any), the Shortfall (if any) and any other amounts required to be paid above on the next succeeding Periodic Distribution Date, shall be reinvested by the Mudareb for the benefit of the Issuer and the Sukukholders in the Business Portfolio, subject at all times to compliance with Condition 8 (Covenants and Undertakings of the Obligor) and Clause 4-1 (e) of the Mudaraba Agreement relating to ensuring that all statutory, Zakat and tax requirements are met.

According to the Payment Administration Agreement, the payment instructions shall be initiated for value on the due date, or, if the due date is not a Business Day, for value on the first following Business Day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day. A Sukukholder shall not be entitled to any distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

Sukuk Details	
Partial Redemption of Sukuk	Where the Redemption Basis is specified as Amortising in the Applicable Final Terms, each Sukukholder is entitled to receive the Sukuk Capital Instalment Amounts due on the relevant Partial Redemption Dates (each as specified in the Applicable Final Terms) in respect of the Sukuk held by it and, subject to any other early redemption, purchase and/or cancellation, the Series shall be redeemed in part (and the Aggregate Nominal Amount of the Sukuk of the relevant Series that are current will be reduced accordingly) by the value of each Sukuk Capital Instalment Amount paid to the Sukukholders upon payment in full of each such Sukuk Capital Instalment Amount to the Sukukholders.
Early Redemption	The Sukuk may be redeemed before the specified due date, at the election of the Issuer or Sukukholders as the same shall be further described in the Applicable Final Terms.
Restrictions on Sukuk	Except as stated in Condition No. (3) Register, Title and Transfers (for more details on this condition, please see Clause (15-3) " Register Title and Transfers " of Section (15) " Sukuk Terms & Conditions " of this Prospectus with regard to the inability of the Sukuk to be traded if the Mudaraba Assets at any time comprise less than 25% of the Sukuk Assets; the Sukuk are freely traded without any restrictions and may be traded in accordance with the adopted conditions and procedures in Tadawul and the provisions of the Securities Central Counterparties Regulations.
Transfer of Sukuk	<p>Subject to sub-paragraphs (e) and (f) of Paragraph (15-3) "Register Title and Transfers" of Section (15) "Sukuk Terms & Conditions" of this Prospectus, Sukukholders may transfer the Sukuk in accordance with the regulations and procedures established by the Registrar by providing the information required by those regulations and procedures to the Registrar. Sukuk may not be transferred unless:</p> <ul style="list-style-type: none"> – The nominal amount of the Sukuk required to be transferred and the nominal amount of any other Sukuk owned by the party that will own the Sukuk to be transferred is not less than one thousand SAR (1,000) at least; – In the event of failure to transfer the Sukuk owned by the Sukukholder, the Nominal Amount of the remaining Sukuk not covered by the transfer shall be no less than SAR (1,000); and – The transferee was Eligible Person. <p>The Sukuk will not tradable if the Mudaraba assets at any time comprise less than (25%) of the Sukuk assets.</p>
Name & Address of Payment, Agent, Registration and Sukuk Transfer Agents	<p>Payment Agent:</p> <p>ALKHAIR CAPITAL SAUDI ARABIA COMPANY, a Saudi Arabian joint stock company incorporated under the license of the Capital Market Authority No. 08120-37 dated 07/11/1429H (corresponding to 05/11/2008G) and under Commercial Registration Certificate No. 1010264915 dated 27/03/1430H (corresponding to 24/03/2009G). Its head office is located in the city of Riyadh - King Abdullah Financial Center - P.O. 69410 Riyadh 11547 Kingdom of Saudi Arabia, Payment Administrator.</p> <hr/> <p>Registration and Sukuk Transfer Agent:</p> <p>The Securities Depository Center Company ("Edaa")</p> <p>An agreement was reached with Edaa (a closed Saudi joint stock company established under Commercial Registration Certificate No. (1010463866) dated 27/11/1437H, and its head office is located in the city of Riyadh - King Fahd Road - Olaya 6897 - Unit No.: 11 - Riyadh 12211-3388) to hold the Sukukholders Register and record any procedures, amendments, modifications, additions and/or changes that may occur to the register, Sukukholders or Sukuk.</p>
Name & Address of the SPE Board Members	<p>Members of the Board of Directors of Sukuk Al Kathiri:</p> <ol style="list-style-type: none"> 1. Saud Mohammed Abdullah Al Shuraim (Chairman of the Board) 2. Meshaal Mohammed Nasser Al Kathiri (Board Member) 3. Adel Ibrahim Mohammed Al Kathiri (Board Member) <p>Address: 3158 Prince Yazid bin Abdullah bin AbdulRahman -Al-Malqa District Unit Nb. 19 Riyadh 13523 - 6695, KSA</p>

Sukuk Details	
Detailed Information about the Early Redemption of Sukuk	<ul style="list-style-type: none"> – If the Optional Dissolution (Call) option is specified in the Applicable Final Terms as being applicable, and subject to the value of the Sukuk Assets not being below the Aggregate Nominal Amount, the Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part, on an optional dissolution date (the Optional Dissolution Date) which may be: <ul style="list-style-type: none"> – at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or – on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition 19 (Notices) (for more details on this condition, please see Clause (15-18) Condition 19: "Notices" of Section (15) "Sukuk Terms & Conditions") which shall be irrevocable), in the liquidation distribution amount. – Early Dissolution for Tax Reasons The Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part on a tax redemption date (the Tax Redemption Date) which may be: <ul style="list-style-type: none"> – at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or – on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition 19 (Notices) (which notice shall be irrevocable), at the Dissolution Distribution Amount (Tax), together with Periodic Distribution Amounts accrued and due (if any) to the Dissolution Date if a Tax Event occurs. (For more information on early dissolution for tax reason, please see Clause (15-12) "Redemption - Sukuk Dissolution" of Section (15) "Sukuk Terms & Conditions") of this Prospectus. – Dissolution following an Event of Default Upon the occurrence of an Event of Default (as defined in Condition 14 (Events of Default)) (For more information on this condition, please see Paragraph (15-13) "Condition 14: Event(s) of Default / Breach" of Section (15) "Sukuk Terms & Conditions"), which is continuing, the Sukuk may be redeemed at the Dissolution Distribution Amount pursuant to Condition 14 (Events of Default).
Risk Factors	<p>Investment in Sukuk involves a group of potential risks that should be understood and considered prior to making an investment decision in relation to the offer Sukuk. These risks are categorized as follows:</p> <ol style="list-style-type: none"> 1. Risks related to the Sponsor's activities; 2. Risks Related to the market and industry where it carries out its business activity; and 3. Risks Related to the Issuer; 4. Risks Related to Sukuk <p>These risks are described in Section (2) "Risk Factors" of this Prospectus which must be carefully studied before making any investment decision in the Sukuk.</p>

Note: The "**Important Notice**" on page (iii) and the "**Risk Factors**" under section (2) of this Prospectus should be carefully considered prior to making an investment decision in relation to the offer Sukuk.

Both the Issuer and the Sponsor confirm that all arrangements have been implemented to protect the Sukukholders in accordance with Article fifty (50) of the Rules on the Offer of Securities and Continuing Obligations. The documentation associated with the financing transaction shall include adequate protections for holders of debt instruments issued by the special purposes entity. This shall include at a minimum the arrangements set out in this article. The documentation associated with the financing transaction shall include a valid, legally binding and irrevocable arrangement enabling holders of debt instruments, acting by a majority of the holders (by par value) eligible to vote of each class of holders of debt instrument issued by the special purposes entity, to compel the special purposes entity:

- 1) to act in accordance with the instructions of the holders in relation to the financing transaction to which their debt instruments relate; and
- 2) to repay all rights and claims of the special purposes entity with respect to the financing transaction.

Neither the sponsor nor any affiliate of it, nor any person acting on behalf of the sponsor, may exercise any voting rights with respect to debt instruments issued to it in a meeting of holders of a class of debt instruments.



How to Apply for Subscription

Pursuant to the Sukuk Issuance Programme Agreement ("**Programme**") dated on or prior the issue date, an agreement between the Dealer(s), the Arranger the Issuer and the Sukukholders' Agent's Delegate containing the general provisions on the basis of which, from time-to-time, they will introduce potential investors categorized as "**Qualified Persons**" (as mentioned above) to purchase Sukuk.

Persons wishing to purchase the Sukuk will be required to submit a duly completed form (an "Investor Application Form") to any relevant dealer before the end of the Offer Period. They shall make payment for the purchase of the Sukuk of any Series in accordance with the instructions contained in the Investor Application Form.

Investor Application Forms will be available from each relevant Dealer in relation to the relevant Series of Sukuk issuance via electronic channels during the Offer Period. Investor Application Forms will also be available from the Arranger (in its capacity as the Initial Dealer) or the Receiving Banks in case of individual participants during the Offer Period. Applications to purchase Sukuk for less than the amount specified in the Applicable Final Terms will not be accepted.

Applications will not be accepted if they are less than the specified amount as defined in the Applicable Final Terms (for more details about the Programme agreement and the terms and conditions that govern the purchase of the Sukuk), Please see sub-paragraph No. (16-3) "**Sukuk Issuance Programme Agreement**" of Section (16) "**Sukuk Documentation Summary**" of this Prospectus).

Persons wishing to submit their Investor Application Form must acknowledge that they have read and understood the Prospectus and the terms and conditions of the Investor Application Form (including Section (2) "**Risk Factors**" and Section (15) "**Terms and Conditions of the Sukuk**") since the execution of the Investor Application Form constitutes acceptance of and agreement to the Conditions and the basis upon which the Sukuk are offered.

They must also declare that they reside in the Kingdom of Saudi Arabia for tax purposes and that all information provided in the Investor Application Form is true and accurate.

Allocation of Sukuk will be at the discretion of the Issuer, the Sponsor, and the Arranger and will be made within a maximum period of 10 business days following the end of the Offer Period, although the basis on which applications are to be accepted has been specified.

Each of the Issuer and the Sponsor reserve the right to reject any Investor Application Form, in part or in whole, if any of the terms and conditions of the purchase are not fulfilled or the instructions are not duly and timely followed. The Investor Application Form may not be modified or withdrawn once it has been submitted. Furthermore, the Investor Application Form, upon submission, constitutes a legally binding agreement between the applicant and the Issuer (for more details on the terms, instructions and procedures for subscription, please see Section No. (19) "**Subscription and Sale**" of this Prospectus).



Summary of Key Information

This summary is intended to provide a brief overview of the key information contained in this Prospectus. As such, it does not contain all of the information that may be important and of interest to the prospective investors (institutional and individual investors). Recipients of this Prospectus should read it in full and carefully before making any investment decision related to the offer Sukuk.

Overview of Al Kathiri Holding Company

Al Kathiri Holding Company was initially established as a sole proprietorship owned by Mr. Mohammed Nasser Mohammed Al Kathiri and having its trade name as follows **'Mohammed Nasser Mohammed Al Kathiri Contracting Establishment'**. It was registered in the Commercial Register under a registration certificate number (1010255690) dated 29/08/1429H (corresponding to 31/08/2008G). On 14/06/1435H (corresponding to 14/04/2014G), the establishment was converted to a limited liability company with the entry of a new partner, Mr. Meshal Muhammad Nasser Al Kathiri, and the trade name was altered to become **'Al Kathiri Holding Company'**. Following this, the company was converted into a closed joint stock company pursuant to Ministerial Resolution No. (Q/171) dated 09/06/1438H (corresponding to 08/03/2017G). On 05/10/1438H (corresponding to 09/07/2017G), the shares of Al Kathiri Holding Company were listed on the Parallel Market (Nomu market) and the company became a Saudi public joint stock company. On 06/03/1441H (corresponding to 03/11/2019G), Al Kathiri Holding Company has been transferred from Nomu market to the main market (TASI) and its shares were traded on TASI (For more details about the historical changes that have occurred to Al Kathiri Holding Company since its establishment, please see paragraph No. (5-2) **"Date of Incorporation of Al Kathiri Holding Company"** from Section No. (5) **"Background on Al Kathiri Holding Company"** of this Prospectus).

The head office of Al Kathiri Holding Company is located 3518 - Prince Yazid Bin Abdullah Abdul Rahman Road - Al-Malqa District - Unit No. (13) and (19), Riyadh 13523 - 6695.

Al Kathiri Holding Company's Mission and General Strategy

Vision of Al Kathiri Holding Company

Al Kathiri Holding Company's vision is to become the leading company in the Kingdom of Saudi Arabia in the field of building materials' supply with innovative solutions and to contribute to providing the Saudi market with high quality products for a sustainable future.

Message of Al Kathiri Holding Company

- Build mutual trust between the company and its clients to achieve a sustainable community.
- Develop the workforce to provide innovative products and solutions.
- Follow international standards, quality and satisfaction of producers and consumers.
- Strive to leave an imprint in the success and development of society which will be reflected on the company's clients.
- Be a leader in providing future construction solutions and technologies in all aspects and growth of the company by producing what is necessary to serve customers.

General Strategy of Al Kathiri Holding Company

- Constantly strive to reach a rank among the leading companies in the Kingdom of Saudi Arabia.
- Strengthen the relationship with existing customers by meeting their requests and at the same time maintaining the highest quality standards through the constant pursuit of product development.
- Increase production capacities and introduce new products.
- Continue to improve operational processes by rationalizing costs and raising the efficiency of operations.



Strengths and Competitive Advantages of Al Kathiri Holding Company

- Provide the best appropriate solutions to meet the needs of trade and transportation for its customers, taking into account delivery at the specified time and place in safety and high efficiency.
- Have a specialized technical staff working to achieve the desires of customers.
- Establish long-term strategic relationships with its clients and achieve the highest standards of mutual success.
- Provide an after-sales service, with careful and continuous follow-up with customers and flexibility in dealing with them to achieve their satisfaction.
- Be in permanent and continuous quest for the latest construction technologies that serve the construction sector and use the latest manufacturing and production equipment.
- Supply multiple sources and many options of cement for customers.
- Continue to satisfy customers by providing products at competitive prices to reach an ambitious market share.

Market Overview

The market, economic and industrial information contained in this Prospectus, unless its source is mentioned, represents the Company's estimates based on information obtained from external sources. Statistical data and other information contained in this Prospectus relating to the market, its size, share, condition and other segment information related to the Company's activities are based on publicly available published data obtained from many independent external sources.

The construction and real estate development sector is one of the most important sectors that achieve significant growth for the activities of the Company and its subsidiaries and branches, which are represented in the following activities

- Activity of production, manufacture and sale of ready-mix concrete
- Activity of production, manufacture and sale of prefabricated panels
- Cement and building materials trading activity
- Construction activity
- Real estate development activity

Over the past years, the Kingdom of Saudi Arabia has witnessed a rise of provincial urban society that has resulted in a growth in the construction sector. As a result of a group of initiatives enacted by the government, including but not limited to a number of reforms and support measures that were included to support the housing finance and the Sakani Housing Program, which resulted in a noticeable increase in residential real estate transactions since 2016G. In the five-year period up to 2020G, the total residential real estate transactions recorded an annual growth rate of (10.6%). Since the government aims to reach the rate of Saudi home ownership to (70%) by 2030G, it is expected that the high demand for residential real estate will remain stable, and in return, the housing real estate support for the sector will remain stable as well.

As for the activity of transporting cement and building materials through the fleet of the Supply Chain Support Company, where the transport and storage sector is a profitable market in the Kingdom, with annual expenditure ranging from (337) to (375) billion Saudi riyals, which is equivalent to 13% to 16% of the Saudi GDP, and the startup environment is witnessing an increasing growth as small and medium enterprises dominate the sector in the Kingdom, as 80% of spending in the transport and warehousing sector is through internal operation with a relatively low level of outsourcing, which increases the potential for significant growth of the sector in the Kingdom of Saudi Arabia.



Summary of the Financial Transaction

On the issuance date of a Series of Sukuk, the Sukukholders shall deposit the subscription amounts for the relevant Sukuk in a bank account held by the account agent in the name of the Sukukholders' Agent's Delegate (for the benefit of the Sukukholders) and administered by him (hereinafter referred to as the "**Sukuk Proceeds Account**"). In accordance with and based on the Issuer's instructions, the Sukukholders' Agent's Delegate, will acquire the Sukuk Assets using the monies deposited in the Sukuk Proceeds Account as follows:

- a. pay at least fifty-one per cent. (51%) of the amounts standing to the credit of the Sukuk Proceeds Account to the Mudareb (or for the benefit of the Mudareb) to apply as the capital (the Mudaraba Capital) of the mudaraba (the Mudaraba) to invest the amount in Mudaraba Assets, in accordance with the Mudaraba Agreement. The Mudaraba revenue consists of the revenue accruing to the Mudaraba from the Mudaraba Assets after deducting direct costs and expenses related to the Mudaraba activities ("**Mudaraba Revenue**"). The share of the Sukukholders' Agent (in his capacity as Rab al Maal Sukukholders' Agent) in these revenues is referred to as (the "**Mudaraba Profits**").
- b. Use the remaining balance in the Sukuk Proceeds Account of no more than (49%) of the sukuk proceeds (which represents the "**Murabaha Capital**") to purchase specific commodities to be sold to Al Kathiri Holding (as the Purchaser), at a deferred price agreed upon in the purchase offer notice and the mutual acceptance notice between the two parties, in accordance with the Master Murabaha Agreement (the deferred price is referred to as the "**Deferred Sale Price**", and the complete Murabaha transaction is referred to as the "**Murabaha Transaction**").

The Sponsor is obligated to pay the amounts due in accordance with the Sukuk Documents as follows:

1. Ensure at all times that an amount equal to the applicable Available Amount for the relevant period is maintained as immediately available funds in cash or cash equivalent for the Mudaraba in accordance with the terms of the Mudaraba Agreement;
2. To extent that the Mudaraba Assets do not exceed the value of the Mudaraba Capital, no Mudaraba Assets other than Mudaraba Profit are used to fund the amounts due to be paid from the Transaction Account under Condition 6(d) (Application of proceeds - Transaction Account);
3. It will not, and will not permit any of its Material Subsidiaries (if any) to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise with respect to or otherwise become responsible for, contingently or otherwise, the payment of (collectively, incur as appropriate, an incurrence) any Financial Indebtedness (other than Permitted Financial Indebtedness), provided however, that the Obligor or any of its Material Subsidiaries (if any) may incur Financial Indebtedness if:
 - no Event of Default has occurred or is continuing (or would occur as a result of the incurrence of such Financial Indebtedness); and
 - such Financial Indebtedness ranks junior to or equal in right of payment with the Payment Obligations in the case of any distribution of assets of the Obligor in any liquidation of the Obligor;
4. It will not, and will not permit any of its Material Subsidiaries (if any), to create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Sukuk equally and rateably with the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other Security Interest as shall be approved by an Extraordinary Resolution of the Sukukholders.

Summary of Financial Information

The summary of the financial information presented below is based on the AlKathiri Holding Company (Sponsor)'s consolidated audited financial statements for the financial years ended December 31, 2019G, 2020G and 2021G and the financial period ended March 31, 2022G and the notes attached thereto.

The consolidated audited financial statements of AlKathiri Holding Company (Sponsor) for the financial years ended December 31, 2019G, 2020G, 2021G and the interim period ending March 31 2022G, have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and the standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The consolidated financial statements for the financial period ended December 31, 2019G were reviewed by Waleed Al-Shabanat Certified Public Accountants and Auditors Office. As for the consolidated financial statements for the financial year ended December 31, 2020G and 2021G, and for the three-month period ended March 31, 2022G, they were audited by Sulaiman Abdullah Al Kharashi & Co. Certified Public Accountants and Auditors.

Statement of Financial Position:

SAR	Financial year ended December 31, 2019G	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial Period Ended March 31, 2021G	Financial Period Ended March 31, 2022G
Total non-current assets	52,837,575	90,191,278	151,587,776	107,356,095	156,131,549
Total current assets	57,446,038	76,288,110	29,628,516	63,904,970	36,731,251
Total assets	110,283,613	166,479,388	181,216,292	171,261,065	192,862,800
Total non-current liabilities	4,842,228	5,374,650	7,281,886	7,509,125	29,851,395
Total current liabilities	34,244,475	35,604,496	39,999,188	34,053,298	31,148,271
Total liabilities	39,086,703	40,979,146	47,281,074	41,562,423	60,999,666
Total shareholders' equity	71,196,910	125,500,242	133,935,218	129,698,642	131,863,134
Total liabilities and shareholders' equity	110,283,613	166,479,388	181,216,292	171,261,065	192,862,800

Source: Consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the periods ended March 31, 2022G.



Income Statement:

SAR	Financial year ended December 31, 2019G	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial Period Ended March 31, 2021G	Financial Period Ended March 31, 2022G
Sales	89,465,820	104,438,855	128,777,194	35,209,641	25,274,223
Sales Cost	61,565,554	77,472,448	88,560,636	25,314,141	20,954,601
Operating Profit (Loss)	17,849,234	10,358,269	11,698,103	4,495,959	(1,600,064)
Net Revenue (Loss) Prior to Zakat	16,476,348	10,485,502	9,705,755	4,404,838	(1,829,848)
Zakat	460,373	825,750	968,944	206,438	242,236
Net Profit (Loss) for the Period	16,015,797	9,545,912	8,736,811	4,198,400	(2,072,084)

Source: Consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the periods ended March 31, 2022G.

Consolidated Statement of Cash Flows:

SAR	Financial year ended December 31, 2019G	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial Period Ended March 31, 2021G	Financial Period Ended March 31, 2022G
Net cash generated from/ (used in) operating activities	13,415,413	7,249,641	51,232,593	12,518,702	(4,101,643)
Net cash generated from/ (used in) investing activities	(7,140,419)	(41,560,583)	(69,467,901)	(18,675,953)	(7,761,750)
Net cash generated from/ (used in) financing activities	(2,326,117)	52,339,386	5,068,040	1,224,052	10,852,951
Net change in cash and cash equivalents for the year/period	3,948,877	18,028,444	(13,167,268)	(4,933,199)	(1,010,442)



SAR	Financial year ended December 31, 2019G	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial Period Ended March 31, 2021G	Financial Period Ended March 31, 2022G
Cash and cash equivalents at the beginning of the year/period	874,164	4,823,041	22,851,485	22,851,485	9,684,217
Cash and cash equivalents at the end of the year/period	4,823,041	22,851,485	9,684,217	17,918,286	8,673,775

Source: Consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the periods ended March 31, 2022G.

Key Performance Indicators

Percentage	Financial year ended December 31, 2019G	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial Period Ended March 31, 2021G	Financial Period Ended March 31, 2022G
Operating Profit Margin	31%	26%	31%	28%	17%
Profit Margin	18%	9%	7%	12%	-8%
Return on Assets	15%	6%	5%	2%	-1%
Return on Equity	22%	8%	7%	3%	-2%
Debt to Equity Ratio	45%	37%	35%	32%	46%

Source: Consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the periods ended March 31, 2022G.



Risk Factors Summary

1. Risk Factors Related to Al Kathiri Holding Company's Activity and Operations

- Risks related to management decisions
- Risks related to the failure of the expansion strategy
- Risks related to the delay in the implementation of future projects
- Risks related to the capital costs for the implementation of future projects exceeding the expected value
- Risks related to the used equipment and machinery
- Risks related to the Concentration of Investments, Real Estate Assets and Projects in Specific Geographic Areas
- Risks related to non-compliance with quality standards and specifications required by customers
- Risks related to breakdowns in the Group's factories
- Risks related to Suppliers
- Risks related to cement and raw materials
- Risks related to the obsolescence of the transport fleet
- Risks related to non-issuance or non-renewal of licenses and certificates
- Risks related to dealings with related parties
- Risks related to the presence of some of the company's assets on leased land
- Risks related to the outbreak of infectious diseases or other threats to public health, including the ongoing global spread of the Coronavirus Pandemic (COVID-19)
- Risks related to reliance on key personnel
- Risks related to employees' error or misconduct
- Risks related to reliance on non-Saudi employees
- Risks related to Saudization
- Risks related to operating systems and information technology
- Risks related to financing agreements
- Risks related to the availability of financing in the future
- Risks related to liquidity
- Risks related to credit and collection
- Risks related to the implementation of developments in International Accounting Standards or new International Financial Reporting Standards (IFRS) in the future
- Risks related to existing and potential legal Zakat entitlements
- Risks related to the adequacy of insurance coverage
- Risks related to the protection of trademarks and intellectual property rights
- Risks related to litigation and lawsuits
- Risks related to the application of the Companies Law
- Risks related to non-compliance with the rules, regulations and policies of the corporate governance

2. Risk Factors related to market and sector

- Risks related to the criteria defined by the laws and regulations that govern the Group's activity
- Risks related to revocation of industrial licenses
- Risks related to stopping government incentives in support of industrial development
- Risks related to the economic performance of the Kingdom
- Risks related to political and economic instability in the region
- Risks related to the impact of the construction sector on the company's revenues
- Risks related to energy and electricity products and related services
- to natural disasters
- Risks related to competition
- Risks related to growth opportunities
- Risks related to changes in relevant laws and regulations
- Risks related to government fees applicable to non-Saudi employees
- Risks related to fluctuations in supply and demand
- Risks related to exchange rates
- Risks related to the application of Value Added Tax (VAT)
- Risks related to the imposition of new duties or taxes



3. Risk Factors Related to Sukuk Al Kathiri

- Risks related to the Issuer's management
- Risks related to the Issuer's limited resources
- Risks related to the Issuer's limited activities
- Risks related to unexpected expenses that could reduce the funds available to pay the Sukuk
- Risks related to compliance with the Rules for Special Purposes Entities

4. Risk Factors Related to Sukuk

- Risks related to the suitability of investments
- Risks related to legal investment considerations which may restrict certain investments
- Risks related to certain Sukukholders who may be exposed to currency conversion risks due to the Sukuk being denominated in Saudi Riyals
- Risks related to trading, settlement and listings
- Risks related to qualified persons
- Risks related to the Registry Agreement
- Risks related to the secondary market generally
- Risks related to the Pari Passu
- Risks related to the Sukuk being unsecured obligations of the Issuer
- Risks related to the lack of warranties from third parties
- Risks related to change of law
- Risks related to amendments, exemptions and substitutions
- Risks related to repaying the value of the Sukuk before the due date
- Risks related to covering a Murabaha Transaction relating to a particular series of Sukuk only a part of the underlying amount of these Sukuk
- Risks associated with the payments relating to Sukuk
- Risks related to Murabaha contracts



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Definitions and Abbreviations (1)



الكثيري القابضة
AI KATHIRI HOLDING COMPANY

1- Definitions and Abbreviations

The following expressions in this Prospectus shall have the meanings indicated in the table below:

Table No. (1): Definitions and Abbreviations

Term	Definition
" Al Kathiri Holding " or " Sponsor " or " Parent Company " or " Company "	means Al Kathiri Holding Company, a Saudi public joint stock company.
The " Group " or " AlKathiri Group "	means AlKathiri Holding Company and its subsidiaries (Alian Industrial Company and Msandh ElEmdad Company).
" Sukuk AlKathiri " or the " Issuer " or the " Special Purposes Entity (SPE) "	means Sukuk Al Kathiri, a Special Purposes Entity.
Al Kathiri Holding Company's or Sponsor's Management	means AlKathiri Holding Company's management team.
Sukuk Kathiri (Issuer and SPE)'s Management	means Sukuk AlKathiri's management team.
Payment Administration Agreement	means the payment administration agreement dated on or about the closing date concluded between Al Khair Capital Saudi Arabia Company (as the the Sukukholders' Agent's Delegate), Sukuk Al Kathiri (as the Issuer) and Al Khair Capital Saudi Arabia Company (as the Payment Administrator).
Registration Agreement	means the registration and admission to trading agreement dated on or about the closing date which will be entered into between the Issuer and the Registrar in respect of the Sukuk.
Murabaha Contracts	means the murabaha contract(s) concluded between the Seller and the Purchaser under the Master Murabaha Agreement. Reference to a " Murabaha Contract " means any of these contract(s) in accordance with the context of the Master Murabaha Agreement.
Master Murabaha Agreement	means the master murabaha agreement dated on or around the closing date concluded between the Issuer (as the Seller) and the Sponsor (as the Purchaser) and the Sukukholders' Agent's Delegate (as Purchase Agent).
Mudaraba Agreement	means the mudaraba agreement dated on the closing date between the Issuer (in its capacity as Rab al Maal), the Sponsor (in its capacity as a the Mudareb) and the Sukukholders' Agent's Delegate.

Term	Definition
Consolidated Total Liabilities	means the Group's total liabilities as contained in the most recent published consolidated financial statements and prepared in accordance with the accounting standards applicable in the Kingdom of Saudi Arabia.
Mudareb's Profits	(1%) of any Mudaraba Income.
Mudaraba Profits	(99%) of any Mudaraba Income.
Capital Contribution Notice	A notice sent by the Seller to the Payment Administrator and the Issuer hereby, notifying the Sponsor and Payment Administrator with the required capital contribution.
Event of Default Exercise Notice	It is the notice sent by the Sukukholders' Agent's Delegate to the Issuer, with a copy to the Sukukholders, notifying of an event of default received from the required Sukukholders (who achieve the required quorum).
Event of Default Notice	It is the notice sent by the Sukukholders' Agent's Delegate to the Sukukholders to inform them of the occurrence of an event of default.
Permitted Restructuring	means: (1) an amalgamation, reorganisation, merger or consolidation on terms approved by the Sukukholders' Agent or by an Extraordinary Resolution; or (2) any restructuring on a solvent basis.
Declaration of Agency	means the Master Declaration of Agency dated on or about the closing date between the Issuer (as Agent), the Sponsor (as Obligor) and the Sukukholders' Agent' Delegate.
Payment Obligations	means all obligations of the Issuer to make payments to the Sukukholders of the Periodic Distribution Amounts, any Instalment Amount and any Partial Periodic Distribution Amount due and owing and, if such payment is made on a Dissolution Date, the Dissolution Distribution Amount, in each case pursuant to the Conditions and each other amount payable to the Sukukholders under any Sukuk Documents.
Sukuk Obligations	means any undertaking or other obligation to pay money given in connection with the issue of certificates or other securities whether or not in return for consideration of any kind.
Liabilities	means any loss, damage, cost, fee, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.
The Programme	means the Sukuk issuance programme (the "Programme") established by the Issuer pursuant to which the Issuer may issue from time-to-time sukuk in series (each being a "Series") in an aggregate face amount outstanding at any one time not exceeding the Authorised Amount in accordance with the Programme Agreement.
Sukuk Account Bank	means The Arab National Bank which will have the Sukuk account.
Closing Date	means, in relation to each Series of Sukuk, the last day of the offer period for that Series of Sukuk;
Expiration Date	means the expiration date as specified in the relevant Applicable Final Terms.
Periodic Distribution Determination Date	has the meaning given to it in the Applicable Final Terms;

Term	Definition
Dissolution Date	means (as the case may be): (a) the expiration date (as defined in the Final Applicable Terms); (b) following the occurrence of an Event of Default (as defined in Condition 14 Event(s) of Default), the date on which the Sukuk are redeemed in accordance with the provisions of Condition 14; (c) The date on which the Sukuk are redeemed in accordance with the provisions of Condition 13 (d) (Redemption; Dissolution of Sukuk - Early Dissolution for Tax Reasons); or (d) the Optional Dissolution Date in accordance with the provisions of Conditions 13(c) (Redemption; Dissolution of Sukuk - Dissolution at the Option of the Issuer);
Periodic Distribution Date	has the meaning given to it in the Applicable Final Terms;
Partial Periodic Distribution Date	means any date on which the Issuer is to redeem the Sukuk following an Event of Default;
Event of Default Date	means the date on which an event of default notice(s) from the Sukukholders were first received by the Sukukholders' Agent's Delegate
Date of Payment of the Deferred Price	means, in relation to any Murabaha Contract, the date(s) set out in the relevant Confirmation of Terms and Notice of Offer to Purchase, provided that each Deferred Price Payment Date shall fall two (2) Business Days prior to the relevant Periodic Distribution Date for the relevant Series and the final Deferred Price Payment Date shall not extend beyond the date which is two (2) Business Days prior to the Dissolution Date for the relevant Series (it being agreed and acknowledged that if any Periodic Distribution Date is not a Business Day, the Periodic Distribution Date will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day);
Transfer Date	the date commencing from the beginning of a business day that is at least seven (7) business days preceding the scheduled payment due date of any Periodic Distribution Amount, any Partial Periodic Distribution Amount or any other asset or distribution relating to the Sukuk, unless otherwise stipulated by the terms, procedures and rules of the Registrar, where the terms and periods approved by the Registrar are approved and agreed upon with the Registrar, or in both cases, and if that day is not a business day, at the beginning of the next business day; unless it would fall in the next calendar month, in which case it is brought forward to the immediately preceding business day.
Confirmation of Terms and Notice of Offer Purchase	means a notice to be delivered by the Purchaser to the Seller: (a) proposing the terms which will apply to the relevant Murabaha Contract to be entered into between the Seller and the Purchaser in respect of the Commodities; and (b) offering to purchase the Commodities from the Seller on the terms set out therein, such notice to be substantially in the form set out in the Master Murabaha Agreement (Part 1 of Schedule 2 (Form of Confirmation of Terms and Notice of Offer to Purchase)) or in such other form as the Purchaser and the Seller shall agree;
Tadawul	means the Saudi Exchange (Tadawul) Company, and includes the electronic system for trading securities in the market.
Rating (Tassnief)	Simah Rating Agency (Tassnief) is the first Saudi rating agency licensed to provide services in the credit rating, and its establishment was approved by the CMA pursuant to resolution No. (08-15001) dated January 17, 2016G.
General Assembly	means Al Kathiri Holding Company's General Assembly of shareholders convened in accordance with the Companies Law and the Bylaws of AlKathiri Holding Company, which may be an Ordinary General Assembly and/or an Extraordinary General Assembly.
Ordinary General Assembly	means an Ordinary General Assembly of Al Kathiri Holding Company's Shareholders

Term	Definition
The Extraordinary General Assembly	means an Extraordinary General Assembly of Al Kathiri Holding Company's Shareholders
Event of Default	<p>means the occurrence and continuation of any of the following events and circumstances which shall constitute an Event of Default:</p> <ul style="list-style-type: none"> a. Non-payment b. Breach of other obligations c. Breach of Financial covenants d. Failure to take action e. Unlawfulness f. Repudiation g. Insolvency and Insolvency Proceedings h. Cross-default i. Unsatisfied judgement <p>For more information about these events, please see Paragraph (15-3) "Condition 14": Event(s) of Default of Section (15) "Sukuk Terms & Conditions" of this Prospectus.</p>
Sukukholder	means the registered holders of the Sukuk for the time (or, in the case of a joint holding, the first named thereof).
Collection Account	means an account where Mudaraba Profit (and only Mudaraba Profit) shall be credited to a book-entry notional account to be maintained by the Mudareb in its books for and on behalf of the Issuer (the Collection Account).
Transaction Account	means the account in which, on the closing date, the proceeds of the subscription to the Sukuk shall be deposited, and kept in the name of the Issuer and managed by the Payment Administrator (on behalf of the Issuer).
Sukuk Account	means an account held by the Issuer with the Account Bank (on behalf of the Sukukholders) and managed by the Payment Administrator.
Murabaha Income	means all Deferred Price Payments by the Purchaser constitute the Murabaha Income which must be paid into the Transaction Account.
Mudaraba Income	means the Total Operating Income from the Mudaraba Assets without taking into account the cost of the financing sources.
Sukuk Capital	means the Aggregate Nominal Amount of the existing Sukuk after deducting any loss related to the Sukuk Assets.
Mudaraba Capital	means an amount not less than fifty-one percent (51%) of the outstanding amounts brought by the Payment Administrator to the balance of the Transaction Account of the Mudareb to be used as capital.
Murabaha Profit	means, with respect to any Murabaha contract, the amount indicated in the relevant Confirmation of Terms and Notice of Purchase Offer.
Government	means the Government of the Kingdom of Saudi Arabia, and the word " Governmental " shall be interpreted accordingly.
The kingdom or KSA	means the Kingdom Saudi Arabia.

Term	Definition
Vision 2030	means the National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy, and develop services.
Riyal or Saudi riyal	means the official currency of the Kingdom of Saudi Arabia.
Cost price	means, in relation to any Murabaha Contract, the total amount paid by (or on behalf of) the Seller in Saudi Riyals to the relevant Supplier for the purpose of purchasing goods/commodities from the relevant Supplier.
Fiscal Year(s)	means the period of time for presenting the result of a company's activity and whose beginning and end period are specified in its Articles of Association (AoA) or its Bylaws. It should be noted that the financial year of Al Kathiri Holding Company ends on December 31 of each Gregorian year.
Commodities	means with respect for any Murabaha contract, commodities that comply with the principles of Islamic Sharia - one or a combination of the following elements: (palm oil - copper - palladium - zinc - lead - aluminum - aluminum alloys - iridium - nickel - platinum - rhodium) - with the exception of gold and silver.
The Saudi Stock Exchange Market, the Stock Market or the Market	means the Saudi Stock Exchange " Tadawul ": the sole entity authorized to act as a securities exchange in Saudi Arabia.
Person	means a natural or legal person.
Conditions	means, in relation to each Series of Sukuk, the terms and conditions of the Sukuk as mentioned in Section No. (15) " Sukuk Terms and Conditions " of this Prospectus; and any reference to a numbered " Condition " is to the corresponding numbered provision thereof.
Subsidiaries	means any company that is controlled by Al Kathiri Holding Company, being: Alian Industry Company and Msandh Alemdad Ltd. Company.
Securities Depository Center Company (Edaa)	means the closed joint stock company that is a subsidiary of the Saudi Tadawul Group (Tadawul) which was established in 2016G under the Saudi Companies Law issued by Royal Decree No. M/3 on 28/01/1437H (corresponding to 11/11/2015G).
Net Offering Proceeds	means the proceeds from each Series of Sukuk Issuance net of any offering fees (for more information, please see Section No. (8) " The Financing Structure and the Use of Offering Proceeds " from this Prospectus).
Murabaha Transaction	has the meaning given to it in Condition 6(c).
Global Sak	means, with respect to each Series of Sukuk, the Global Sak representing such Series of Sukuk to be issued.

Term	Definition
Value Added Tax (VAT)	<p>The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the unified agreement for VAT for the GCC countries, which came into force on January 1, 2018G, as a new tax to be added to the system of taxes and other fees to be implemented by specific sectors in the Kingdom, and in the GCC countries. The amount of this tax is (5%), and a number of products (such as basic foods and services related to health care and education) were exempted from VAT.</p> <p>The Board of Directors of the Zakat, Tax and Customs Authority Resolution No. (20-3-2) dated 17/10/1441H (corresponding to 09/06/2020G) amended the amount of VAT to become 15% starting from 01/07/2020 according to Article (5) of the Zakat, Tax and Customs Authority's Implementing Regulations issued by Council of Ministers' Resolution No. (465) dated 20/07/1438H (corresponding to 17/04/2017G), and after perusal of Royal Order No. (A/638) dated 15/10/1441H (corresponding to 07/06/2020G) issued regarding the amendment of the VAT to increase the basic tax rate to 15% starting from July 1, 2020G.</p>
Murabaha Facility Warranties	means any warranties created under the Murabaha Facility Agreement and that imply any obligation under this agreement.
Investment Offer with a Purchase Promise	means a notice to be sent by the Purchaser to the Seller promising to purchase Commodities from the Seller on a deferred payment basis with an additional profit element, such notice to be substantially in the form set out in Schedule 1 (Form of Investment Offer with Promise to Purchase) to the Master Murabaha Agreement or in such other form as the Purchaser and the Seller shall agree in writing.
The Sponsor's Or Al Kathiri Holding Company's Articles of Associations/ By-laws	means Al Kathiri Holding Company's Articles of Association notarized by the notary public in charge at the Ministry of Commerce and Industry in Riyadh city, pursuant to notarization register No. (35734552), dated 08/06/1435H (corresponding to 08/04/2014G), and its subsequent amendment through shareholders' resolution approving the conversion from a limited liability company to a closed joint stock company which was notarized with the notary public in charge at the Ministry of Commerce No. (38895739) 08/06/1438H (corresponding to 07/03/2017G) where such resolution shall be kept and published in accordance with the Companies Law.
Murabaha Contracts	means each Murabaha contract entered into between the Seller and the Purchaser under the Master Murabaha Agreement. The " Murabaha Contract " means any such contracts as the context requires.
Shortfall	means any unpaid Periodic Distribution Amount(s).
Participating Categories	<p>Means:</p> <ol style="list-style-type: none"> 1. A natural person residing in the Kingdom under the income tax law; or 2. A legal person who is considered resident in the KSA for tax purposes and holds a current commercial registration number issued by the Ministry of Commerce. However, the requirement for this legal person to have an existing commercial registration number issued by the Ministry of Commerce shall not apply to Saudi government entities and mutual funds established in the KSA and managed by a financial market institution licensed by the Authority or any other entity established in the Kingdom in accordance with laws or regulations that do not require such entity to maintain a commercial register, and who, in each case, has a bank account with a local bank in the KSA and an account with the depositary center (Edaa); and 3. A Qualified Foreign Investor.
Periodic Distribution Period	Means, in relation to any Series of Sukuk the period from and including the Issue Date to but excluding the first Periodic Distribution Date, and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date;
Partial Periodic Distribution Period	Means, in relation to any Series of Sukuk, the period from the immediately preceding Periodic Distribution Date to the Partial Periodic Distribution Date.

Term	Definition
Offering Period	Each offer period for the relevant Series of the Sukuk will be specified in the Applicable Final Terms (each, an "Offer Period") and the relevant Series of Sukuk will be allocated after the end of the applicable Offer Period and issued on a date (each, an "Issue Date") notified by the Issuer and the Initial Arranger and Dealers to the relevant potential investors after the end of the relevant Offer Period (for more information, please see section (19) "SUBSCRIPTION UNDERTAKINGS").
Exercise Period	means, if an Event of Default occurs, the period granted to the Sukukholders in order to exercise their rights in respect of that Event of Default.
Profit Rate Period	means the period commencing on the Settlement Date of a Subsequent Murabaha Transaction and ending on the Deferred Price Payment Date for that Subsequent Murabaha Transaction.
Closed Period	means the period starting at the opening of business on the Transfer Record Date, and ending on (and including) the applicable due date (for more information, please see Paragraph (e) (Transfer Record Dates and Closed Periods) of Condition (3) (Registration, Title and Transfer (Assignment))).
Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority	means the glossary of defined terms used in the regulations and rules of the Capital Market Authority issued by its Board pursuant to Resolution No. (4-11-2004) dated 20/08/1425H (corresponding to 04/10/2004G) and its subsequent amendment by Resolution No. (4-77-2022) dated 23/11/1443H (corresponding to 22/06/2022G).
Extraordinary Resolution	means a resolution passed by a majority of at least two thirds 2/3 (66.67%) of the Aggregate Nominal Amount of the Series of Sukuk represented and voting at a Meeting duly convened and held in accordance with this Schedule, which resolution must not contravene applicable principles of Shari'ah and Saudi Arabian law;
Listing Rules	means the Listing Rules issued by the Saudi Stock Exchange Company (Tadawul) and approved by the CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), amended by Resolution No. (1-104-2019) on 01/02/1441H (corresponding to 30/09/2019G), amended pursuant to Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), amended by Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G) and amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G)).
Rules on the Offer of Securities and Continuing Obligations	means the Rules on the Offer of Securities and Continuing Obligations ("OSCO") issued pursuant to the CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, and amended by the CMA Board Resolution No.5-5-2022 and dated 02/06/1443H (corresponding to 05/01/2022G).
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	means the rules regulating investment in securities by non-Saudis residing outside the Kingdom, issued by the Board of the CMA pursuant to its Resolution (1-42-2015) dated 15/07/1436H (corresponding to 04/05/2015G) and amended by the CMA Resolution No. (3-65-2019) dated 14/10/1440H (corresponding to 17/06/2019G).
The Rules for Special Purposes Entities	means the rules regulating a Special Purposes Entity (SPE), including its establishment, licensing, registration, management and related activities; Issued by the Board of the Capital Market Authority Pursuant to its Resolution Number 4-123-2017 Dated 09/04/1439H (Corresponding to 27/12/2017G) based on the Capital Market Law Issued by Royal Decree No M/30 dated 02/06/1424H. Amended by Resolution of the Board of the Capital Market Authority Number 1-7-2021 Dated 01/06/1442 H (Corresponding to 14/01/2021G).

Term	Definition
Financial Statements	means the consolidated financial statements of Al Kathiri Holding Company for the fiscal years ended December 31, 2019G, 2020G and 2021G and the interim condensed consolidated financial statements (unaudited for the three-month period ended March 31, 2022G).
Nominal Amount	means the nominal amount of each Sak, which is SAR (1,000).
Aggregate Nominal Amount	means, in respect of each Series, the amount specified as such in the Applicable Final Terms; note that at any time, the Aggregate Nominal Amount of the existing Sukuk should not exceed SAR (500,000,000).
Corporate Governance Regulations	means the Corporate Governance Regulations applicable in the Kingdom issued by the Board of the Capital Market Authority Pursuant to Resolution Number 8-16-2017 Dated 16/05/1438H (Corresponding to 13/02/2017G) Based on the Companies Law Issued by Royal Decree No M/3 dated 28/01/1437H; as Amended by Resolution of the Board of the Capital Market Authority Number 1-7-2021 Dated 01/06/1442H (Corresponding to 14/01/2021G).
Periodic Distribution Amount	<p>means, for each Periodic Distribution Period, and subject to Clause 4-5 of the Mudaraba Agreement, an expected amount calculated as follows:</p> $D \times \frac{(P \times S)}{360}$ <p>Where: P = the Aggregate Nominal Amount of the Series as are current on the Transfer Record Date immediately preceding the last day of such Periodic Distribution Period; D = the actual number of days in such Periodic Distribution Period; and S = the Expected Profit Rate.</p>
Arranger	means Al-Khair Capital Saudi Arabia Company appointed as lead manager of the Sukuk issuance to introduce persons with regard to Sukuk issuance through the Programme, and its capacity as an arranger to receive offers, and as a major dealer, and to provide advice in everything related to this.
The Board of Directors of Al Kathiri Holding or the Board of Directors of the Sponsor	means the Board of Directors of Al Kathiri Holding Company, whose names appear on the page (vii).
The Board of Directors of Sukuk Al Kathiri, the Board of Directors of the Issuer, or the Board of Directors of the Special Purposes Entity (SPE)	means the Board of Directors of Sukuk Al Kathiri, whose names appear on the page (v).
Business Portfolio	means all of the commercial activities of the Mudareb from time-to-time.
Payment Administrator	Means Al Khair Capital Saudi Arabia Company.

Term	Definition
Financial Indebtedness	<p>means any indebtedness for or in respect of:</p> <ul style="list-style-type: none"> a. moneys borrowed and debit balances at banks or other financial institutions; b. any acceptance under any acceptance credit or bill discounting facility (including any dematerialised equivalent); c. any note purchase facility or the issue of bonds, notes, debentures, loan stock, sukuk or other similar instrument; d. any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the relevant Expiry Date or are otherwise classified as borrowings under Saudi GAAP or IFRS; e. any Finance Lease; f. receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); g. any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) which has the commercial effect of a borrowing or is otherwise classified as borrowings under Saudi GAAP or IFRS; h. any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that transaction, that amount) will be taken into account); i. any counter indemnity obligation in respect of a guarantee, indemnity, bond, sukuk, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; j. any amount of any liability under an advance or deferred purchase agreement if (1) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (2) the agreement is in respect of the supply of assets or services and payment is due more than thirty (30) days after the date of supply; and k. any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) (inclusive) above.
Relevant Indebtedness	<p>means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock, Sukuk Obligations in respect of certificates or other securities, in each case which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market.</p>
Headquarters of Al Kathiri Holding Company or the Sponsor	<p>3158 Prince Yazid bin Abdullah Abdul Rahman Road - Al-Malqa District - Unit No. 13 and 19 - Riyadh 13523 - 6695.</p>
Headquarters of Sukuk Al Kathiri, the Issuer or the SPE	<p>3158 Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - Riyadh.</p>
Substantial Shareholders of Al Kathiri Holding or the Sponsor	<p>means major shareholders who own (5%) or more of the company's shares. As on the date of this Prospectus, Al Kathiri Holding Company has one shareholder who owns (5%) or more of the capital, which is: Meshal Muhammad Nasser Al Kathiri (owning 4,909,953 shares, or approximately 43.44% of the total shares of Al Kathiri Holding Company).</p>
Potential Investors	<p>means any person who is likely to invest in the Sukuk.</p>
Advisors	<p>means the Issuer's and Sponsor's advisors in connection with the offering are indicated on page (x) and (xi).</p>

Term	Definition
Registrar	means the Securities Depository Center "Edaa" of the Saudi stock exchange "Tadawul" (and includes any Registrar who appoints a successor in accordance with the provisions of the Registration Agreement).
Purchaser	means the Sponsor as purchaser under the Murabaha Contracts.
Mudareb	means Al Kathiri Holding as a Mudareb for the Rab al Maal.
Basic Murabaha Rate	means the rate determined by the Seller to ensure that the profit component of the deferred price is at least equal to the periodic distribution amount due on the day following the date of payment of the deferred price.
International Financial Reporting Standards (IFRS)	means International Financial Reporting Standards (IFRS) approved by the Saudi Organization for Auditors and Accountants, which includes international standards in addition to further requirements and disclosures required by the Saudi Organization for Auditors and Accountants, and other standards and statements approved by the Saudi Organization for Auditors and Accountants, which include standards and technical publications related to issues not covered by international standards like the issue of Zakat. (International Financial Reporting Standards).
Service Provider	means the Sukukholders' Agent's Delegate, the Payment Administrator, the Seller, the Sales Agent and the Registrar.
Subscriber	means any person who subscribes to the Sukuk offered for subscription.
Special Purposes Entity (SPE)	means an entity established and licensed by the CMA in accordance with The Rules for Special Purposes Entities to issue debt instruments or investment units, and shall have legal personality and financial autonomy, and it shall cease to exist with the end of the purpose for which it was established for, in accordance with the Rules and Regulations issued by the Capital Market Authority.
Murabaha Assets	means the rights of the Seller under the provisions of the Master Murabaha Agreement.
Mudaraba Assets	means the share of the Mudareb (for the benefit of the Issuer and the Sukukholders) in the business portfolio, as calculated according to Condition 6(b) (Business Portfolio).
Supplier	has the meaning specified in the Master Murabaha Agreement.
The General Organization for Social Insurance (GOSI)	means the General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Gross Domestic Product	means the gross domestic product of the KSA, which is the market value of all locally recognized final goods and services.
Sukukholders Quorum	means, on any date, the Sukukholders who represent more than (50%) of the aggregate nominal value of the existing Sukuk on that date.
Prospectus	means this document which is prepared by the Issuer in connection with the offering of the Sukuk.

Term	Definition
Nitaqat	<p>The Saudization programme (Nitaqat) was approved pursuant to Resolution No. (4040) of His Excellency the Minister of Labor dated 12/10/1432H (corresponding to 10/09/2011G) based on Cabinet Resolution No. (50) dated 21/04/1415 H (corresponding to 27/09/1994G), and the Ministry of Human Resources and Social Development in the Kingdom launched the program to provide incentives for establishments to employ Saudis. The program evaluates the performance of the facility on the basis of specific ranges (Platinum, Green, and Red) according to the activity and sector under which the Company falls. On 29/03/1441 AH (corresponding to 11/16/2019G), Ministerial Resolution No. 63717 was issued, which stipulated the abolition of the yellow band in the Nitaqat program.</p> <p>On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the developed "Nitaqat" program (a Saudi nationalization scheme), which offers three main advantages: The first: a clear vision and transparent Saudization plan for the next three years in order to increase organizational stability in the private sector. The second: the direct relationship between the number of workforce and the required Saudization percentages for each facility is based on a linear equation that is proportionally related to the number the facility's workforce, instead of the current Saudization percentage system, based on the classification of establishments into specific and fixed sizes. The third: simplifying the design of the program and improving the customer experience by integrating the categories of activities with common characteristics, to be 32 instead of 85 activities in "Nitaqat". This program will also contribute to providing more than 340,000 jobs until 2024.</p>
The Sponsor's or Al Kathiri Holding Company's Bylaws	means the Bylaws of Joint Stock Companies which is the document that contains the rules and regulations for the management of the company, which should be issued in accordance with the provisions of the Saudi Companies Law and approved by the General Assembly of Shareholders. As for Al Kathiri Holding Company, the Bylaws clauses have been approved by shareholders and its latest amendment pursuant to the decision of its Extraordinary General Assembly on 13/11/1442H (corresponding to 23/06/2021G). The Bylaws is attested and approved by the Ministry of Commerce (Corporate Governance Department) on 21/11/1442H (corresponding to 01/07/2021G) and can be checked at the Company's headquarters or on the page of the company at Tadawul website 1441_ByLaw1.pdf (saudiexchange.sa).
Commercial Registration Act	means the Commercial Registration Act issued by Royal Decree No. (M/1) dated 21/02/1416H (corresponding to 19/07/1995G) and its executive regulations issued by Ministerial Resolution No. (1003) dated 21/09/1416H (corresponding to 11/02/1996G)).
Capital Market Law	means the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), amended by the CMA Board Resolution No. (3-45-2018) dated 07/08/1439H (corresponding to 23/04/2018G) and amended by the Authority's Board Resolution No. (104-1-2019) dated 02/10/1441H (corresponding to 30/09/2019G) pursuant to Royal Decree No. (M/16) dated 19/01/1441H (corresponding to 18/09/2019G).
Companies Law	means the Companies Law issued pursuant to Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/11/2015G) and which entered into force on 25/07/1437H (corresponding to 02/05/2016G) and amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G) as amended.
Trademarks Law	means the Trademarks Law issued by Royal Decree No. (M/21) dated 28/05/1423H (corresponding to 07/08/2002G).
Labor Law	means the Saudi Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G), the amendments that have occurred to it, and the last amendment issued pursuant to Royal Decree No. (M/5) on 07/01/1442H (corresponding to 26/08/2020G).
Investor Application Form	means the form that persons wishing to purchase Sukuk must fill out in the required manner and submit to the Arranger (in its capacity as Initial Dealer) and/or the Dealers and/or the Receiving Banks, depending on the situation, before the end of the offering period.
H	Hijri calendar.
G	Gregorian calendar.

Term	Definition
Margin	means, regarding each Series, the annual percentage specified in the Applicable Final Terms.
Zakat, Tax and Customs Authority	<p>means the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia*.</p> <p>The General Authority for Zakat and Revenue (formerly the Department of Zakat and Revenue Tax), which is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the body entrusted with the work of levying zakat and tax collection.</p> <p>* On 22/09/1442H (corresponding to 04/05/2021G), the Council of Ministers approved the merging of the General Authority of Zakat and Tax (GAZT) and the General Authority of Customs ((GAC) to form the "Zakat, Tax and Customs Authority (ZTCA)".</p>
Saudi Authority for Industrial Cities and Technology Zones (MODON)	means the Saudi Authority for Industrial Cities and Technology Zones (MODON) is interested in developing industrial lands and integrated infrastructure. As of the date of this Prospectus, MODON supervises 36 existing and under development industrial cities in various parts of the KSA, in addition to its supervision over private industrial parks and cities.
The Saudi Organization for Auditors and Accountants (SOCPA)	means the Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia. (Formerly the Saudi Organization for Certified Public Accountants).
Capital Market Authority or Authority	means the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia.
Ministry of Commerce	means The Ministry of Commerce in the Kingdom of Saudi Arabia (formerly the Ministry of Commerce and Investment).
Ministry of Interior Affairs	means the Ministry of Interior in the Kingdom of Saudi Arabia.
Ministry of Municipal, Rural Affairs and Housing	<p>means the Ministry of Municipal and Rural Affairs and Housing* in the Kingdom of Saudi Arabia.</p> <p>* On 06/11/1442H corresponding to 24/01/2021G, Royal Decree No. A/322 was issued, which included the incorporation of the Ministry of "Housing" into the Ministry of "Municipal and Rural Affairs" and amending its name to the "Ministry of Municipal and Rural Affairs and Housing".</p>
Ministry of Industry and Mineral Resources	means the Ministry of Industry and Mineral Resources* in the Kingdom of Saudi Arabia. (Formerly the Ministry of Energy, Industry and Mineral Resources).
Ministry of Human Resources and Social Development	means the Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia. (Formerly the Ministry of Labor and Social Development)
Sukukholders Agent	has the meaning assigned to it in Section No. (15) " Terms and Conditions of the Sukuk ".
Business Day	means a day on which the Registrar is open for general business in Riyadh and on which, according to the business day schedule published by the Saudi Central Bank (known as " SAMA ") from time to time, payments in Saudi Riyals can be made and settled through the Saudi Arabian Riyal Interbank Express (SARIE) system.



Risk Factors (2)



الكثيري القابضة
AI KATHIRI HOLDING COMPANY

2- Risk Factors

Prospective investors should carefully consider all of the information contained in this Prospectus, including the risks described below, prior to making any investment decision with respect to the offered Sukuk. However, the risks listed below do not necessarily comprise all risks that the Group may encounter or additional risks that are not currently known by the Sponsor, which may have an adverse effect on its operational performance if they occur. The Sponsor's Board Members declare that they are not aware of any other material risks than those set out below that may have an adverse effect on the Company's business, its financial position, results of operations, cash flows and future expectations as of the date of this Prospectus.

Investing in the offered Sukuk is only suitable for investors who are able to assess the risks and benefits of that investment and who have sufficient resources to bear any loss that may result from that investment. A prospective investor who is doubtful about investing in the Company should seek advice from a specialist licensed by the CMA to obtain appropriate advice on investing in the offered Sukuk.

The Sponsor's BOD Members also declare, to the best of their knowledge and belief, that there are no material risks that may affect the investors' decision as of the date of this Prospectus. Moreover, they state that this section contains all substantial information, without any lack or prejudice, according to which investors may take a decision to invest as of the date of this Prospectus.

In the event of the occurrence of one of the risks that the Sponsor's management ("**the Management**") currently believes to be important, or any other risks that the Management could not identify or which it believes to be immaterial, the Company's activity, its financial headquarters, financial statements, business results, cash flows and future expectations which may have an adverse and material effect.

It should be noted that the risks set out below are not ordered based on their importance. Additional risks and uncertainties, including those unknown or deemed non-essential at the present time, may have the effects described above.

2-1 Risks Related to the Company's Activities and Operations

2-1-1 Risks Related to Management Decisions

The Group's business results depend mainly on the ability of its management to take correct and appropriate decisions in relation to its business and activities. If the Group's management makes wrong decisions regarding its business, this will negatively affect the group's performance, results of operations and profitability.

2-1-2 Risks related to the failure of expansion strategy

The expected future growth of Al Kathiri Holding Company depends on the success of its expansion strategy and the modernization and expansion of existing activities, as the company intends to use the proceeds from the issuance of Sukuk, for its general purposes which include: meeting working capital needs, refinancing its financial obligations, capital expenditures and making other investments (please see section No. (8) "**Financing Structure and Use of Offering Proceeds**" of this Prospectus).

The company's failure to implement its expansion plans will affect its future growth and have a negative impact on its financial condition and results of operations. Moreover, if these expansion plans are implemented, no assurance can be given that the desired results will be achieved, as it is linked to future expectations. Therefore, if the desired results are not realized in whole or in part, this will have a material negative impact on the financial performance of the Group and the results of its operations.

2-1-3 Risks Related to the Delays in Implementing Future Projects

Al Kathiri Holding Company, through the issuance of the Sukuk subject to this Prospectus, relies on meeting its commercial purposes, in addition to its financial and strategic objectives. Although the company has prepared a work plan to implement these projects according to a specific schedule, there are several factors beyond its control and which, if they occur, could lead to delays in the implementation of projects or a temporary or permanent stop in their implementation. These factors include, for example: obtaining

government approvals, licenses and contractors' commitment, as well as reaching agreements with other parties, the availability of manpower and other factors that lead to temporary or permanent business interruption. Thus, the occurrence of any of the above factors will negatively impact the possibility of achieving the desired benefit from these projects as planned, which will negatively affect the group's operations and financial position.

2-1-4 Risks Related to Capital Costs of Implementing Future Projects Exceeding Expected Value

Although the Company has carried out a set of necessary studies to determine the capital costs of future projects, it is possible, due to circumstances beyond its control, that those costs may rise above the expected value, which may affect the financial feasibility of those projects, and the Company will be forced to search for new financing sources to cover this increase. Therefore, the profitability of these projects will be negatively affected, which will negatively influence the Company's profitability and its financial position. If the current projects that the Company intends to enter into in the future do not achieve the desired results and expected profits, or in the event it is exposed to losses, this will negatively affect the results of the Company's operations and its financial position.

2-1-5 Risks Related to Machinery and Other Work Equipment

The Company has specialized machines and equipment used in production. Its depreciation rates range from (6.6%) to (10%) annually, and the combined depreciation percentage of the total machinery and equipment is (32%), (38%) and (31%) as of December 31, 2019G, 2020G and 2021G respectively, and (40.0%) as of March 31, 2022G.

The equipment and machinery used in the manufacturing process are extremely important to the success of its operations. Therefore, the Company relies on the reliable and consistent operating equipment in order to achieve its financial goals and forecasts. Any unexpected malfunction that occurs to machines or equipment, or any prolonged maintenance thereto, would disrupt the Company's production and weaken its ability to produce sufficient quantities of products on an ongoing basis or secure the quality of its products in a way that meets the demands of its customers or adheres to its contractual requirements. In the event of any failure, this will negatively and fundamentally affect the Company's business, prospects and the results of operations.

2-1-6 Risks Related to the Concentration of Investments, Real Estate Assets and Projects in Specific Geographic Areas

The Group's investments, real estate assets and projects are concentrated in the central region at a rate of (70%). Therefore, any stagnation in the economic, real estate or industrial activities in this region, will have a negative and material impact on the Group's revenues, results of operations and future prospects.

2-1-7 Risks Related to the Non-compliance with Quality Standards and Specifications Required by Customers

Al -Kathiri Holding Company and its two subsidiaries seek to preserve customers' satisfaction by continuing to present the same level of products' quality. However, if the Group is fails to provide high-quality products, its reputation will be hugely affected among customers. This will negatively impact its sales and, accordingly, results of operational and financial operations.

2-1-8 Risks Related to Machinery Breakdown in the Group's Factories

For the continuity of its operations, the Group depends on the functioning and effectiveness of its production lines and work systems. Considering that the industrial facilities, in all cases, are subject to significant operational risks as a result of several factors, including the company's failure to carry out periodic maintenance, obsolescence of spare parts, fires and natural disasters, or interruption of production lines, computers, electrical equipment, or power supplies, These risks may cause great damage to the facilities of the industrial establishments or their workforce, or cause disruption to the production process and the company's ability to deliver its products, which will result in the company incurring losses, and consequently will negatively affect production and manufacture will have a fundamental impact on its results of operations, financial position and future prospects.

2-1-9 Risks Related to Suppliers

In the supply of cement and raw materials, the Group relies on a group of suppliers. The proportion of transactions with the largest five of them is about (45%), (29%) and (25%) of the total purchases as of December 31, 2019G, 2020G and 2021G, respectively, and (28%) as of March 31, 2022G. The risks of dealing with a number of major suppliers lie in the possibility of any malfunction, breakdown, or sudden interruption in the suppliers' work, cessation of relationship, or a change in one of the conditions or obligations, which may adversely affect the Group's business and, consequently, its financial results and operations.

2-1-10 Risks Related to the Availability of Cement Raw Materials

While carrying out its activities, the Group depends on the availability of supplies of cement and raw materials used in the production process, the availability and costs of which are subject to fluctuation. If the Group becomes unable to obtain these supplies adequately, in a timely manner, or on acceptable terms, or there is an increase in the cost of these supplies, this will have a negative impact on the Group's financial results.

2-1-11 Risks Related to the Obsolescence of the Transport Fleet

The subsidiary company, Msandh Alemdad Ltd. owns a transportation fleet of twenty-three (23) cement blocks. The Group's revenues from transportation activity amounted to sixty-four million six hundred and fifty-seven thousand and fifty-nine (64,657,059) Saudi riyals, or 58% of the total revenues as of December 31, 2021G. The life span of this fleet ranges from five (5) to ten (10) years, and its net book value amounts to three million five hundred and seventy-four thousand eight hundred and thirty (3,574,830) Saudi riyals as of December 31, 2021G.

Since these vehicles have a specific economic life, their obsolescence will result in the Group being burdened with increased maintenance charges, in addition to investment burdens for the purpose of replacing them. This may eventually lead to some or all of the fleet's vehicles being out of service, and consequently the Group losing its revenues from the transport fleet in whole or in part, which will have a material negative impact on its income and financial position.

2-1-12 Risks Related to Non-issuance or Non-renewal of Licenses and Certificates

The Company and its subsidiaries are required to obtain and maintain various permits, licenses and regulatory approvals in relation to its activities. These licenses include: company registration certificate issued by the Ministry of Commerce, Chamber of Commerce membership certificate, Saudization certificate, Zakat and income certificate, value-added tax and social insurance registration certificate, municipality license and civil defense permit. In addition to the certificates related to specialized activities carried out by the Company, such as licenses issued by the Ministry of Industry and Mineral Resources and operating licenses issued by the Saudi Authority for Industrial Cities and Technology Zones, it must also obtain approvals from the Food and Drug Authority, and permits from the National Center for Environmental Compliance Control (for more information about the licenses and certificates obtained by the Company, please refer to sub-paragraph (11-4) "**Licenses and Permits Obtained by the Sponsor and Two Subsidiaries**" of Section No. (11) "**Legal Information**").

The Company, as (the license holder), must comply with the terms and conditions of each license and certificate obtained. In the event that the Company is unable to do so, it may not be able to renew these licenses and certificates or obtain other new licenses that it may require from time to time for the purposes of expanding its activities, which may result in the suspension or faltering of the Company's business or the imposition of financial penalties and fines from governmental agencies. Hence, the Company's business, financial position, results of operations and future prospects will be negatively and materially affected.

2-1-13 Risks Related to Related Parties Transactions

Within the scope of transactions with related parties, transactions with sister companies, members of the Board of Directors, Managing Director and Senior Management Staff, provided that these transactions take place within the framework of the normal work context, and without the company offering any preferential terms than the transactions available to the public in the market. As of the date of this Prospectus, the Sponsor has transactions with related parties (for more details about these transactions, please see sub-paragraph No. (11-7-6) "**Related Party Transactions**" of paragraph (11-7) "**Summary of Substantive Contracts**" from Section No. (11) "**Legal Information**").

On 29/10/1443H (corresponding to 30/05/2022G), the General Assembly of Shareholders approved the business and contracts that will be concluded between Msandh Alemdad Company Limited, a subsidiary owned by the parent company (Al Kathiri Holding Company) and Alian Industry Company - in which the two members of the Board of Directors (Mr. Meshal Al Kathiri and Mr. Adel Al Kathiri) have a direct interest, as they are members of the Board of Directors of Alian Industry and Al Kathiri Holding Company, which owns Msandh Alemdad Company Limited by (100%) and Alian Industry Company by (99%). It should be noted that the transactions that took place during the period ended December 31, 2021G amounted to SAR (23,643,739) - it is a contract for the supply of bulk cement to the company's factory in Malham, carried out in the course of normal business and according to the prevailing commercial terms and without any preferential terms.

The General Assembly of Shareholders also approved the business and contracts between Al Kathiri Holding Company and Alian Industry - in which both BoD Members (Mr. Meshal Al Kathiri and Mr. Adel Al Kathiri) have a direct interest, as they are Board Members of Alian Industry and Al Kathiri Holding Company - It should be noted that the transactions during the fiscal year ended 31/12/2021G amounted to (SAR 25,585,928), and the balance of these transactions at the end of the period amounted to SAR (47,306,124), which are normal transactions that take place between the company and its subsidiary in accordance with the company's policies and without any preferential conditions.

The Company shall adopt, regarding transactions with related parties, a policy based on obtaining approval, endorsement or authentication of related parties' transactions by the Board of Directors and the General Assembly, in compliance with all laws and regulations regulating related parties' transactions, including the instructions, rules and regulations issued by the CMA and Financial Accounting Standards issued by the Saudi Organization for Certified Public Accountants and Auditors (SOCPA).

All commercial transactions with related parties must be subject to the approval of the General Assembly of Shareholders. If the GA does not grant approval for these transactions, the Company will have to search for other unrelated parties to deal with. Moreover, if contracts and transactions with related parties are not documented under future framework agreements, if they are not concluded on commercial grounds, do not obtain the GA authorization or if the Company is unable to collect these amounts, then its business, financial condition, results of operations and future prospects will be negatively affected.

2-1-14 Risks Related to the Presence of Some of the Company's Assets on Leased Lands

The factory of the subsidiary company, Alian Industrial Company for Ready Mix Concrete, is located on land that was leased on 04/03/1437H (corresponding to 15/12/2015G) in Al-Khair neighborhood in Malham, Riyadh for a period of ten (10) Hijri years. In addition, this company has a factory for the production of three-dimensional concrete panels, which is built on a land leased on 09/09/1440H (corresponding to 14/05/2019G) in Sudair City for Industry and Businesses from the Saudi Authority for Industrial Cities and Technology Zones (MODON) for a period of (20) years. The company's non-compliance with the terms of these contracts will lead legal disputes that may result in the withdrawal of leased lands and consequently the interruption of the company's business.

In the event of this happening, or in the event that the company fails to maintain the continuity of these contracts or to renew them on the same current terms or preferential terms, this will negatively affect the Group's future operations and prospects. In addition, the Riyadh Municipality, in accordance with the terms of the concluded lease contract, has the right to cancel the contract for reasons of planning, public interest, or for any reason beyond its control. Accordingly, the occurrence of such a matter will lead to the suspension of the factory's work, and if the company is entitled to compensation, it may not cover all losses resulting from business interruption. This will adversely affect the company's business, financial condition, results of operations and future prospects.

2-1-15 Risks Related to the Outbreak of Infectious Diseases or Other Threats to Public Health, Including the Continuing Global Spread of the Coronavirus Pandemic (COVID-19)

In view of the negative effects on the Kingdom's economy and the global economy as a whole resulting from the consequences of the outbreak of the emerging Coronavirus Pandemic (COVID-19), which began to spread since late December 2019G, beginning in China and then all over the world, and the accompanying decisions issued by the competent authorities in the KSA regarding precautionary and preventive measures to address and limit the spread of the pandemic, which requires, but is not limited to: imposing a partial or complete curfew in some cities and governorates of the Kingdom, closing all shopping centers and retail showrooms, reducing the number of working hours for some sectors or obligating some of them to work remotely, suspending all domestic flights, buses, taxis and trains, and entry from outside the Kingdom for the purposes of Umrah or to visit the Prophet's Mosque, imposing temporary restrictions on all pilgrims and Umrah performers residing in the Kingdom to prevent them from visiting the cities of Mecca and Madinah, and closing malls and all activities inside them, except for food stores and pharmacies. In addition to the health measures taken by the government to contain the outbreak of this pandemic, the government has taken economic measures to contain the

consequences of the pandemic through financial support for citizens and those affected by the pandemic, family and sick leave paid by the state, expansion of unemployment compensation, delaying tax payments, and other measures to support companies. As the Group relies, in the continuation of its operations, on the functioning and effectiveness of its production lines and work systems, industrial facilities are considered vulnerable to operational risks resulting from the Coronavirus (COVID-19) Pandemic, as the Group was forced to suspend its operations and closed its offices and factories for a period of twenty (20) days.

In terms of revenues, the Group's business was not negatively affected during the pandemic, as revenues increased during the year 2020G compared to the year 2019G. The company benefited from the initiatives of the Saudi government to support and protect the private sector from the risks of low liquidity and the inability to pay short-term obligations, which included the government bearing a percentage of the salaries of Saudi employees, which is represented by SANED support for the private sector.

The spread of the (Covid-19) variants, notably the Omicron variant (B.1.1.529) and Delta in addition to other variants that may appear in the future, and the possible outbreak of an infectious disease - such as: the Middle East Respiratory Syndrome (MERS), the Severe Acute Respiratory Syndrome (SARS) - in the Middle East or any other region, the re-imposition of complete or partial closures in some cities of the Kingdom may be required which will negatively affect the Kingdom's economy in general. It is difficult to predict the impact of the Coronavirus pandemic on the Company's activity if the full or partial curfew is re-imposed in the cities of the Kingdom, which will have a negative and fundamental impact on the Company's business, financial position, results of operations and future prospects.

2-1-16 Risks Related to Reliance on Key Personnel

The Company aims to attract and employ qualified people to ensure the efficiency and quality of its business through effective management and proper operation, given that the Company's success depends on its ability to attract and retain qualified employees. It may however resort to employees' layoffs to cut payroll costs and reduce expenses, as happened previously.

Therefore, the Company's loss of qualified human resources or inability to retain them will negatively affect its business and profitability, notably if it is obliged to pay higher salaries and benefits to retain them.

The total number of employees as of the date of this Prospectus is equivalent to (243), including (64) Saudis and (197) non-Saudis. Among the factors that may affect the Company's ability to retain qualified non-Saudi employees is the imposition by the Saudi government of additional fees for each non-Saudi employee and financial fees for the dependents and bodyguards of non-Saudi employees. As a result, the Group may have to bear those costs on behalf of non-Saudi employees or part of them directly, or indirectly by raising the wages of its non-Saudi employees, which will also lead to an increase in its costs, which will negatively affect the results of its operations.

2-1-17 Risks Related to Employees Errors or Misconduct

The Company is required to adopt an internal work regulation according to the form prepared by the Ministry of Human Resources and Social Development. The Company may include in its internal work regulations additional terms and provisions that do not contradict the provisions of the Labor Law, its implementing regulations and ministerial resolutions thereto. The Company must announce the aforementioned internal work regulations, as well as any amendment thereto, in a public place in its premises or via any other method that is clear to all its employees.

The Company has an internal work regulation approved by the Ministry of Human Resources and Social Development under the number (790046) dated 13/03/1441H (corresponding to 10/11/2019G). The subsidiary company, Msandh Alemdad Company Limited, has an internal work regulation approved by the Ministry of Human Resources and Social Development, No. (890034), dated 13/03/1441H (corresponding to 10/11/2019G). In addition, the other subsidiary company, Alian Industry Company, has an internal work regulation approved by the Ministry of Human Resources and Social Development with No. (745206) and dated 28/02/1441H (corresponding to 27/10/2019G).

All employees and staff have been informed of it upon joining the Company, and any amendments are sent via modern technology means (e-mail) and are placed in the employees' offices.

However, the Group can't guarantee to avoid employees' misconduct or mistakes such as fraud, intentional or unintentional errors, embezzlement, theft, forgery, misuse of property and unauthorized acting on behalf of the Company. Consequently, these actions may entail consequences and responsibilities for the Company, statutory penalties, or financial liability. Therefore, the Company cannot guarantee that the misconduct of its employees will not materially harm its financial position or its operations results.

2-1-18 Risks Related to Reliance on Non-Saudi Employees

The percentage of non-Saudi employees in the Company represents about (62%) of the total employees. Hence, if the Company is not able to maintain its cadres of non-Saudi employees or find replacements for them with the same skills and experience, or if there is a change in the policies and regulations of the Ministry of Human Resources and Social Development resulting in an increase in the percentage of Saudization in the sector. On the other hand, the Company's accreditation on a high proportion non-Saudi employees shall lead to the intercession of governmental fees, for every non-Saudi employee, such as: work and residency permits, which will lead to an increase in the Company's expenditure and will materially harm its business, financial position, and results of operations.

2-1-19 Risks Related to "Saudization"

Compliance with the Saudization policy is considered to be a systematic requirement issued by the Ministry of Human Resources and Social development and implemented by the Ministry of Labor and Social Development in KSA, whereby Saudi companies and enterprises are required to fill up their workforce with Saudi nationals up to certain levels and maintain them according to developed Nitaqat program which is a program of Saudization, increasing the employment of Saudi nationals in the private sector. According to the Ministry of Human Resources and Social Development, Saudization rate of the Company reached approximately (38.89%) which is classified in the low green category.

On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the developed "Nitaqat" program, which offers three main advantages: the first: a clear-vision and transparent Saudization plan for the next three years with the aim of increasing organizational stability among Private sector establishments, the second: the direct relationship between the number of employees and the required Saudization rates for each establishment is based on a linear equation that is proportionally related to the number of employees at the establishment, instead of the current Saudization rates system based on classifying establishments into specific and fixed sizes, and the third: simplifying the design of the program by improving the customer experience and integrating the categories of activities with common characteristics to be 32 activities instead of 85 activities in Nitaqat. This program will also contribute to providing more than three hundred and forty thousand (340,000) jobs until 2024G. The developed Nitaqat program may impose requirements on the Company, and it may be difficult for it to maintain the same percentage of Saudi citizens in the future, or to meet the requirements of the Nitaqat program. If the Company is not able to comply with the requirements of the Nitaqat program, and its classification becomes within the red scale, it may be subject to a number of penalties, including:

- The suspension of the Company's applications for new work visas
- The suspension of its requests to transfer sponsorship of a current or potential employee
- The forbiddance of non-Saudi employees working for the Company to change their professions on the work visas
- The possibility of a number of its non-Saudi employees to transfer their guarantees to other companies that fall within the green or (platinum) range without obtaining the Company's approval
- The exclusion of the Company from participating in government auctions or accessing to government loans.

In addition, the government is taking measures to regulate the employment of non-Saudi workers in the Kingdom in accordance with the Labor Law and Residence Regulations in the KSA. These procedures include taking strict measures against non-Saudi employees: 1) who do not work for their sponsor and 2) whose nature of work does not match their job requirements (as stated in their work permit), especially after the abolition of the sponsorship law (starting from the second quarter of 2021G). As a result, any foreign employee will be able to change work from one party to another without the consent of the employer, when his work contract is terminated, as part of "The Improvement of Contractual Relationship" initiative for workers in private sector establishments. The initiative also limits the mechanisms of transmission during the validity of the contract, provided that the notice period and the specified controls are adhered to. The expatriate worker or employee will be able to leave the Kingdom electronically without requiring the employer's consent, in addition to the possibility of leaving the Kingdom with the worker bearing all the consequences of rescinding the contract, knowing that all these services will be available through "Absher" and "Qiwa" platforms of the Ministry of Human Resources and Social Development.

The Company faces the risks of workforce availability and the high cost of foreign manpower, so it confronts these factors by equipping modern training centers to train Saudi cadres who will replace foreign workers. The Company also uses, when necessary, licensed companies to hire labor force.

There is no guarantee that the Company will be able to secure the necessary manpower or employ the required number of foreign workers according to favorable terms for the Company. The Company may also face challenges in maintaining its employees of Saudi nationals, and in the event of a decrease in the number of this category of employees, this will lead to a decrease in its total Saudization rate. The occurrence or realization of any of the above-mentioned events will have a materially negative impact on the Company's business, financial condition, results of operations and future prospects.

2-1-20 Risks Related to Operating Systems and Information Technology

The Group operates according to the information technology systems. The Company also relies on the efficiency and capacity of these systems to effectively manage its business, which enable it to use the Oracle Enterprise Resource Planning (ERP) software system used by all its departments. Oracle ERP is a cloud-based software solution used to automate back-office processes and day-to-day business activities. It is a business management software suite that includes financial management, supply chain management, project management, accounting, and procurement. Any potential failure to manage this system will have a negative and material impact on the Company's business, financial condition, results of operations and future prospects.

The Company's IT systems may be damaged by computer viruses, natural disasters, hacker or pirates' attacks (cyber-attacks), hardware or software failures, power fluctuations, cyber terrorism and other similar disturbances. In addition, a breach of the Company's cyber security measures could also result in the loss, destruction or theft of confidential or proprietary data, which could expose the Company to liability or incur financial losses to its customers, suppliers or dealers. Similar risks exist with regard to external parties who may possess confidential data of the Company which if exposed to any of the above-mentioned risks, will be subject to a material negative impact on its business, financial position, results of operations and future prospects.

2-1-21 Risks Related to Financing Agreements

Al Kathiri Holding Company and subsidiary Alian Company for Industry have concluded a number of financing agreements. However, there is no guarantee that the borrowing company will be able to fulfill its obligations on due dates, which is a violation of the agreements concluded; therefore, the lending authorities have the right to immediately cancel or terminate financing agreements and demand of Al Kathiri Holding and its subsidiary Alian Industry Company to repay the entire debt immediately, which will negatively affect the Group's business in general, its financial position, the results of its operations, its ability to borrow and provide funding, and the implementation of its future plans.

The existing financing agreements are secured by promissory notes, bonds of fine, joint performance, mortgage of buildings and constructions (for more details about the representations and warranties provided under the financing agreements, please see subparagraph No. (11-7-7) "**Loans and Facilities**" of Paragraph No. (11-7)

"**Summary of Substantive Contracts**" from Section No. (11) "**Legal Information**" of this Prospectus). The lending authorities may require other warranties that the borrowing company may not be able to provide, which will make it in breach of the terms of the agreements. If the borrowing company is unable to fulfill its payment obligations under the financing agreements, or fails to provide any other additional warranties, or breaches in the future any of the obligations or commitments due to the loan payments, then the lending authorities may require from Al Kathiri Holding Company and its subsidiary Alian Industry Company immediate repayment of the debt and collection of the guarantees provided by Al Kathiri Holding Company and its subsidiary Alian Industrial Company. In this case, there is no guarantee that the Company and its subsidiaries will be able to obtain sufficient alternative sources of financing to meet these debts. Any of these factors will have a material negative impact on the Group's business, financial condition and future prospects.

2-1-22 Risks Related to the Availability of Financing in the Future

The Company may need to obtain loans and bank facilities to finance its expansion plans in the future. It is worth noting that obtaining financing depends on the Company's capital, its cash flow and its financial position and the guarantees offered and its credit record. The Company does not give any assurance or guarantee on access to appropriate funding if needed, so if it is not capable to obtain the needed funding from the funding entities, or financing according to acceptable preferential terms commensurate with it, its performance, and future plans will be significantly and negatively affected.

2-1-23 Risks Related to Liquidity

Liquidity risks are represented in the inability of the Company to meet its obligations related to financial liabilities as they become due. The Company's liabilities consist of loans and payables represented in trade receivables, lease contract obligations to lessors, and accrued expenses. The Company may not be able to meet its current or future obligations on their due dates, especially the short-term ones, as its quick liquidity ratio reached (1.4%), (1.7%) and (0.65%) for the years ended December 31, 2019G, 2020G and 2021G, respectively, and (1.04%) for the period ended March 31, 2021G.

In the event that the Company is unable to effectively manage the payable accounts and settle them on time, the debts' owners may resort, including but not limited to, to terminate business with the Company which may thus face difficulties in providing the necessary revenues to conduct its business. In addition, the Company may be subject to legal procedures and lawsuits that may result in financial losses and damage to its reputation. Accordingly, these risks will negatively and fundamentally affect the Company's business, financial position, results of operations and future prospects.

2-1-24 Risks Related to Credit and Collection

Credit risks represent the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. The Company may face credit risks in several temporary or permanent cases, including the existence of debit balances from customers, and the failure of other creditors to fulfill their obligations to the Company. It should be noted that the Company's net receivables amounted to SAR (29,193,167), SAR (30,461,672), SAR (8,495,871) as of December 31, 2019G, 2020G and 2021G, respectively.

Accordingly, the Company cannot guarantee that the parties it deals with will not fail to fulfill their obligations, and it also cannot accurately predict the future ability of those parties to comply. In the event of non-fulfilment of obligations by these parties, the company may resort to filing lawsuits against these parties to collect the dues, and this will negatively affect the Company, its financial position and the results of operations. In addition, the non-compliance of these parties may be a result of the Company's inability to collect its dues from third parties, which will negatively affect its business and financial position.

2-1-25 Risks Related to the Application of Developed International Financial Reporting Standards (IFRS) or New International Financial Reporting Standards (IFRS) in the Future

The change in the applicable and well known (IFRS) into amended or new ones may lead to the inability to compare the Company's previous financial statements easily. In particular, the Company's financial statements for the financial years and periods beginning after December 31, 2020G, which may be prepared and presented under revised or new (IFRS), may not be easily comparable with those of the previous financial periods contained in this Prospectus that were prepared and submitted under currently recognized (IFRS). This will negatively and materially affect the Company's operations and financial condition.

2-1-26 Risks Related to Potential Zakat Entitlements and Additional Claims

The Group and its subsidiaries filed Zakat Declarations for all years up to the financial year ended 31/12/2021G and obtained Zakat certificates that expire on 10/10/1444H (corresponding to 30/04/2023G).

■ Al Kathiri Holding Company

Al Kathiri Holding Company has submitted its Zakat declaration for the fiscal year ended December 31, 2021G and obtained a Zakat Certificate from the Zakat, Tax and Customs Authority No. (1110177996) and dated 05/09/1443H (corresponding to 06/04/2022G), which is valid until 10/10/1444H (corresponding to 30/04/2023G).

It should be noted that on 29/12/1439H (corresponding to 09/09/2018G), the company received a letter from the Zakat, Tax and Customs Authority to re-assess the 2018G and amend the declaration's clauses. This resulted in the emergence of differences amounting to SAR (373,585), and the company paid this amount on 10/01/1441H (corresponding to 09/09/2019G).

On 26/02/1442H (corresponding to 13/10/2021G), the Company received an amendment letter from the Zakat, Tax and Customs Authority stating the amendment due to the condition of the examination, whereby the net profit was adjusted by adding traffic violations, not related to the activity, in the amount of SAR (511,857), salary differences in the amount of SAR (1,703,422), the amount deducted from Zakat differences equal to SAR (488,387), and the amendment of the Zakat base has by adding a capital increase funded by assets in the amount SAR (19,492,097).

The Authority also received additional Zakat assessments for the years 2019G and 2020G in the amount of SAR (654,080) and SAR (583,622), and the Company paid the amounts due.

- **Msandh Alemdad Company Limited / A one-person Company**

The company has deducted the Zakat that must be paid according to a certificate registered with No. (1020134040) and dated 10/08/1443H (corresponding to 13/03/2022G), stating that it has submitted its declaration for the period ended 31/12/2021G and which is valid until 10/10/1444H (corresponding to 30/04/2023G).

- **Alian Industry Company / A Closed Joint Stock Company**

The company has deducted the Zakat that must be paid according to a certificate registered with No. (1020134040) and dated 10/08/1443H (corresponding to 13/03/2022G), stating that it has submitted its declaration for the period ended 31/12/2021G and which is valid until 10/10/1444H (corresponding to 30/04/2023G).

It should be noted that Al Kathiri Holding Company has paid an amount of SAR (968,944) during the year 2022G instead of the Zakat amount due from it and its two subsidiaries, and it did not receive any Zakat assessments for the year 2021G. However, the Company cannot predict whether the Zakat, Tax and Customs Authority will accept its Zakat estimates for the previous fiscal years or require it and its two subsidiaries to pay any Zakat differences in the future for these years.

If the Zakat, Tax and Income Authority requires Al Kathiri Holding Company or any of its two subsidiaries to pay such differences, this will negatively affect the Group's profits, results of its operations, financial position and future prospects

2-1-27 Risks Related to the Adequacy of Insurance Coverage

As of the date of this Prospectus, Al Kathiri Holding Company and two subsidiaries have provided the necessary insurance coverage by concluding a number of insurance policies to ward off some risks and preserve its assets and property including: health insurance for workers, insurance for vehicles and insurance against all risks in addition to insurance for machinery. In the event that the Group does not renew the expired policies or conclude new policies to provide insurance coverage for all the sites it occupies and the machinery and equipment it uses, and if an accident occurs, the Group will lose the capital invested in any of these damaged or destroyed properties in addition to future expected revenues, which may adversely affect its financial results and profits. (For more information on insurance coverage, please refer to subparagraph (11-12) "**Insurance Policies**" of Section (11) "**Legal Information**" of this Prospectus).

Noting that the health insurance of the company's employees is no longer valid as on the date of this prospectus, and in addition to the insurance contracts concluded as indicated in subparagraph (11-12) "**Insurance**" of Section (11) "**Legal Information**". Moreover, the concluded insurance contracts include deductible amounts and factors excluded from the insurance coverage, in addition to other restrictions related to the insurance coverage to be negotiated with insurance companies, and the company's ability to obtain compensation due to it by the relevant insurance company depends on its financial solvency and ability to meet the value of this compensation. Thus, the insurance may not cover all the losses incurred by the Group, and no guarantee is given that the Group will not incur losses that exceed the limits of the insurance policies or the coverage contained in these policies. It is possible that cases may arise in which the value of the claim exceeds the value of the insurance held by the Company, or the compensation claim submitted by the Company to the relevant insurance company will be rejected, or the claim and compensation period may be prolonged, which will negatively affect the Company's business, future prospects, results of operations and financial position.

2-1-28 Risks Related to the Protection of Trademarks and Intellectual Property Rights

The Group has three (3) trademarks registered with the Saudi Authority for Intellectual Property, and Al Kathiri Holding Company and its two subsidiaries have registered its electronic domain with the Saudi Center for Network Information. (For more details, please see paragraph No. (11-10) "**Trademarks and Intellectual Property Rights**": of Section No. (11) "**Legal Information**" of this Prospectus).

The Group relies on its trademark in its business and on its ability to continue using it and protect its rights with respect to that trademark in the face of any illegal use of it. Therefore, failure to maintain the protection of trademarks in accordance with the Trademarks Law will jeopardize the Group's interests which will have a negative and material impact on its business, financial position and results of operations.

Noting that to defend its trademark, the Group may have to enter into costly legal procedures. This may cause substantial damage to the trademark's reputation, which will have a negative impact on the Group's ability to attract new customers. This may lead to a decline in the Group's revenues, which will negatively and materially affect its business, financial position, results of operations and future prospects.

2-1-29 Risks Related to Litigation

As of the date of this Prospectus, any of Al Kathiri Holding Company or its two subsidiaries is a party to any lawsuit, claim or judicial dispute. Nonetheless, the Group remains subject to litigation procedures due to the nature of its activities and transactions with third parties within the business sectors in which it operates, and these lawsuits may comprise - including but not limited to - Zakat, tax, labor lawsuits and other damages resulting from negligence or fraud by persons or organizations beyond the Group's control. Al Kathiri Holding Company and its two subsidiaries are liable to legal action or to be a claimant party in any of the claims or proceedings. Therefore, the Group cannot accurately anticipate the size of the cost of the lawsuits or judicial procedures that may institute or be instituted against it, or the final results of those lawsuits or judgments and the compensation and penalties they include. Hence, any negative consequences of such litigations may adversely affect the financial position of the group and the results of its operations.

2-1-30 Risks Related to the Application of the Companies Law

The Companies Law imposes some statutory requirements that Al Kathiri Holding Company and its two subsidiaries must comply with. This will require the Group to take actions and measures to comply with such requirements which is time-consuming and may affect its business strategy. The current Companies Law also imposed more stringent penalties for violating its mandatory regulations. According to the Companies Law (Article 213), they may reach SR (500,000), as stipulated in Article (214). The Company will be subject to such penalties in the event of non-compliance with those regulations and provisions, which would adversely and materially affect the Company's business, financial position and results of its operations.

2-1-31 Risks Related to Non-compliance with Corporate Governance Regulations

The Company has a Corporate Governance that was prepared in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), by virtue of the Companies Law issued by Royal Decree No. M/ 3 dated 28/01/1437H, amended pursuant to the CMA Resolution No. (5.3-2019) and dated 15/09/1440H (corresponding to 20/05/2019G). It was last modified by the Authority's Board Resolution No. (1-7 -2021) dated 01/06/1442H (corresponding to 14/01/2021G). The amended regulation includes mandatory clauses and more detailed provisions than those included in the previous regulation. It comprises mandatory clauses on the formation of Boards of Directors and Committees, their powers, responsibilities, meetings, rights and duties, and provisions that address cases of conflict of interest between Board members and the Company in order to ensure clarity of the relationship between shareholders and the Company's BoD on one hand, and the BoD and the Executive Management on the other. It is also concerned with the rights of shareholders, such as the right to fair treatment without discrimination and to obtain information transparently so that they can exercise their statutory rights to the fullest.

The failure of Al Kathiri Holding Company to implement the Corporate Governance Regulations issued by the Authority may expose it to fines imposed by the Authority, which may have a negative and material impact on its business, results of operations, financial position and future aspirations.

2-2 Risk Factors Related to Market and Sector

2-2-1 Risks Related to the Criteria Defined by the Laws and Regulations that Govern the Group's Activity

Al Kathiri Holding Company and its two subsidiaries carry out their activities in different sectors according to specialized licenses for each activity that each company obtained from the competent authorities. Since every activity has laws and regulations that it sponsors, in addition to licenses and certificates that any company must issue to practice a specific activity, the group is subject to the following laws and regulations since it carries out its activities under licenses issued by the authorized and competent authorities (for more details, please review paragraph No. (11-4) "**Licenses and Permits Obtained by the Sponsor and its Subsidiaries**" from Section No. (11) "**Legal Information**" of this Prospectus). The competent authorities also impose on the group to abide by specific standards and requirements at the risk of imposing penalties or fines or withdrawing or not renewing the granted licenses (and for more details, please review paragraph No. (11-5) "**Continuing obligations imposed by government agencies on the sponsor as the license holder**" of the division No. (11) "**Legal Information**").

The group is then subject to penalties that may be imposed on it when it violates the laws, regulations and terms of the licenses under which it operates. If Al Kathiri Holding Company or any of its two subsidiaries incurs any material penalty and/or penalty, this will lead to the violating company being unable to carry out its activities temporarily or completely, which will have a negative impact on its performance and thus on the performance of the group in general and the results of its operations and its future prospects.

2-2-2 Risks Related to the Withdrawal of Industrial Licenses

The subsidiary company, Alian Industry, carries out its industrial activity under industrial license (Number: 2). The first bearing the number (431102116835) dated 23/06/1443H (corresponding to 26/01/2022G) and valid until 11/08/1448H (corresponding to 19/01/2027G) to engage in the activity of manufacturing polystyrene insulating walls. As for the second industrial license, it bears the number (431110117094), dated 09/07/1443H (corresponding to 10/02/2022G) and is valid until 03/09/1448H (corresponding to 10/02/2027G) to practice ready-mix concrete manufacturing industry.

This subsidiary company must abide by the conditions and instructions imposed by the Ministry of Industry and Mineral Resources on companies that have obtained industrial licenses, and all industrial companies licensed by the Ministry of Industry and Mineral Resources must submit a request to amend their license according to any modifications in their industrial data such as total financing, production capacity, materials, machinery and labor required, so that the Ministry would be able to control any modification or expansion of industrial projects, according to the terms of the license.

If Alian Industry Company does not comply with the terms and instructions of the Ministry of Industry and Mineral Resources, such as: the obligation to conform the products to the approved specifications and standards or the specifications adopted by the Saudi Organization for Standardization and Metrology, the adherence to the Articles of the Public Environment Law and its Executive Regulations to preserve the environment from pollution, and the compliance with regulations and instructions of safety, industrial security, public health, etc., it will be subject to the withdrawal or suspension of its industrial license, and in the event that the license is withdrawn from Alian Industry, it will not be able to continue its activity. This will have a negative impact on the subsidiary's business in particular, the Group's business in general, the results of its operations, its financial position, its future expectations and the price of its shares in the market.

2-2-3 Risks Related to the Suspension of Governmental Incentives Promoting Industrial Development

The Company and its two subsidiaries have benefited from the incentives offered by the Saudi government to investors in order to support industrialization, infrastructure and provide land, energy and water at discounted prices in the industrial cities, and provide financing through the Saudi Industrial Development Fund that offers soft loans to support the industrial sector. These incentives had an important role in the success of the Group's business, and any suspension of these incentives will have a negative impact on its business, financial position, results of operations and future prospects.

2-2-4 Risks Related to the Economic Performance of the Kingdom

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including, for example, factors of inflation, GDP growth, average per capita income, and so on. The Kingdom's macro and micro economy depends mainly on oil and oil industries, which still control a large share of the GDP. Therefore, any unfavorable fluctuations in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy in general and on government spending rates. Consequently, the Company's financial performance, given its work within the Kingdom's economic system and being influenced by government spending rates, will be substantially affected.

2-2-5 Risks Related to the Political and Economic Instability in the Region

Some countries in the Middle East region are suffering from economic, political or security instability at the present time. There are no guarantees that these economic, political and security conditions in those countries or any other countries will stabilize. These conditions will have a negative impact on the Company's business, the results of operations, financial position and future prospects.

2-2-6 Risks Related to the Impact of the Construction Sector on the Company's Revenues

The Group's revenues depend mainly on the performance of the construction sector that is closely related to oil prices and government spending. Therefore, negative economic fluctuations will directly affect the construction sector and negatively affect the Group's sales and financial and operational performance.

2-2-7 Risks Associated to Energy, Electricity Products and Related Utility Services

The Group's operational activities depend on the availability of energy and electricity products, therefore, any cut or reduction in supplies from these products or any escalation in their prices will hugely affect productivity and profitability, which will negatively impact the Group's business, financial condition, results of operations and future prospects.

2-2-8 Risks Related to Natural Disasters

In the event of the occurrence of natural disasters that cannot be controlled by the Company, such as floods, earthquakes, storms, etc., and that may damage the Company's facilities, the Company will incur heavy costs. Natural disasters may also affect the Company's ability to continue its operations and thus reduce its Revenue from those operations. Therefore, if such disasters occur and damage the Company's facilities, the Company's business, results of operations and financial position will be negatively and substantially affected.

2-2-9 Risks Related to Competition

Al Kathiri Holding and its two subsidiaries Competition work in a highly competitive sector. The number of factories working in the ready-mix concrete activity in the Kingdom, as of 2017G, is estimated at more than four hundred (400) factories, with an annual production volume of seventy-five million (75,000,000) square meters, and it depends on the number of square meters. The competitive position of the Company depends on many factors, including the strength of its financial position, the geographical scope of its business, the relationship with customers and its reputation. There is no guarantee that the group will continue to compete effectively with companies in the market. The pricing policies of the competitors of Al Kathiri Holding Company and its two subsidiaries significantly affect its financial performance. Therefore, there is no guarantee that the Company will be highly and strongly competitive while conducting its business which will lead to a reduction in its market share and thus negatively affect its profits and financial results.

2-2-10 Risks Related to Growth Opportunities

The Group's capacity to develop its business relies on the market's competition, physical and human resources, the capacity of its management team, legal systems and jurisdiction, etc. There is no guarantee that a level of continuous growth will be maintained, as the Group may face difficulties in expanding its activity, developing its market share and increasing its sales. Accordingly, if the Group fails to positively manage its growth, its ability to develop activities, increase market share or maintain it, increase business profits and enhance returns for shareholders, its financial position will be negatively affected.

2-2-11 Risks Related to Changes in Relevant Laws & Regulations

Likewise other companies operating in the KSA, Al Kathiri Holding Company and its two subsidiaries are subject to a number of regulations and laws such as the Companies Law, the Labor Law, the Municipalities and Civil Defense Regulations, the regulations issued by the CMA and others, which may be modified, amended or updated by competent authorities. New laws and regulations are issued by the relevant official authorities from time to time. Accordingly, the Group's business may be negatively affected in the event of any fundamental change to any of the relevant laws or the introduction of additional and new regulations which will have a direct impact on the Company's performance and profitability.

2-2-12 Risks related to Government Fees Applicable to Non-Saudi Employees

The Group substantially faces these risks if it attracts additional numbers of non-Saudi employees. During 2016G, the government approved a number of decisions aimed at carrying out comprehensive reforms of the labor market in the Kingdom of Saudi Arabia, including the approval of imposing additional fees for each non-Saudi employee working for a Saudi entity as of 14/04/1439H (corresponding to 01/01/2018G) at four hundred (400) Saudi riyals per month for each non-Saudi employee for the year 2018G, increasing to six hundred (600) Saudi riyals per month for the year 2019G, and then to eight hundred (800) Saudi riyals per month for the year 2020G. This will lead to an increase in the company's costs in general, which will adversely affect its business, financial performance and results of operations.

It should be noted that the government fees paid by Al Kathiri Holding Company for non-Saudi workers are an amount of one million four hundred and seventy-seven thousand six hundred and eighty-eight (1,477,688) Saudi riyals and two hundred and fourteen thousand nine hundred and five riyals and forty-nine (214,905.49) Saudi riyals and one million and forty-six thousand and thirty-four (1,046,034) Saudi riyals, three hundred and sixty-one thousand and one hundred and sixteen (361,116) Saudi riyals as of December 31, 2019G, December 31, 2020G, December 31, 2021G and March 31, 2022G, respectively.

In addition, the government has imposed fees for issuing and renewing residence permits for dependents and companions of non-Saudi employees (escorts fees), which became effective as of 07/10/1438H (corresponding to 01/07/2017G), noting that it gradually increased from one hundred (100) Saudi riyals per month for each dependent in 2017G. Until it reached four hundred (400) Saudi riyals per month for each dependent in 2020G, and accordingly, the fees for the financial consideration that the non-Saudi employee will bear on behalf of his family will lead to an increase in the cost of living for him, which will lead him to work in other countries as the cost of living is less, and if such a thing happens, the company will face difficulty in maintaining its non-Saudi employees, which may force it to bear those costs for non-Saudi employees or part of them directly, or indirectly by raising the wages of its non-Saudi employees, which will lead to an increase in the company's costs, which will negatively affect the results of its operations.

It is also worth mentioning that on 18/03/1442H (corresponding to 04/11/2020G), the Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia launched the initiative to improve the contractual relationship, which entered into force on 14/14032021G, and aims to support the vision of the Ministry of Human Resources and Social Development in building an attractive labor market, empowering and developing human competencies, developing the work environment, and eliminating the sponsorship regulations. The private sector within specific controls that take into account the rights of both parties to the contractual relationship and the terms of the contract between the employer and the expatriate worker. The job mobility service allows the expatriate worker to move to another job upon the expiry of his work contract without the need for the employer's approval. The initiative also defines the mechanisms for the transition during the validity of the contract, provided that the notice period and the specified controls are adhered to. Accordingly, upon the entry into force of this initiative, the Company does not guarantee that it will maintain its cadres of non-Saudi workers and renew their contracts on conditions satisfactory to them, which will push them to move to another job in accordance with the mechanisms referred to above, and if the Group fails to maintain its cadres from Non-Saudi workers or find replacements for them with the same skills and experience, this will lead to an increase in the financial cost to the Group, which would negatively and fundamentally affect its business, financial results and future prospects.

2-2-13 Risks Related to Fluctuations in Supply and Demand

The sectors in which the Group operates are affected by fluctuations in market supply and demand. Therefore, if production levels are not adapted to the sharp drop in demand, it will affect the Company's productivity and selling levels, which in turn will affect the performance of any sector in general, and consequently its future performance and financial position, and its outlook.

2-2-14 Risks Related to Exchange Rates

The transactions of Al Kathiri Holding Company and its two subsidiaries are not subject to currencies other than the Saudi Riyal as of the date of this Prospectus. However, if any of the Group's companies transacts in currencies other than the Saudi riyal in the future, it will be exposed to fluctuations in the exchange rates of other currencies against the Saudi riyal, and consequently to an increase in expenses, which will have a negative and material impact on the company's business, results of its operations, financial position and future prospects.

2-2-15 Risks Related to the Application of Value-Added Tax (VAT)

The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the unified agreement for value-added tax (VAT) for the GCC, which came into force as of January 1, 2018G, as a new tax amounting to (5%) of the selling price, to be added to the rest of the taxes and other fees on specific sectors in the KSA, including the sectors in which the Company operates. On 17/10/1441H (corresponding to 09/06/2020G), the Zakat, Tax and Customs Authority Board issued Resolution No. (2-3-20) to increase the value-added tax (VAT) rate to become (15%) of the selling price, starting from 10/11/1441H (corresponding to 01/07/2020G). The Company and its two subsidiaries include the tax on its customers in return for the services it provides according to the percentage determined by the state.

2-2-16 Risks Related to the Imposition of New Duties or Taxes

The Company is currently subject to several types of taxes other than Zakat and VAT (15%). If new corporate taxes or fees other than those currently applied are imposed, the net profits of the Group will be directly affected, thus impacting its business, operations results, financial position and future prospects.

2-3 Risk Factors Related to Sukuk Al Kathiri

2-3-1 Risks Related to the Insolvency or Bankruptcy of the Issuer or Sponsor

The Issuer or the Sponsor may become unable or admit to be unable to repay the debts when they are due, or either suspend the payment of any of their debts because of actual or foreseeable financial difficulties, or due to actual foreseeable financial difficulty. Either of them begins negotiations with one or more of their creditors with the aim of rescheduling any of their debts. This is considered a case of insolvency that constitutes one of the events of default stipulated in Condition (14) of the Master Declaration of Agency Agreement (for more details, please see paragraph (15-13) "**Condition 13: Event(s) of Default**" of Section (15) "**Terms and Conditions of Sukuk**" of this Prospectus). The occurrence of this event of default entails obligations on the Sukukholders' Agent's Delegate to notify the Sukukholders of the insolvency situation's occurrence, and he has the right at any time, being irrevocably authorized on behalf of the Sukukholders to:

- Execute the rights it may have under the Sukuk documents after an event of default;
- Claim, file a lawsuit, enforce and prove payment of the Dissolution Distribution Amount applicable to the Sukuk as of the date on which the Sukukholders' Agent's Delegate received the notice of the Events of Default sent by the Sukukholders; and
- Submit claims and proofs, give receipts, take all actions and do all the things that the Sukukholders' Agent's Delegate deems appropriate to recover the Dissolution Distribution Amount from the Issuer.

In accordance with the Rules regulating SPE, the Issuer, in his capacity as the SPE, must comply with the provisions contained in the Bankruptcy Law and its Executive Regulations and notify the Authority in writing of the outcome of any action taken from the Bankruptcy Law within (14) days from the date of completion of the procedure. Members of the Board of Directors of SPE shall immediately notify the Authority, whether the date and time of the Sponsor's bankruptcy or the entity's bankruptcy. It should be noted that in case of the Sponsor's bankruptcy, the Entity's Sponsor will be changed after the approval of the Authority.

The Authority also imposes - whether on the Issuer or the Sponsor, as they own securities listed in the Market - procedures and requirements when applying for the initiation of a financial reorganization procedure in accordance with the Bankruptcy Law as follows:

The Issuer whose securities are listed in the Market must disclose to the Authority and the public immediately and without delay an independent announcement of any of the following developments - with an indication of their impact on the Issuer's financial position or the general course of its business -:

1. Issuance of the authorized person's decision by the Issuer to apply to the court in order to open the procedure for financial reorganization of the Issuer under the Bankruptcy Law.
 2. The Issuer receives notification from the court that a third party has applied to open the its financial reorganization procedure under the Bankruptcy Law.
 3. Recording the application to open the Issuer's financial reorganization procedure with the court under the Bankruptcy Law, with an explanation of the future steps and their timelines.
 4. Issuance of a court ruling/order refusing to initiate a financial reorganization procedure for the Issuer under the Bankruptcy Law, with an explanation of the reasons of that refusal.
 5. Issuance of a court ruling opening the financial reorganization procedure for the Issuer under the Bankruptcy Law, with clarification of the future steps and their timelines.
 6. Issuance of a court ruling terminating the Issuer's financial reorganization procedure under the Bankruptcy Law, or ending it and opening the procedure for liquidation or administrative liquidation of the Issuer under the Bankruptcy Law.
- a. The Issuer is obligated to disclose any material developments contained in the reports it submits within the financial reorganization procedure under the Bankruptcy Law unless the trustee, the bankruptcy committee or the competent authority consider them confidential based on paragraph (1) of Article 10 of the Executive Regulations of the Bankruptcy Law issued by virtue of Council Resolution No. (622) and dated 24/12/1439H (corresponding to 04/09/2018G).
 - b. The suspension of trading in the listed securities of the Issuer whose accumulated losses amounted to (50%) and more of its capital when the application to open a financial reorganization procedure was registered with the court and under the Bankruptcy Law.
 - c. The suspension of trading imposed under Paragraph (c) shall be lifted upon the issuance of the court's decision to open the financial reorganization procedure of the Issuer under the Bankruptcy Law, unless it was suspended from carrying out its activities by the relevant competent authority.
 - d. The suspension of trading imposed under Paragraph (c) shall continue when the court refuses to open the financial reorganization procedure of the Issuer under the Bankruptcy Law, until the end of the statutory periods stipulated in Article 150 of the Companies Law or the percentage of losses reduced to less than half of the paid-in capital before that.
 - e. The listing of the Issuer's listed securities shall be canceled in the event of a court ruling ending the financial reorganization procedure and opening the its liquidation or administrative liquidation procedure under the Bankruptcy Law.

In the event that trading in the Issuer or Sponsor's securities continues to be suspended, or the listed securities are cancelled, the legal status of the Issuer or Sponsor will be negatively affected as well as the interests of the Sukukholders and the Sponsor's shareholders.

2-3-2 Risks Related to Listing the Issuer's Sukuk in the Market

After the Sukuk are listed and offered in the Market, Sukuk Al Kathiri will become an entity with listed securities, which will result in the entity being subject to the Rules of Offering Securities, Continuing Obligations and Special Instructions issued by the Authority and the Listing Rules and Regulations issued by Tadawul Saudi Arabia, especially disclosing to investors the procedures that may affect the price of the Sukuk. In the event that the Issuer fails to comply with any of the laws and regulations to which entities that have securities listed in the Market are subject to, it may incur penalties such as suspending the trading of the Sukuk temporarily or canceling their listing, which will have a negative and material impact on the Sukukholders's interests.

2-3-3 Risks Related to the Issuer's Management

In accordance with the provisions of the Issuer's Bylaws and the Rules governing SPE, the trustee appoints the members of the SPE Board of Directors. Al-Khair Capital Saudi Arabia Company, in its capacity as the trustee/custodian of Sukuk Al Kathiri, has appointed the Board of Directors, and since this entity is newly established, potential Sukukholders will not be able to remedy and study its historical administrations because of its impact on the effectiveness of the investment decision. In the event that management fails to set plans and objectives that serve the proper functioning of the entity, this will have a negative impact on its business and performance.

2-3-4 Risks Related to the Issuer's Limited Resources

As of the date of this Prospectus, the Issuer does not own any assets and the Rules governing Special Purposes Entities (SPE) require that no assets may be transferred to the SPE for any purpose other than the issuance of debt instruments and investment units or to support the necessary activities to achieve its purposes.

2-3-5 Risks Related to the Issuer's Limited Activities

The purpose of the entity is specified under its Bylaws, which is to obtain financing by issuing debt-based instruments. In accordance with the rules regulating special purposes entities, the Entity does not engage in any activities other than the following:

1. Issuance of debt instruments in order to obtain financing.
2. Issuance of shares for incorporation purposes, provided that they are in the name of the trustee of the Special Purposes Entity (SPE).
3. Supporting activities necessary to achieve its objectives.

The Issuer is not able, under the imposed regulations, to engage in any commercial or operational activity to enhance its revenues, provided that this Entity is terminated with the expiry of the purpose for which it was established, and the Special Purposes Entity (SPE) must notify the Authority in writing of those fourteen (14) days prior to the date of its expiry.

In the event that the Entity violates the license granted to it to engage in activities it is not licensed to carry on, it will be in violation of the Market Law and Implementing Regulations, and the consequent possibility of being held accountable by the Authority, which will have a negative and material impact on its legal status and continuity as a SPE licensed by the Authority.

2-3-6 Risks Related to Compliance with the Rules for Special Purposes Entities (SPE)

According to the Rules For Special Purposes Entities (the "Rules") regulating the Issuer, as a SPE, must be authorized and meet the following conditions at all times:

1. To be established in accordance with these rules and to comply with all its relevant provisions.
2. Not to participate in any activity other than the following:
 - a. Issuance of debt instruments.
 - b. Issuance of shares for incorporation purposes, provided that they are in the name of the SPE trustee.
 - c. Support activities necessary to achieve its objectives.
3. The SPE shall have Bylaws that meets the requirements of these rules.

These rules prohibit the Issuer, as a SPE, from merging with another SPE or other legal person of any kind or transforming into a legal person in any other form.

Article (46) of these Rules stipulates that a person that deals with a special purposes entity is considered aware of the content and restrictions in these Rules and the special purposes entity's by-laws, but shall not be required to confirm the validity of the special purposes entity's internal proceedings

In the event that the entity violates these Rules and the Schedule No. (1) related to regulating the notifications that the entity must file before the Authority - like for example, conducting its activity after the expiry of the license period, or violating the notice period during which the Authority must be informed of any event mentioned in Schedule No. (1) and submitting the required documents - in violation of the Capital Market Law and its Implementing Regulations, and the consequent possibility of being held accountable by the Authority, which will have a negative and material impact on its legal status and continuity of the Issuer being an SPE licensed by the Authority.

2-4 Risk Factors Related to Sukuk

2-4-1 Risks Related to the Suitability of Investments

The Sukuk issued in Series under the Programme may not be a suitable investment for all investors. Potential investors in the Sukuk must determine the suitability of that investment in light of their own circumstances. In particular, potential investors should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk, the merits and risks of investing in the Sukuk and the information contained, or incorporated by reference, in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk and the impact that such investment may have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk, including where the currency of payment is different from the potential investor's currency;
- understand thoroughly the terms of the Sukuk and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The absence of any of the factors listed above may result in the investor entering into an investment that is not suitable for their financial situation and investment goals which will lead to adverse results or results that are contrary to their expectations or goals.

2-4-2 Risks Related to Legal investment considerations which may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) the Sukuk constitute legal investments for it; (b) the Sukuk can be used as collateral for various types of borrowing; and (c) other restrictions apply to any purchase or pledge of any Sukuk by the investor.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Sukuk under any applicable risk-based capital or similar rules and regulations to avoid breaching any laws and regulations or the provisions of contracts or agreements to which they are a party.

2-4-3 Risks Related to the Possibility of Certain Sukukholders Being Exposed to Currency Conversion Risks Due to the Sukuk being Denominated in Saudi Riyals

Payments to Sukukholders will be made in Saudi Riyals. If an investor's financial activities are principally denominated in a currency other than Saudi Riyals, it will be subject to certain currency conversion risks. These risks include: (a) the risk that exchange rates may significantly change (including changes due to the devaluation of the Saudi Riyal or revaluation of the investor's currency); and (b) the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls which could adversely affect an applicable exchange rate.

In recent years, exchange rates between certain currencies have been volatile and such exchange rate volatility may continue in the future. Any appreciation of an investor's currency relative to the Saudi Riyal would decrease the currency equivalent value of the Periodic Distribution Amounts payable in respect of the Sukuk in the investor's currency, the investor's equivalent value of the Sukuk Capital payable on the Sukuk, and the investor's currency equivalent market value of the Sukuk. In addition, exchange controls could adversely affect the availability of a specified foreign currency at the time of payment of amounts on Sukuk. As a result, investors may receive less than expected, or no payment at all.

2-4-4 Risks Related to Trading, Settlement and Listings

The Sukuk of any Series of issuance will be listed on Tadawul and deposited in the Securities Depository Centre, and as such the Sukuk will be traded, cleared and settled in accordance with the procedures applicable to listed debt instruments. However, there can be no assurance that there will be no interruption to, or errors in, trading, clearing or settlement of the Sukuk. Moreover, secondary trading

in the Sukuk market is limited and there can be no assurance that the Sukuk will be sold by the Sukukholders easily. The market value of the Sukuk may fluctuate. Consequently, any sale of Sukuk by Sukukholders in any secondary market may be at a price that is higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's performance and the market for similar securities or may not be possible at all.

The Arranger and Dealers are under no obligation to provide pricing on, or make a market in, the Sukuk. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Sukuk and an investor in the Sukuk must be prepared to hold the Sukuk for an indefinite period of time or until their maturity.

2-4-5 Risks Related to Qualified Persons

Prospective Sukukholders should note that the Sukuk are being sold only to Qualified Persons and that only Qualified Persons may be registered as Sukukholders. The Issuer shall not pay any additional amounts in respect of any withholding required by law to any person who holds Sukuk but is not a Qualified Person. Therefore, interested investors must ensure satisfaction of the requirements of being a Qualified Person to avoid such withholding or any other legal or regulatory consequences.

2-4-6 Risks Related to Registry Agreement

The Registry Agreement is required to complete registration of the Sukuk any Series with Tadawul and such registration is necessary to facilitate trading of the Sukuk by investors through Tadawul. However, as of the Closing Date, the Registry Agreement may not have been signed and registration of the Sukuk with Tadawul may not have occurred. As such, investors should be aware that trading of the Sukuk cannot occur through Tadawul as of the Closing Date. Under the Offer Agency Agreement, the Issuer is required to sign the Registry Agreement and procure registration of the Sukuk with Tadawul as soon as practicable and, in any event, no later than ten (10) Business Days after the Closing Date.

2-4-7 Risks Related to Secondary Market Generally

There is currently no established secondary market for the Sukuk related to any Series of Sukuk issuance, and there can be no assurance that an active secondary market will develop for the Sukuk after they are issued and listed on Tadawul. Any sale of Sukuk by Sukukholders in any secondary market that may develop may be at a lower price than the original purchase price of the Sukuk for various reasons including the possibility that such market may not be active for lack of liquidity. In addition, Sukuk may be sold only to Qualified Persons (as defined in the Conditions) and therefore any access to a secondary market that may develop will be limited to Qualified Persons. Therefore, Sukukholders may not be able to sell their Sukuk easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a material adverse effect on the market value of the Sukuk.

2-4-8 Risks Related to Pari Passu

The Issuer has existing secured and unsecured financial obligations and may incur further obligations in the future (either through the issuance of other debt instruments or otherwise). The Sukuk of any Series of Sukuk issuance will rank pari passu with the unsecured financial obligations of the Issuer. Secured creditors will take priority in recovering their exposure from the security granted to them. The existence of other financial obligations may reduce the amount recoverable by Sukukholders where the Issuer has no sufficient assets to satisfy its financial obligations or upon the occurrence of any other insolvency event. Accordingly, upon the occurrence of such events, there may not be a sufficient amount to satisfy the amounts owing to the Sukukholders which would result in the Sukukholders losing all or part of the amount invested in the Sukuk.

2-4-9 Risks Related to the Sukuk Being Unsecured Obligations of the Issuer

The Sukuk of any Series are not debt obligations of the Issuer. The Sukuk represent undivided interests in the Sukuk Assets. Recourse to any party in respect of the Sukuk is limited to the Sukuk Assets, including the Payment Obligations of that party, the proceeds of which are the sole source of payments on the Sukuk. Upon the occurrence of the Dissolution (liquidation) Date, the sole recourse of each Sukukholder will be against the Issuer to pay the Sukuk Capital under the Conditions and otherwise perform its obligations under the Sukuk Documents to which it is a party. The Sukukholders will otherwise have no other recourse to any assets of the Issuer, the

Arranger, the Payment Administrator, or the Sukukholders' Agent's Delegate (to the extent that the Sukuk Assets have been exhausted) or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts. There can be no assurance that the proceeds or the realisation of, or the enforcement with respect to, the Sukuk Assets and the Payment Obligations will be sufficient to make all payments due in respect of the Sukuk.

2-4-10 Risks Related to the Lack of a Third-Party Guarantees

Prospective investors should be aware that no guarantee is or will be given in relation to the Sukuk of any Series by the Issuer, Sponsor, Trustee or any other person. Therefore, Sukukholders must realize that if they do not receive the full Periodic Distribution Amount on the date of payment, after the Sponsor, Issuer, Sukukholders' Agent's Delegate and Payment Administrator have fulfilled all their obligations stipulated in the relevant Sukuk documents, to which they are parties, they will not have, i.e. the Sukukholders, the right of recourse against the Issuer unless the inability was directly caused by a default or negligence on the part of these parties in performing their obligations stipulated in the Sukuk documents.

2-4-11 Risks Related to Change of Law

The Terms and Conditions of the Sukuk of any Series in accordance with the Program are based on the Saudi Arabian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Saudi Arabian law or administrative practice after the date of this Prospectus which could affect the legal status of the Sukuk and therefore affect the Issuer's ability to make the relevant payments due in respect of the Sukuk.

2-4-12 Risks Related to Modifications, Exemptions and Substitutions

The Conditions include clauses relating to calling the Sukukholders to meetings to discuss matters affecting their interests in general. These clauses allow the specified majority to bind the rest of the Sukukholders, including Sukukholders who did not attend the meeting and did not vote, and Sukukholders who attended the meeting and voted opposite to the majority vote. The provisions in relation to any meeting and referred to in the Terms and the Sukuk Documents are, in their entirety, governed by the provisions of the Companies Law that transcend them.

2-4-13 Risks Related to Repaying the Sukuk Amount before the Due Date

In certain circumstances, the Sukuk may be subject to early redemption. If Optional Dissolution (Redemption) is determined to be applicable in the applicable Final Terms, the Issuer shall redeem the Sukuk (in whole, but not in part) on the relevant Optional Dissolution Date in the amount of the relevant Dissolution Distribution as specified in the applicable Final Terms. In addition, the Sukuk may be redeemed prior to its specified due date if the Issuer is or will be obligated to pay additional amounts to finance each Periodic Distribution Amount, any Installment Amount, any Partial Periodic Distribution Amounts or the relevant Dissolution Distribution Amount as per Condition (15) (Taxes). This obligation cannot be avoided by the Issuer taking the reasonable available measures. In such circumstances, the issuer can redeem the Sukuk before its specified due date. Early Dissolution in either cases may reduce the return that the Sukukholder would have realized had the Sukuk been redeemed on the expiry date.

The advantage of Early Dissolution of any Sukuk is likely to limit its market value. During any period in which the Issuer may choose to redeem the Sukuk, the market value of such Sukuk will generally not rise significantly over the Dissolution amount to be paid. This may also be true prior to any Dissolution Period. The Issuer may be expected to redeem the Sukuk when the cost of financing is less than the Sukuk's profit rate. Then, the investor will generally not be able to reinvest the redemption proceeds at an effective profit rate up to the profit rate of the Sukuk, and may only be able to do so at a much lower rate. Prospective investors should consider reinvestment risks in light of other investments available at the time.

2-4-14 Risks Related to Covering a Murabaha Transaction Associated with a Specific Series of Sukuk Only a Part of the Sukuk Basic Value

According to Terms and Conditions of the Sukuk documents, at least (51%) of the proceeds of each Series of Sukuk shall be invested in the Mudaraba Agreement (Mudaraba) where the Issuer acts as the Rab al Maal and the Sponsor as the Mudareb. The remaining amount, which should not exceed (49%) of the proceeds of the relevant Series of Sukuk, shall be used as the cost price in the Murabaha Transaction, where the Sukukholders' Agent's Delegate sells the commodities to the Sponsor (as the Purchaser) at a deferred price equal to (99%) of the Aggregate Nominal Amount of the Sukuk as on the relevant Issue Date (Murabaha Transaction).

Accordingly, investors should note that the Aggregate Nominal Amount of the Sukuk is not fully covered by the deferred price under the Murabaha Transaction (such a shortfall represents the relevant Nominal Amount).

With respect to this related Nominal Amount, investors will only resort to the returns on investment of the Mudaraba capital in the Mudaraba Transaction. To the extent that the Mudaraba suffers losses, such that its capital falls below the relevant Nominal Amount, the Sukukholders will not be entitled to receive the full Aggregate Nominal Amount of the relevant Series of Sukuk on maturity or redemption of the Sukuk.

In addition, investors should note that any profit generated by the Mudaraba during the term of the relevant Series of Sukuk that exceeds the Periodic Distribution Amounts, will not be distributed to Sukukholders or held as a reserve for their benefit, but will instead be reinvested in the Mudaraba. Therefore, the excess Mudaraba profits will become part of the Mudaraba assets and will therefore be subject to the Mudaraba performance in the same manner as the Mudaraba capital referred to above.

2-4-15 Risks Associated with the Payments relating the Sukuk

Prospective Sukukholders should note that the Periodic Distribution Amount or the Partial Periodic Distribution Amount on the relevant payment date will be paid from the Mudaraba Income. As soon as is reasonably practicable upon the occurrence of the Dissolution (liquidation) Date, the Issuer shall conduct a review (based on management accounts) of the Mudaraba Assets (as defined in the Conditions) for the period starting on the Closing Date and ending on the occurrence of the Liquidation Date. If, based on such review, the Issuer determines that any Mudaraba Profit relating to any relevant Periodic Distribution Period or partial Periodic Distribution Period, as the case may be, was greater than the actual Mudaraba Profit for such period, then the Issuer shall have the right to deduct any such shortfall from the monies (if any) standing to the credit of the Reserve. If the monies (if any) standing to the credit of the Reserve are insufficient to cover such shortfall, the Issuer shall have the right to set-off any such amount due from the Sukukholders against the Sukuk Capital to be paid to them by the Issuer pursuant to the Mudaraba Agreement.

2-4-16 Risks Related to Murabaha Contracts

a. Risks Related to Taxes

The Sponsor (the Purchaser) will, pursuant to the terms of the Master Murabaha Agreement (as defined in the Conditions) acquire from time to time Commodities from the Seller (each as defined in the Master Murabaha Agreement) for subsequent on-sale to independent purchasers in any commodity market. Upon purchasing, and prior to on-selling, any Commodities, the Purchaser will for a limited period assume the legal and beneficial title to the Commodities. It is possible that the acquisition of the Commodities, or the disposal thereof, may be, or may by virtue of a change in law become, subject to increased taxation. To the extent that taxation costs arise in respect of the Purchaser's acquisition, ownership or disposition of the Commodities, there may be a material adverse effect on the Purchaser's ability to perform its obligations (including payment obligations) under the Master Murabaha Agreements and, in turn, in respect of the Sukuk.

b. Risks Related to Price Fluctuation

The price at which a commodity changes hands is determined as a function of its market as a whole, and both under- and over-supply of a commodity can have significant implications for the price at which it is traded. If, after the Issuer has purchased any Commodities, the market for the Commodities becomes over-supplied or flooded, the price at which the Commodities can be on-sold or traded subsequently may be adversely affected. Similarly, if after the Issuer has purchased the Commodities, additional governmental or import or export licences become applicable to the market for the Commodities, the price at which the Commodities can be sold or traded subsequently may also be adversely affected. The effect of such price fluctuations may have a material adverse impact on the Issuer's ability to secure on-sale prices for the Commodities and, in turn, have a material adverse effect on the Issuer's ability to perform its obligations (including payment obligations) under the Murabaha contracts and, in turn in respect of the Sukuk.

c. Risks Related to Commodities

Upon purchasing Commodities from the Seller and prior to selling the Commodities to independent purchasers in any commodity market, the Issuer will for a limited period assume the operational risks associated with taking ownership of the Commodities. These risks include, without limitation:

- that the Commodities may suffer damage of a nature that reduces their value whilst in storage or during transit;
- that the Issuer's storage or transfer of the Commodities may cause environmental damage, such as pollution, leakage or contamination, which may breach environmental laws or regulations making the Issuer susceptible to legal or financial recourse;
- that the Commodities may be liable to theft or vandalism; and
- that the Commodities may be damaged by sabotage attacks, natural disasters, fire or other catastrophic events that are beyond the control of the Issuer.

To the extent that these risks are not mitigated, or fully covered, by any insurance taken out in respect of the Commodities, the occurrence of any of these events may have a material adverse effect on the value of the Commodities or the Issuer's ability to on-sell the Commodities which may, in turn, affect the Issuer's ability to perform its obligations (including payment obligations) under the Murabaha contracts and, in turn in respect of the Sukuk.

d. Risks Related to the Supplier

From time to time, it will be necessary for the Issuer to acquire and on-sell (at satisfactory prices) specific quantities and types of Commodities in order to meet its obligations under the Murabaha contracts and in respect of the Sukuk. The Issuer's ability to perform such obligations (including payment obligations) may be materially adversely affected in the event that the Issuer is unable to secure from Suppliers the requisite quantities or types of Commodities.

e. Risks Related to Mudaraba Assets

Pursuant to the Mudaraba Agreement, 51 per cent. of the proceeds of each Series of Sukuk will be directly invested (minus the available amount) in the activities of the Sponsor with a view to earning profit therefrom, which may in turn be applied towards payments due to Sukukholders in respect of the Sukuk. In the event that any of the risks relating to the business of the Sponsor mentioned above (please refer to Paragraph No. (2-1) "Risk Factors Related to Al Kathiri Holding Company's Activity and Operations" of Section No. (2) "Risk Factors" of this Prospectus), or otherwise materialise and impact the Sponsor's business, the value of and profit earned from the investment in such Mudaraba Assets may drop which may, in turn, have a material adverse effect on the Issuer's ability to fulfil its repayment obligations in respect of the relevant Series of Sukuk issuance.

f. Risks Related to the Lack of Assurance that the Sukuk will be Shari'ah-compliant

Prospective Sukukholders should note that different Shari'ah advisers, and Saudi courts and judicial committees, may form different opinions on identical issues and therefore prospective Sukukholders should consult their own legal and Shari'ah advisers to receive an opinion on the compliance of the Sukuk issuance Programme with Shari'ah principles. Prospective Sukukholders should also note that although Al-Khair Capital Saudi Arabia Company's shar'iah advisor issued pronouncements confirming that the Sukuk are in compliance with Shari'ah principles, such pronouncements would not bind a Saudi Arabian court or judicial committee, including in the context of any insolvency or bankruptcy proceedings relating to the Issuer or the Sponsor and any Saudi Arabian court or judicial committee will have the discretion to make its own determination about whether the Sukuk, the Sukuk Documents and the related structure (or any part thereof) complies with Saudi law and Shari'ah principles and therefore is enforceable.

Accordingly, no person (including, without limitation, the Issuer, the Sukukholders' Agent 's Delegate and the Arranger) make any representation that the Sukuk, the Conditions and any other Sukuk Document comply with Shari'ah principles and in particular no representation is made regarding the Shari'ah pronouncements issued by Al-Khair Capital Saudi Company's Sharia Advisor and the Sharia Advisor regarding the Sukuk, which pronouncements are subject to change and disagreement from other Shari'ah scholars. Accordingly, there is no assurance that the Sukuk will be considered to be Shari'ah compliant by any Person other than the members of the Sharia Advisor and the independent Sharia Advisor of Al Khair Capital Saudi Arabia.

g. Risks Related to Governing Law and Jurisdiction

Each Series of Sukuk issued under the Programme are governed by, and are to be construed in accordance with, the laws of the Kingdom, which are based on Islamic, or Shari'ah, law. There are a number of courts and judicial committees in the Kingdom which have jurisdiction in respect of certain types of claims. Disputes are generally heard before the general courts of the Kingdom unless

jurisdiction for a particular type of dispute is awarded to another court or judicial committee. Disputes of a commercial nature are resolved before the Grievances Board, the jurisdiction of which in relation to commercial disputes is currently subject to reform (as further discussed below). Disputes arising under the Capital Market Law of the Kingdom (issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended) and its implementing regulations (which is a set of rules, instructions and procedures issued by the Authority to implement the provisions of the Market Law) are heard before two special judicial bodies known as the Committee for the Resolution of Securities Disputes and the Appeal Committee for the Resolution of Securities Conflicts (the "Committees").

As per Condition 20 (Governing Law and Jurisdiction), the judicial authorities in the Kingdom (including the Committees in connection with disputes within the jurisdiction of the Authority and its implementing regulations) are likely to have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Sukuk Documents and the Sukuk. In addition, prospective Sukukholders should note that, to the best of the Issuer's knowledge, no securities of a similar nature to the Sukuk have previously been the subject of adjudicatory interpretation or enforcement in the Kingdom.

However, investors should also be aware that, generally, the courts and judicial committees of the Kingdom, including the Committees, have a wide discretion as to how principles of Islamic Shari'ah are applied to a particular set of circumstances and previous decisions of such courts and judicial committees are not considered as establishing binding precedents for deciding subsequent disputes. The decisions of the various courts and judicial committees of the Kingdom and Royal Decrees, ministerial decisions and resolutions, departmental circulars and other pronouncements of official bodies of the Kingdom which have the force of law are not generally or consistently indexed and collected in a central place or made publicly available.

Accordingly, it is uncertain exactly how and to what extent any Sukuk, the Conditions and/or the Sukuk Documents would be enforced by the Committees or, should circumstances dictate that they have jurisdiction, a Saudi Arabian court or any other Saudi Arabian adjudicatory body

h. Risks Related to the Effect of Complying with the Saudi Bankruptcy Law on the Issuer's Ability to Perform Its Obligations in Accordance with the Sukuk and Sukuk Documents

A new Bankruptcy Law was issued and published in the Kingdom on February 22, 2018G by Royal Decree No. M/50 dated 28/05/1439H (corresponding to 14/02/2018G) (Bankruptcy Law), which entered into force on 18/08/2018G.

In the event of the Issuer's bankruptcy, Saudi Bankruptcy Laws may adversely affect his ability to perform its obligations under the Sukuk documents to which it is a party. It is not possible to predict how claims will be settled by or on behalf of Sukukholders in the case of the Issuer's bankruptcy. Therefore, it is uncertain exactly how and to what extent the Sukuk documents will be enforced by a Saudi judicial body if this is the case. The judicial authority in the KSA should invalidate or cause this document, or any part of it, to be void, unenforceable or valid. Thus, there can be no guarantee that the Sukukholders will receive all of the lawsuit funds in these circumstances.

The Bankruptcy Law provides for various procedures with respect to preventive settlement, financial restructuring and administrative liquidation and stipulates, among other things, that provisions for the termination of the contract, which have been triggered as a result of certain bankruptcy proceedings, are generally void with the exceptions provided in connection with government contracts. Additional exceptions related to financing transactions will be determined by the Saudi Arabian Monetary Agency and the CMA, after communication and agreement with the Ministry of Commerce in the KSA. The bankruptcy Law also stipulates that a trustee may terminate the contract if such termination: (a) is in the interest of the majority of the creditors concerned; (b) will not harm the counterparty; and (c) is necessary to implement the relevant proposal.

The Bankruptcy Law is subject to the Implementing Regulations and cancels Articles 103-137 of the Commercial Courts Law issued pursuant to Royal Decree No. 32 dated 15/01/1350H (corresponding to 01/06/1931G), and Protective Settlement Law of Bankruptcy issued by Royal Decree No. M/16 dated 04/09/1416H (corresponding to 24/01/1996G) and any other provision that contradicts or violates the Bankruptcy Law.

The Implementing Regulations of the Bankruptcy Law issued pursuant to Ministerial Resolution No. 622 dated 24/12/1439H (corresponding to 04/09/2018G) and published in the Official Gazette on 30/12/1439H (corresponding to 10/09/2018G) (the Executive Regulations of the Bankruptcy Law) stipulates the rules and procedures of bankruptcy in the KSA.

The Implementing Regulations of the Bankruptcy Law provide that the debtor may (in connection with the preventive settlement) request the court to terminate any contract to which such debtor is a party, by submitting a report issued by a registered custodian proving that such termination: (a) is in the interest of the majority of the creditors concerned; (b) will not harm the counterparty;

and (c) protect the debtor's business. The court may, after accepting the request to open any of the liquidation procedures stipulated in the Bankruptcy Law, take some precautionary measures, at its discretion or at the request of the stakeholder, such as seizing the debtor's funds, whether these assets are held by the debtor or by third parties.

i. Risks Related to Events of Default

There is a risk that the courts and judicial committees of the Kingdom would not give effect to an event of default other than one consisting of the non-payment of due amounts.

j. Risks Related to Penalties and Indemnities

There is a risk that should any provision of the Sukuk Documents be construed by a court or judicial committee of the Kingdom to be an agreement to pay a penalty rather than a genuine estimate of loss incurred, such provision would not be enforced in the Kingdom. Further, any indemnity provided by the Issuer pursuant to the Sukuk Documents or in relation to any Series of Sukuk issuance may not be enforceable under the laws and regulations of the Kingdom to the extent that it (a) purports to be effective notwithstanding any judgment or order of a court to the contrary or (b) is contrary to any applicable law or public policy relating thereto

k. Risks Related to Tax Consequences in the Kingdom

The Sukukholders may be subject to payment of income tax, withholding tax, zakat or other taxation in the Kingdom as a result of acquiring, holding or disposing of the Sukuk. Each prospective Sukukholder must take its own professional advice as to the tax consequences for such Sukukholder of acquiring, holding or disposing of the Sukuk. For a further discussion of taxation and zakat issues relating to the acquisition, holding or disposal of the Sukuk, see section No. (18) "Tax and Zakat" of this Prospectus.



Information about the Market and Sector (3)



الكثيري القابضة

AI KATHIRI HOLDING COMPANY

3- Information about the Market and Sector

3-1 Market Overview

The data and information source contained in this Section are available to the public, and all sources were previously determined. The Sponsor's Board Members believe that the information and data included in this Prospectus are provided by reliable external parties. However, neither the Company nor its Board Members or Advisors have independently reviewed, double-checked or verified its accuracy or completeness. Therefore, there is no guarantee of the accuracy, completeness, or suitability of any information, and no one will bear responsibility about its accuracy or appropriateness.

a. The Saudi Economy Growth Rate is (11.8%) in Q2 2022G

According to rapid estimates made by the General Authority for Statistics, the real GDP of the Kingdom of Saudi Arabia has achieved an increase of 11.8% during the second quarter of 2022G compared to the second quarter of 2021G.

The seasonally adjusted real GDP increased by 1.8% in the second quarter of 2022G compared to the first quarter of the same year.

Source: Kingdom of Saudi Arabia - General Authority for Statistics 2022G - GDP During the Q2 2022G

b. The Industrial Production Index Increase by 24% in May 2022G

The industrial production index increased by 24% in May 2022G compared to the same month in 2021G, as it continued to achieve positive growth trends as a result of the increase in production in the three sub-activities: mining and quarrying, manufacturing, electricity and gas supply.

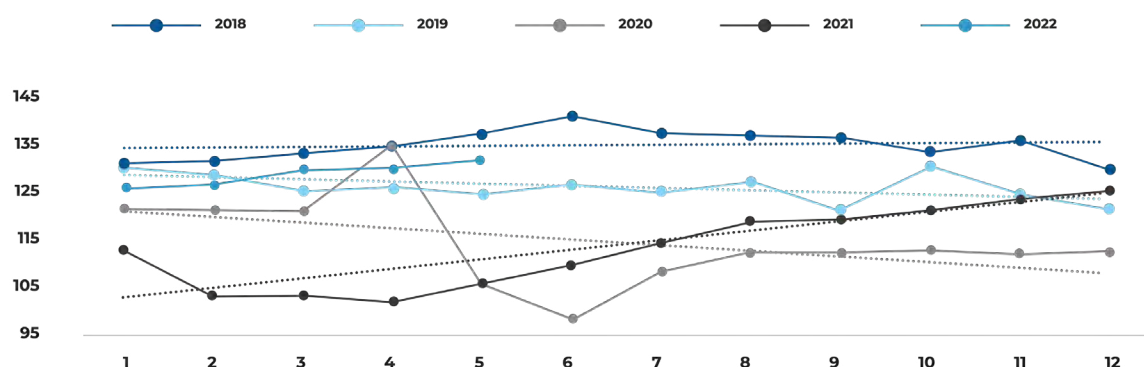
- **Clear Indications of the Industrial Production Recovery**

The annual growth rate in the industrial production index in May 2022G was (24%), which represents approximately the third highest annual growth rate during the last three years. Looking at the long-term, it can be noted that the growth of the industrial production index has become positive since May 2021G, and continued its upward trend during the following months, accelerating at the end of 2021G until now, after a series of months that witnessed negative growth rates in 2019G and 2020G, partially affected by the effects of the global COVID-19 Pandemic.

- **Mining and Quarrying Drives Industrial Production During May 2022**

The relative importance of mining, quarrying, manufacturing, and electricity and gas supply activities was (5.74%), (6.22%) and (9.2%), respectively. Thus, the trends of the industrial production index in mining and quarrying activity dominate the general trend in the industrial production index. In May 2022G, production in mining and quarrying activity increased by (3.23%) compared to the same month of 2021G, and the activity of the manufacturing industry continued to rise as the activity performance increased in May by (8.28%), compared to the same month of the previous year. The general index of industrial production grew by (2.1%) and was affected by the increase in mining and quarrying activity, which rose by (9.0%), as for the manufacturing industry activity, it showed positive growth rates by (2.0%). The activity of electricity and gas supplies also showed a rise by (9.24%), but due to the low weight of this activity in the index, it did not have a significant impact on the industrial production index.

Figure No. (1): The Industrial Production Index in 2022G Compared to Previous Years*



Source: Kingdom of Saudi Arabia - General Authority for Statistics 2022G - GDP, Q2 2022G

* Dotted lines show trends for 12 months.

c. The Real Estate Price Index Increased by 0.7% in Q2 2022G

The real estate price index increased by (0.7%) in Q2 2022G compared to the same quarter of 2021G affected by an growth in residential real estate prices by 1.9%. The decrease in commercial real estate prices by (1.5%) and agricultural properties by (0.6%) contributed to reducing the increase in the general index.

d. Annual Change: Saudi real estate prices inch up in Q2 due to rise in residential rates compared to the corresponding period last year

The Kingdom's annual residential real estate prices rose by (1.9%) in the second quarter of this year, reported GASTAT. This increase was fueled by a 2 percent increase in residential land prices, which weighed heavily on the general price index.

The price indices of Saudi apartments, villas and houses fell by (1.1%), (1.1%) and (0.9%), respectively. Still, the general price index of buildings did not record a significant change this quarter compared to the same quarter in 2021.

Commercial properties, on the other hand, saw a (1.5%) decrease in the annual price index and galleries by (1.1%), while the prices of commercial centers increased by (0.1%) and the prices of commercial buildings were stable and did not record any significant relative change in the second quarter of 2022.

The agricultural land price index saw a slight (0.6%) drop this quarter due to a decrease by (0.6%) in the prices of agricultural lands.

e. Real Estate Prices Increased by 0.3% on a Quarterly Basis

The general real estate price index increased by (0.3%) during Q2 2022G compared to Q1 2022G, affected by an increase in the residential sector prices by (0.5%). Among other residential properties, villa prices increased by (3.1%) and apartments by (1.2%). On the other hand, house prices fell by (0.1%) while the prices of residential buildings stabilized and did not record any significant relative change.

While the commercial sector recorded a decrease of (0.2%) due to the decrease in the prices of plots of land by (0.2%) and galleries prices by (1.4%). On the other hand, the prices of commercial centers increased by (0.1%), whereas the prices of commercial buildings have stabilized and no significant relative change has been recorded.

The prices of the agricultural sector also decreased by (0.1%) due to a drop in the prices of agricultural lands by (0.1%).



Table No. (2): Real Estate Price Index (2014=100): Index numbers and rates of change by sector and type of real estate, Q2 2022G

Sector and Type of Real Estate	Index numbers			Change Rate in Q2 2022G	
	Q2 2021G	Q1 2022G	Q2 2022G	Q2 2021G	Q1 2022G
Total Index Number	81.29	81.66	81.88	0.72	0.27
Residential	84.69	85.82	86.27	1.87	0.53
Land Plot	84.74	86.04	86.46	2.03	0.49
Building	91.06	91.06	91.08	0.03	0.03
Villa	86.29	82.78	85.34	-1.11	3.10
Apartment	82.50	80.62	81.58	-1.11	1.19
House	93.05	92.34	92.21	-0.90	-0.14
Commercial	73.40	72.47	72.30	-1.50	-0.25
Land Plot	73.30	72.37	72.20	-1.51	-0.25
Building	102.16	102.16	102.16	0.00	0.00
Gallerie / Shop	90.14	90.42	89.18	-1.07	-1.38
Commercial Center	102.43	102.43	102.52	0.09	0.09
Agricultural	93.20	92.75	92.63	-0.61	-0.12
Agricultural Land	93.20	92.75	92.63	-0.61	-0.12

Source: Kingdom of Saudi Arabia - General Authority for Statistics 2022G - Real estate price index for Q4 2022G



**Background about Sukuk Al
Kathiri and the Nature of its
Business
(4)**



الكثيري القابضة

AI KATHIRI HOLDING COMPANY

4- Background about Sukuk Al Kathiri and the Nature of its Business

4-1 About Sukuk Al Kathiri

Sukuk Al Kathiri (SPE: Special Purposes Entity) was established under CMA License No. (SPE00034) dated 12/05/1443H (corresponding to 16/12/2021G), provided that its validity extends for a period of five (5) years, for the purpose of issuing debt instruments based on the Islamic principles of Murabaha and Mudaraba.

The head office is located in the city of Riyadh, Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - 13523 - Riyadh 3158, KSA.

4-2 Date of Incorporation of Sukuk Al Kathiri

- On 27/02/1443H (corresponding to 04/10/2021G), Al Kathiri Holding Company's Board issued its Resolution No. (2021-30) approving the establishment of a programme for the issuance of up to SAR500,000,000 in aggregate nominal amount of Sharia-compliant Sukuk (the Programme) for the purposes of its general business and to meet its financial and strategic objectives, through a public offering in the stock exchange market to be conducted through a Special Purposes Entity (SPE).
- On 25/04/1443H (corresponding to 11/30/2021G), Al Kathiri Holding Company - in its capacity as the Sponsor - submitted an application to the Capital Market Authority to establish a special purposes entity under the name of "**Sukuk Al Kathiri**".
- On 03/05/1443H (corresponding to 07/12/2021G), the By-laws of Sukuk Al Kathiri was attested and notarized.
- On 12/05/1443H (corresponding to 16/12/2021G), the Capital Market Authority granted a license to establish the special purpose entity of AlKathir by the virtue of the license number (SPE00034) issued under the name of "**Sukuk Al Kathiri**" for the purpose of issuing debt instruments based on debts. Al Kathiri Holding Company will act as the Sponsor and Al-Khair Capital Saudi Arabia has been appointed as the Trustee of the SPE. The CMA license is valid for a period of five (5) years.

4-3 Sukuk Al Kathiri's Activities

According to Article (4) of the By-laws:

1. The purpose of the SPE (Sukuk AlKathiri) is to obtain financing by issuing debt-based debt instruments.
2. The SPE (Sukuk AlKathiri) shall not engage in any activity other than the following:
 - a. issuing of debt instruments.
 - b. issuing shares for establishment purposes, provided that the shares are in the name of the Trustee of the SPE (Sukuk AlKathiri).
 - c. ancillary activities necessary to achieve its purposes

According to the CMA license the SPE is allowed to issue debt instruments based on debt (DEBT-BASED RECOURSE DEBT INSTRUMENTS).

4-4 Sukuk Al Kathiri's Board of Directors (BoD or Board)

According to Article Five (5) of By-laws, the SPE (Sukuk AlKathiri) must have at least (2) board members, and the maximum number of board members should be four (4) members. A board member is appointed or removed by a decision issued by the Trustee of the SPE (Sukuk AlKathiri).

On 12/03/1443H (corresponding to 10/18/2021G.), the members of the Board of Directors of Sukuk Al Kathiri were appointed as follows:

Table No. (3): Sukuk Al Kathiri BoD Members

Board Members and Secretary*									
Name	Position	Nationality	Age	Membership Status	Membership Date	Owned Shares			
						Direct	Indirect**	Total	(%)
Saud Mohammad Abdullah Al Shuraym	Chairman	Saudi	32	Non-Executive	12/05/1443H (corresponding to 16/12/2021G)	-	-	-	-
Meshaal Mohammad Nasser Al Kathiri	Vice-Chairman	Saudi	38	Executive	12/05/1443H (corresponding to 16/12/2021G)	4,909,953	43.44%	-	4,909,953
Adel Ibrahim Mohammad Al Kathiri	Board Member	Saudi	49	Non-Executive	12/05/1443H (corresponding to 16/12/2021G)	-	-	-	-
Board Secretary									
Khaled AbulMohsen AbdulRahman Al Khayyal	Board Secretary	Saudi	60	Non-Executive	12/05/1443H (corresponding to 16/12/2021G)	-	-	-	-

Source: Sponsor

On 12/05/1443H (corresponding to 16/12/2021G), the board members of Sukuk Al Kathiri (mentioned above) are appointed for the Board's first term.

** A BoD member is categorized an "**Executive Member**" when he is a member of the Executive Management of the SPE and participates in its daily management or receives a salary in return. As for the "**Non-executive Member**", he is a BoD member who is not full-time to manage the entity or does not receive a salary, except for his membership's remuneration in the Board and committees.

**** Indirect ownership means the shares indirectly owned by the Board members or shareholders through their ownership in companies owning shares in the company. As at the date of this Prospectus, none of the Board members has any indirect ownership in Al Kathiri Holding Company.

The above-mentioned BoD Members of Sukuk Al Kathiri occupy managerial positions in other companies as follows:

1. Chairman of the Board of Directors of Sukuk Al Kathiri Saud Muhammad Abdullah Al Shuraym

Table No. (4): Details of the current and previous Board membership positions for Mr. Saud Muhammad Abdullah Al Shuraym as the Chairman of Sukuk Al Kathiri

Entity Name	Legal Entity	Position	Membership Date	Membership Expiry Date	Business Activity Sector of the Entity
Leen Al Khair Co.	Closed Joint Stock Company (CJS)	Partner & Chairman	2019G	To Date	Import & Export of Agricultural Products
Al Kathiri Holding Co.	Public Joint Stock Company (PJS)	Board Member	2017G	To Date	Management of Subsidiaries
Agricultural Platform Co.	Closed Joint Stock Company (CJS)	Chairman	2019G	To Date	Marketing of Agricultural Products
AICTEC	Public Joint Stock Company PJS	Board Member	2021G	To Date	Information and communications technology (ICT)

Source: The Sponsor

2. Vice Chairman of the Board of Directors of Sukuk Al Kathiri Meshal Muhammad Nasser Al Kathiri

Table No. (5): Details of other current and previous Board membership positions for the Board Vice Chairman of Sukuk Al Kathiri Meshal Muhammad Nasser Al Kathiri

Entity Name	Legal Entity	Position	Membership Date	Membership Expiry Date	Business Activity Sector of the Entity
Leen Al Khair Co.	Closed Joint Stock Company (CJS)	Chairman	2019G	To Date	Import & Export of Agricultural Products
Al Kathiri Holding Co.	Public Joint Stock Company (PJS)	Board Member	2017G	To Date	Management of Subsidiaries
Agricultural Platform Co.	Closed Joint Stock Company (CJS)	Chairman	2019G	To Date	Marketing of Agricultural Products
AICTEC	Public Joint Stock Company PJS	Vice Chairman	2021G	To Date	Electronic security and information technology services
Alian Industry Co.	Closed Joint Stock Company (CJS)	Delegate Board Member	2021G	To Date	Manufacture and sale of ready-mix concrete and modern building techniques

Source: The Sponsor

3. Board Member of Sukuk Al Kathiri, Adel Ibrahim Muhammad Al Kathiri

Table No. (6): Details of other current and previous Board membership positions for Board Member of Sukuk Al Kathiri Adel Ibrahim Muhammad Al Kathiri

Entity Name	Legal Entity	Position	Membership Date	Membership Expiry Date	Business Activity Sector of the Entity
Alian Industry Co.	Closed Joint Stock Company (CJS)	Chairman	2021G	To Date	Manufacture and sale of ready-mix concrete and modern building techniques
Al Kathiri Holding Co.	Public Joint Stock Company (PJS)	Board Member	2017G	To Date	Management of Subsidiaries

Source: The Sponsor

4-5 Summary of Employment Contracts

No employment contracts have been entered into between Sukuk Al Kathiri and any of its Board members.

4-6 Declarations of Sukuk Al Kathiri's Directors

The members of the Board of Directors, to the best of their knowledge and belief, declare the following:

- they have not at any time been declared bankrupt or been subject to bankruptcy proceedings;
- None of the companies in which any of the Directors has been employed in a managerial or supervisory capacity, were declared insolvent or bankrupt during the past five years preceding the date of this Prospectus.
- Except for what was disclosed in Table No.(4) "**Members of the Board of Directors of Al Kathiri Holding Company**", where the Board's Vice Chairman of Sukuk Al Kathiri Mr. Meshal Muhammad Nasser Al Kathiri owns shares in Al Kathiri Holding Company (4,909,953 shares representing 43.44% of the total shares), neither the Directors of the Issuer, and the Secretary, nor their relatives have any shareholding or interest (directly or indirectly) of any kind in the Sukuk, the Sponsor or its subsidiaries.



Background about AI Kathiri Holding Company (5)



الكثيري القابضة

AI KATHIRI HOLDING COMPANY

5- Background about Al Kathiri Holding Company

5-1 About Al Kathiri Holding Company

Al Kathiri Holding Company (the "**Sponsor**"), it was initially established as a sole proprietorship by its owner Mohammed Nasser Mohammed Al-Kathiri under the name "**Mohammed Nasser Mohammad Al Kathiri Contracting Establishment**" and was registered in the Commercial Register under a registration certificate bearing the number (1010255690) and dated 29/08/1429H (corresponding to 31/08/2008G). On 14/06/1435H (corresponding to 14/04/2014 G), the establishment was converted to a limited liability company (LLC) with the entry of a new partner, Meshal Muhammad Nasser Al-Kathiri and its trade name was altered to become "**Al Kathiri Holding Company**". Following this, Al Kathiri Holding Company was converted from a limited liability company to a closed joint stock company (CJS) pursuant to Ministerial Resolution No. (Q/171) dated 09/06/1438H (corresponding to 08/03/2017G). On 5/10/1438H (corresponding to 09/07/2017G), AlKathiri Holding was converted to a public joint stock company and its shares were listed on the Parallel Market (Nomu). On 06/03/1441H (corresponding to 03/11/2019G), Al Kathiri Holding Company was transferred from the Parallel Market (Nomu) to the Main Market (TASI) and its shares were listed and traded on TASI.

The head office of Al Kathiri Holding Company is located on 3518 - Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - Unit No. (13) & (19) - Riyadh 13523 - 6695.

5-2 Date of Incorporation of Al Kathiri Holding Company

- On 29/08/1429H (corresponding to 30/08/2008G), Al Kathiri Holding Company was established as a sole proprietorship owned solely by Mr. Mohammed Nasser Mohammed Al Kathiri and operating under the trade name of "Mohammed Nasser Mohammed Al Kathiri Contracting Establishment" having its Commercial Registration certificate number (1010255690) on 29/08/1429H (corresponding to 31/08/2008G).
- On 25/05/1435H (corresponding to 26/03/2014G), the establishment was converted to a limited liability company with the entry of a new partner, Mr. Meshal Muhammad Nasser Al Kathiri, pursuant to the Articles of Association (converting the establishment to company) which was duly attested and notarised by the Notary Public at the Ministry of Commerce in Riyadh pursuant to register No. (35734552), dated 08/06/1435H (corresponding to 08/04/2014G).
- On 08/06/1438H (corresponding to 07/03/2017G), a shareholders resolution was issued and attested by the notary public in charge at the Ministry of Commerce pursuant to record No. (38895739) for the year (1438H) amending the articles of association effecting changes of shareholders and an increase in the paid up capital from five million (5,000,000) Saudi riyals to twenty-seven million and three hundred thousand (27,300,000), Saudi riyals and the conversion of the company from a limited liability company to a closed joint-stock company, while keeping the same name and commercial registration number of the company.
- On 09/06/1438H (corresponding to 08/03/2017G), Ministerial Resolution No. (Q/171) was issued approving the conversion from a limited liability company to a closed joint stock company.
- On 14/06/1438H (corresponding to 13/03/2017G), the conversion assembly meeting approved the conversion from a limited liability company to a closed joint stock company, its Bylaws, and the appointment of the company's first board of directors for a period of five (5) years.
- On 15/06/1438H (corresponding to 14/03/2017G), Ministerial Resolution No. (181) was issued declaring the completion of the conversion procedure and the approval of the conversion from a limited liability to a closed joint stock company.
- On 28/08/1438H (corresponding to 24/05/2017G), the (Extraordinary) General Assembly approved the capital increase from twenty-seven million three hundred thousand (27,300,000) riyals to thirty-one million, three hundred and ninety-five thousand (31,395,000) Saudi riyals. The increase was conducted via issuance of four hundred nine thousand five hundred (409,500) shares and offering them in the Parallel Market to qualified investors.
- On 15/10/1438H (corresponding to 09/07/2017G), the company's shares were listed on the Saudi Stock Exchange and the company was converted into a Saudi public joint stock company.
- On 05/12/1439H (corresponding to 16/08/2018G), the (Extraordinary) General Assembly approved an increase in the company's capital from thirty-one million, three hundred and ninety-five thousand (31,395,000) Saudi riyals to thirty-seven million six hundred and seventy-four thousand (37,674,000) riyals and an increase in the number of shares from three million, one hundred and thirty-nine thousand and five hundred (3,139,500) shares to three million seven hundred and sixty-seven thousand and four hundred (3,767,400) shares, with an increase of (20%), through a bonus shares through capitalization of an amount of six million two hundred and seventy-nine thousand (6,279,000) Saudi riyals from the retained earnings account and the statutory reserve.
- On 18/08/1440H (corresponding to 23/04/2019G), the (Extraordinary) General Assembly approved an increase in the company's capital from thirty-seven million, six hundred and seventy-four thousand (37,674,000) Saudi riyals to become forty-five million two

hundred and eight thousand eight hundred (45,208,800) Saudi riyals, and an increase in the number of shares from three million seven hundred and sixty-seven thousand and four hundred (3,767,400) shares to four million five hundred twenty thousand eight hundred and eighty (4,520,880) shares, by capitalizing an amount of seven million, five hundred and thirty-four thousand and eight hundred (7,534,800) Saudi riyals from the remaining profit account by granting one bonus share for every five owned shares.

- On 29/02/1441H (corresponding to 28/10/2019G), Tadawul approved the company's request to transfer from the Parallel Market (Nomu) to the Main Market (TASI), and on 06/03/1441H (corresponding to 03/11/2019G), the company was transferred and its shares began trading in the Main Saudi Market (TASI).
- On 18/02/1442H (corresponding to 05/10/2020G), the (Extraordinary) General Assembly of shareholders approved an increase in the company's capital via rights issue from forty-five million two hundred and eight thousand and eight hundred (45,208,800) Saudi riyals to become ninety million four hundred and seventeen thousand six hundred (90,417,600) Saudi riyals, by offering and listing rights shares of four million five hundred twenty thousand eight hundred and eighty (4,520,880) shares.
- On 13/11/1442H (corresponding to 23/06/2021G), the (Extraordinary) General Assembly approved an increase in the company's capital from ninety million four hundred and seventeen thousand six hundred (90,417,600) Saudi riyals to become one hundred and thirteen million twenty-two thousand (113,022,000), with a rise of (25%) and an augmentation in the number of shares from nine million and forty-one thousand seven hundred and sixty (9,041,760) shares to eleven million, three hundred and two thousand and three hundred (11,302,300) shares, by granting bonus shares (1 share for every 4 shares) and capitalizing the amount of twenty-two million six hundred and four thousand four hundred (22,604,400) Saudi riyals.
- On 27/02/1443H (corresponding to 04/10/2021G), the Board of Directors of Al Kathiri Holding Company decided to issue a local Sharia-compliant Sukuk Programme in Saudi riyals - for the purposes of general trading and to meet its financial and strategic objectives through a public offering in the Saudi market.
- The current capital of the company amounts to one hundred and thirteen million twenty-two thousand (113,022,000) riyals, divided into eleven million, three hundred and two thousand (11,302,200) nominal shares of equal value, the value of each of which is ten (10) Saudi riyals, all of which are ordinary shares.

5-3 Description and Organizational Chart of the Group of Al Kathiri Holding Company

Al Kathiri Holding Company has two subsidiaries:

- (1) Alian Industry Company (Closed joint stock company); and
- (2) Msnadh Alemdad Limited Company

5-3-1 About Alian Industry Company

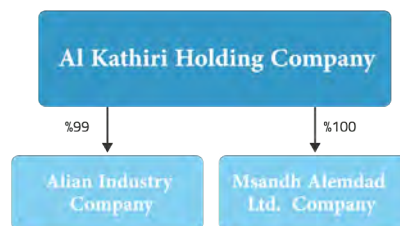
- Alian Industry Company was established as a one-person company (limited liability company) following the spin off of a Branch office of AlKathiri Holding Company and its conversion to a One Person Company under the trade name "**Alian Industry Company**" with commercial registration certificate No. (1010442592) dated 05/06/1437H (corresponding to 14/03/2016G) and is wholly owned by Al Kathiri Holding. The paid up capital is five hundred thousand (500,000) Saudi riyals divided into fifty thousand (50,000) cash shares of equal value.
- On 05/05/1442H (corresponding to 20/12/2020G), the company's sole shareholder "**Al Kathiri Holding Company**", decided to increase the capital from five hundred thousand (500,000) Saudi riyals to ten million (10,000,000) Saudi riyals, in accordance with the amended Articles of Association duly attested and notarized by the Notary Public in Riyadh under record No. (17086) and dated 05/05/1442H (corresponding to 20/12/2020G).
- On 25/08/1442H (corresponding to 07/04/2021G), the company's sole shareholder "**Al Kathiri Holding Company**", decided to transfer parts of his shares to a new partner and agreed to convert the company from a limited liability company to a closed joint stock company, in accordance with the shareholders' resolution duly attested and notarized by the Notary Public in Riyadh pursuant to record No. (100004246) and dated 25/08/1442H (corresponding to 07/04/2021G)
- On 26/08/1442H (corresponding to 08/04/2021G), Ministerial Resolution No. (291) was issued approving the license of the conversion of "**Alian Industry Company**" from a one-person limited liability company to a (closed joint stock company).
- On 29/08/1442H (corresponding to 11/04/2021G), the conversion assembly was held representing the entire capital of ten million (10,000,000) riyals which was wholly subscribed hereof and the company's Bylaws was approved by the shareholders.
- On 30/08/1442H (corresponding to 12/04/2021G), Ministerial Resolution No. (295) was issued approving the announcement of the conversion of "**Alian Industry Company**" from a one-person limited liability company to a closed joint stock company.
- On 21/09/1442H (corresponding to 03/05/2021G), the Board of Directors issued its recommendation to register the company's shares for the purpose of direct listing in the Parallel Market (Nomu). On 12/10/1442H (corresponding to 24/05/2021G), the Ordinary General Assembly approved the recommendation of the Board of Directors with respect to the direct listing of its shares in the Parallel Market.

5-3-2 About Msandh Alemdad Limited Company

Msandh Alemdad Limited Company was established as a one-person company (with limited liability) by "**Al Kathiri Holding Company**", the owner of the entire capital. The value of the company's capital upon establishment amounted to one hundred thousand (100,000) Saudi riyals. The Articles of Association was registered with the Notary Public by deed No. (39948414) dated 23/06/1439H (corresponding to 11/03/2018G), and the company was registered in the Commercial Registry in Riyadh with the number (1010945513) dated 23/06/1439H (corresponding to 11/03/2018G).

On 03/05/1442H (corresponding to 27/12/2020G), the shareholders decided to increase the paid up capital from one hundred thousand (100,000) Saudi riyals to one million (1,000,000) Saudi riyals through the issuance of new shares which were totally subscribed and the amount of the increase was deposited in the bank.

Figure No. (2): Organizational Structure of the Group



5-4 General Nature of the Business Operations of Al Kathiri Holding Company and Its Two Subsidiaries

- Al Kathiri Holding Company carries out the activities provided in its Commercial Registration certificate No. (1010255690) dated 29/08/1429H (corresponding to 30/08/2008G) which allows the company to carry out the following activities: managing the subsidiaries of the holding companies, owning industrial property rights to the holding companies' subsidiaries, and leasing industrial property rights to subsidiaries and holding companies.

Article Three (3) of the Bylaws stipulated the objectives of Al Kathiri Holding Company as follows:

- Manage its subsidiaries, or participate in the management of other companies in which it contributes and provides the necessary support.
 - Invest money in shares and other securities.
 - Own real estate and movables necessary to carry out its activity.
 - Own industrial property rights of patents, commercial and industrial trademarks, franchises and other intangible rights, exploiting them, and renting them to its subsidiaries or others.
- As for Alian Industry Company, according to the Commercial Registration Certificate No. (1010442592) dated 05/06/1437H (corresponding to 14/03/2016G) the company is authorized to carry out the following activities: manufacture of hollow and paid cement blocks - production of ready-mix concrete - manufacture of additives and plasticizers for concrete - manufacture of ready-mix and dry mixed-use concrete - manufacture of window frames of concrete or cement - manufacture of types of asbestos or cement Cellulosic lime - manufacture of building materials produced from plant materials and agglomerated by cement.

Pursuant to Article Three (3) of Alyan Industry Company's Bylaws, the company carries out the following activities:

- Manufacturing industries
- Construction and building
- Agriculture, forestry and fishing
- Mining and quarrying
- Supply of electricity, gas, steam and air conditioning
- Water supply and sanitation activities, waste management and treatment
- Wholesale and retail trade and repair of motor vehicles and motorcycles
- Transportation and storage

9. Accommodation and food service activities
10. Information and Communication
11. Real estate activities
12. Administrative and support services
13. Arts, Entertainment and Leisure
14. Other services activities

The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities.

- As for Msnadh Alemdad Ltd., it carries out its activities under the Commercial Registration certificate No. (100945513) dated 23/06/1439H (corresponding to 11/03/2018G) which allows it to carry out the general construction of residential buildings -general construction of non-residential buildings including (schools, hospitals, hotels...) - public construction of government buildings - construction of prefabricated buildings on sites - renovation of residential and non-residential buildings).

In accordance with Article Three (3) of the amended AoA, the objectives of the company are as follows:

1. Real estate activities in owned or leased properties.
2. Real estate activities on fee or contract basis.
3. Architectural engineering activities and related technical advisory services.
4. Specialized design activities.
5. Other professional, scientific and technical activities not classified in another subject.
6. Construction of buildings.
7. Construction of utility projects.
8. Construction work related to other civil engineering projects.
9. Site preparation.
10. Electrical installations.
11. Plumbing, heating and air conditioning works.
12. Other structural fittings.
13. Completion and finishing of buildings.
14. Other specialized construction activities.
15. Exploitation of quarries to extract stones, sand and shavings.
16. General cleaning of buildings.
17. Building cleaning and other industrial cleaning activities.
18. Integrated office management services activities.
19. Organizing conferences and trade fairs.
20. Software deployment.
21. Telecommunication activities.
22. Wireless activities.
23. Other communication activities.
24. Computer consultancy activities and computer facility management.
25. Data processing, web hosting and related activities.
26. Activities of other information services not classified in another topic.
27. Ground transportation of goods.

For more information about the licenses and permits obtained by the Group in order to carry out its activities, please see paragraph No. (11-4) "**Licenses and Permits Obtained by the Sponsor and Its Two Subsidiaries**" from Section (11) "**Legal Information**" of this Prospectus.

The following table sets forth the Group's revenue in detail and by sectors as of December 31, 2019G and 2020G and 2021G:

Table No. (7): Group Revenue Data

Sectors	Company Revenue Data					
	2019G		2020G		2021G	
	The Value	The Ratio	The Value	The Ratio	The Value	The Ratio
Cement Sales	39,452,021	44.09%	34,176,305	32.72%	23,053,591	17.9%
Concrete Factory Revenue	36,066,966	40.32%	39,384,595	37.71%	64,120,135	49.79%
Government Contracts Revenue	7,323,337	8.19%	38,135	0.04%	0	0%
Pebbles and Washed Sand Revenue	3,070,996	3.43%	29,030,531	27.8%	38,006,430	29.51%
Special Projects Revenue	3,552,500	3.97%	0	0%	3,597,038	2.8%
Transportation Revenue	0	0%	1,809,289	1.73%	0	0%
Total Revenues	89,465,820	100%	104,438,855	100%	128,777,194	100%

Source: The Sponsor

- As of the date of this Prospectus, the Group does not have any business activities outside the Kingdom.
- As of the date of this Prospectus, Al Kathiri Holding Company has no specific or written policies regarding research and development of new products.
- Board members of Al Kathiri Holding Company declare that they do not intend to conduct a substantial change in nature of the company's business.

5-5 Employees of Al Kathiri Holding Company

- According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Sponsor's workforce is composed of: (15) workers/employees, among them (7) Saudis and (8) non-Saudis. The percentage of Saudization at Al Kathiri Holding Company, as of the date of this Prospectus, is (38.89%) which is classified as a small entity (category B) within the range (low green).
- As for the subsidiary Alian Industry Co., the number of employees in its main branch is (100) employees/workers, including (30) Saudis and (70) non-Saudis, and the rate of Saudization is (24.06%) which is classified as a medium entity (category C) and falls under the category (high green).
- The subsidiary, Msandh Alemdad Ltd. Co., employs (76) employees/workers, (15) Saudis and (65) non-Saudis. Its Saudization rate, as of the date of this Prospectus, is (21.21%) which is classified as a medium entity (Class A) that falls within the category (high green).

The following two tables set forth the employees' distribution of Al Kathiri Holding Company and its two subsidiaries, Alian Industry Company and msnadh Alemdad Ltd. Co., for the years 2019G, 2020G, 2021G, and 2022G.

Table No. (8): Distribution of employees of Al Kathiri Holding Company and its two subsidiaries by nationality

Al Kathiri Holding Company	2019G		2020G		2021G		July 2022G	
	No.	%	No.	%	No.	%	No.	%
Saudis	11	11.22%	13	16%	7	17%	7	50%
Non-Saudis	87	88.78%	70	84%	34	83%	7	50%
Total	98	100%	83	100%	41	100%	14	100%

Alian Industry Company	2019 AD	2020 AD	2021 AD	July 2022 AD	2019 AD	2020 AD	2021 AD	July 2022 AD
	The number	The percentage	The number	The percentage	The number	The percentage	The number	The percentage
Saudis	5	8.196%	11	19.92%	27	22.88 %	53	24.6%
Non-Saudis	56	91.80%	68	86.07%	91	77.11 %	163	75.4%
Total	61	100%	79	100%	118	100%	216	100%

Msnadh Alemdad Ltd. Co.	2019 AD	2020 AD	2021 AD	July 2022 AD	2019 AD	2020 AD	2021 AD	July 2022 AD
	The number	The percentage	The number	The percentage	The number	The percentage	The number	The percentage
Saudis	4	11.7%	5	11.9%	11	18.96%	18	18.9%
Non-Saudis	32	88.23%	37	88.1%	47	81.04%	77	81.1%
Total	34	100%	42	100%	58	100%	95	100%

Source: The Sponsor

Table No. (9): Employees Distribution of Al Kathiri Holding Company and its two subsidiaries according to departments and Nationality

Al Kathiri Holding Company								
Administration	2019G		2020G		2021G		July 2022G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Executive Management	3	2	3	1	1	1	1	1
HR	2	1	3	1	2	1	1	1
Development Management	1	2	1	0	1	1	1	1

Al Kathiri Holding Company								
Administration	2019G		2020G		2021G		July 2022G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Sales	1	12	2	5	1	5	1	1
Legal Affairs	1	0	1	0	1	0	1	0
Financial Management	1	6	2	5	0	5	1	1
Operating and Maintenance	1	63	0	57	0	20	0	1
Shareholders Relations	1	1	1	1	1	1	1	1
Total	11	87	13	70	7	34	7	7
Alian Industry Company								
Administration	2019G		2020G		2021G		July 2022G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Executive Management	1	0	2	1	3	2	4	3
HR	1	0	4	0	8	1	8	2
Sales	0	4	1	5	2	5	6	11
Financial Management	1	2	1	2	3	5	7	6
Purchase Management	1	2	1	2	2	3	5	5
Factories	1	45	2	58	9	75	23	136
Total	5	53	11	68	27	91	53	163
Msnadh Alemdad Co., Ltd.								
Administration	2019G		2020G		2021G		July 2022G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Executive Management	1	0	1	1	1	1	1	1
HR	1	0	1	0	4	0	3	0

Msnadh Alemdad Co., Ltd.								
Administration	2019G		2020G		2021G		July 2022G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Sales	1	8	0	9	2	10	3	9
Financial Management	0	1	1	2	1	2	3	3
Information Technology	1	0	1	1	1	1	1	1
Operation and Activity	0	23	1	24	2	23	4	29
Project Management	0	0	0	0	0	10	3	34
Total	4	32	5	37	11	47	18	77

Source: The Sponsor

- As of the date of this Prospectus, there has been no interruption in the Group's business operations that may substantially impact the financial condition during the last year.



Organizational Structure of Al Kathiri Holding Company (6)



الكثيري القابضة

AI KATHIRI HOLDING COMPANY

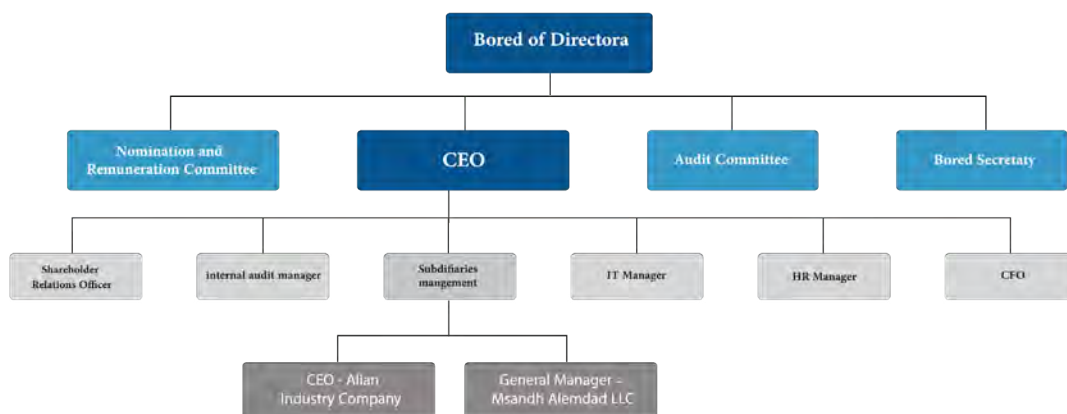
6- Organizational Structure of Al Kathiri Holding Company

6-1 Organizational Structure

The company has an organizational structure that determines the division of administrations and the distribution of powers and work. The main management structure consists of the BoD and a team of executives (Executive Management). The organizational structure is headed by the BoD with the cooperation of the Executive Management, which is responsible for supervising the company's daily activities. The Board is also responsible for setting comprehensive plans and strategies and their respective main objectives, as well as directing and controlling the performance of the company's Executive Management, and proposing appropriate decisions on issues and actions that fall within the competence of the General Assembly. Moreover, it takes upon the direction, general supervision and control of the company. To this end, the Board has delegated the responsibility of implementing the strategic plans and managing the company's daily business to the Executive Management which is headed by the CEO, who directly supervises the development of the necessary policies and procedures to ensure the efficiency and effectiveness of the company's management, the internal control system and the prevention of risks to the maximum extent possible. In addition to the Audit Committee, the company has the Nomination and Remuneration Committee, whose task is to submit reports to the BoD. The responsibility for managing the company's day-to-day operations rests with the Executive Management, which has been delegated by the BoD with specific executive powers.

On 14/05/1441H (corresponding to 09/01/2020G), the organizational chart of Al Kathiri Holding Company was approved by the BoD, as shown in the following chart:

Figure No. (3): The Approved Organizational Chart of Al Kathiri Holding Company



Source: The Sponsor

6-2 Board of Directors of Al Kathiri Holding Company

On 16/07/1441H (corresponding to 11/03/2020G), the (Extraordinary) General Assembly approved the election of Al Kathiri Holding Company's BoD for the second session for a duration of three (3) years starting from 13/03/2020G and ending on 12/03/2023G. The Board, in its current session, as of the date of this Prospectus, is composed of the following members:

Table No. (10): Members of the Board of Directors of Al Kathiri Holding Company

Members of the Board of Directors and Secretary of Al Kathiri Holding Company*														
Nb.	Name	Position	Nationality	Age	Membership Status**	Independence	Membership Date	On Behalf of	Owned Shares					
									Direct		Indirect****		Total	Percentage
									#.	%	#	%		
1.	Rayed Mohammad Nasser Al Kathiri	Chairman of the Board	Saudi	39	Non-executive	Non-independent	18/07/1441H (corresponding to 13/03/2020G)	Himself	15,035	0.13%	-	-	15,035	0.13%
2.	Adel Ibrahim Mohammad Al Kathiri	Vice Chairman of the Board	Saudi	49	Non-executive	Independent	18/07/1441H (corresponding to 13/03/2020G)	Himself	-	-	-	-	-	-
3.	Meshaal Mohammad Nasser Al Kathiri	Managing Director & CEO	Saudi	38	Executive	Non-independent	18/07/1441H (corresponding to 13/03/2020G)	Himself	4,909,953	43.44%	-	-	4,909,953	43.44%
4.	Saud Mohammad Abdullah Al Shreym	Board Member	Saudi	32	Non-executive	Independent	18/07/1441H (corresponding to 13/03/2020G)	Himself	-	-	-	-	-	-
Secretary of Al Kathiri Holding Company														
	Khaled Abdul Mohsen Abdel Rahman Al Khayal	Board Secretary	Saudi	60	Non-executive	Independent	19/07/1441H (corresponding to 14/03/2020G)	Himself	-	-	-	-	-	-

Source: The Sponsor

* The General Assembly meeting held on 16/04/1441H (corresponding to 11/03/2020G) approved the appointment of the above-mentioned Board members at its current section for a period of three years from 18/07/1441H (corresponding to 13/03/2020G) till 20/08/1444H (corresponding to 12/03/2023G). Mr. Khaled Abdel Mohsen Abdul Rahman Al Khayal was appointed Secretary of the Board in accordance with Board Resolution issued on 19/07/1441H (corresponding to 14/03/2020G).

** A member of the board of directors acquires the status of an "**Executive Member**" when he is a member of the Company's Executive Management and participates in the daily management or receives a salary from in return. A "**Non-executive Member**" is a Board member who is not full-time to run the Company or does not receive a salary, except for the membership remuneration for the Board and Committees.

*** With regard to the independent member: He is a Non-executive Board Member who enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in the following apply to him:

1. Owning 5% or more of the company's shares or the shares of another company in its group, or being a relative of the person who owns this percentage.
2. Being a representative of a legal person who owns 5% or more of the company's shares or the shares of another company from its group.
3. Being a Board member in another company from the group of the company nominated for membership in its BoD.
4. Working or having worked as an employee during the past two years for the company or any party dealing with it or with another company of its group, such as auditors and major suppliers, or the owner of controlling shares with any of those parties during the past two years.
5. Having a direct or indirect interest in business and contracts made for the company's account.
6. Receiving sums of money from the company in addition to remuneration for BoD membership or any of its committees.
7. Engaging in a business that would compete with the company or trading in one of the branches of the company's activity.

**** Indirect Property means shares indirectly owned by Board members or shareholders through their ownership of companies that own shares in the company. As of the date of this Prospectus, none of the Board members has any indirect property.

The following is a summary of Al Kathiri Holding Company's BoD Members Resumes

Table No. (11): Resume's Summary of the BoD Chairman of Al Kathiri Holding Company Rayed Mohammed Al Kathiri

Name	Rayed Mohammed Nasser Al Kathiri
Age	39
Nationality	Saudi
Position	Board Chairman
Qualifications	2004G: Diploma in Computer Science from King Saud University.
Working Experience	From 2015G till 2017G: Commercial Director of Al Kathiri Holding Company.
Memberships in other Boards of Directors	None

Source: The Sponsor

Table No. (12): Resume's Summary of the BoD Vice Chairman of Al Kathiri Holding Company Adel Ibrahim Mohammed Al Kathiri

Name	Adel Mohammed Nasser Al Kathiri
Age	49
Nationality	Saudi
Position	Board Vice Chairman
Qualifications	<p>He holds:</p> <ul style="list-style-type: none"> - a Bachelor's degree in Management and Information Systems from Osaka University in Japan in 2000G. - a diploma in Japanese language from the Tokyo International Institute in Japan in 1996G.

Name	Adel Mohammed Nasser Al Kathiri
Working Experience	<ul style="list-style-type: none"> – Currently occupies the position of Director of the Planning and Business Division at the Saudi Telecom Company, a public joint stock company, working in the field of Telecommunications From 2015G until now. – He held the position of Executive Assistant and Regulatory Vice President of Corporate Affairs Sector at Saudi Telecom Company (a closed joint stock company) working in the field of Telecommunications from 2013G till 2015G.
Memberships in other Boards of Directors	<ul style="list-style-type: none"> – Currently holding the position of the Chairman of the Board at Alian Industry Company (a closed joint stock company) which activities are in the field of manufacturing concrete and prefabricated panels from 2021G until now. – Currently holding the position of director at the Sukuk Al Kathiri, a Special Purposes Entity, from 2021G till date.

Source: The Sponsor

Table No. (13): Resume's Summary of the BoD Member of Al Kathiri Holding Company Meshal Mohammed Nasser Al Kathiri

Name	Meshal Mohammed Nasser Al Kathiri
Age	38
Nationality	Saudi
Position	Managing Director & CEO
Qualifications	<ul style="list-style-type: none"> – He holds a Bachelor's degree in Naval and Military Sciences from King Fahd Naval College in Saudi Arabia in 2005G.
Working Experience	<ul style="list-style-type: none"> – He is currently the General Manager of Msnadh Alemdad Limited Company (a limited liability company) which activities are in the field of providing logistics services and supporting the transport sector from 2018G until now. – He is currently holding the position of Managing Director at Alian Industry Company (a closed joint stock company) which activities are in the field of production, manufacture and sale of ready-mix concrete from 2018G until now. – He is currently the CEO of Al Kathiri Holding Company (a public joint stock company) which activities are in the field of holding company and Managing its subsidiaries from 2017G until now. – He held the position of General Manager of Al Kathiri Holding Company (a public joint stock company) which activities are working in the field of Managing its subsidiaries from 2014G till 2017G.

Name	Meshal Mohammed Nasser Al Kathiri
Memberships in other Boards of Directors	<ul style="list-style-type: none"> - He is Vice Chairman of the Board of Directors of Leen Al Khair Trading Company (a closed joint stock company) which activities are in the field of selling fruits and vegetables from 2019G till date. - He is currently the Vice Chairman of the Board of Directors of the Agricultural Platform Company (a closed joint stock company) whichh activities are in the field of marketing agricultural products from 2019G till date. - He is currently holding the position of Alian Industry Company Board Chairman (a closed joint stock company) whih activities are in the field of manufacturing concrete and prefabricated panels from 2021G till date. - He is currently holding the position of Vice Chairman of the Board of Directors of Taqaddam International for Communications and Information Technology (a public joint stock company) which activities are in the field of electronic security services and information technology from 2021G till date. - He is Member of the Board of Directors of Sukuk Al Kathiri Entity, a Special Purposes Entity, from 2021G till date. - He is the General Manager of Al-Bab Industry Company (a limited liability company) which activities are in the field of wood decoration from 2021G till date.

Source: The Sponsor

Table No. (14): Resume's Summary of the BoD Member of Al Kathiri Holding Company Saud Mohammed Abdullah Al Shuraym

Name	Saud Mohammed Abdullah Al Shuraym
Age	32
Nationality	Saudi
Position	Board Member
Qualifications	<ul style="list-style-type: none"> - 2009G: Diploma in Electricity from the Saudi Electricity Company. - 2011G: Diploma in Electricity from the Technical College.
Working Experience	<ul style="list-style-type: none"> - From 2017G till date: General Manager of Premium Foods Company. - From 2016G till date: CEO of Taqaddam International Company for Communications and Information Technology.
Memberships in other Boards of Directors	<ul style="list-style-type: none"> - From 2019G till date: Chairman of the Board of Directors at Leen Al Khair Trading Company (Closed Joint Stock Company) which activities are in the field of importing and marketing agricultural products. - From 2017G till date: Member of the Board of Directors at Al Kathiri Holding Company (a public joint stock company) which operates in the field of managing subsidiaries. - From 2019G till date: Chairman of the Board of Directors at the Agricultural Platform Company (Closed Joint Stock Company) which operates in the field of marketing agricultural products. - From 2021G till date: Member of the Board of Directors at Taqaddam International for Communications and Information Technology (a public joint stock company) which operates in the field of (electronic security services and information technology). - From 2021G till date: Board Member of Sukuk Al Kathiri, a Special Purposes Entity (SPE).

Source: The Sponsor

Table No. (15): Resume's Summary of the BoD Secretary of Al Kathiri Holding Company Khaled Abdel Mohsen Abdel Rahman Al Khayal

Name	Khaled Abdel Mohsen Abdel Rahman Al Khayal
Age	60
Nationality	Saudi
Position	Board Secretary
Qualifications	<ul style="list-style-type: none"> - He holds a Master's Degree in Business Administration from Ambassador University of the Commonwealth of Nations in the Dominican Islands in 2006G. - He holds a Bachelor's Degree in Business Administration from Al Safir Cooperative University in the United States of America 2005G.
Working Experience	<ul style="list-style-type: none"> - From 2007G till 2016G: Member of the Audit Committee of Al-Abdul Latif Industrial Investment Company (a listed joint stock company) which operates in the field of investment. - From 2008G to 2012G: General Manager of Osoul Al-Wasata Company for Commercial Services (Limited Liability Company) which operates in the field of commercial and real estate mediation. - From 2017G till date: Member of the Nomination and Remuneration Committee and Secretary of the Board of Directors Al Kathiri Holding Company (a public joint stock company) which operates in the field of Subsidiaries Management. - From 2010G to 2016G: Member of the Executive Committee of Al-Abdul Latif Industrial Investment Company (a listed joint stock company) which operates in the field of investment.
Memberships in other Boards of Directors	<ul style="list-style-type: none"> - From 2008 till date: Member of the Board of Directors of the Red Sea Cables Company (a public joint stock company) engaged in the production and manufacture of electrical cables. - From 2016G till date: Member of the Board of Directors of Ayed Abdul Rahman Al Ayed Contracting Company (a closed joint stock company). - From 2016G till 2018G: Board Chairman of Beit AlWaseel (a closed joint stock company) which operates in the field of trading and investment. - From 2005G till 2010G: Board Member of Cement City Company (a closed joint stock company) which operates in the field of cementitious materials production; - From 2007G till 2016G: Board Member of Abdul Latif for Industrial Investment (a listed joint company) which operates in the field of investment.

Source: The Sponsor

6-3 Executive Management at Al Kathiri Holding Company

The table below shows the Executive Management Members of Al Kathiri Holding Company:

Table No. (16): Executive Management Members

Name	Position	Nationality	Date
Meshal Mohammed Nasser Al Kathiri*	CEO	Saudi	20/03/2017G
Bassel Abdel Samie Youssef Al-Awdah Allah	Chief Financial Officer	Jordanian	19/11/2017G
Sultan Abdul Aziz Sultan Al-Zamami	HR Manager	Saudi	01/09/2020G
Shadi Awad Abdullah Bamelhas	Manager of Information Technology	Yemeni	02/03/2021G
Abdul Aziz Suleiman Abdul Aziz Al Nasser	Internal Audit Manager	Saudi	11/11/2019G
Amjad Abdel Moneim Hamad Al Rayes	Shareholder Relations Officer	Saudi	10/05/2018G

Source: The Sponsor

* As of the date of this Prospectus, the CEO, Meshal Muhammad Nasser Al Kathiri, owns (4,909,953) shares, or (43.44%) of the shares of Al Kathiri Holding Company.

The following is a summary of the resumes/CVs of the Executive Management Members of Al Kathiri Holding Company

For a summary of the resumes/CVs of the CEO, Meshal Muhammad Nasser Al Kathiri, please refer to Table No. (14).

Table No. (17): Resume's Summary of the Financial Manager Bassel Abdel Samie Youssef Al-Awdah Allah

Name	The Bassel Abdel Samie Youssef Al-Awdah Allah
Age	31
Nationality	Jordanian
Position	Chief Financial Officer
Qualifications	– Holder of a BSC Degree in Accounting from the University of Jerash in 2013G.
Working Experience	– From 2021G till date: Financial Director of Al Kathiri Holding Company. – From 2017G till 2021G: Chief Accountant for Al Kathiri Holding Company. – From 2014G until 2017G: Accountant at Al Kayed Brothers Company.
Memberships in other Boards of Directors	None

Source: The Sponsor

Table No. (18): Resume's Summary of the HR Manager Sultan Abdel Aziz Al Zamami

Name	Sultan Abdel Aziz Al Zamami
Age	44
Nationality	Saudi
Position	HR Manager
Qualifications	Holder of: <ul style="list-style-type: none"> – a Bachelor's Degree in Business Administration from the University of king Faisal in the KSA in 2014G. – a Higher Diploma in Human Resources from the Chamber of Commerce and Industry in Riyadh in the KSA in 2013G.
Working Experience	– From 2020G till date: HR Manager of Al Kathiri Holding Company.
Memberships in other Boards of Directors	None

Source: The Sponsor

Table No. (19): Resume's Summary of the Manager of Information Technology Shadi Awad Abdullah Bamelhas

Name	Shadi Awad Abdullah Bamelhas
Age	38
Nationality	Yemeni
Position	Manager of Information Technology
Qualifications	– Holder of a Bachelor's degree in Computer Science from the Yemeni University in 2009G.
Working Experience	<ul style="list-style-type: none"> – From 2021G till date: Director of Information Technology of Al Kathiri Holding Company. – From 2018G to 2021G: Director of Information Technology for First Travel. – From 2011G till 2017G: Senior Information Technology Products Analyst at Fly In. – From 2010G till 2011G: Head of Design at Prince Sultan University.
Memberships in other Boards of Directors	None

Source: The Sponsor

Table No. (20): Resume's Summary of the Internal Audit Manager Abdul Aziz Suleiman Abdul Aziz Al Nasser

Name	Abdul Aziz Suleiman Abdul Aziz Al Nasser
Age	31
Nationality	Saudi
Position	Internal Audit Manager

Name	Abdul Aziz Suleiman Abdul Aziz Al Nasser
Qualifications	Holder of: <ul style="list-style-type: none"> - a Bachelor's Degree in Business Administration from the College of Business Administration - King Faisal University, with a good average, in 2017G. - a Diploma in accounting from the College of Community Service - King Saud University in 2013G.
Working Experience	<ul style="list-style-type: none"> - From 2019G till date: Director of Internal Audit at Al Kathiri Holding Company. - From 2016G till 2019G: Sales Supervisor at Bank Albilad. - From 2014G till 2016G: Customer Service Officer at Bank Albilad. - 2014G: Customer Service Officer at Al Rajhi Bank. - From 2013G till 2014G: Money Exchange Employee at Al Rajhi Bank. - From 2009G to 2012G: Sales Coordinator at Rashid Abdul Rahman Al-Rashed & Sons Company.
Memberships in other Boards of Directors	None

Source: The Sponsor

Table No. (21): Resume's Summary of the Shareholder Relations Officer Amjad Abdel Moneim Hamad Al Rayes

Name	Amjad Abdel Moneim Hamad Al Rayes
Age	31
Nationality	Saudi
Position	Shareholder Relations Officer
Qualifications	<ul style="list-style-type: none"> - Holder of a Bachelor's Degree from the College of Arts, Department of History, King Saud University in 2016G
Working Experience	<ul style="list-style-type: none"> - From 2018G till date: Shareholder Relations Officer at Al Kathiri Holding Company. - From 2017G until 2017G: responsible for insurance of small and medium companies in the Tawuniya Insurance Company. - From 2016G to 2017G, Executive Secretary at Taraf Al-Amarah Foundation for Decoration and Design.
Memberships in other Boards of Directors	None

Source: The Sponsor

6-4 Declarations of the Board of Directors of Al Kathiri Holding Company

- Neither they nor any of its Senior Executives have at any time been declared bankrupt under any jurisdiction, or been subject to a preventive composition arrangement or bankruptcy proceedings;
- none of the companies in which any of the Directors or the Senior Executives have been employed in a managerial or supervisory capacity were declared bankrupt or insolvent during the past five years;
- Except as specified in Table No. (10) "**Members of the Board of Directors of Al Kathiri Holding Company**," where the Chairman of the Board of Directors, Rayed Muhammad Nasser Al Kathiri, owns shares in Al Kathiri Holding Company (15,035 shares, or 0.13% of the total shares), and Board Member Meshal Muhammad Nasser Al Kathiri owns shares in Al Kathiri Holding Company (4,909,953 shares, or 43.44% of the total shares), neither they nor any of the Senior Executives, or relatives of the Sponsor has a direct or indirect interest in the Shares or Sukuk of the Special Purposes Entity, the Sponsor or its two subsidiaries.
- neither they nor any of the Senior Executives, nor their relatives have any material interest in any written or verbal contract or arrangement under consideration or expected to be conducted with the Company as of the date of this Prospectus or having an interest in the business of the Sponsor and its subsidiaries.

6-5 Remuneration and Benefits in Kind Granted by Al Kathiri Holding Company

The table below shows the remuneration and benefits in kind granted by Al Kathiri Holding Company to Board Members and Senior Executives during the last years:

Table No. (22): Remuneration and Benefits in kind

Remuneration and Benefits in Kind	2018G	2019G	2020G	2021G	2022G****
Board of Directors	204,000	208,000	44,000*	88,000	-
Senior Executives**	652,404	685,167	723,066	749,185***	-
Upper Management	427,800	446,283	577,420	660,420	-
Total	1,284,204	1,339,450	1,344,486	1,497,605	-

Source: The Sponsor

* The General Assembly did not approve the remuneration of the Board Members for the year 2020G, amounting to one hundred and sixty thousand (160,000) Saudi riyals. Only allowances that amounted to forty-four thousand (44,000) Saudi Riyals were paid.

** Salaries of the Executive Management represented by the CEO and the Financial Director were mentioned only and contained in the Board Report for the years 2018G, 2019G and 2020G. The amount of the CEO, which he received in return for his membership in the Board, was deducted from the Senior Executive share.

*** Includes CEO and CFO remuneration only.

**** During the year 2022G and up to the date of this prospectus, Al Kathiri Holding Company has not granted any remuneration and benefits to its members of the Board of Directors and its senior executives, as they are paid on an annual basis.

6-6 Summary of Employment Contracts

Al Kathiri Holding Company has documented and registered the employment contracts of its employees electronically through the electronic services portal of the General Organization for Social Insurance, in accordance with Ministerial Resolution No. (156309) dated 18/08/1440H (corresponding to 23/04/2019G). Al Kathiri Holding Company is in compliance with the employment contracts registration requirement and has reached (100%) as per the report issued by "Madad" platform in June 2022G. The following table shows a summary of the work contracts of the Sponsor's Senior Executives:

Table No. (23): Summary of the Sponsor's Senior Executives Employment Contracts

No.	Contract Date	First Party	Second Party	Position	Yearly Vacation	Contract Duration
1.	10/05/1443 H (corresponding to 14/12/2021G)	Al Kathiri Holding Company	Meshal Mohammed Nasser Al Kathiri	Chief Executive Officer (CEO)	(30) Days	Indefinite contract
2.	10/05/1443 H (corresponding to 14/12/2021G)	Al Kathiri Holding Company	Bassel Abdul Samii Youssef Al Awdah Lillah	Chief Financial Officer (CFO)	(30) Days	One Gregorian Year ending on 23/04/1444H (corresponding to 17/11/2022G)
3.	10/05/1443 H (corresponding to 14/12/2021G)	Al Kathiri Holding Company	Abdul Aziz Sulaiman Abdul Aziz Al Nasser	Internal Audit Manager	(30) Days	One Gregorian Year ending on 10/05/1443H (corresponding to 14/12/2021G)
4.	09/08/1442 H (corresponding to 22/03/2021G)	Al Kathiri Holding Company	Shady Awad Abdullah Bamelhas	IT Manager	(21) Days	(11) months and (27) days ending on 28/07/1443H (corresponding to 01/03/ 2022G)
5.	10/05/1443 H (corresponding to 14/12/2021G)	Al Kathiri Holding Company	Sultan Abdul Aziz Al Zamami	HR Manager	(30) Days	One Gregorian Year ending on 04/02/1444H (corresponding to 31/08/2022G)

Common clauses for all employment contracts:

1. The second party is subject to a probation period of 90 days starting from the first working day, and the holiday of Eid al-Fitr, Eid al-Adha and sick leave are excluded from that period.
2. Salaries and financial benefits are guaranteed.

3. First Party Obligations:

- Provide medical care for the second party through Health Insurance according to the Cooperative Health Insurance law.
- Register the second party with the General Organization for Social Insurance, and pay contributions according to its regulations.
- Grant the second party annual leaves, official holidays and sick leaves as required by the Work Organization Regulation (Labor & Workmen Law) approved by the Ministry of Human Resources and Social Development, in a manner that does not conflict with the Labor & Workmen Law and its Executive Regulations.
- Return to the second party all deposited certificates or documents.
- Pay the worker's wages and liquidate his rights within a week - at most - from the date of the end of the contractual relationship. However, if the worker is the one who terminated the contract, the employer must liquidate his rights in full within a period not exceeding two weeks.

4. Second Party Obligations:

- Carry out assigned tasks and duties; according to employment ethics and the first party's instructions, provided they don't contradict the contract, violate the Law or public morals or endanger him.
- Take adequate care of the tools, the tasks assigned to him and the materials owned by the First Party; placed at his disposal, or in his custody, and to return to the first party the non-consumable materials.
- Agree to deduct the first party from the prescribed percentage of the monthly wage to participate in the General Organization for Social Insurance.
- Abide by good behavior and morals during work, and at all times follow regulations, customs, traditions, and etiquette observed in the KSA, as well as the rules, regulations and instructions in force with the first party, and the second party shall bear all financial fines resulting from the violation of these regulations.
- Present help and assistance without requiring additional fees in cases of disasters and dangers that threaten safety and staff at the work place.
- Abide - according to the employer's request - for required medical examinations before joining work or during it, to check he does not suffer from occupational or communicable diseases.

▪ Clauses related to employment contracts for non-Saudis:

First party's obligations:

- Bear the expenses of preparing the body of the second party, and transferring it to the party where the contract was concluded, or the worker was recruited from it, unless he is buried with the consent of his relatives inside the Kingdom, or the General Organization for Social Insurance is obligated to do so.
- Bear the fees for bringing in the second party or transferring its services, residence fees, work permits, and their renewal, and the consequences of delaying that in terms of fines, fees for changing profession, exit and return, and a ticket for the second party's return to his homeland - by the means in which he was submitted - after the relationship between the two parties is terminated.

Source: The Sponsor

6-7 Al Kathiri Holding Company's Board Committees

The Board of Directors of Al Kathiri Holding Company has established two (2) specialized committees, namely: (1) the Audit Committee and (2) the Nomination and Remuneration Committee, in accordance with the requirements of the Companies Law, the CMA Law and its Implementing Regulations and in light of the company's business need, in order to assist the Board in managing its tasks more effectively. These committees are as follows:

6-7-1 Audit Committee

According to Article Three (3) of the Audit Committee Chart, An audit committee shall be formed by a resolution of the Company's Ordinary General Assembly, and the members of the audit committee shall be from the shareholders or others, provided that at least one of its members is an Independent Director and that no Executive Director is among its members. The number of the members of the audit committee shall not be less than three or more than five, provided that one of its member is specialised in finance and accounting.

■ Formation of the Audit Committee

On 14/06/1441H (corresponding to 08/02/2020G), the Audit Committee was appointed by the Board of Directors and approved by the Ordinary General Assembly in its meeting held on 16/07/1441H (corresponding to 11/03/2020G) and is composed of: (1) Maher Nizam Barghouti - Chairman of the Committee, (2) Ashwaq Muhammad Nasser Al Kathiri - Member, and (3) Mahmoud Hanafi Majali Aqil - Member.

On 02/02/1442H (corresponding to 19/09/2020G), committee member Mahmoud Hanafi Majali Aqil submitted his resignation from the Audit Committee, and the Board approved it on 02/02/1442H (corresponding to 19/09/2020G). The Committee decided to appoint Saud Muhammad Abdullah Al Shuraym to replace him, as of 02/02/1442H (corresponding to 19/09/2020G) and until the end of the Committee's term on 20/08/1444H (corresponding to 12/03/2023G). This decision was approved by the Extraordinary General Assembly meeting held on 13/11/1442H (corresponding to 23/06/2021G).

On 30/11/1442H (corresponding to 10/07/2021G), the Member of the Audit Committee Ashwaq Muhammad Nasser Al Kathiri submitted her resignation, and based on Resolution No. (27) of the Board of Directors dated 03/12/1442H (corresponding to 13/07/ 2021G), Mr. Ahmed Nasser Ahmed Al-Sayegh was appointed starting from 03/12/1442H (corresponding to 13/07/2021G) until the end of the Committee's term, which ends on 20/08/1444H (corresponding to 12/03/2023G). The Board endorsed this Resolution in its meeting held on 07/01/1443H (corresponding to 15/08/2021G). The Ordinary General Assembly meeting held on 29/10/1443 H (corresponding to 30/05/2022G) approved the Board of Directors' Resolution by appointing Ahmed Nasser Ahmed Al-Sayegh as a Member of the Audit Committee to replace the previous Committee Member, Ashwaq Muhammad Nasser Al-Kathiri.

Table No. (24): Formation of the Audit Committee

Audit Committee		
Name	Position	Membership Status
Maher Nizam Abdul karim Al-Barghouti	Committee Chairman	Non-board Member
Saud Muhammed Abdullah Al Shuraym	Committee Member	Board Member (independent)
Ahmed Nasser Ahmed Al Sayegh	Committee Member	Non-board Member

Source: The Sponsor

The CV Summary of the Audit Committee Members:

Table No. (25): Summary of the CV of the Chairman of the Audit Committee Maher Nizam Abdul karim Al-Barghouti

Audit Committee	
Name	Maher Nizam Abdul karim Al-Barghouti
Age	45
Nationality	Jordanian
Position	Committee Chairman
Qualifications	<ul style="list-style-type: none"> - He holds a Bachelor's degree in Accounting from Al-Zaytoonah University in Jordan in 1999G. - He holds a Master's degree (Financial Advisor) from the International Academy of Finance and Management in the United States of America in 2016G. - Holds a Master's degree in Financial Planning from the Academy of Global Finance and Management in the United States of America in 2016G.
Work Experience	<ul style="list-style-type: none"> - He is currently the General Manager of Sorouh Financial and Management Consulting Company (LLC) and has been working in the field of financial and management consultancy from 2018G till date. - He held the position of Chief Financial Officer and Advisor to the CEO of Al Kayed & brothers Company (LLC) which activities are in the field of General contracting and construction from 2012G until 2017G. - Chief Financial and Administrative Officer of the Advanced Company for the Manufacturing of Agricultural Pesticides and Veterinary Treatments Ltd. - Kimvet (JS and operates in the field of the manufacture of agricultural pesticides and veterinary treatments) from 2009G till 2011G. - He holds the position of Chief Financial and Administrative Officer of Hikma Pharmaceutical Company (JS and operates in the field of pharmaceutical industry) from 2005G until 2009G. - He held the position of Senior Accountant at Nuqul Group (JS and operates in the field of the manufacture of paper products and detergents) from 2003G till 2005G.
Membership in Other BoD	<ul style="list-style-type: none"> - From 2017G till 2020G - Audit Committee Chairperson (Al Kathiri Holding Company).

Source: The Sponsor

For further information about the resume of the Audit Committee's Member, Saud Mohammed Abdullah Al Shuraym, please refer to Table No.(15).

Table No. (26): CV Summary of the Audit Committee Member Ahmed Nasser Ahmed Al Sayegh

Name	Ahmed Nasser Ahmed Al Sayegh
Age	45
Nationality	Saudi
Position	Audit Committee Member
Qualifications	<ul style="list-style-type: none"> - He holds a Bachelor's degree in Business Administration from King Abdul Aziz University in the KSA in 2009G.

Name	Ahmed Nasser Ahmed Al Sayegh
Work Experience	<ul style="list-style-type: none"> - He currently is Member of the Audit Committee of Alian Industry Company (CJS) that operates in the production, manufacture and sale of Ready-mix concrete from 2021G till date. - He currently holds the position of Administrative Manager at Samba Financial Group (PJS) that operates in the field of financial services from 2005G till date. - He held the position of Operations Manager for Samba Financial Group, (PJS) which activities are in the field of financial services from 1998G till 2005G.
Membership in Other BoD	<ul style="list-style-type: none"> - From 2021G till date: Member of the Board of Directors of Taqaddam International Company for Communications and Information Technology. - From 2021G till date: Member of the Board of Directors of Alian Industry Company.

Source: The Sponsor

▪ Tasks and Responsibilities and Powers of the Audit Committee

According to Article (4) of the Audit Committee Chart, the Audit Committee undertakes the following responsibilities and powers:

- a. The Committee shall study the issues of concern that referred to it by the Board of Directors and shall submit its recommendations to the Board to take a decision thereon, or to take decisions if the Board delegates this to it.
- b. The Audit Committee is responsible to oversee the Company's business and fully review reports, financial statements and internal control systems. The Committee's responsibilities include, in particular, the following:

1. The Financial Reports:

- a. analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- b. providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- c. analysing any important or non-familiar issues contained in the financial reports;
- d. accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- e. examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- f. examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

2. The Internal Audit:

- a. examining and reviewing the Company's internal and financial control systems and risk management system;
- b. analysing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
- c. monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- d. providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.

3. The External Auditor:

- a. providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- b. verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- c. reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or

- administrative works that are beyond its scope of work, and provides its opinion thereon.
- d. responding to queries of the Company's external auditor.
- e. Verify that the external auditor is able to perform its duties and that information is not withheld
- f. reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

4. Ensuring Compliance:

- a. reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- b. ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- c. reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- d. reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

In accordance with Article (7) of the Regulations, the Audit Committee, in order to perform its duties, has the following powers:

- a. The right to check the Company's records and documents.
- b. The right to request any clarification or statement from Board members, the executive management, or the Company's employees for the purpose of investigating and inquiring about any information.
- c. The right to request to meet with any of the company's employees.
- d. The right to request the BOD to invite the Company's GA to convene in case it obstructs its work, or the Company suffers serious damage or losses.

▪ The Audit Committee Meetings

Pursuant to Article (5) of the Audit Committee Chart, the committee shall meet periodically, provided that shall convene no less than four meetings per year.

The table below shows the number of the Audit Committee meetings during the last three years up to the date of this Prospectus:

Table No. (27): Audit Committee Meetings:

Audit Committee	2019G	2020G	2021G	2022G*
	3	7	6	2

Source: The Sponsor

* As of the date of this Prospectus

6-7-2 The Remuneration and Nomination Committee (R&NC)

Pursuant to Article (3) of the Committee Chart, the Board of Directors shall form the committee from among its Executive Members provided that at least one independent member is among them. The number of committee members shall not be less than three (3) and not more than five (5).

The Formation of the Remuneration and Nomination Committee (R&NC)

The company has a Remuneration and Nomination Committee consisting of three (3) members who were appointed pursuant to the Board of Directors' Resolution issued on 19/07/1441H (corresponding to 14/03/2020G), provided that the Committee's session begins on 18/07/1441H (corresponding to 13/03/2020G) and concludes with the end of the Board of Directors' session on 20/08/1444H (corresponding to 12/03/2023G), and the Committee is formed as follows:

Table No. (28): Members of the Remuneration and Nominations Committee

Name	Position	Membership Status
Mohammed Saud Abdullah Al-Semari	Committee Chairman	Independent Board Member
Mohammed Hindi Shuja Al-Otaibi	Committee Member	Non-independent Board Member
Faisal Abdullah Mohammed Al-Qahtani	Committee Member	Independent Non-board Member

Source: The Sponsor

For further information about the resume of the Chairman of the Nomination and Remuneration Committee Saud Muhammad Abdullah Al Shuraym, please see Table No.(15).

For further information about the resume of the member of the Nomination and Remuneration Committee, Rayed Muhammad Nasser Al Kathiri, please see Table No.(12).

For further information about the resume of the member of the Nomination and Remuneration Committee, Khaled Abdul Mohsen Abdul Rahman Al-Khayal, please see Table No.(16).

▪ Competences of the Remuneration and Nomination Committee (R&NC)

Pursuant to Article (4) of the committee Chart, the competences of the remuneration committee are the followings:

1. preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;
2. clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
3. periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
4. providing recommendations to the Board in respect of the remunerations of its members, the committees members and Senior Executives, in accordance with the approved policy
5. Reviewing the basis for the annual remuneration distribution approved by the BoD and make recommendations in this regard.
6. Proposing clear policies and criteria for membership in the BOD and Executive Management.
7. Recommending to the BOD to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a crime against honor and honesty.
8. Preparing a description of the capabilities and qualifications required for the Board membership and executive management positions.
9. Determining the time that a member should allocate and devote for the Board's works and agenda.
10. Annually reviewing the necessary needs for skills or appropriate expertise for Board membership and Executive Management functions.
11. Reviewing the Board structure and the Executive Management and make recommendations regarding the changes that can be made.
12. Annually verifying the independence of independent members, and the absence of any conflict of interest if the member is a Board member in another company.
13. Developing the job descriptions for executive members, non-executive members, independent members and senior executives.
14. Establishing special procedures in the event of a vacancy in the position of Board members or senior executives.
15. Determine the Board's weaknesses and strengths, and propose solutions to address them in line with the Company's interest.
16. Review the general policies and regulations for human resources.
17. Review the salary scale, housing and transportation allowances for the company's employees.
18. Nominate the CEO, review his annual allocations and remuneration, and recommend the Board the extension his services.
19. Review the amendments to the Company's organizational structure.
20. Review the human resources laws and regulations related to retirement, health services, cooperative fund, savings and thrift, work organization and penalties and remuneration that are approved by the Ministry of Labor.
21. Review the bases of annual bonuses for all employees, and make recommendations to the Board in this regard.
22. Consider and study the agendas referred to it by the Board.

23. Determine the necessary qualifications for membership of each of the committees, especially the Audit Committee.
24. Ensure that there is an induction program for new Board members and provide a continuing educational program to acquire more knowledge, new skills and tools in their role as value-adding board members.
25. Ensure that the CEO has formulated the necessary procedures to transfer his responsibilities quickly and effectively to be implemented in the event of the termination of his relationship with the company, review these procedures with the CEO and obtain his recommendations regarding long-term succession arrangements.
26. Prepare criteria for evaluating the CEO's performance and inform him about them.
27. Assist the Board in preparing the criteria for evaluating the performance of the Board Chairman, the committees and their members and keep them informed.
28. Review and approve the company's objectives related to the CEO's compensation.
29. Annually review the CEO's performance to ensure that he has effective leadership.
30. Review the administrative development programs and plans for the career replacement of Senior Executives in coordination with the CEO.
31. Review the evaluation goals (including performance indicators) to be achieved within the remuneration and incentive programs.
32. Prepare an annual report on the remuneration paid to the Executive Management to be included in the company's annual report in accordance with the applicable rules and regulations.
33. Oversee and review the performance of the committee at least annually to determine its effectiveness and agree on steps to improve the performance of its members.
34. The Committee shall inform the Board of Directors of its findings or decisions taken in a transparent manner.

▪ Remuneration and Nomination Committee Meetings

In accordance with Clause (a) of paragraph (9) of Article (3) of the R&NC Chart, the Committee shall meet periodically at the Chairman invitation. The Committee's Chairman shall also call for a meeting in the event that two members of the Committee submit a written request to that effect. The Committee also meets once every six months in normal circumstances and at the request of its Chairman or CEO in exceptional or necessary cases.

The table below shows the number of meetings of the R&NC for the last years and up to the date of this Prospectus:

Table No. (29): The Remuneration and Nomination Committee Meetings:

R&NC	2019G	2020G	2021G	2022G*
	2	2	2	1

Source: The Sponsor

* As of the date of this Prospectus

6-8 Al Kathiri Holding Company's Compliance with the Corporate Governance Regulations

The following table shows the most important provisions of the Corporate Governance Regulations that Al Kathiri Holding Company is compliance with :

Table No. (30): Summary of the Corporate Governance Clauses

Article of the Corporate Governance Regulations	Details	Responsible Party	Comment
9/b	The BoD must set a clear policy regarding the distribution of dividends in a manner that achieves the interests of the shareholders and the company and in accordance with the company's Bylaws.	BoD	Compliant - Approved by the BoD on 14/05/1441H (corresponding to 09/01/2020G)
8/a	Provide a copy of the information about the candidates for Board Membership on the Company's website	BoD	Compliant - the Company has provided a copy of the information about the Board Members on its website. The EGA approved the election of Board Members on 16/07/1441H (corresponding to 11/03/2020G).
12/5 & 54	Formation of Audit Committee	The General Assembly (GA) of Shareholders	Compliant - The Shareholders OGA approved the appointment of the Audit Committee Members in its meeting held on 16/07/1441H (corresponding to 11/03/2020G).
54/c	The Company's GA issues - according to Board's proposal - the Audit Committee's work regulations, provided that they include its work, controls and procedures, tasks, the rules for selecting members, the method of nomination, the membership term, remuneration, and the mechanism for temporarily appointing members in the event that one of the Committee's positions becomes vacant.	The General Assembly (GA) of Shareholders	Compliant - the Audit Committee's work regulations were approved by the EGA of Shareholders held on 16/07/1441H (corresponding to 11/03/2020G) and its amendment was approved by the OGA held on 29/10/1443H (corresponding to 30/05/2022G).
12/6	Approving the consolidated audited financial statements for the year 2021G	The General Assembly (GA) of Shareholders	Compliant - The OGA approved the consolidated financial statements in its meeting held on 29/10/1443H (corresponding to 30/05/2022G).
12/7	Approving the Board's annual report for the year 2021G	The General Assembly (GA) of Shareholders	Compliant -The OGA approved the report in its meeting held on 29/10/1443H (corresponding to 30/05/2022G).

Article of the Corporate Governance Regulations	Details	Responsible Party	Comment
12/9 & 81	Appointing the external auditors of the Company, specifying their remunerations, reappointing them, replacing them and approving their reports;	The General Assembly (GA) of Shareholders	Compliant - Appointed by the OGA on 29/10/1443H (corresponding to 30/05/2022G).
13/d	The date, place and agenda of the General Assembly shall be announced at least twenty one days prior to the date thereof; the invitation shall be published on the website of the Exchange, the Company's website and in a daily newspaper distributed in the province where the Company's head office is located. The Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies	BoD	Compliant
14/c	Allowing shareholders, via the Company's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the audit committee's Report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.	BoD	Compliant

Article of the Corporate Governance Regulations	Details	Responsible Party	Comment
22/2	<p>Set systems and controls for internal control and general supervision, including: Establish a written policy to address actual and potential cases of "conflict of interest" for each of the Board Members, Executive Management and Shareholders, including misuse of the Company's assets and facilities, and misconduct resulting from dealings with related persons. Ensure the integrity of the financial and accounting systems, including those related to the preparation of financial reports and the implementation of appropriate control systems to measure and manage risks, by developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at and transparently suggesting it to stakeholders and related parties. he Annually review the effectiveness of the Company's internal control procedures.</p>	BoD	Compliant - The policy was approved by the BoD on 14/05/1441H (corresponding to 09/01/2020G).
22/3	<p>setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly;</p>	The General Assembly (GA) of Shareholders	Compliant - The OGA approved the policy in its meeting held on 07/16/1441H (corresponding to 03/11/2020G) and according to the Board's recommendation in its meeting held on 14/06/1441H (corresponding to 08/02/2020G).The OGA, held on 29/10/1443H (corresponding to 30/05/2022G), approved an the amendment of the BoD Membership's policies, standards and procedures.

Article of the Corporate Governance Regulations	Details	Responsible Party	Comment
22/4	<p>Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations; in particular - the following:</p> <p>Mechanisms for compensating stakeholders in the event of a violation of their rights, which are recognized by regulations and protected by contracts. Mechanisms for settling complaints or disputes that may arise between the Company and stakeholders.</p> <p>Appropriate mechanisms to establish good relations with customers and suppliers, and to maintain the confidentiality of information related to them.</p>	BoD	Compliant - Adopted by the BoD on 14/05/1441H (corresponding to 09/01/2020G).
22/5	Lay down policies and procedures that ensure the Company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders, and verifying the Executive Management compliance.	BoD	Compliant - Adopted by the BoD on 14/05/1441H (corresponding to 09/01/2020G).
22/13 & 50 & 60 & 60/a & 64	Establishing specialized committees emanating from the Board pursuant to resolutions specifying the duration of the committee, its powers and responsibilities, and how the Council will monitor it, provided that resolutions include appointing members and specifying their tasks, rights and duties, with an evaluation of the performance and work of these committees and their members.	BoD	Compliant -According to the EGA Resolution dated 16/07/1441H (corresponding to 11/03/2020G) to approve the selection of the Audit Committee's members -and the Board's Resolution to appoint the Nomination and Remuneration Committee's Members, which was adopted on 19/07/1441H (corresponding to 14/03/2020G).
23/1	Approve internal policies related to the company's business and development, such as: defining tasks, competencies and responsibilities assigned to various organizational levels.	BoD	Compliant - Approved by the Board of Directors on14/05/1441H (corresponding to 09/01/2020G).

Article of the Corporate Governance Regulations	Details	Responsible Party	Comment
23/2	Approve and adopt a written and detailed policy specifying the powers delegated to the Executive Management and a table showing those powers, the method of implementation and the term of delegation. The Board may request the Executive Management to submit periodic reports on its exercise of delegated powers.	BoD	Compliant - Approved by the Board of Directors on 14/05/1441H (corresponding to 09/01/2020G).
25	CEO Appointment.	BoD	Compliant - on 19/07/1441H (corresponding to 14/03/2020G) the Board approved the renewal of Mr. Meshal Muhammad Al Kathiri position as the Company's CEO.
26/5	proposing the organisational and human resources structures of the company and presenting them to the Board for approval;	BoD	Compliant - Unanimously approved by the BoD on 14/05/1441H (corresponding to 09/01/2020G).
26/10	proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares;	BoD	Compliant - Approved by the BoD on 14/05/1441H (corresponding to 09/01/2020G).
43	develop an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders.	BoD	Compliant - Approved by the BoD on 14/05/1441H (corresponding to 09/01/2020G).
55/b/4 & 74	Appoint the head of the Internal Audit Unit or Department or the Internal Auditor and suggest his remuneration.	BoD	Available - Appointed by the BoD in its meeting held on 14/05/1441H (corresponding to 09/01/2020G).
60/b & 64/b	The Company's General Assembly, as per the Board recommendation, issues a regulation for the nomination committee including its procedures, duties and rules for selecting its members, the term of their membership and their remunerations.	The General Assembly (GA) of Shareholders	Compliant - The rules for selecting members of the N&RC were approved by the OGA in its meeting held on 18/08/1440H (corresponding to 23/04/2019G) and its amendment was approved by the OGA held on 29/10/1443H (corresponding to 30/05/2022G).

Article of the Corporate Governance Regulations	Details	Responsible Party	Comment
61/1	The N&RC prepares a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;	The General Assembly (GA) of Shareholders	Compliant - Approved by the EGA on 18/08/1440H (corresponding to 23/04/2019G).
65/3	preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;	N&RC	Compliant - Approved by the GA on 01/08/1438H (corresponding to 27/04/2017G).
68	publishing the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.	BoD	Compliant - Announcement made on 24/11/2019G on Tadawul website.
84	Developing the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations	BoD	Compliant - Approved by the BoD in its meeting held on 14/05/1441H (corresponding to 09/01/2020G).
86	Establishing a policy for professional conduct and ethical values at the Company	BoD	Available - Approved by the BoD in its meeting held on 14/05/1441H (corresponding to 09/01/2020G).
89	Setting forth in writing the policies, procedures and supervisory rules related to disclosure pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, as the case may be, and their implementing regulations,	BoD	Compliant - Approved by the BoD in its meeting held on 14/05/1441H (corresponding to 09/01/2020G).

Article of the Corporate Governance Regulations	Details	Responsible Party	Comment
91/b	make available sufficient copies of the audit committees' report at the Company's head office, and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.	BoD	Compliant
94	Establishing governance rules for the Company in accordance with the provisions of these Regulations, and shall monitor their implementation, verify their effectiveness, and amend them as necessary.	BoD	Compliant - Approved by the BoD on 23/06/1438H (corresponding to 22/03/2017G).

Source: The Sponsor

6-9 Employees

6-9-1 Employee share schemes in place prior to the application for registration and admission to listing of the securities

As of the date of this Prospectus, Al Kathiri Holding Company does not have any share schemes in place for its employees.

6-9-2 Arrangements involving employees in the capital of the Sponsor

As of the date of this Prospectus, there are no arrangements involving employees in the capital of Al Kathiri Holding Company.



Financial Information About Al Kathiri Holding Company (7)



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AI KATHIRI HOLDING COMPANY

7- Financial Information About Al Kathiri Holding Company

7-1 Introduction

The report provides an analysis of the Company's operational performance and financial position, as shown below, for the financial years ended December 31, 2019G, 2020G, and 2021G, and the three-month period ended March 31, 2022G. The financial analysis should be read in conjunction with the Company's financial statements for the financial years ended December 31, 2019G (Audited), 2020G (Audited), 2021G (Audited) and the three-month period ended March 31, 2022G (Unaudited) and the notes attached thereto.

The consolidated financial statements for the fiscal year ended December 31, 2019G have been reviewed by Waleed Al-Shabanat Certified Public Accountants and Auditors Office. As for the consolidated financial statements for the fiscal year ended December 31, 2020G and 2021G respectively, and for the three-month period ended March 31, 2022G, they were audited by Sulaiman Abdullah Al Kharashi & Co. Certified Public Accountants and Auditors.

The offices of Waleed Al Shabanat Certified Public Accountants and Auditors and Sulaiman Abdullah Al Kharashi & Co. Certified Public Accountants and Auditors ("**Auditors**"), do not have any shares or interest of any kind in the Company its subsidiaries or sister companies that might affect their independence. The auditors provided their written consent to the use of their names, logos and data, which have not been withdrawn as of the date of the report.

All amounts listed below are presented in Saudi Riyals, and all percentages are rounded to the nearest decimal point. Therefore, calculating the percentage increase / (decrease) based on the amounts presented in the report's tables (shown in millions of Saudi riyals and rounded to the nearest whole number) may not be quite close to the corresponding percentages as mentioned in the tables.

This report may include forward-looking reports about the Company's future plans based on management's plans and current expectations for the Company's growth, results of operations and financial condition. Hence, it may involve risks and uncertainties. The Company's actual results may differ materially from those expressed or implied in such forward-looking statements due to various factors and future events, including those discussed in the report.

7-2 Declarations of the Sponsor's Board Members in Relation to the Financial Statements

- a. Members of the Board of Directors acknowledge that the financial information contained in this section has been extracted without material changes and presented in a form consistent with the audited financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the interim financial statements for the three-month period ended March 31, 2021G, which were prepared in accordance with International Financial Reporting Standards, as approved in the KSA by the Saudi Organization for Auditors and Accountants, and other standards and statements issued by the Saudi Organization for Auditors and Accountants, and the Companies Law.
- b. Directors acknowledge that the Company is not aware of any seasonal factors or economic cycles associated with the business activities, which may have an impact on the business and financial position of the Company.
- c. Members of the Board of Directors declare that the Company is not aware of any information related to any governmental, economic, financial, monetary, political or any other factors that may have a direct or indirect material impact on the Company's operations; Excluding any factors disclosed in this report.
- d. Directors acknowledge that the Company has no stock options as of the date of this report.
- e. Directors acknowledge, to the best of their knowledge and belief, that there are no encumbrances, rights, obligations or costs on the Company's property as of the date of this report.
- f. Members of the Board of Directors acknowledge that there has been no material negative change in the financial or commercial position of the Company during the three fiscal years preceding the date of Rights Issue Shares and up to the date of this report.
- g. Directors acknowledge that no commissions, discounts, dealer age fees or any other non-cash compensation have been granted by the Company to any of the directors, senior executives, persons offering or offering securities or any other experts during the three financial years in which preceded the date of Right Issue Shares and up to the date of this report.

- h. The Company has no commitments, potential guarantees or other fixed assets that it is planning to purchase or lease, except as disclosed in this report.
- i. Directors acknowledge that the Company does not have any loans or other indebtedness, including bank overdrafts, security obligations (covered or not covered by a personal guarantee or mortgage), obligations under acceptance, acceptance credits, or rental purchase obligations, except the information disclosed in this report.
- j. Members of the Board of Directors have acknowledged that there are no issued or outstanding debt instruments and any term loans (covered or uncovered by personal guarantee, mortgaged or not mortgaged) except as disclosed in this report.

7-3 Significant Accounting Policies

7-3-1 Basis of Preparation

7-3-1-1 Commitment Statement

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the KSA and other standards and issuances issued by the Saudi Organization for Certified Public Accountants (SOCPA).

New Standards and New Amendments Effective January 1, 2019G:

IFRS 16 "Leases":

IFRS 16 defines lease contracts, how to recognize, measure, present and disclose lease contracts. It introduces a single accounting model, requiring lessees to recognize the assets and liabilities of all leases, unless the lease term is 12 months or less, or the underlying asset is of low value. Lessors continue to classify lease contracts as operating or financing within the concept of IFRS 16 relating to lessor accounting without material change from IAS 17. IFRS 16 is effective from the beginning of January 1, 2019G.

7-3-1-2 Basis of Accounting

The consolidated financial statements have been prepared in accordance with the historical cost principle and using the accrual basis and the concept of going concern, with the exception of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are recognized at fair value through the statement of profit or loss and investments in associates which are recorded under the equity method.

7-3-2 Information about the Group

This part includes the consolidated financial statements of Al Kathiri Holding Company and the financial statements of all companies controlled by it (its two subsidiaries) that have been incorporated or acquired up to March 31, 2022G. They are as follows:

Company's Name	Country	Legal Entity	Ownership Percentage (%)
Alian Industry Company	KSA	CJS	99%
AMsnadh Alemdad Lt. Co.	KSA	LLC	100%

7-3-3 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 comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and the notes to the Group's consolidated financial statements, include the assets, liabilities and results of the operations of the company and its two subsidiaries. Subsidiaries are entities that the Group controls, and, in particular, an investee only when it has:

- Power over the investee (i.e., having rights that give the Group the current ability to direct the activities of the investee).
- Exposure to, or rights to, different returns from its relationship with the investee.
- The ability to use its power over the investee to affect its returns.
- In general, there is an assumption that the majority of voting rights result in control. In support of 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 when ascertaining whether it exercises control over the investee, including:
 - Contractual arrangement(s) with other voting rights holders of the investee company.
 - 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 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 an acquisition is generally measured at fair value, as is the identifiable net assets acquired. The excess of the cost of the acquisition plus the fair value of the non-controlling interest over the fair value of the identifiable net assets acquired is recognized as goodwill in the consolidated statement of financial position. Non-controlling interests are measured at the proportion of their share of the acquiree's identifiable net assets at the acquisition date. The share of profit or loss and net assets not controlled by the Group are presented as a separate line item in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position. Both intra-group balances and unrealized gains and losses resulting from intra-group transactions are eliminated. The accounting policies of subsidiaries are amended when necessary to ensure consistency with the policies adopted by the Group.

7-3-4 Use of Estimates

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

7-3-5 Summary of Major Accounting Policies

The policies used in preparing the consolidated financial statements for the year ended December 31, 2019G are the same as those applied for the consolidated financial statements for the years ended December 31, 2020G, 2021G and the three-month period ended March 31, 2022G, in addition to the International Financial Reporting Standards that became effective.

7-3-5-1 Financial Assets - Recognition and Measurement

Upon initial recognition, all financial assets are fixed at their transaction price, which is the fair value, unless the arrangement actually consists of a financing transaction. If that is the case, the item is initially measured at the present value of future flows discounted at the market interest rate of a similar debt instrument.

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are part of current assets except for those that have a maturity of more than 12 months after the end of the reporting period and are classified as non-current assets. They include commercial loans and receivables, other receivables, due from related parties, cash and bank balances.

Trade Receivables

Represents amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized at the original invoice value less the provision for any doubtful amounts. An estimate for doubtful debts is made when there is a significant doubt that collection of the full amount will not be possible. Bad debts are written off when there is no longer a possibility of recovery.

7-3-5-2 Financial Assets- Recognition and Measurement

Depreciation in the Value of Financial Assets

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

- a. For assets carried at fair value, the impairment is the difference between cost and fair value, less any impairment losses previously recognized in the consolidated statement of profit or loss and other comprehensive income.
- b. For assets carried at cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar item of financial assets.
- c. For assets carried at amortized cost, the impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective commission rate.

7-3-5-3 Financial Liabilities - Recognition and Measurement

Financial liabilities are classified according to contractual arrangements and include creditors, amounts payable and loans. All financial liabilities are initially recognized at fair value, subsequently to initial recognition, direct transaction costs are recognized based on amortized cost using the effective interest rate over the life of the instrument and are included in the consolidated statement of profit or loss and other comprehensive income.

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

7-3-5-4 Trade Payables

Trade payables are recognized for amounts payable in the future for goods and services received, whether or not billed by suppliers.

7-3-5-5 Cash and Cash Equivalents

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents consist of cash with banks.

7-3-5-6 Inventory

Inventory of raw materials and spare parts are evaluated on the basis of cost and weighted moving average method. Inventory is reduced by stagnant and slow-moving categories, according to the management's estimates and inventory's movement.

7-3-5-7 Property, Plant and Equipment (PP&E)

Property, machinery and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost less the estimated residual value of PP&E (other than land, as it is not depreciated) is depreciated on a straight-line basis over the expected useful life, using the following annual consumption rates:

Buildings	15%
Machinery & Equipment	10%
Vehicles	20%
Computers	15%
Furniture & Office Equipment	15%

The book value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that it may not be recoverable. If such evidence exists and the book value exceeds its recoverable amount, the value of property, plant and equipment is written down to its recoverable amount, which is the greater of the asset's fair value less costs to sell, or the present value of the cash flows estimated future benefits for that asset.

The gain or loss on the disposal of an asset is determined on the basis of the difference between the net proceeds from disposal and the book value of the asset and is recognized in the consolidated statement of profit or loss and other comprehensive income.

Pay the repair and maintenance expenses on a list profits or Consolidated losses and other comprehensive income. Improvements that materially increase the value or life of the underlying asset are capitalized.

The gain or loss on disposal or disposal of an asset is determined on the basis of the difference between the net proceeds from disposal and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss and other comprehensive income.

Repair and maintenance expenses are on the list of profits or losses and the other comprehensive income. Improvements that materially increase the value or life of the underlying asset are capitalized.

Residual values, useful lives and method of depreciation are reviewed at the end of each financial year, and the effect of any changes in estimate is calculated on a prospective basis.

Gains or Losses resulting of any disposal of PP&E are recognized and calculated on the basis of the difference between the net sale proceeds and the book value of the asset, in the consolidated profit or loss and other comprehensive income when the asset is disposed of.

7-3-5-8 Property, Plant and Equipment (Following)

At the end of each reporting period, the Group reviews its assets' book value to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis for distribution can be determined, the assets are also allocated to individual cash-generating units, or otherwise allocated to the smallest group of cash units for which a reasonable and consistent basis can be identified.

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted from their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset for which the future cash flows have not been adjusted.

If the recoverable amount (cash-generating unit) is less than the book value, the book value (or cash-generating unit) of the asset is reduced to its recoverable amount. The impairment loss is recognized directly in the consolidated statement of profit or loss and other comprehensive income.

If the loss is subsequently reversed, the book value of the asset (or cash-generating unit) must be increased to the revised estimate of its recoverable amount, but so that the increased book value does not exceed the book value that would have been determined if impairment loss has not been recognized for the asset (or cash-generating unit) in prior years. The reversal of the impairment loss is recognized immediately in the profit or loss statement and the other comprehensive income.

7-3-5-9 Capital work in Progress (CWIP)

Capital work in progress includes all assets that are capitalized for non-completion, as well as existing projects that are fixed at the global cost including all costs of contractors' dues, value of materials and consultants' fees.

7-3-5-10 Borrowing Costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that require a substantial period of time to become ready for their intended use, are capitalized when all activities necessary to prepare the qualifying asset for its intended use are completed. All other borrowing costs are recognized as an expense and charged to the consolidated statement of profit or loss and other comprehensive income in the period in which they occur.

7-3-5-11 Provision for Employee Benefit Obligations

The Group provides compensation obligations and benefits to its employees in accordance with the provisions of the Labor and Workmen Law in the KSA. These compensations are due based on the employee's final wage, length of service and completion of the minimum service period.

The end-of-service liability is calculated by estimating the value of future benefits accrued to employees in the current and prior periods and discounting the value to arrive at the present value.

The Group makes assumptions that are used when determining the principal components of costs for the purpose of meeting these future obligations. These assumptions are made after consulting with the Group's actuary and include those assumptions that are used to determine the normal service cost as well as the financing components of the liabilities. The qualified actuary calculates the defined benefit obligation using the unit payable method.

The reassessment of defined benefit obligations comprising of actuarial gains and losses is recognized directly in other comprehensive income. The Group determines the interest expense on the defined benefit obligations for the year by applying the discount rate that is used to measure the defined benefit obligations at the beginning of the annual year after taking into account any change in the defined net benefit obligations during the year, as a result of contributions and payments for the obligations. The net interest expense and other expenses relating to the defined benefit plans are recognized in the consolidated statement of profit or loss and other comprehensive income.

7-3-5-12 Statutory Reserve

In line with the requirements of the Companies Law in the KSA and the Company's Bylaws, the Group establishes a statutory reserve of 10% of the annual net profit until this reserve reaches 30% of the capital. The reserve is not distributable as dividends.

7-3-5-13 Zakat

The Group is subject to Zakat in accordance with the instructions of the General Authority of Zakat and Tax in the KSA and a provision is made for the estimated Zakat.

The due Zakat is calculated on the basis of 2.5% of the Zakat base or of the adjusted net income, whichever is greater.

7-3-5-14 Revenue Generation

Revenue is measured based on the consideration to which the Group expects to be entitled through a contract with a customer, which excludes amounts collected on behalf of other parties. Revenue is recognized when control of the goods or services is transferred to the customer.

Summary of Major Accounting Policies (Following)

7-3-5-15 Revenue Generation (Following)

Merchandising (Selling Merchandise)

Regarding the sale of goods into the market, the recognition of revenue takes place when control of the goods is transferred, and when the goods are shipped to the customer's specified location (delivery). Receivables are recognized by the Group when the goods are delivered to the customer, as this represents the point in time at which the right to collect the amounts owed becomes unconditional, as it means that these amounts are immediately due when the purchase is made. Revenue is recognized when control of the goods is transferred, being at the point of purchase of the goods by the customer at the point of sale, and the agreed value is paid immediately when the customer purchases the goods.

Other Revenue

Other revenue is recognized on the accrual basis.

7-3-5-16 Expenses

Production costs and direct and indirect expenses related to production are classified as cost of sales. All other expenses are classified as general and administrative expenses or selling and distribution expenses.

7-3-5-17 Foreign Currency Conversion

Transactions made during the period in foreign currencies are converted into Saudi Riyals at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities recorded in foreign currencies are retranslated at the exchange rates prevailing at the balance sheet date. Gains or losses arising from settlements and foreign currency exchange are included in the consolidated statement of profit or loss and other comprehensive income.

7-3-5-18 Related Party Transactions

The parties are considered to be related because of their ability to exercise control over the Group, significant influence or shared control of the Group's financial and operating decisions. Also, companies are considered related parties when the Group has the ability to exercise influence, or joint control, over the financial and operating decisions of those parties.

Related party transactions typically include collections from customers or obligations between parties.

Fair Value Measurement:

a. Fair value is the amount that would be received when an asset was sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or to transfer the item of liability occurs either:

- 1- In the principal market for the asset or liability item; or
- 2- In the absence of the main market, in the most preferred market for the item of assets or liabilities.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, and are explained as follows, based on the minimum input required for the fair value measurement as a whole:

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Valuation techniques that use the minimum input required to measure fair value and directly or indirectly observable;
 Level 3 - Other valuation techniques that use the minimum input needed to measure fair value but are not based on observable market data.

For assets and liabilities recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the minimum inputs required for the fair value measurement as a whole) at the end of each financial reporting year.

First Results:

The results of operations in the preliminary financial statements may not be an accurate indicator of those included in the Company's annual financial statements.

7-4 Key Performance Indicators (KPI)

The following table shows the Company's the key performance indicators for the financial years ended December 31, 2019G, 2020G and 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (31): Key Performance Indicators

	Fiscal Year Ended December 31			Three-month Period Ended March 31		
		2019G (Audited)	2020G (Audited)	2021G (Audited)	2021G (Not reviewed)	2022G (Not reviewed)
Total Profit	thousand Saudi riyals	27,900,266	26,966,407	40,216,558	9,895,500	4,319,622
Overall Total Margin	%	31.20%	25.80%	31.23%	28.10%	17.09%
General & Administrative Expenses as a Percentage of Revenue	%	4.00-%	9.20-%	-14.17%	-10.03%	-8.68%
Net operational Profit Margin	%	20.00%	9.90%	9.08%	12.77%	-6.33%
Net Income Margin	%	17.90%	9.25%	6.78%	11.92%	-8.20%
Return on Assets	%	14.50%	5.80%	4.82%	2.32%	-1.07%
Return on Equity	%	22.50%	7.70%	6.52%	3.13%	-1.57%
Debt to Total Equity	X	0.45	0.37	0.35	0.32	0.46
Current Assets/ Current Liabilities	X	1.68	2.14	0.74	0.74	1.18

Source: The Sponsor's Data

7-5 Results of Operations - Income Statement

The following table shows the Comprehensive Income Statement for the fiscal years ended December 31 2019G, 2020G, 2021G and the three-month period ended March 30, 2021G and 2022G.

Table No.(32): Results of Operations - Income Statement

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Revenue	89,465,820	104,438,855	128,777,194	35,209,641	25,274,223	16.74%	23.30%	-28.22%	12.91%
Revenue Cost	-61,565,554	-77,472,448	-88,560,636	-25,314,141	-20,954,601	25.84%	14.31%	-17.22%	12.88%
Total Profit	27,900,266	26,966,407	40,216,558	9,895,500	4,319,622	-3.35%	49.14%	-56.35%	12.96%
Main Business Expenses									
Selling & Marketing Expenses	-1,295,013	-1,768,703	-2,179,989	-423,066	-579,405	36.58%	23.25%	36.95%	18.96%
General & Administrative Expenses	-3,616,124	-9,637,238	-18,252,317	-3,532,116	-2,193,484	166.51%	89.39%	-37.90%	71.54%
Depreciation of Fixed Assets	-5,139,895	-5,202,197	-8,086,149	-1,444,359	-3,146,797	1.21%	55.44%	117.87%	16.30%
Net Income from Main Business	17,849,234	10,358,269	11,698,103	4,495,959	-1,600,064	-41.97%	12.93%	-135.59%	-13.14%
Other Business Results									
Capital Losses	-	-73,121	-	-	-	NA	NA	NA	NA
Financing Burdens	-1,458,417	-103,320	-2,358,114	-123,125	-284,010	-92.92%	2182.34%	131%	17.37%
Other Revenue	85,531	303,674	365,766	32,004	54,226	255.05%	20.45%	69%	62.32%
Net Income Year/Period	16,476,348	10,485,502	9,705,755	4,404,838	-1,829,848	36.36%	-7.44%	-141.54%	-16.17%
Legal Zakat	-460,373	-825,750	-968,944	-206,438	-242,236	79.37%	17.34%	17.34%	28.15%
Net Income Year/Period	16,015,975	9,659,752	8,736,811	4,198,400	-2,072,084	-39.69%	-9.55%	-149.35%	-18.29%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

The Company's revenue is mainly related to the cement sales revenue, the concrete plant, and from washed gravel and sand. Revenue increased significantly by 16.7% from SAR (89.5 million) in 2019G to SAR (104.4 million) in 2020G. Revenues also continued to inch up by 23.30% from SAR (104.4 million) in 2020G to SAR (128.8 million) in 2021G. This rise was driven by the increase in concrete sales. Revenue also recorded a decrease of 28.22% from SAR (35.2 million) in the three-month period ended March 31, 2021G to SAR (25.3 million) in the three-month period ended March 31, 2022G. The decline was driven by the halt in sales of washed gravel and sand.

It should be noted that the value of sales is affected by the selling price, as the increase in the selling price positively influences the Company's revenues, while the decrease leads to a drop in the revenues that may be collected by the Company.

The cost of revenue consists mainly of raw materials, salaries and expenses of concrete plant workers and cement truck drivers. This cost increased by 25.8% from SAR (61.6 million) in 2019G to SAR (77.5 million) in 2020G. It also recorded an additional augmentation of 14.31%, from SAR (77.5 million) in 2020G to SAR (88.6 million) in 2021G.

This is primarily due to raw materials in line with the increase in revenues and market requirements. The cost of revenue decreased by 17.22%, from SAR (25.3 million) in the three-month period ended March 31, 2021G to SAR (20.9 million) in the three-month period ended March 31, 2022G, due to a decline in revenues during the three-month period ended March 31, 2022G and in the amount of raw materials needed for manufacturing and production operations.

Selling and marketing expenses consist mainly of commission expenses, publications and other expenses. Selling and marketing expenses increased by 36.6% from SAR (1.3 million) in 2019G to SAR (1.8 million) in 2020G. Selling and marketing expenses also inched up by 23.25% from SAR (1.8 million) in 2020G to SAR (2.2 million) in 2021G, primarily due to the increase in selling expenses related to commissions. These expenses rose by 36.95% from SAR (0.4 million) in the three-month period ended March 31, 2021G to SAR (0.6 million) in the three months period ended March 31, 2022G. This is primarily due to higher selling expenses related to commissions.

General and administrative expenses mainly consist of administrative staff salaries, government fees, rent, and professional and advisory fees. General and administrative expenses increased by 166.5% from SAR (3.6 million) in 2019G to SAR (9.6 million) in 2020G. These expenses also recorded an increase of 89.39% from SAR (9.6 million) in 2020G to SAR (18.3 million) in 2021G, as a result of the rise in salaries and wages between the two periods after the increase in the number of workers. General and administrative expenses recorded a decrease of 37.90% from SAR (3.5 million) in the three-month period ended March 31, 2021G to SAR (2.2 million) in the three-month period ended March 31, 2022G.

Depreciation relates to fixed assets and property and equipment acquired by the company. Consumptions increased gradually between 2019G and 2020G. The aforementioned rise was mainly driven by the acquisition of machinery and equipment for the preparation and consolidation of the concrete plant and the three-dimensional concrete panels production plant, which was completed in Q3 2021G. Consumptions increased by 55.44%, from SAR (5.2 million) in 2020G to SAR (8.08 million) in 2021G. The increase is principally due to the acquisition of machines and equipment to equip and support a new technology factory that was completed in the Q4 2021G.

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The Company recorded a capital loss of SAR (0.1 million) in 2020G.

The financing burdens were related to the credit facilities obtained by the company from several banks for the purpose of financing and supporting business expansion between 2019G and 2020G. The value of the credit facilities amounted to SAR (10.2 million) in 2019G, SAR (25.8 million) in 2020G, and SAR (20.5 million) in 2021G, respectively. Then the burdens decreased by 92.9% from SAR (1.5 million) in 2019G to SAR (0.1 million) in 2019G. In contrast, the financing burdens increased by 2,182.34% from SAR (103,000) in 2020G to SAR (2.3 million) in 2021G. The aforementioned rise was the result of bank charges and interest on loans.

It is worth mentioning that the Company acquired new financing from the Industrial Development Fund. On the other hand, financial burdens increased by 131% from SAR (0.1 million) in the three-month period ended March 31, 2021G to SAR (0.3 million) in the three-month period ended March 31, 2022G. Moreover, the Company obtained new financing for the purchase of equipment for the concrete

plant.

Other revenues that were reported during the period between 2019G, 2020G, 2021G and the three-month period ended 31 March, 2021G and 2022G included proceeds from currency differences, rental of equipment and sale of scrap materials. This revenue fluctuates in the normal course of business as the quantities of materials sold fluctuate.

Net income decreased by 9.55% from SAR (9.7 million) in 2020G to SAR (8.7 million) in 2021G. The reason for the drop is due to the increase in administrative expenses by 89.39%, financing expenses by 2182.34% and high depreciation of fixed assets by 55.44% in 2021G. Net income declined in the three-month period ended March 31, 2022G, at a rate of 149.35%, from SAR (4.0 million) in the three-month period ended March 31, 2021G to SAR (2.1 million) in the three-month period ended March 31, 2022G. The decrease during the mentioned period is due to a drop in revenues and depreciation rates during the three-month period ended March 31, 2022G.

7-5-1 Revenues According to Sector

The following table sets forth the total revenues by sector for the fiscal years ended December 31, 2019G and 2020G, 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (33): Revenues

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Cement Sales	39,452,021	34,176,305	23,053,591	12,503,329	6,357,543	-13.37%	-32.55%	-49.15%	-16.40%
Concrete Plant Revenue	36,066,966	39,384,595	64,120,135	13,664,270	17,433,926	9.20%	62.81%	27.59%	21.14%
Governmental Contracts Revenue	7,323,337	38,135	0	0	0	-99.48%	NA	NA	NA
Pebble & Washed Sand Revenue	3,070,996	29,030,531	38,006,430	7,519,542	0	845.31%	30.92%	do not apply	131.31%
Private Projects Revenue	3,552,500	0	3,597,038	1,522,500	1,482,754	-100.00%	NA	-2.61%	0.42%
Transportation Revenue	0	1,809,289	-	0	0	NA	NA	NA	NA
Total Revenues	89,465,820	104,438,855	128,777,194	35,209,641	25,274,223	16.70%	23.30%	-28.22%	12.91%
Sector Revenue Ratio of Total Revenues									
Cement Sales	44.10%	32.72%	17.90%	35.51%	25.15%	-	-	-	-
Concrete Plant Revenue	40.31%	37.71%	49.79%	38.81%	68.98%	-	-	-	-
Governmental Contracts Revenue	8.19%	0.04%	0.00%	0.00%	0.00%	-	-	-	-

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Sector Revenue Ratio of Total Revenues									
Pebble & Washed Sand Revenue	3.43%	27.80%	29.51%	21.36%	0.00%	-	-	-	-
Private Projects Revenue	3.97%	0.00%	2.79%	4.32%	5.87%	-	-	-	-
Transportation Revenue	0.00%	1.73%	0.00%	0.00%	0.00%	-	-	-	-

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

Subsidiary Company	Ownership Percentage in the Subsidiary Company
Msnadh Alemdad Ltd. Co.	100%
Alian Industry Company	99%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

The role of Al Kathiri Holding Company is limited to managing its two subsidiaries, namely, Msnadh Alemdad Ltd. Co., which is responsible for the transportation, distribution and sale of cement and raw materials for construction (pebble/gravel and washed sand), and Alian Industry Company, which is responsible for the production and sale of ready-mix concrete and prefabricated panels. Revenues are related to transportation, distribution and sale of cement and raw materials for construction (pebble/gravel and washed sand) and production and sale of ready-mix concrete, where Msnadh Alemdad Ltd. Co. purchases cement and raw materials for construction (pebble/gravel and washed sand) from suppliers and resold to customers at a profit rate between 15% and 20%. Whereas, Alian Industry Co., through the precast concrete and panels, manufactures, produces and sells ready-mix concrete and precast triple slabs.

Revenue formed from cement sale constituted 44.10%, 32.70%, 17.90% and 25.15% of the total revenue in 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G respectively.

Sales of pebble/gravel and washed sand is one of the activities that the company engages in the its daily business. Trading in pebble and washed sand depends on the company's ability to obtain quantities of pebble and washed sand at reasonable prices and resell them at relatively high profit margins. The company usually engages in the sale of gravel/pebble and washed sand when there are good offers that allow it to achieve relatively high profit margins. Although profit margins vary with different market selling prices and different quantity and quality of gravel and sand, they usually range between 35% and 50%. It is worth noting that sales of gravel and washed sand stopped during the three-month period ended March 31, 2022G.

Revenues for the year 2019G included a new item of governmental contracts amounting to SAR (7.3 million). These revenues were linked to a new project that Msnadh Alemdad Ltd. Co. obtained from the Ministry of Defense at a value of SAR (12.0 million). This project provides the Ministry of Defense with concrete fenders during 2019G.

In addition, the year 2019G witnessed the recording of revenues of private projects, which amounted to SAR (3.5 million). These revenues were related to contracting works carried out by Msnadh Alemdad Ltd. Co. to build and establish a 3D concrete panel production factory, which is managed by Alian Industry Company. The construction work is expected to be completed and the operation started during the year 2021G.

Pebble and sand sales revenue significantly increased at a rate of 845.3% from SAR (3.1 million) in 2019G to SAR (29.0 million) in 2020G after the company contracted with four new clients. The general increase in revenues was also driven by a rise in revenues from selling concrete by 9.2% from SAR (36.1 million) in 2019G to SAR (39.4 million) in 2020G, as a result of the concrete factory contracting with new customers. Revenues continued to soar by 23.3%, from SAR (104.4 million) in 2020G to SAR (128.7 million) in 2021G due to a rise in the Concrete Factory's revenue by 62.81% in 2021G. In contrast, concrete sales increased by 68.98% from SAR (13.6 million) in the three-month period ended March 31, 2021G to SAR (17.4 million) in the three-month period ended March 31, 2022G, mainly driven by an increase in the number of equipment and the entry into new projects during the three-month period ended March 31, 2022G.

The company registered transportation revenues related to transport services for one of its customers by SAR (1.8million) in 2020G.

The following table shows revenues costs for the fiscal years ended December 31, 2019G and 2020G, 2021G and the three-month period ended March 31, 2021G and 2022G.

7-5-2 Revenues Costs

Table No. (34): Revenues Costs

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Raw Materials	51,310,569	66,368,827	71,815,008	22,382,751	15,737,671	29.30%	8.21%	-29.69%	11.86%
Salaries & Wages Costs	6,428,888	6,241,534	8,717,273	1,723,153	3,094,722	-2.90%	39.67%	79.60%	10.68%
Other Operating Expenses	3,826,097	4,862,087	8,028,355	1,208,237	2,122,208	27.10%	65.12%	75.65%	28.02%
Total Revenues Cost	61,565,554	77,472,448	88,560,636	25,314,141	20,954,601	25.80%	14.31%	-17.22%	12.88%
Raw Materials	83.30%	85.70%	81.09%	88.42%	75.10%	-	-	-	-
Salaries & Wages Costs	10.40%	8.10%	9.84%	6.81%	14.77%	-	-	-	-
Other Operating Expenses	6.20%	6.30%	9.07%	4.77%	10.13%	-	-	-	-

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

The cost of revenues consists mainly of the cost of raw materials, employees' salaries and wages, and it recorded 93.7%, 93.8%, 90.93% and 89.87% of the total revenues' cost in 2019G, 2020G and 2021G and March 31, 2022G respectively. The cost of raw materials includes costs of raw cement sold by the company and used by the concrete factory as raw materials. These costs also comprehend the prices of gravel, sand and other chemicals that are used in the concrete production process. The costs of raw materials increased by 29.3% from SAR (51.3 million) in 2019G to SAR (66.4 million) in 2020G, in line with the rise of revenues. The costs of raw materials soared by 8.21% from SAR (66.4 million) in 2020G to SAR (71.8 million) in 2021G, in line with the rise of revenues. Raw materials costs decreased by 29.69%, from SAR (22.3 million) during the three-month period ended March 31, 2021G to SAR (15.7 million) during the three-month period ended March 31, 2022G in line with a decline in revenues.

Employee salary costs are related to those directly involved and responsible for the company's operations, including production, transfer and sale of cement and other materials. In the case of Msnadh Alemdad Ltd. Co., the item consists only of truck drivers used in transportation operations of cement. Since the company's activity is limited to the sale of cement, it is transported without any production process. In the case of Alian Industry, the work team embodies all the concrete plant employees involved in managing and operating the production processes, transportation and delivery of materials. Salaries and wages decreased slightly by 2.9% from SAR (6.4 million) in 2019G to SAR (6.2 million) in 2020G. They later on increased by 39.67% from SAR (6.2 million) in 2020G to SAR (8.7 million) in 2021G, as a result of the augmentation in the number of employees during the mentioned period. Salaries and wages rose by 79.60% from SAR (1.7 million) for the three-month period ended March 31, 2021G to SAR (3.1 million) in the three-month period ended March 31, 2022G, as a result of the increase in the number of employees during the mentioned period.

Other operational expenses represent various expenses incurred during the course of work as maintenance expenses of traffic fines, training expenses, labor clothing expenses, spare parts expenses, consumables expenses, hospitality expenses, etc... Other operating expenses increased by 27.1% from SAR (3.8 million) in 2019G to SAR (4.9 million) in 2020G, as a result of maintenance work in line with the increase in the Company's business. Other operational expenses rose by 75.65% from SAR (1.2 million) in the three-month period ended March 31, 2021G to SAR (2.1 million) in the three-month period ended March 31, 2022G, as a result of maintenance work in line with the increase in the amount of equipment.

7-5-3 Sales and Marketing Expenses

The following table sets forth the selling and marketing expenses for the fiscal years ended December 31, 2019G and 2020G, 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (35): Sales and Marketing Expenses

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Other Sales Expenses	62,585	198,515	209,501	-	550	217.20%	5.53%	NA	49.59%
Sales Expenses	1,221,529	1,570,187	1,961,988	421,766	578,855	28.50%	24.95%	37.25%	17.11%
Commissions									
Sales Expenses	10,900	-	8,500	1,300	-	-100.00%	NA	NA	-7.96%
Publications									
Total	1,295,013	1,768,703	2,179,989	423,066	579,405	36.60%	23.25%	36.95%	18.96%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

Sales and marketing expenses represent commission, publications and other types of expenses. Sales and marketing expenses increased by 36.6% from SAR (1.3 million) SAR in 2019G to SAR (1.8 million) in 2020G. Expenses are also recorded a rise by 23.25% from SAR (1.7 million) in 2020G to SAR (2.17 million) in 2021G. This is primarily due to the increase in sales expenses related to commissions. These expenses soared by 36.95% from SAR (0.4 million) in the three-month period ended March 31, 2021G to SAR (0.6 million) in the three-month period ended March 31, 2022G due to the increase in sales expenses related to commissions.

7-5-4 General and Administrative Expenses

The following table shows the general and administrative expenses for the fiscal years ended December 31, 2019G and 2020G, 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (36): General and Administrative Expenses

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Salaries & Wages	1,550,578	2,503,178	4,392,585	1,017,209	1,399,540	61.40%	75.48%	37.59%	41.50%
Governmental Fees	-	-	-	-	-	NA	NA	NA	NA
Stationary & Publications	-	-	-	-	-	NA	NA	NA	NA
Leases	-	-	-	-	-	NA	NA	NA	NA
CMA Expenses	216,159	1,065,094	293,853	56,325	69,076	392.70%	-72.41%	22.64%	10.78%
Expenses-Credit Losses Provision (Allowance)	-	1,412,566	7,500,000	1,500,000	-	NA	430.95%	NA	NA
Maintenance Expenses	-	-	-	-	-	NA	NA	NA	NA
Professional & Advisory Expenses	862,000	2,178,900	1,812,500	238,750	296,250	152.77%	-16.82%	24.08%	28.11%
Right-of-Use Expenses	-	267,109	284,725	66,777	71,181	NA	6.60%	6.60%	NA
Board & Committees Attendance Allowances	176,000	492,000	764,000	-	-	179.55%	55.28%	NA	63.13%
Zakat Differences	-	488,387	1,606,772	369,069	-	NA	229.00%	NA	NA
Banking Expenses & Commissions	-	-	-	-	-	NA	NA	NA	NA
Other Expenses	811,387	1,230,004	1,097,882	283,986	357,437	51.59%	-10.74%	25.86%	10.61%
Donations	-	-	500,000	-	-	NA	NA	NA	NA

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec.	Dec.	March	
	Audited	Audited	Audited	Unaudited	Unaudited	2020G	2021G	2022G	
Total General & Administrative Expenses	3,616,124	9,637,238	18,252,317	3,532,116	2,193,484	166.51%	89.39%	-37.90%	71.54%
Salaries & Wages	42.88%	25.97%	24.07%	28.80%	63.80%	-	-	-	-
Governmental Expenses	-	-	-	-	-	-	-	-	-
Stationary & Publications	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
CMA Expenses	5.98%	11.05%	1.61%	1.59%	3.15%	-	-	-	-
Expenses- Credit Losses Provision (Allowance)	-	14.66%	41.09%	42.47%	-	-	-	-	-
Maintenance Expenses	-	-	-	-	-	-	-	-	-
Professional & Advisory Expenses	23.84%	22.61%	9.93%	6.76%	13.51%	-	-	-	-
Right-of-Use Expenses	-	2.77%	1.56%	1.89%	3.25%	-	-	-	-
Board & Committees Attendance Allowances	4.87%	5.11%	4.19%	-	-	-	-	-	-
Zakat Differences	-	5.07%	8.80%	10.45%	-	-	-	-	-
Banking Expenses & Commissions	-	-	-	-	-	-	-	-	-
Other Expenses	22.44%	12.76%	6.02%	8.04%	16.30%	-	-	-	-
Donations	-	-	2.74%	-	-	-	-	-	-

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

General and administrative expenses mainly include the salaries and wages of administrative employees, which constituted 42.88%, 25.97%, 24.07% and 63.80% of the total general and administrative expenses in 2019G and 2020G, 2021G and the three-month period ended March 31, 2022G.

Administrative salaries and wages increased by 61.44% from SAR (1.6 million) in 2019G to SAR (2.5 million) in 2020G due to the rise in the number of employees. Administrative salaries and wages continued to increase by 75.48%, from SAR (2.5 million) in 2020G to SAR (4.4 million) in 2021G, primarily due to the continuing rise in the number of employees during the mentioned period. Salaries and administrative wages continued to grow by 37.59% from SAR (1.0 million) in the three-month period ended March 31, 2021G to SAR (1.4 million) in the three-month period ended March 31, 2022G mainly due to the increase in the number of employees during the specified period.

The expenses of the CMA and Edaa represent the annual subscriptions paid by the company to the Stock Exchange Market Company and the Securities Depository Center Company, in addition to the expenses of publishing financial statements and Edaa. It was noted that these expenses increased by 392.74% from SAR (0.2 million) in 2019G to SAR (1.1 million) in 2020G, as a result of an increase subscription fees in 2020G. The CMA and Edaa expenses decreased by 72.41%, from SAR (1.1 million) in 2020G to SAR (0.3 million) in 2021G. The CMA expenses during the three-month period ended March 31, 2022G increased by 22.64% compared to the same period ended March 31, 2021G.

The Company recorded a provision (an allowance) for credit losses of SAR (1.4 million) in 2020G, and of SAR (7.5 million) in 2021G. During the three-month period ended March 31, 2022G, the Company did not record any provision (any allowance) for credit losses.

Professional and advisory fees mainly included attorney's fees, advisory expenses and external auditor costs. Professional fees increased by 152.77% from SAR (0.9 million) in 2019G to SAR (2.2 million) in 2020G. The reason for the rise is due to audit expenses, as they now include Al Kathiri Holding Company and its two subsidiaries, Msnadh Alemdad Company Ltd. and Alian Industry Company. The increase in professional and advisory fees was also affected by advisory expenses incurred by the company after conducting studies related to the factory for the production of three-dimensional concrete panels (which is managed by Alian Industry) and its future projects, in addition to advisory expenses related to the process of increasing the Company's capital by offering Rights Issue Shares. The company appointed a legal and financial advisor to increase its capital during 2020G. Professional and advisory fees decreased by 16.82% from SAR (2.2 million) in 2020G to SAR (1.8 million) in 2021G.

The company recorded a right-of-use expense of SAR (0.3 million) and SAR (0.3 million) in 2020G and 2021G and an increase of 6.60%, during the three-month period ended March 31, 2022G by SAR (0.1 million).

The allowances for attending board and committee meetings increased by 179.55% from SAR (0.2 million) in 2019G to SAR (0.5 million) in 2020G, mainly due to the increase in attendance fees in 2020G compared to 2019G. These expenses rose by 55.28% from SAR (0.5 million) in 2020G to SAR (0.8 million) in 2021G.

The company witnessed Zakat differences of SAR (0.5 million) and SAR (1.6 million) in 2020G and 2021G, respectively, and SAR (1.6 million) in 2020G and 2021G, respectively. No Zakat differences were recorded during the period ended March 31, 2022G. The Company recorded donations of SAR (0.5 million) in 2021G.

Other expenses include a group of administrative and daily expenses incurred by the Company in its head office (reception, advertising, transportation, violations, Zakat differences, etc...). They decreased by 10.74% from SAR (1.2 million) in 2020G to SAR (1.1 million) in 2021G, as a result of a drop in some costs compared to previous periods.

7-5-5 Other Revenues

The following table shows the other revenues expenses for the financial years ended December 31, 2019G, 2020G, 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (37): Other Revenues

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Currency Profits	-	234,367	-	-	-	NA	NA	NA	NA
Other Expenses	85,531	69,307	365,766	32,004	54,226	-18.97%	427.75%	69.44%	62.32%
Total General & Administrative Expenses	85,531	303,674	365,766	32,004	54,226	255.05%	20.45%	69.44%	62.32%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

Other revenues that were recorded between 2019G and 2020G are related and the period of three-month period ended March 31, 2022G are related to differential pricing and exchange rate profits, and other sales of scrap materials, pump rentals and customer refunds. This revenue fluctuated between 2019G, 2020G and 2021G. Other revenues increased by 255.05% from SAR (0.1 million) in 2019G to SAR (0.3 million) in 2020G, as a result of differential pricing and exchange rate profits of SAR (0.2 million). Other revenues increased by 20.45% from SAR (0.3 million) in 2020G to SAR (0.4million) in 2021G due to the selling of a quantity of scrap. They later on rose by 69.44% from SAR (32,004) in the three-month period ended March 31, 2021G to SAR (54,226) in the three-month period ended March 31, 2022G as a result of the sale of a quantity of scrap.

7-5-6 Zakat

Zakat expenses increased by 79.37% from SAR (0.4 million) in 2019G to SAR (0.8 million) in 2020G, after net income (before the estimated Zakat) decreased from SAR (16.6 million) in 2019G to SAR (10.5 million) in 2020G. Zakat expenses continued to rise by 17.34%, from SAR (0.8 million) in 2020G to SAR (0.9 million) in 2021G, after a decrease in net income before the estimated Zakat, from SAR (10.5 million) 2020G to SAR (9.7 million) in 2021G. Zakat expenses kept on soaring by 17.34% from SAR (0.2 million) in the three-month period ended March 31, 2021G to SAR (0.2 million) in the three-month period ended March 31, 2022G.

7-5-7 Yearly Net Income

Net income decreased by -39.69% from SAR (16.0 million) in 2019G to SAR (9.7 million) in 2020G, driven by an increase in general and administrative expenses by 166.51% between 2019G and 2020G. It also dropped by 9.55%, from SAR (9.7 million) in 2020G to SAR (8.7 million) in 2021G, driven by a rise in administrative and public expenses and depreciation of fixed assets and financing banks. Net income decreased during the three-month period ended March 31, 2022G, at a rate of 149.35%, from SAR (4.2 million) in the three-month period ended March 31, 2021G to SAR (2.1 million) in the three-month period ended March 31, 2022G. This drop was mainly to a decrease in revenues by 28.22% during the three-month period ended March 31, 2022G.

Summary of Financial Statement Position

The following table shows the summary of financial statement position as of December 31, 2019G and 2020G, 2021G and the three-month period ended March 31, 2022G.

Table No. (38): Summary of Financial Statement Position

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Total Non-current Assets	52,837,575	90,191,278	151,587,776	156,131,549	70.70%	68.07%	3.00%	42.09%
Total Current Assets	57,446,038	76,288,110	29,628,516	36,731,251	32.80%	-61.16%	23.97%	-19.80%
Total Assets	110,283,613	166,479,388	181,216,292	192,862,800	50.96%	8.85%	6.43%	18.00%
Total Shareholders' Equity	71,196,910	125,500,242	133,935,218	131,863,134	76.27%	6.72%	-1.55%	23.45%
Total Non-current Liabilities	4,842,228	5,374,650	7,281,886	29,851,395	11.00%	35.49%	309.94%	14.57%
Total Current Liabilities	34,244,475	35,604,496	39,999,188	31,148,271	3.97%	12.34%	-22.13%	5.31%
Total Liabilities	39,086,703	40,979,146	47,281,074	60,999,666	4.84%	15.38%	29.01%	6.55%
Total Liabilities & Shareholders' Equity	110,283,613	166,479,388	181,216,292	192,862,800	50.96%	8.85%	6.43%	18.00%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

7-6 Non-current Assets

The following table shows the non-current assets as of December 31, 2019G and 2020G, 2021G and the three-month period ended March 31, 2022G.

Table No. (39): Statement of Financial Position

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Net Property Plant & Equipment	52,837,575	89,122,840	150,504,592	155,119,546	68.67%	68.87%	3.07%	41.75%
Right-of-use (ROU) Assets	-	1,068,438	1,083,184	1,012,003	NA	1.38%	-6.57%	NA
Total Non-current Assets	52,837,575	90,191,278	151,587,776	156,131,549	70.70%	68.07%	3.00%	42.09%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Net property, plant and equipment constitute the main component of non-current assets, as they represented 100.0%, 98.82%, 99.29% and 99.35% of the company's total non-current assets as of December 31, 2019G, 2020G, 2021G and March 31, 2022G. Non-current assets increased by 70.7% from SAR (52.8 million) in 2019G to SAR (90.2 million) in 2020G. Non-current assets augmented by 68.07% from SAR (90.2 million) in 2020G to SAR (151.6 million) in 2021G, due to the rise in the amount of equipment and the establishment of a construction purification plant.

7-6-1 Net Property Plant and Equipment (PP&E)

The following table shows the net PP&E as of December 31, 2019G, 2020G and 2021G and the three-month period ended March 31, 2022G.

Table No. (40): Property Plant and Equipment (PP&E)

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Land Plots	5,500,000	5,500,000	6,400,000	6,400,000	-	16.36%	-	5.18%
Buildings & Establishments	10,106,814	11,041,600	87,429,286	86,435,693	9.25%	691.82%	-1.14%	105.28%
Vehicles	1,100,017	538,428	2,214,750	2,191,915	-51.05%	311.34%	-1.03%	26.27%
Plant & Equipment	26,295,985	26,309,163	45,114,854	44,348,215	0.05%	71.48%	-1.70%	19.71%
Office Machines & Devices	187,454	163,463	624,615	663,767	-12.80%	282.11%	6.27%	49.36%
Computers	181,991	220,373	460,173	460,190	21.09%	108.82%	-	36.24%
Rented Plant & Equipment	1,907,697	1,678,773	5,575,618	12,898,276	-12.00%	232.12%	131.33%	42.98%
Projects under Implementation	7,557,617	43,671,040	2,685,296	1,721,490	477.84%	93.85%	-35.89%	-29.17%
Total Plant & Equipment	52,837,575	89,122,840	150,504,592	155,119,546	68.67%	68.87%	3.07%	41.75%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Land plots did not witness any movement between December 31, 2019G and December 31, 2020G, as they relate to a land located in Ishbilyah Neighborhood in Riyadh. The Company purchased this land plot in 2018G. The book value of land plots increased by 16.36% from SAR (5.5 million) as of December 31, 2020G to SAR (6.4 million) as of December 31, 2021G due to the purchase of a land plot located in the south of Riyadh in 2021G.

Buildings and constructions include concrete factory buildings. The book value increased by 9.25% from SAR (10.0 million) as of December 31, 2019G to SAR (11.1 million) as of December 31, 2020G, as the rise in buildings and construction was linked to the addition of a building in order to increase production lines. Buildings increased in 2021G by 691.82% from SAR (11 million in 2020G to SAR (87.4

million in 2021G. The rise is due to the increase in production lines within the concrete factory projects and the establishment of the Building Technology Factory. The book value of buildings and constructions did not witness any significant movement between December 31, 2021G and March 31, 2022G.

Vehicles owned by the Company are divided into two types: administrative vehicles that are used for transportation by senior managers and employees, and cement transportation and shipping vehicles. The book value of vehicles decreased by -51.05% from SAR (1.1 million) as of December 31, 2019G to SAR (0.5 million) as of December 31, 2020G due to the increase in consumption during the year. On the other hand, the book value of vehicles increased by 311.34% from SAR (0.5 million) in 2020G to SAR (2.2 million) in 2021G. It did not witness any significant movement between December 31, 2021G and March 31, 2022G.

Machinery and equipment are mainly related to the concrete plant which was opened in late 2017G. The book value of machinery and equipment did not witness any significant movement between December 31, 2019G and December 31, 2020G. Their value increased by 71.48% from SAR (26.3 million) in 2020G to SAR (45.1 million) in 2021G, as a result of purchasing new equipment and machinery for the Building Technology Factory. The book value of machinery and equipment did not witness any significant movement between December 31, 2021G and March 31, 2022G.

Furniture and office equipment comprises furniture, furnishings and stationery for the company's offices, concrete factory and workers' accommodation. The book value of these assets continued to decline by 12.80% from SAR (0.2 million) as of December 31, 2019G to SAR (0.2 million) as of December 31, 2020G, due to the increase in depreciation during the period. In contrast, the book value of these assets increased by 282.11% from SAR (0.2 million) as of December 31, 2020G to SAR (0.6 million) as of December 31, 2021G. The book value of these assets did not witness any significant movement during the period between December 31, 2021G and March 31, 2022G.

The item of computers consists of fixed and portable computers belonging to the company's employees and its subsidiaries. The book value witnessed an increase of 21.09% from SAR (181,991) as of December 31, 2019G to SAR (220,373) as of December 31, 2020G, and of 108.82% from SAR (220,373) in 2020G to SAR (460,173) in 2021G. The increase was related to the factory that opened in 2021G, manufactures 3D concrete panels. The book value of the computers did not witness any significant movement between December 31, 2021G and March 31, 2022G.

In the item of leased machinery and equipment represents those acquired by the company through capital lease contracts with the aim of raising the company's operational and production capacity. The book value of these assets decreased by 12.0% from SAR (1.9 million) as of December 31, 2019G to SAR (1.7 million) as of December 31, 2020G as a result of depreciation for the period. Rented machinery and equipment increased by 232.12% from SAR (1.7 million) as of December 31, 2020G to SAR (5.6 million) as of December 31, 2021G primarily due to the purchase of mixers and ready-mix concrete pumps. Rented machines and equipment recorded an increase of 131.33% from SAR (5.6 million) as of December 31, 2021G to SAR (12.9 million) as of March 31, 2022G, after obtaining equipment financing contracts.

The projects under implementation consisted of payments to suppliers of machinery and equipment that the company purchased as part of the preparations for the concrete panels production plant project. These projects recorded an additional increase of 477.84% from SAR (7.6 million) as of December 31, 2019G, to SAR (43.7 million) as of December 31, 2020G. Moreover, projects under implementation recorded a decrease of 93.85% from SAR (43.7 million) as of December 31, 2020G to SAR (2.7 million) as of December 2021G. The rise on December 31, 2020G is primarily due to the machinery and equipment that the company purchased as part of the preparations for the opening of the 3D concrete panels production plant, which was inaugurated during Q4 2021G. Projects under implementation decreased by 35.89% from SAR (2.7 million) as of December 31, 2021G to SAR (1.7 million) as of March 31, 2022G.

7-6-2 Right-of-Use Assets

The following table shows the current assets as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (41): Current Assets

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Long-term Lease Contracts								
Right-of-Use of Mulham Factory Land	-	1,335,547	1,335,547	1,335,547	NA	NA	NA	NA
Right-of-Use of the Panels Factory Land	-	-	299,471	299,471	NA	NA	NA	NA
Accumulated Amortization	-	-	-	-	NA	NA	NA	NA
Total Amortization Beginning of the Year/ Period	-	-	-267,109	-551,834	NA	NA	106.60%	NA
Amortization of the Year/ Period	-	-267,109	-284,725	-71,181	NA	6.60%	-75.00%	NA
Net	-	1,068,438	1,083,184	1,012,003	NA	1.38%	-6.57%	NA

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

IFRS 16 Leases specifies how leases are recognized, measured, presented and disclosed. The standard introduces a single accounting model, requiring lessees to recognize the assets and liabilities of all leases unless the lease term is 12 months or less, or the underlying asset is of low value. Lessors continue to classify leases as operating or finance within the concept of IFRS 16 relating to lessor accounting without material change from IAS 17. This standard is effective from the beginning of January 1, 2019G.

7-6-3 Current Assets

The following table shows the current assets as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (42): Current Assets

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Current Assets								
Raw Material Inventory	9,864,820	13,801,484	3,171,847	3,973,514	39.91%	-77.02%	25.27%	-31.49%
Spare parts Inventory	350,418	419,325	538,096	493,746	19.66%	28.32%	-8.24%	15.37%
Net Trade Receivables	29,193,167	30,461,672	8,495,871	10,263,640	4.35%	-72.11%	20.81%	-33.73%
Due from Related Parties	-	5,094,491	148,163	-	NA	-97.09%	NA	NA
Other Debt Balances	13,214,592	3,659,653	7,590,322	13,326,576	-72.31%	107.41%	75.57%	-16.87%
Cash & cash Equivalents	4,823,041	22,851,485	9,684,217	8,673,775	373.80%	-57.62%	-10.43%	26.16%
Total Current Assets	57,446,038	76,288,110	29,628,516	36,731,251	32.80%	-61.16%	23.97%	-19.80%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Current assets consist mainly of trade receivables, which represent 39.93% and 28.67% of the total current assets as of December 31, 2020G and December 31, 2021G, respectively.

Current assets increased by 32.8% from SAR (57.4 million) as of December 31, 2019G to SAR (76.3 million) as of December 31, 2020G, as a result of an increase in the inventory of raw materials and cash and cash equivalents. The inventory of raw materials increased by 39.91% from SAR (9.9 million) as of December 31, 2019G to SAR (13.8 million) as of December 31, 2020G. Cash and cash equivalents increased by 373.8%, from SAR (4.8 million) as of December 31, 2019G to SAR (22.9 million) as of December 31, 2020G.

On the other hand, current assets decreased by 61.16% from SAR (76.3 million) as of December 31, 2020G to SAR (29.6 million) as of December 31, 2021G as a result of a decrease in the inventory of raw materials and cash and cash equivalents. The raw materials' inventory decreased by 77.02% from SAR (13.8 million) as of December 31, 2020G to SAR (3.2 million) as of December 31, 2021G, and cash and cash equivalents decreased by 57.62% from SAR (22.9 million) as of December 31, 2020G to SAR (9.7 million) as of December 31, 2021G.

On the other hand, current assets increased by 23.97% from SAR (29.6 million) as of December 31, 2021G to SAR (36.7 million) as of March 31, 2022G.

7-6-3-1 Net Trade Receivables

The following table shows trade receivables as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (43): Trade Receivables

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Commercial Customers/ Clients	29,193,167	31,874,238	17,408,437	19,176,206	9.18%	-45.38%	10.15%	-15.83%
Deduction of: Expected Credit Losses Provision	-	-1,412,566	-8,912,566	-8,912,566	NA	530.95%	0.00%	NA
Total Accounts Receivable (AR)	29,193,167	30,461,672	8,495,871	10,263,640	4.35%	-72.11%	20.81%	-33.73%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Trade receivables consist principally of amounts owed by trade customers associated with Msandh Alemdad Ltd. Co. In the case of Alian Industry, which operates the concrete plant, most of the ready-mix concrete sales are associated with a cash payment by customers or with a very short grace period.

Total accounts receivable increased with a balance of trade receivables over trade customers at a rate of 4.35% from SAR (29.2 million) as of December 31, 2019G to SAR (30.5 million) as of December 31 2020G. The aforementioned rise was mainly driven by granting Msandh Alemdad Ltd. Co. comfortable and long-term payment periods (sometimes up to six months) to various customers, as this policy aims to encourage customers to buy the company's cement and reduce the intensity of competition, especially in light of the decline in revenues. In the year 2019G, the rise in total accounts receivable as of December 31, 2020G was affected by the increase in revenues during the year 2020G after recovery of the price of a ton of cement.

Total accounts receivable decreased by 72.11% from SAR (30.5 million) as of December 31, 2020G to SAR (8.5 million) as of December 31, 2021G. The above-mentioned decrease was mainly driven by an increase in collections from customers.

Total accounts receivable increased by 20.81% from SAR (8.5 million) as of December 31, 2021G to SAR (10.3 million) as of March 31, 2022G. The above-mentioned increase was mainly driven by the increase in the number of clients and comfortable repayment periods.

Table No. (44): Age of Accounts Receivable

SAR	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	More Than 150 Days	Total Balance
As of December 31, 2019G	12,027,796	5,774,175	1,155,455	886,360	-	9,349,381	29,193,167
As of December 31, 2020G	13,369,499	17,092,172	3,673	217,324	119,156	1,072,414	31,874,238
As of December 31, 2021G	5,961,140	11,447,297	-	-	-	-	17,408,437
As of March 31, 2022G	6,105,585	2,754,257	1,843,721	-	-	8,472,643	19,176,206

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Between December 31, 2020G and December 31, 2021G, the largest portion of the recorded balances was related to a period ranging from 1 to 60 days. This balance was mainly associated with various projects.

7-6-3-2 Due from Related Parties

The amounts due from related parties, which were recorded as of December 31, 2020G, amounted to SAR (5.1 million) in relation to mutual transactions, as with Mr. Meshal Al Kathiri (The Company's CEO). On the other hand, the amounts due from related parties, which were recorded as of December 31, 2021G, they represented SAR (0.1 million), as financing transactions with Mr. Meshal Al Kathiri. No amounts were recorded during the period ended March 31, 2022G.

7-6-3-3 Other Debit Balances

The following table shows the other debit balances as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (45): Other Debit Balances

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Accrued Revenue	-	1,809,289	1,809,289	1,809,289	NA	NA	NA	NA
Employees Covenants & Receivables	375,882	278,125	275,278	475,691	-26.01%	-1.02%	72.80%	-9.86%
Prepaid Expenses	398,112	582,628	1,713,388	4,454,151	46.35%	194.08%	159.96%	62.66%

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Letters of Guarantee	78,120	78,120	78,120	78,120	NA	NA	NA	NA
Advance Payments to Suppliers	2,495,918	911,491	1,106,793	3,267,337	-63.48%	21.43%	195.21%	-23.74%
Unfinished Projects Receivables	2,312,500	-	-	-	NA	NA	NA	NA
VAT - Debit	-	-	2,431,204	3,215,738	NA	NA	32.27%	NA
Unfinished Project Costs	7,521,953	-	-	-	NA	NA	NA	NA
Letters of Credit	-	-	150,000	-	NA	NA	NA	NA
Other Balances	32,107	-	26,250	26,250	NA	NA	NA	NA
Total Other Debit Balances	13,214,592	3,659,653	7,590,322	13,326,576	-72.31%	107.41%	75.57%	-16.87%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Accrued revenue relates to transportation revenue that the Company makes to certain customers. The company recorded accrued revenues of SAR (1.8 million) as of December 31, 2020G, December 31, 2021G, and as on March 31, 2022G.

The covenant and employees' receivables comprise both drivers' covenants and advances made to employees. Drivers' covenants are limited amounts of cash given to drivers in order to cover transportation expenses (fuel and repairs), and the food costs they incur while transporting and delivering cement. Employee advances take the form of loans given to them during the normal course of work at their request and after the approval of the concerned department.

Usually, the value of this advance ranges between one- or two-months' salary. It decreased by -26.01% from SAR (0.4 million) as of December 31, 2019G to SAR (0.3 million) as of December 31, 2020G, and continued to decline to SAR (0.2 million) as of December 31, 2021G, as a result of modifying the company's policy to reduce cash purchases and contract with suppliers on credit. The company is also committed to paying monthly salaries in accordance with the Labor Law, which led to a significant decrease in the value of advances granted to employees. Employee receivables increased by 72.80% on March 31, 2022G, due to the construction of new concrete plants.

Prepaid expenses mainly include rent expenses, medical and car insurance, employment expenses and residence renewal expenses. The balances for these expenses fluctuate in the normal course of business. Prepaid expenses increased by 46.35% during December 31, 2020G and by 194.08% during December 31, 2021G, from SAR (0.4 million) as of December 31, 2019G to SAR (0.6 million) as of December 31, 2020G and from SAR (0.6 million) as of December 31, 2020G to SAR (1.7 million) as of December 31, 2021G, respectively as a result of high rent and insurance costs. On the other hand, prepaid expenses witnessed an increase of 159.96% during March 31, 2022G, from SAR (1.7 million) as of December 31, 2021G to SAR (4.5 million) as of March 31, 2022G, due to the increase in rental and insurance expenses.

Expenses related to the letters of guarantee represent fees that are usually paid when letters of guarantee are issued. The company has issued more than one letter of guarantee in favor of a number of clients who pay their dues in advance before engaging in relatively long-term projects. These fees were collected later from banks when carrying out business with customers or obtaining credit facilities from the same bank that issued the letter of guarantee (the company obtained during this period a number of credit facilities from more than one bank). These expenses did not witness substantial fluctuations and remained stable at SAR (0.1 million) between December 31, 2019G, December 31, 2021G and March 31, 2022G.

Advance payments to suppliers are amounts paid to suppliers of machinery, equipment and cars, purchased by the company between 2019G and December 31, 2021G. Payments made to suppliers decreased by -63.48% from SAR (2.5 million) as of December 31, 2019G to SAR (0.9 million) as of December 31, 2020G. On the other hand, payments increased by 21% from SAR (0.9 million) as of December 31, 2020G to SAR (1.1 million) as of December 31, 2021G. This noticeable increase was driven by the augmentation in the value of purchases related to machinery and transport vehicles from new suppliers that the company acquired to keep pace with the increase in business activities. Payments made to suppliers increased by 195.21% on March 31, 2022G due to the increase in the value of purchase of machinery and transport vehicles from new suppliers acquired by the company to keep pace with the rise of business activities.

Unfinished projects receivables and costs include receivables and costs, unbilled revenues related to a project with the Ministry of Defense that amounted to SAR (2.3 million) and SAR (7.5 million) as such of December 31, 2019G. These balances were related to works carried out in a project with the Ministry of Defense, and invoices were issued that have not yet been certified by the Ministry. Therefore, they were classified under other debit balances instead of receivables from commercial customers. It was settled in 2019G, and the company did not witness any receivables for unfinished projects on December 31, 2018G, December 31, 2020G or December 31, 2021G. The Company did not witness any receivables for unfinished projects on December 31, 2020G, December 31, 2021G or on March 31, 2022G.

The company registered a VAT debit of SAR (2.4 million) as of December 31, 2021G, but not any related amounts as of December 31, 2019G or December 31, 2020G. It also registered a VAT debit of SAR (3.2 million) as of March 31, 2022G.

Other impaired balances amounting to SAR (32,107) and SAR (26,250) and recorded in December 31, 2019G and December 31, 2021G respectively, included a group of miscellaneous expenses. These balances fluctuate from time-to-time according to the classifications followed by the external auditor.

7-6-3-4 Cash and Cash Equivalents

The following table shows cash and cash equivalents as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (46): Cash and Cash Equivalents

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Cash in Hand	-	-	-	56,704	-	-	NA	NA
Cash at Bank	4,823,041	22,851,485	9,684,217	8,617,071	373.80%	-57.62%	-11.02%	26.16%
Total Cash & Cash Equivalents	4,823,041	22,851,485	9,684,217	8,673,775	373.80%	-57.62%	-10.43%	26.16%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Cash in hand includes cash placed with accountants to manage the day-to-day costs and repayments that are incurred on a daily basis and in the normal course of business.

Cash at banks refer to current accounts that are deposited in the accounts of the various banks that the company deals with and through which payments and withdrawals are made.

Total cash and cash equivalents recorded an increase of 373.8% from SAR (4.8 million) as of December 31, 2019G to SAR (22.9 million) as of December 31, 2020G as a result of the increase in cash at banks.

Total cash and cash equivalents decreased by 57.62% from SAR (22.9 million) as of December 31, 2020G to SAR (9.7 million) as of December 31, 2021G as a result of a drop in cash flows due to the decrease in cash at banks. Total cash and cash equivalents also declined by 10.4% from SAR (9.7 million) as of December 31, 2021G to SAR (8.6 million) as of March 31, 2022G.

7-6-4 Shareholders Equity

The following table shows the other shareholders' equity as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (47): Shareholders Equity

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Capital	45,208,800	90,417,600	113,022,000	113,022,000	100.00%	25.00%	0.00%	35.72%
Statutory Reserve	2,923,789	3,889,764	4,756,378	4,756,378	33.04%	22.28%	0.00%	17.61%
Retained Earnings	15,253,400	23,381,957	8,424,759	6,363,914	53.29%	63.97%	-24.46%	-17.95%
Additional Capital	251,838	251,838	-	-	NA	NA	NA	NA
Bonus Issue	7,559,083	7,559,083	7,559,083	7,559,083	NA	NA	NA	0.00%
Non-controlling Equity	-	-	172,998	161,759	NA	NA	-6.50%	NA
Total Shareholders' Equity	71,196,910	125,500,242	133,935,218	131,863,134	76.27%	6.72%	-1.55%	23.45%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

The total shareholders' equity mainly consists of capital and retained earnings which constituted 84.9%, 90.7%, 90.7% and 90.5% from the total shareholders' equity as of December 31, 2019G, December 31, 2020G, December 31, 2021G and March 31, 2022G, respectively.

Capital

The Company's capital increased after the approval of the EGA meeting held on 18/02/1442H (corresponding to 05/10/2020G) to increase the capital by offering Rights Issue Shares to subscription year while keeping the Rights Issue to shareholders who attended the Assembly's Share Owners' meeting. The capital has increased by 100% from SAR (45.2 million) as of December 31, 2019G to SAR (90.4 million) as of December 31, 2020G. The increase amounted to SAR (45.2 million).

The capital continued to increase by 25.0% from SAR (90.4 million) as of December 31, 2020G, to SAR (113.0 million) as of December 31, 2021G, by granting bonus shares, one bonus share for every four shares.

Statutory Reserve

According to Article 125 of the Saudi Companies Law, 10% of the net income is transferred to the statutory reserve. The company may stop making such a transfer when the total of this reserve reaches 30% of the capital. It is worth mentioning that this reserve is not distributable as profits.

Retained Earnings

Retained earnings increased by 53.3% from SAR (15.3 million) as of December 31, 2019G to SAR (23.4 million) as of December 31, 2020G, driven by a net income of SAR (9.7 million) in 2020G. Retained earnings decreased by 63.97% from SAR (23.4 million) as of December 31, 2020G to SAR (8.4 million) as of December 31, 2021G. The amount of SAR (22.6 million) was used to increase the capital from SAR (90.4 million) to SAR (113 million). Net income was recorded at SAR (8.7 million) as of December 31, 2021G.

Additional Capital

Additional capital, registered between December 31, 2019G and December 31, 2020G and that amounted to SAR (0.3 million), represents the balance of differences that were linked, resulted from the capital increase process and classified as additional capital for partners. The additional capital constitutes amounts owed to the minority shareholders of the company. These amounts relate to previous years and were capitalized as additional capital. The partners' additional capital was distributed in 2021G.

Bonus Issue

Bonus issue recorded between December 31, 2019G, 2020G and 2021G is linked to the subscription transaction that took place in 2017G to list the company's shares in the Saudi Parallel Stock Market. The proceeds reached SAR (12.7 million), of which the amount of SAR (4.1 million) represents capital shares and the rest a bonus issue of SAR (8.6 million). Issuance expenses amounting to SAR (1.0 million) were deducted from the bonus issue.

7-6-5 Non-current Liabilities

The following table shows the other non-current liabilities as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (48): Non-current Liabilities

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Non-current Portion of the Industrial Development Fund Loan	4,408,000	3,363,352	2,901,074	19,808,704	23.70-%	-13.74%	582.81%	NA
Non-current Portion of Capital Contract Obligations	-	-	1,742,248	7,271,764	-	NA	317.38%	NA
Long-term Lease Contracts Obligations	-	1,088,969	1,119,362	1,119,362	NA	2.79%	0.00%	NA
End-of-Service Benefits Provision	434,228	922,329	1,519,202	1,651,565	112.40%	64.71%	8.71%	51.81%
Non-current Portion of Bills of Exchange	-	-	-	-	-	NA	NA	NA
Total Non-current Liabilities	4,842,228	5,374,650	7,281,886	29,851,395	11.00%	35.49%	309.94%	14.57%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Non-current liabilities consist mainly of the non-current portion of the Industrial Development Fund loan. They represented 62.6%, 39.8% and 66.4% of the total Non-current liabilities as of December 31, 2020G, December 31, 2021G and March 31, 2022G, respectively.

Non-current liabilities increased by 11.0% from SAR (4.8 million) as of December 31, 2019G to SAR (5.4 million) as of December 31, 2020G. The increase is mainly due to the recording of obligations against a long-term lease amounting to SAR (1.1 million) as of December 31, 2020G.

Non-current liabilities continued to increase by 35.49% from SAR (5.4 million) as of December 31, 2020G to SAR (7.3 million) as of December 31, 2021G. The rise is mainly due to the recording of the non-current portion of capital contract obligations amounting to SAR (1.7 million) as of December 31, 2021G.

Non-current liabilities continued to increase by 309.94% on March 31, 2022G, mainly due to the recording of the non-current portion of the Industrial Fund loan, which amounted to SAR (19.8 million).

7-6-5-1 Non-current Portion of the Industrial Development Fund Loan

The following table shows the non-current portion of the Industrial Development Fund loan as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (49): Non-current Portion of the Industrial Development Fund Loan

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Current Portion of the Industrial Development Fund Loan	-	480,769	943,047	1,000,000	NA	96.2%	6.04%	NA
Non-current Portion of the Industrial Development Fund Loan	4,408,000	3,363,352	2,901,074	19,808,704	-23.70%	-13.74%	582.81%	-13.02%
Total	4,408,000	3,844,121	3,844,121	20,808,704	-12.80%	0	441.31%	-4.5%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Alian Industry Co., a "subsidiary company", signed a loan agreement with the Industrial Development Fund on 02/10/2019G in the amount of SAR (23,200,000), from which SAR (1,160,000) will be deducted for the cost of studies and industrial evaluation. The loan is repaid in 12 installments starting from 16/05/2022G and ending on 16/09/2027G.

7-6-5-2 End-of-Service Benefits Provision

The following table shows the provision for other end-of-service benefits as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (50): End-of-Service Benefits Provision

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
First year balance	301,895	434,228	922,329	1,519,202	43.83%	112.41%	64.71%	45.10%
Loaded on the year	132,333	488,101	596,873	132,363	268.84%	22.28%	-77.82%	65.22%
Balance at the end of the year	434,228	922,329	1,519,202	1,651,565	112.41%	64.71%	8.71%	51.81%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

The Company does not have any obligations to the employee benefit plans that call for actuarial accounts where its obligations to employees are limited to short-term and end-of-service benefits. These benefits are calculated and provisions are made to meet them according to the Labor and Workmen Law applied in the Kingdom. According to the initial calculations of the present value of end-of-service benefits, it was found that there was no material impact, and therefore no differences were affected. The provision for end-of-service benefits gradually increased during the period from SAR (0.4 million) as of December 31, 2019G to SAR (1.5 million) as of December 31, 2021G, following the increase in the number of employees. From the beginning of 2019G till December 31, 2021G, the provision for end-of-service benefits increased by 8.71% during the period ended March 31, 2022G. The pace of hiring accelerated in order to keep up with business expansion.

7-6-6 Current Liabilities

The following table shows the current liabilities as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (51): Current Liabilities

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Trade Creditors	9,742,615	6,590,955	6,152,378	6,911,798	-32.35%	-6.65%	12.34%	NA
Short-term Loans	10,204,311	25,838,820	27,850,521	14,417,641	153.21%	7.79%	-48.23%	40%
Accounts Payable	-	-	-	-	NA	NA	NA	NA
Current Portion of the Industrial Development Fund Loan	-	480,769	943,047	1,000,000	NA	96.15%	6.04%	NA
Current Portion of Capital Contract Obligations	7,752,944	264,280	1,830,209	3,621,941	-96.59%	592.53%	97.90%	NA
Legal Zakat	460,373	825,750	968,944	1,211,180	79.37%	17.34%	25%	28%
Due to Related Parties	3,776,075	-	-	-	-100.00%	NA	NA	NA
Other Credit Balances	2,308,157	1,603,922	2,254,089	3,985,175	-30.51%	40.54%	76.82%	-1%
Total Current Liabilities	34,244,475	35,604,496	39,999,188	31,148,271	3.97%	12.34%	-22.13%	5.31%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Current liabilities mainly consist of short-term loans. They represented 72.6% and 69.6% of the total current liabilities as of December 31, 2020G and December 31, 2021G respectively.

Current liabilities increased by 3.97% from SAR (34.2 million) as of December 31, 2019G to SAR (35.6 million) as of December 31, 2020G. The rise is primarily due to the increase in short-term loans. Alian Industrial Company obtained a loan from the Saudi Industrial Development Fund.

Current liabilities continued to increase by 12.34% from SAR (35.6 million) as of December 31, 2020G to SAR (39.9 million) as of December 31, 2021G. this rise is attributed to the increase in short-term loans by 7.7%, from SAR (25.8 million) as of December 31, 2020G to SAR (27.8 million) as of December 31, 2021G. Current liabilities decreased by 22.13% on March 31, 2022G, from SAR (39.9 million) as of December 31, 2021G, to SAR (31.1 million) as of March 31, 2022G.

7-6-6-1 Short-term Loans

The following table shows the short-term loans as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (52): Short-term Loans

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Al Kathiri Holding Short-term Loans	10,204,311	11,926,687	12,086,835	9,185,397	16.90%	1.34%	-24.0%	5.81%
Alian Industry Short-term Loans	-	13,912,133	15,763,686	5,232,244	NA	13.31%	-66.8%	NA
Total	10,204,311	25,838,820	27,850,521	14,417,641	153.20%	7.79%	-48.2%	39.75%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Table No. (53): Financing

Bank	Interest rate	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
		2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
		Audited	Audited	Audited	Unaudited				
Riyad Bank	Ranging between 2% to 5% + SAIBOR	5,605,289	16,138,819	18,143,686	7,550,142	187.90%	12.42%	-58.39%	47.93%
Arab Bank	4%+ SAIBOR	4,599,022	4,700,000	4,699,023	1,887,499	2.20%	-0.02%	-59.83%	0.72%
Al Ahli Bank	4%+ SAIBOR	-	5,000,000	5,007,813	4,980,000	do not apply	0.16%	-0.56%	NA
Balance		10,204,311	25,838,819	27,850,521	14,417,641	153.20%	7.79%	-48.23%	39.75%

Source: Management Data

The company has entered into several credit facilities agreements with several commercial banks. These facilities included between December 31, 2019G and December 31, 2021G, current account facilities, short-term loans, financing of Musharakah and Murabahah contract, facilities, Documentary Credits (D/C) and letters of guarantee to finance the requirements of business expansion. This credit facility was entered into against promissory notes amounting to SAR (15.021 million).

The Group signed several agreements with local banks with a credit ceiling of SAR (14,521,000) guaranteed by promissory notes in the amount of SAR (15,021,000), personal guarantees from the shareholder Meshal Al-Kathiri for the facility ceiling, and a guarantee of the Saudi Industrial Development Fund in the amount of SAR (4,000,000). Moreover, Elian Industry, a "subsidiary company", also signed a facility agreement with Riyadh Bank, with a credit limit of SAR (13,004,000) and guaranteed by guarantees from one of the shareholders of Al Kathiri Holding Company who held the position of general manager, and a promissory note amounting to SAR (14,200,000), the total credit ceiling will be SAR (19,004,000), and the agreement ends on 24/06/2024G. All bank facilities are in compliance with Islamic Sharia.

The company did not obtain new credit facilities in 2019G, but the withdrawal limit associated with a number of facilities was raised in order to purchase new equipment for the concrete plant and the three-dimensional concrete panels production plant, which was opened in the Q4 2021G. The company repaid the credit facilities obtained from the National Bank in previous years. The period between December 31, 2019G and December 30, 2020G witnessed a remarkable increase of 153.20% from SAR (10.2 million) as of December 31, 2019G to SAR (25.8 million) as of December 31, 2020G due to the increase in the facilities granted by Riyadh Bank to SAR (16.1 million). Facilities continued to rise by 7.79% from SAR (25.8 million) in 2020G to SAR (27.8 million) in 2021G due to an increase in facilities granted by Riyadh Bank. Bank facilities did not witness any material updates during the period ended March 31, 2022G.

7-6-6-2 Accounts Payable (AP)

The following table shows accounts payable as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (54): Accounts Payable (AP)

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Suppliers	9,742,615	6,590,955	6,152,378	6,911,798	-32.25%	-6.65%	12.34%	-14.21%
Advance Payments - Customers/ Clients	1,909,712	650,550	1,065,513	3,011,816	-65.93%	63.79%	182.66%	-17.68%
Total	11,652,327	7,241,505	7,217,891	9,923,614	-37.90%	-0.33%	37.49%	-14.76%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G and Management Data.

Accounts payable included receivables from suppliers and advances from customers. Credits to suppliers are due to: cement suppliers in the case of Msnadh Alemdad Co., Ltd. and cement sand, gravel and chemicals suppliers in the case of Alian Industry Company that manages a concrete factory Prefab and 3D panels factory. The repayment period granted to the company and the concrete plant by suppliers usually extends between 60 and 120 days.

Accounts payable's balance to suppliers increased by 32.3% from 9.7 million Saudi riyals as of December 31, 2019G to 6.5 million Saudi riyals as of December 31, 2020G. Suppliers' decrease continued by 6.6% from 6.5 million Saudi riyals in 2020G to 6.1 million Saudi riyals as of December 31, 2021G, as a result of repaying the suppliers' receivables during the period.

Payments made by clients are mainly related to relatively long-term projects (between one and two years) contracted by Alian Industries. In the case of these projects, the client makes an advance payment that covers a certain period of time during which the required services are provided in installments. Payments made by customers decreased by 65.9% from SAR 1.9 million as of December 31, 2019G to SAR 0.7 million as of December 31, 2020G. On the other hand, payments made by customers increased by 63.7% from 0.7 million Saudi riyals as of December 31, 2020G to 1.1 million Saudi riyals as of December 31, 2021G, in line with the increase in the company's business during that period. Accounts payable increased by 37.49% from SAR 7.2 million as of December 31, 2021G to SAR 9.9 million as of March 31, 2022G, in line with the increase in the company's business during that period.

7-6-6-3 Other Credit Balances

The table below sets forth other credit balances as of December 31, 2019G, 2020G and 2021G and for the three-month period ended March 31, 2022G.

Table No. (55): Other Credit Balances

	Fiscal Year Ended December 31			Three-month Period Ended March 31	Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited				
Accrued Expenses	398,445	702,134	1,179,115	736,708	76.22%	67.93%	-37.52%	43.57%
VAT	-	241,777	-	-	NA	-100.00%	NA	NA
Clients Advance Payments	1,909,712	650,550	1,065,513	3,011,816	-65.93%	63.79%	182.66%	NA
Various Creditors	-	-	-	-	NA	NA	NA	NA
Other Credit Balances	-	9,461	9,461	237,187	NA	0.00%	2407.00%	NA
Total Other Credit Balances	2,308,157	1,603,922	2,254,089	3,985,711	-30.50%	40.54%	76.82%	-0.79%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2022G.

Accrued expenses consist mainly of employee salaries related to the last month or two months of the year, so that the movement of these expenses is related to the timing of paying salaries at the end of the year or period. Accrued expenses increased by 76.2% from SAR 0.4 million as of December 31, 2019G to SAR 0.7 million as of December 31, 2020G. Accrued expenses continued to increase by 67.9% from SAR 0.7 million as of December 31, 2020G to SAR 1.2 million as of December 31, 2021G as a result of the increase in employee salaries.

The company registered a VAT of 0.2 million Saudi riyals as of December 31, 2020G. It did not record any credit balances related to VAT as of December 31, 2019G and 2021G.

Payments made by clients are mainly related to relatively long-term projects (between one and two years) contracted by Elian Industries. In the case of these projects, the client makes an advance payment that covers a certain period of time from the project during which the required services are provided in installments.

Other credit balances consist of various balances that preserved a fixed value of SAR 9,461 as of December 31, 2020G and December 31, 2021G. Other credit balances increased by 2407% from SAR 9,461 as of December 31, 2021G to SAR 1237,187 as of March 31, 2022G.

Loans

Loans that amounted to 4.4 million Saudi riyals as of December 31, 2019G are related to a new loan that the company obtained during the year 2019G from the Saudi Industrial Development Fund, and which amounted to 23.2 million Saudi riyals. It is worth noting that the loan was issued in the name of Alian Industry Company, with the aim of supporting the establishment of a factory for the production of 3D concrete panels. (For more information, please refer to subsection (11-7-7) "Loans and Credit Facilities" of Section (11) "Legal Information" of this Prospectus).

7-6-6-4 Due to Related Parties

Dues to related parties as of December 31, 2019G and December 31, 2021G were related to amounts owed from Mr. Meshal Al Kathiri (CEO), who provided the company with various amounts during the period to support the working capital's needs. Dues to related parties did not witness any significant movements as of March 31, 2022G.

7-6-6-5 Zakat Provision

The company is subject to Zakat according to the regulations of the General Authority of Zakat and Tax in the KSA. It submitted its Zakat returns and obtained a certificate valid until the year 2019G. Zakat provision increased gradually between December 31, 2019G and December 31, 2020G. It rose in 2021G due to the improvement of the results achieved by the company during the financial period.

7-7 Cash Flows

The following table shows cash flows for the financial years ended December 31, 2019G, 2020G and 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (56): Cash Flows

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Net cash Generated from Operating Activities	13,415,413	7,249,641	51,232,593	12,518,702	-4,101,643	-45.96%	606.69%	-132.76%	56.31%
Net cash Generated from Investing Activities	-7,140,419	-41,560,583	-69,467,901	-18,675,953	-7,761,750	482.05%	67.15%	-141.56%	113.48%
Net cash Generated from Financing Activities	-2,326,117	52,339,386	5,068,040	1,224,052	10,852,951	-2350.08%	-90.32%	786.64%	-229.64%

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Change in Cash and Cash Equivalents	3,948,877	18,028,444	-13,167,268	-4,933,199	-1,010,442	356.55%	-173.04%	-120.48%	-249.40%
Cash and Cash Equivalents/ Beginning of the year	874,164	4,823,041	22,851,485	22,851,485	9,684,217	451.73%	373.80%	-57.62%	196.78%
Cash and Cash Equivalents/ End of the Year	4,823,041	22,851,485	9,684,217	17,918,286	8,673,775	373.80%	-57.62%	-51.59%	26.16%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

The cash balance increased at the end of the year by 373.7% from SAR 4.8 million in 2019G to SAR 22.9 million in 2020G, mainly driven by the rise in net cash from financing activities through a capital increase in 2020G. The cash balance also recorded a decrease of 57.62% from SAR 22.8 million in 2020G to SAR 9.6 million in 2021G. It then recorded a decrease of 51.59% from SAR 17.9 million on March 31, 2021G to SAR 8.6 million during the period ended March 31, 2022G, due to an increase in the company's equipment.

7-7-1 Cash Flows from Operating Activities

The following table shows the cash flows from operating activities for the financial years ended December 31, 2019G, 2020G and 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (57): Cash Flows from Operating Activities

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Net Profit for the Year/ Period	16,015,975	9,659,752	8,736,811	4,198,400	-2,072,084	-39.70%	-9.55%	-50.65%	-18.29%
Adjustments to reconcile net income for the period to net cash generated from (used in)									
Consumption	5,139,895	5,202,197	8,086,149	1,444,359	3,146,797	1.21%	55.44%	117.87%	16.30%

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Profit from Disposal of Fixed Asset	-	73,121	-	-	-	NA	-100.00%	NA	NA
Zakat Provision/Component	460,373	825,750	968,944	206,438	242,236	79.37%	17.34%	17.34%	28.15%
Zakat Difference Adjustments	-	-17,184	-	-	-	NA	-100.00%	NA	NA
Other Losses	-	-	100,000	-	-	NA	NA	NA	NA
Right-of-Use Assets Amortization	-	267,109	284,725	66,777	71,181	NA	6.60%	6.60%	NA
Credit Losses Provision/Component	-	1,412,566	7,500,000	-	-	NA	430.95%	NA	NA
End-of-Service Benefits Provision	132,333	385,059	492,686	98,478	132,362	190.98%	27.95%	34.41%	54.99%
Total Adjustments for Non-cash Items	21,748,576	8,148,618	17,432,504	1,816,052	3,592,576	-24.60%	113.93%	97.82%	-7.11%
Change in Operating Assets and Liabilities									
Trade Debtors	-3,119,306	-2,681,071	14,465,801	3,197,941	-1,767,769	-14.05%	639.55%	-44.72%	-266.76%
Raw Materials Inventory	-302,330	-3,936,664	10,629,637	3,992,473	-801,667	1202.10%	370.02%	-79.92%	-427.60%
Spare Parts Inventory	-136,844	-68,905	-118,771	-37,400	44,350	-49.65%	72.37%	-218.58%	-4.61%
Other Debit Balances	-8,236,955	9,554,939	-3,930,669	-4,797,564	-5,736,254	-216.00%	141.14%	-219.57%	-21.86%
Right-of-Use Assets	-	-1,335,547	-299,471	-	-	NA	-77.58%	NA	NA
Trade Creditors	118,339	-3,151,660	-438,577	-262,518	759,420	-2763.25%	-86.08%	-389.28%	-254.75%

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Related Parties	3,776,075	-8,870,566	4,946,328	5,186,206	148,163	-334.90%	-155.76%	-97.14%	9.42%
Other Credit Balances	-189,785	-704,235	650,167	50,862	1,731,622	271.07%	-192.32%	3304.55%	-250.75%
Long-term Leases Obligations	-	1,088,969	30,393	-	-	NA	-97.21%	NA	NA
Paid Zakat	-242,357	-443,189	-825,750	-825,750	-	82.87%	86.32%	NA	50.47%
Paid End-of-Service Benefits Provision	-	-10,800	-45,810	-	-	NA	234.17%	NA	NA
Net cash Generated from operating Activities	13,415,413	7,249,641	51,232,593	12,518,702	-4,101,643	-46.00%	606.7%	-132.76%	56.3%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

Net cash generated from operating activities decreased by 46.0% from SAR 13.4 million in 2019G to SAR 7.3 million in 2020G. The decrease was mainly driven by the drop in net income for the period from SAR 16.0 million in 2019G to SAR 9.7 million in 2020G after a decline in revenues.

Net cash generated from operating activities increased by 606.7% from SAR 7.3 million in 2020G to SAR 51.2 million in 2021G. This increase was mainly driven by the rise in debtors and raw materials inventories by 639.55% and 370.02% respectively.

7-7-2 Cash Flows from Investing Activities

The following table shows the cash flows from investment activities for the financial years ended December 31, 2019G, 2020G and 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (58): Cash Flows from Investing Activities

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
Additional Property and Equipment	-42,336	-6,177,419	-68,259,768	-16,454,099	-8,725,556	14491.41%	1004.99%	-46.97%	1072.60%
Projects Under Implementation	-7,098,083	-36,113,423	-1,208,133	-2,221,854	963,806	408.78%	-96.65%	-143.38%	-44.58%
Proceeds from the Sale of Fixed Assets	-	223,000	-	-	-	NA	NA	0.00%	NA
Property Plant & Equipment (PP&E) Settlements	-	507,259	-	-	-	NA	NA	0.00%	NA
Net cash Used in Investing Activities	-7,140,419	-41,560,583	-69,467,901	-18,675,953	-7,761,750	482.05%	67.15%	-58.44%	113.48%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

Net cash used in investing activities increased by 482.0% from SAR 7.1 million in 2019G to SAR 41.6 million in 2020G. Negative cash flows were linked to projects under implementation. Net cash used in investing activities increased by 67.15% from SAR 41.5 million in 2020G to SAR 69.4 million in 2021G. The rise was due to an increase in property and equipment by 1,004.99% in relation to the technical factory that was achieved in Q4 2021G.

7-7-3 Cash Flows from Financing Activities

The following table shows the cash flows from financing activities for the financial years ended December 31, 2019G, 2020G and 2021G and the three-month period ended March 31, 2021G and 2022G.

Table No. (59): Cash Flows from Financing Activities

	Fiscal Year Ended December 31			Three-month Period Ended March 31		Increase / (Decrease)			Compound Growth/2019G - 2021G
	2019G	2020G	2021G	2021G	2022G	Dec. 2020G	Dec. 2021G	March 2022G	
	Audited	Audited	Audited	Unaudited	Unaudited				
short term loan	-236,730	15,634,509	2,011,701	- 2,367,489	- 13,432,880	-6704.36%	-87.13%	467.39%	-304.07%
Industrial Development Fund Loan	4,408,000	-563,879	-	-	16,964,583	-112.79%	NA	NA	-100.00%
adjustment	-	-451,380	-	-	-	NA	NA	NA	NA
Commitmentscapital contracts	-6,497,387	-7,488,664	3,308,177	3,591,541	7,321,248	15.26%	-144.18%	103.85%	-179.85%
capital increase	-	45,208,800	-251838	-	-	NA	-100.56%	NA	NA
Net cash used in financing activities	-2,326,117	52,339,386	5,068,040	1,224,052	10,852,951	-2350.08%	-90.32%	786.64%	-229.64%

Source: Audited financial statements for the fiscal years 2019G, 2020G, 2021G, and the three-month period ended March 31, 2021G and 2022G.

The movement of net cash in financing activities fluctuated during the financial years ended December 31, 2019G, 2020G and 2021G. Cash flows from financing activities increased from a negative cashflow of SAR 2.3 million in 2019G to a positive cashflow of SAR 52.3 million in 2020G as a result of the Company's capital increase. Cash flows from financing activities then decreased to a cashflow of SAR 5.1 million in 2021G due to the repayment of short-term loans. Net cash used in financing activities increased from SAR 1.2 million on March 31, 2021G to SAR 10.8 million on March 31, 2022G.

7-8 Commitments and Contingent Requirements

The Company does not have any obligations or contingent requirements as of March 31, 2022G.



Financing Structure and Use of Offering Proceeds (8)



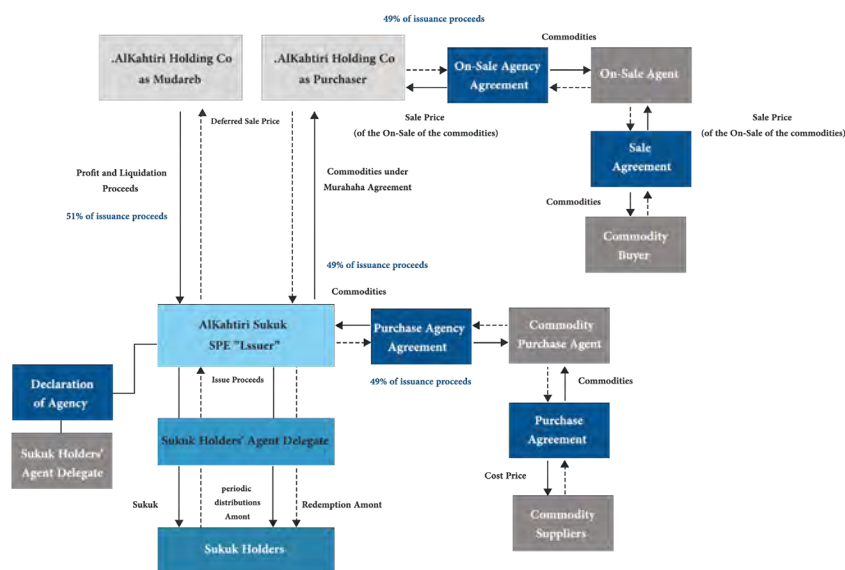
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AI KATHIRI HOLDING COMPANY

8- Financing Structure and Use of Offering Proceeds

8-1 Financial Structure

The diagram below shows the Company's financial structure:

Figure No. (4): Financial Structure



8-1-1

As shown in the above chart, (49%) of the proceeds of the offering will be used by the Issuer to buy commodities from the Supplier and immediately on-sell those commodities to the Sponsor (as Purchaser) under the Master Murabaha agreement. The Sponsor is obligated to use the proceeds of reselling the commodities purchased under the relevant Murabaha Contract only for the purposes specified in the Applicable Final Terms and in accordance with the provisions of the Master Murabaha Agreement. (51%) of the net proceeds from the issuance of each Series of Sukuk will be used as Mudaraba capital, where the Sponsor (in his capacity as the Mudareb) will invest it in the Business Portfolio. In all cases, all offering proceeds for any Series of Sukuk will be used by the Sponsor for its general business operations and to meet its financial and strategic objectives.

8-1-2

According to the Mudaraba agreement, the Issuer (in its capacity as Rab al Maal) will be entitled to share the Mudaraba profits at 99% of the Mudaraba income, and the balance (1%) will be for the Mudareb (Al Kathiri Holding Company). The Issuer (as the Purchaser under the Master Murabaha Agreement) shall also have the right to cancel the purchase of commodities from the Supplier under the Supply of Commodities Agreement without any liability whatsoever on its part in respect of any claims, legal proceedings, costs, expenses, taxes or obligations of any kind, in the event that the Sponsor (as the Purchaser) is unable to provide a confirmation of provisions and a Notice of the Purchase Offer in accordance with Clause 3.4 of the Master Murabaha Agreement and the notice of cancellation shall be effective immediately. In the event that the Sponsor (as the Purchaser) fails to send a complete and correct copy of the Notice (Notice of Offer Acceptance), the Issuer (as the Purchaser) may notify the relevant Supplier that the purchase of Commodities from the Supplier under the Supply of Commodities Agreement has become void.

The Issuer on behalf of the Sukukholders may enforce the rights of the Issuer and Sukukholders and require the Sponsor (as Obligor) to perform its contractual obligations in accordance with each relevant Declaration of Agency and any other Sukuk Documents. The

Declaration of Agency Agreement provides that the Issuer (as the Shareholder's Agent) may decide in its sole and absolute discretion; or (ii) if it is required in writing by a number of Sukukholders representing at least 25% of the aggregate nominal value of the Sukuk outstanding at the date of the application; or (iii) if directed by an extraordinary resolution of the Sukukholders, to the extent that the sums due and/or deliverable in connection with the Sukuk of any issue are not paid and/or delivered in full, take one or more of the following steps (provided that the Sukukholder's Agent is indemnified or pre-funded): The Master Murabaha Agreement (and any related Murabaha Contract) and the Mudaraba Agreement relating to the relevant Series against the Sponsor (Al Kathiri Holding Company), and has the right to take such other steps as it deems necessary and appropriate to recover the amounts due and/or which can be delivered to the Sukukholders of that Series.

It should be noted that each the Seller and the Purchaser make the following representations to the other party on the date of the Master Murabaha Agreement and the date of each Murabaha Contract:

- **Incorporation, capacity and authorisation:** It is duly incorporated and validly existing under the laws of its jurisdiction of incorporation with full power and capacity to own, lease, sell, transfer or otherwise deal with its property and assets and to conduct its business as it is currently being conducted and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- **No breach:** the execution of Master Murabaha Agreement and the undertaking and performance the obligations expressed to be assumed herein will not conflict with, or result in a breach of, or default under, the laws of its jurisdiction of incorporation, any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety or any provision of its constitutive documents of the Issuer;
- **Legal, valid, binding and enforceable:** subject to the Legal Reservations, Master Murabaha Agreement constitutes a part of the Sukuk Documentation and its legal, valid, binding and enforceable obligations;
- **Approvals:** all authorisations, consents, licences, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority (including, without limitation, the payment of any stamp or other similar tax or duty) required by it for or in connection with Master Murabaha Agreement have been obtained, given, fulfilled or done by it and all such consents, authorisations and approvals are in full force and effect;
- **Bankruptcy and liquidation: the Issuer:** It (1) is able to pay its debts as they fall due; and (2) is not, and will not be as a result of entering into Master Murabaha Agreement or any other document in connection with Master Murabaha Agreement, insolvent; and
- **Satisfaction as to compliance with Shari'ah:** Each party hereby agrees that it has accepted the Shari'ah-compliant nature of this Agreement and, to the extent permitted by law, further agrees that:
 - a. it shall not claim that any of its obligations under Master Murabaha Agreement (or any provision thereof) is ultra vires or not compliant with the principles of Shari'ah;
 - b. it shall not take any steps or bring any proceedings in any forum to challenge the Shari'ah compliance of Master Murabaha Agreement; and
 - c. none of its obligations under Master Murabaha Agreement shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that this Agreement is not compliant with the principles of Shari'ah.

As for the legal status of the Sukuk, the Sukuk constitute undivided ownership interests in the Sukuk Assets and represent an undivided interest in the Payment Obligations and will at all times rank *pari passu* among themselves. Pursuant to the Sukuk Documents, the payment obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least *pari passu* with all other present and future unsubordinated obligations of the Issuer, save for obligations as may be preferred by provisions of law that are both mandatory and of general application.

8-1-3

No Sukukholder shall have the right to claim directly against the Sponsor unless the Sukukholders' Agent's Delegate fails to (1) within sixty (60) days of being instructed by a direction or a request in writing from Sukukholders holding at least twenty-five percent (25%) of the aggregate nominal amount of a Series of Sukuk or (2) by an extraordinary resolution of the Sukukholders (who achieve the required quorum).

8-1-4

The Sponsor (in its capacity as Obligor) makes the representations and warranties set out in Clause 9 of the Master Declaration of Agency to the Issuer (on behalf of the Sukukholders) and the Sukukholders' Agent's Delegate. The Sponsor acknowledges that the Sukukholders' Agent's Delegate has entered into the Master Declaration of Agency and/or each relevant Declaration of Agency, and the Sukukholders will purchase the Sukuk, in reliance on such representations and warranties. The representations set out below shall be deemed to be repeated by the Obligor to the Issuer and the Sukukholders' Agent's Delegate on the Issue Date of a relevant Series of Sukuk, by reference to the facts and circumstances then existing.

The following is a summary of the key representations and warranties provided:

- a. Incorporation, capacity and authorisation:** (1) the Obligor is duly incorporated and validly existing under the laws of the Kingdom of Saudi Arabia with full power and capacity to own, lease, sell, transfer or otherwise dispose of its property and assets and to conduct its business as described in the Base Prospectus and is lawfully qualified to do business in those jurisdictions in which business is conducted by it; (2) the Obligor has full power and capacity to establish the Programme, to create and issue the Sukuk, to execute the Master Declaration of Agency and the Sukuk Documents to which it is a party and to undertake and perform the obligations expressed to be assumed by it herein and therein, and the Issuer has taken all necessary action to approve and authorise the same;
- b. No breach:** the establishment of the Programme, the creation, issue and sale of the Sukuk, the execution of the Master Declaration of Agency and the Sukuk Documents to which it is a party and the undertaking and performance by the Obligor of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of, or default under, the laws of the Kingdom of Saudi Arabia, any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety or any provision of the constitutive documents of the Obligor;
- c. Legal, valid, binding and enforceable:** subject to the Legal Reservations, the Master Declaration of Agency constitutes and, upon due execution by or on behalf of the parties thereto, the Sukuk Documents to which the Obligor is a party will constitute and, upon due execution of each Global Sak by or on behalf of the Obligor and due authentication, issuance and delivery of each Global Sak, the Sukuk will constitute, legal, valid, binding and enforceable obligations of the Obligor; have been (or, prior to the Issue Date, will have been) obtained, given, fulfilled or done by the Obligor and all such consents, authorisations and approvals are (or will on the relevant Issue Date, be) in full force and effect.
- d. Approvals:** all authorisations, consents, licenses, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority (including, without limitation, the payment of any stamp or other similar tax or duty) required in respect of the Obligor for or in connection with:
 1. the establishment of the Programme;
 2. the creation, issue, offer and sale of the Sukuk;
 3. the execution of the Master Declaration of Agency, the Sukuk Documents and any other agreement(s) related to the issue of the Sukuk;
 4. the performance by the Obligor of the obligations expressed to be undertaken by it herein and in the Sukuk Documents; and
 5. the distribution of the Base Prospectus, each Applicable Final Terms in accordance with the provisions contained Programme Agreement;
- e. Admissibility:** it is not necessary in order to ensure the enforceability or admissibility in evidence of the Sukuk or the Sukuk Documents that the Sukuk or any Sukuk Documents be filed or recorded in the Kingdom of Saudi Arabia or that any tax or duty be paid on or in respect of the offer of Sukuk or the execution of the Sukuk Documents;
- f. Status:** the payment obligations of the Obligor under the Sukuk Documents to which it is a party are, and will be, its direct, unsubordinated and unsecured obligations and will rank at all times at least *pari passu* with all other present and future unsubordinated obligations of the Obligor, save for obligations as may be preferred by provisions of law that are both mandatory and of general application.
- g. No Event of Default:** no event or circumstance has occurred which is, or (with the passing of time, the giving of notice or the making of any determination) would become, an Event of Default;
- h. Bankruptcy and liquidation:** the Obligor: (1) is able to pay its debts as they fall due; (2) is not, and will not be as a result of the issue of the Sukuk or the execution of the Sukuk Documents to which it is a party, insolvent; and (3) is not subject to any bankruptcy or insolvency proceedings; and

- i. Legal and beneficial ownership:** the Obligor is the sole legal and beneficial owner of the assets necessary to carry on its business as presently conducted;
- j. No material litigation:** there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware including any claims, actions, suits or investigations against the directors of the Obligor) which may have or have had during the 12 months prior to the date of the Base Prospectus a material effect on the financial position, results of operations or profitability of the Obligor which is material in the context of the Programme and/or the issue of Sukuk.

8-2 Sukuk Al Kathiri Obligations

Condition (7) "**Covenants of the Issuer - Negative Pledge**" includes certain undertakings by the Issuer in relation to the Sukuk transaction (for more details on these undertakings, please see paragraph (15-6) "**Condition 7: Covenants of the Issuer - Negative Pledge**" of Section (15) "**Sukuk Terms and Conditions**").

8-3 Sukuk Proceeds Investment

It was agreed to authorize the Payment Administrator to undertake on behalf of the Issuer the investment of approximately (49%) of the proceeds of each Series of Sukuk to be used to purchase commodities through Murabaha transactions, to be concluded between the Issuer as Seller and the Sponsor (in its capacity as the Purchaser). The Issuer (in its capacity as Seller) may appoint the Purchase Agent as its purchase agent (with authority limited to carry out transactions set out in the Master Murabaha Agreement and the relevant Murabaha Contract) to purchase (on behalf of the Seller) from the original Supplier the Commodities. Such instructions must be delivered to the Purchase Agent substantially in the form set out in Schedule 3 (Form of Purchase Agent Instructions) of the Master Murabaha Agreement.

Under an instruction contemplated above, the Issuer (in its capacity as Seller) may instruct and authorise the Purchase Agent to immediately sell the Commodities once purchased on behalf of the Seller to the Purchaser, for immediate delivery value on the Settlement Date. The Sponsor (as the Mudareb) has also been given powers to hold the Mudaraba Assets for and on behalf of the SPE (in its capacity as Rab al Maal), and to take such action on behalf of the Issuer (in its capacity as Rab al Maal), and to exercise such rights, remedies, powers and discretions as are delegated to the Mudareb by the Mudaraba Agreement, together with such rights, remedies, powers and discretions as are reasonably incidental thereto Mudaraba Agreement.

8-4 Cash Flows and Payments

All money received by the Issuer and the use of such cash flows with respect to the Sukuk or amounts due will be in accordance with the Master Declaration of Agency Agreement and/or any related Declaration of Agency, except for any amounts received in accordance with Clause (13) "**Fees and Expenses**" that will be payable in accordance with Condition (4) "**Status**", Condition (6) (d) "**Use of Proceeds - Transaction Account**" and Condition (14) "**Events of Default**" (For more details, please see Paragraph (15-4) "**Condition 4: Status and Subparagraph (d) Use of Proceeds - Transaction Account**" from Paragraph (15-5) "**Condition 6: Sukuk**" of Section (15) "**Sukuk Terms and Conditions**").

Payments will be made by the Issuer and not the Sponsor in accordance with Condition (12) "**Payments**" (for more details on this condition, please see paragraph (15-11) "**Condition 12: Payments**" of Section (15) "**Terms and Conditions of the Sukuk**").

In accordance with the Payment Administration Agreement entered between Al Khair Capital (in its capacity as the Sukukholders' Agent's Delegate and as the Payment Administrator) and Sukuk Al Kathiri as the Issuer, payments are made as follows:

Payments by the Sukukholders' Agent's Delegate and Issuer to the Transaction Account

1. Payments by the Issuer to the Transaction Account

- a. In order to provide for the payment of Periodic Distribution Amounts, any Instalment Amount or any Partial Periodic Distribution Amount in respect of a Series of Sukuk, as the same become due and payable, the Issuer shall pay, or cause to be paid, into the Transaction Account for such Series of Sukuk on or before 11:00 a.m. (Riyadh time) one (1) Business Day prior to each relevant Periodic Distribution Date, an amount equal to the Periodic Distribution Amount, Instalment Amount or Partial Periodic Distribution Amount for such Series of Sukuk falling due on such date (pursuant to the Conditions and the Applicable Final Terms).

- b. In order to provide for the payment of each Sukukholders' pro rata share of the Dissolution Distribution Amount in respect of a Series of Sukuk as the same becomes due and payable, the Issuer shall pay, or cause to be paid, into the Transaction Account for such Series of Sukuk on or before 11:00 a.m. (Riyadh time) one (1) Business Day prior to the relevant Dissolution Date an amount equal to the Dissolution Distribution Amount payable on such date (pursuant to the Conditions and the Applicable Final Terms).

2. Manner and Time of Payment

Each amount payable into the Transaction Account under Clause (4-1) "**Issuer to make payments to the Transaction Account**" of the Payment Administration Agreement shall be paid unconditionally by credit transfer in Saudi Riyals and in freely transferable, cleared funds not later than 11:00 a.m. (Riyadh time) one (1) Business Day prior to the relevant payment date into the Transaction Account for that Series of Sukuk. The Issuer shall, at or before 11:00 a.m. (Riyadh time) one (1) Business Day prior to the due date of each payment by it under Clause (4-1) "**Issuer to make payments to the Transaction Account**" of the Payment Administration Agreement, procure that the bank effecting payment for it confirms by tested telex or authenticated SARIE message to the Payment Administrator the payment instructions relating to such payment. The Payment Administrator shall on the request of the Issuer provide it with such details of the relevant Transaction Account for that Series of Sukuk as the Issuer requires in order for it to effect such payments.

3. Application by the Payment Administrator

The Payment Administrator shall apply each amount paid into the Transaction Account in accordance with Clause (5) "**Payments by the Payment Administrator from the Transaction Account**" of the Payment Administration Agreement and shall not be obliged to repay any such amount.

4. Inability to Confirm Payment Instructions

If, by 2:00 pm (Riyadh time) on the date falling one (1) business day prior to the due date of any payment under Clause (4-1) of the Payment Administration Agreement (Payments by the Issuer to the Transaction Account), the Payment Administrator has not received a confirmation of the relevant Payment Instruction, by telex, the tested Saudi System for Fast Fund Transfers, known as "SARIE", the Issuer and its Sukukholders' Agent's Delegate shall be immediately notified. If the Payment Administrator subsequently receives confirmation of such payment instructions, it shall immediately notify the Issuer and the Sukukholders' Agent's Delegate.

▪ Payments by the Payment Administrator from the Transaction Account

1. Payments by the Payment Administrator

- (a) In respect of each Series of Sukuk, the Payment Administrator shall pay the Periodic Distribution Amounts, any Instalment Amount, any Partial Periodic Distribution Amount and the Dissolution Distribution Amount pro rata to the Sukukholders of that Series of Sukuk out of amounts from time to time credited to the Transaction Account for that Series of Sukuk, in accordance with the Conditions, the Applicable Final Terms and the Sukuk Documents, provided however, that the Payment Administrator shall not be obliged to make any such payments if it has not received the full amount of any payment due to it under Clause (4-1) "**Issuer to make payments to the Transaction Account**".
- (b) Notwithstanding any other provision of the Payment Administration Agreement, the Payment Administrator shall be entitled to make a deduction or withholding from any payment which it makes under the Payment Administration Agreement for or on account of any present or future Taxes if and to the extent so required by applicable law, in which event the Payment Administrator shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld or deducted and notify the Issuer and the Sukukholders' Agent's Delegate of such withholding or deduction.
- (c) If at any time the Payment Administrator becomes aware of a requirement to make a deduction or withholding from any amount payable by it for or on account of any present or future Taxes, it shall give notice of such requirement to the Issuer and the Sukukholders' Agent's Delegate immediately upon so becoming aware
- (d) The Payment Administrator may deem and treat the registered Sukukholder of any Sukuk of any Series as the absolute owner of such Sukuk, free of any set-off or counterclaim on the part of the Issuer against the original or any intermediate Sukukholder of such Sukuk and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Payment Administrator shall not be affected by any notice to the contrary. All payments made to any such Sukukholder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the monies payable under that Series of Sukuk.
- (e) Following redemption of the Sukuk of a particular Series in full, any amounts standing to the credit of the Transaction Account shall be paid by the Payment Administrator to the Sponsor for its own account as an incentive fee.

2. Accounts

Payments under each Series of Sukuk shall be made by wire transfer to a Saudi Riyal account maintained by the payee with a bank in the Kingdom of Saudi Arabia as notified in writing to the Registrar by the relevant payee (which in turn shall notify the Payment Administrator, the Sukukholders' Agent's Delegate and the Issuer) not later than fifteen (15) days before the date of the relevant payment.

3. Payments Subject to the Applicable Law

- (a) All payments in respect of the Sukuk of any Series are subject in all cases to: (1) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition (16) "Taxation"; and (2) any the Foreign Account Tax Compliance Act (FATCA) Withholding. Except as provided in Condition (16) "Taxation", no expenses shall be charged to the Sukukholders in respect of such payments.
- (b) If the Issuer determines in its sole discretion that it will be required to withhold or deduct any FATCA withholding in respect of any payment due on any Sukuk, it shall have the right to redirect or reorganize any such payment in any manner it deems appropriate, from for payment to be made without FATCA withholding, provided that any redirection or reorganization of any payment is made through a recognized, reputable, and duly licensed financial institution in the Kingdom of Saudi Arabia and payment is otherwise made in accordance with the Payment Administration Agreement.
- (c) If requested to do so by the Issuer in writing, the Payment Administrator shall confirm to the Issuer whether it continues to be a person to whom payments can be made free from FATCA Withholding.

4. Payments on Business Days

Payment instructions shall be initiated for value on the due date, or, if the due date is not a Business Day, for value on the first following Business Day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day. A Sukukholder shall not be entitled to any distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

5. Transfer Record Date

Each payment in respect of each Series of Sukuk shall be made to the person shown as the Sukukholder in the Register at the opening of business in the place of the Registrar's Specified Office on the Transfer Record Date.

6. Notification in case of shortfall in any payment obligation

If, on any due date for payment, the balance standing to the credit of the Transaction Account for the relevant Series of Sukuk is less than the full amount of any Periodic Distribution Amount, Instalment Amount, Partial Periodic Distribution Amount or the Dissolution Distribution Amount (as the case may be) as is due for payment on such date in relation to that Series of Sukuk, the Payment Administrator shall notify the Issuer and the Sukukholders' Agent's Delegate.

7. Payment Administrator to act for Sukukholders' Agent's Delegate

If an Event of Default occurs and is continuing:

- (a) the Payment Administrator, if so required by written notice given by the Sukukholders' Agent's Delegate to the Issuer and the Payment Administrator:
1. act thereafter, until otherwise instructed by the Sukukholders' Agent's Delegate, as the agent of the Sukukholders' Agent's Delegate in relation to payments and calculations to be made under the Conditions and the Applicable Final Terms (save that the Sukukholders' Agent's Delegate's liability under any provision of this Agreement for the indemnification, remuneration and payment of any expenses of any Agent shall be limited to amounts for the time being held by it as agent under the Declaration of Agency and available for the purpose); and/or
 2. deliver up all sums, documents and records held by it in respect of each Series of Sukuk to the Sukukholders' Agent's Delegate or as the Sukukholders' Agent's Delegate shall direct in such notice, provided however, that such notice shall not be deemed to apply to any document or record which the Payment Administrator is obliged not to release by any applicable law or regulation; and/or



(b) the Sukukholders' Agent's Delegate may, by notice in writing to the Issuer, require the Issuer to make all payments directly to the Sukukholders' Agent's Delegate and not to the Payment Administrator.

Prepayment Events

According to the Master Murabaha Agreement concluded between Sukuk Al Kathiri (the Seller and Issuer) and Al Kathiri Holding Company (the Purchaser) and Al Khair Capital Saudi Company (the Sukukholders' Agent's Delegate and the Purchasing Agent), if any event listed below occurs due to any party, it will be deemed to fall under "**Prepayment Events**":

The occurrence at any time of any of the events described in Clause (8-1) of the Master Murabaha Agreement by a party hereto shall constitute a "**Prepayment Event**".

a. Non-payment

Failure by the Purchaser (in any of its capacities) to pay, when due:

- (1) any instalment of Deferred Price (other than the final instalment of Deferred Price in relation to that individual Murabaha Contract) and the failure continues for a period of fourteen (14) days from receipt of written notice of said failure; or
- (2) the final instalment of Deferred Price in relation to an individual Murabaha Contract and the failure continues for a period of seven (7) days from receipt of written notice of said failure.

b. Breach of other obligations

The Purchaser (in any of its capacities) does not comply with any provision of the Master Murabaha Agreement or any other document entered into in connection therewith (other than the obligation referred to in Clause (8-1) (a)), provided however, that if the failure is remedied within thirty (30) Business Days of the Issuer giving written notice of such non-compliance, then no Prepayment Event shall occur on account of such non-compliance.

c. Financial covenants

As of 31 December, of any year, the Purchaser fails to comply with any requirement of Condition (7-1) (g).

d. Failure to take action

Any action, condition or thing at any time required to be taken, fulfilled or done in order: (1) to enable the Issuer or the Purchaser (in any of their respective capacities) to lawfully enter into, exercise its rights and perform and comply with its obligations under and in respect of the Master Murabaha Agreement or any other document entered into in connection therewith; and (2) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done.

e. Unlawfulness:

It is or becomes unlawful for the Issuer or the Purchaser (in any of their respective capacities) to perform or comply with any or all of their respective obligations under or in respect of the Master Murabaha Agreement or any document entered into in connection therewith or any of the obligations of such parties (acting in any capacity) under or in respect of the Master Murabaha Agreement or any document entered into in connection therewith cease to be, legal, valid, binding and enforceable.

f. Repudiation:

The Purchaser repudiates the Master Murabaha Agreement or any document entered into in connection therewith.

g. Insolvency and Insolvency Proceedings:

- (1) the Issuer or the Purchaser (in any of their respective capacities) is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts by reason of actual or anticipated financial difficulties or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or

- (2) an administrator or liquidator is appointed (other than in respect of any restructuring on a solvent basis) over the whole or substantially all of the undertaking, assets and revenues of the Issuer or the Purchaser (in any of their respective capacities) and such appointment is not discharged within thirty (30) days; or
- (3) the Issuer or the Purchaser (in any of their respective capacities) makes a general assignment or an arrangement or composition with, or for the benefit of, its creditors in respect of any of its financial indebtedness (including any arrangement under the Bankruptcy Law issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 14 February 2018G) and its implementing regulations issued pursuant to the Council of Ministers Resolution No. 622 dated 24/12/1439H (corresponding to 4 September 2019G) and published in the official gazette on 30/12/1439H (corresponding to 10 September 2018G) as amended, supplemented or restated from time to time) or declares a moratorium in respect of any of its financial indebtedness; or
- (4) the Issuer or the Purchaser (in any of their respective capacities) ceases to carry on the whole or substantially all of its business (otherwise than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent); or
- (5) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Purchaser (in any of their respective capacities) (otherwise than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent); or
- (6) any event occurs under the laws, regulations or rules of the Kingdom of Saudi Arabia that has an analogous effect to any of the events referred to in Clauses (8-1)(g)(1) to (8-1)(g)(5); and

h. Sukuk Documents

Any Event of Default occurs under (and as defined in) the Sukuk Documents, to the extent such event is not already a Prepayment Event pursuant to Clause (8-1) of the Master Murabaha Agreement .

If, at any time, a Prepayment Event occurs with respect to any party (the "**Affected Party**") and is continuing, the other party may, by notice to the Affected Party, designate a day on which the Purchaser shall immediately pay the Total Deferred Price Outstanding together with any other sums owed to the Seller by the Purchaser under the Master Murabaha Agreement, whereupon the same shall become so payable.

8-5 Use of Issuance Proceeds

It is expected that the total proceeds from the issuance of the sukuk will reach five hundred million (500,000,000) Saudi riyals. The proceeds of the issuance of each Series of Sukuk, after deducting all costs, will be used for the purposes of Al Kathiri Trading Holding Company and to meet its financial and strategic objectives.

Noting that fifty-one percent (51%) of the net proceeds of the issuance of each Series of Sukuk will be used as the Mudaraba capital, the Sponsor (as the Mudareb) will invest such accounts it in the Business Portfolio.

8-6 Offering Expenses

The Offering Expenses include the expenses and costs related to the offering of the first Series of Sukuk which are estimated at about one million one hundred and sixty thousand (1,160,000) Saudi riyals, in addition to (1.3%) of the proceeds in favor of the Financial Advisor, and comprises the fees of each of the Financial Advisor, the Arranger, the Sukukholders' Agent's Delegate, Receiving Bank, the Legal Advisor, the Chartered Accountant (Auditor), in addition to marketing and printing costs and other expenses related to the offering of the first Series of Sukuk. All offering expenses will be deducted from the total proceeds of the offering.



Statements By Experts (9)



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9- Statements By Experts

All of the Advisors and Auditors, whose names are listed starting on pages (x) and (xi) have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, addresses, logos and statements attributed to each of them in this Prospectus, and neither they nor their employees forming part of the team serving the Issuer and the Sponsor and its Subsidiaries, nor any of their relatives have any shareholding or interest of any kind in the Issuer, the Sponsor and its Subsidiaries as of the date of this Prospectus which would impair their independence.



Declarations (10)



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10- Declarations

The Directors of each the Issuer and the Sponsor declares the following:

1. there has been no interruption in the Issuer's or the Sponsor's business (or any of its two subsidiaries) that may significantly affect or has affected its financial position during the last 12 months;
2. no commissions, discounts, brokerages or other non-cash compensation were granted by the Sponsor or any of its two subsidiaries within the three years immediately preceding the application for the registration and offer of the Sukuk in connection with the issue or sale of any securities;
3. there has been no material adverse change in the financial or trading position of the Sponsor or any of its two subsidiaries in the three financial years immediately preceding the date of filing the application for the registration and offering of Sukuk that are the subject of this Prospectus and during the period covered in the Auditor's report up to the date of approval of this Prospectus;
4. except as otherwise described in sub-section (4-4) "**The Board of Directors of Sukuk Al Kathiri**" of Section (4) "**Background of Sukuk Al Kathiri and the Nature of Its Business**", and sub-section (6-2) "**The Board of Directors of Al Kathiri Holding Company**" of the "**Regulatory Section of Al Kathiri Holding Company**" of this Prospectus, neither they nor any of the Senior Executives nor their relatives have any shareholding or interest of any kind in the Issuer and the Sponsor or in any debt instruments of the SPE, the Sponsor or any of its subsidiaries;
5. except as otherwise described in Paragraph (4-4) "**The Board of Directors of Sukuk Al Kathiri**" of Section (4) "**Background of Sukuk Al Kathiri and the Nature of Its Business**", and Paragraph (6-2) "**The Board of Directors of Al Kathiri Holding Company**" of the "**Regulatory Section of Al Kathiri Holding Company**" of this Prospectus, neither they nor any of the Senior Executives, the Secretary nor their relatives have any material interest in any written or verbal contract or arrangement under consideration or expected to be conducted with the Company as of the date of this Prospectus;
6. all transactions with Related Parties described in (11-7-6) "**Summary of Contracts with Related Parties**" of paragraph (11-7) "**Summary of Substantive Contracts**" of Section (11) "**Legal Information**" of this Prospectus, including the determination of the financial consideration for contracts, have been carried out in a systematic and legal manner and on appropriate and fair commercial principles used in transactions with third parties;
7. all the Sponsor's transactions with Related Parties shall be entered into on an arm's-length basis and all works and contracts with Related Parties shall be subject to a vote in meetings of the Sponsor's Board of Directors and, if required by the Companies Law, the General Assembly. Directors may not vote on any decision related to transactions or contracts with the Sponsor in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law;
8. the Issuer's and Sponsor's Directors shall not have the right to vote on decisions related to business and contracts in which they have a direct or indirect interest;
9. as of the date of this Prospectus, none of the Directors have engaged in any activities similar or competitive with the activities of the Issuer or the Sponsor. The Directors undertake to fulfil this regulatory requirement in the future as per Article 72 of the Companies Law;
10. the Sponsor does not have any employee share schemes in place for its employees or any other existing similar arrangement involving the employees in the capital of the Sponsor;
11. the Issuer, or the Sponsor and its subsidiaries are not a party to any existing disputes, claims, issues or investigation procedures that may have a material effect on the Issuer's and the Group's operations or financial position;
12. except as disclosed in Section (2) "**RISK FACTORS**", and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the offer Sukuk.
13. The Group has sufficient working capital for a period of at least 12 months immediately following the date of publication of this Prospectus.
14. There is no intention to make any material changes in the nature of the Group's activities.
15. they have developed procedures, controls and systems that would enable the Issuer and Sponsor to meet all of the requirements of the relevant laws and regulations, including the Companies Law, CML and its implementing regulations (including the Rules on the Offer of Securities and Continuing Obligations), and Listing Rules;
16. The Sponsor's audited financial statements appearing in this Prospectus has been extracted from the Sponsor's audited financial statements, and no material amendments have been made thereto;

17. financial information contained in Section No. (7) "**Financial Information about Al Kathiri Holding Company**" of this Prospectus has been extracted without material modifications, and presented in a format consistent with the consolidated audited financial statements for the fiscal years ended December 31, 2020G and 2021G and the notes attached thereto, which have been audited by Sulaiman Abdullah Al Kharashi & Co. Certified Public Accountants and Auditors (Mazars), in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and the standards and publications approved by the Saudi Organization for Auditors and Accountants (SOCPA).
18. the Group does not have any property, or securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect its financial position;
19. the Group does not have any term loans or any other outstanding loans or indebtedness (including bank overdrafts, financial liabilities under acceptance, acceptance credits or purchase commitments); also they declare that there are no security obligations (including personal, unsecured, mortgaged or unsecured) or commitments under acceptance, acceptance credit, or lease-purchase commitments except as disclosed in Subparagraph (11-7-6) "**Loans and Facilities**" of Paragraph (11-7) "**Summary of Substantive Contracts**" of Section (11) "**Legal Information**" of this Prospectus.
20. The share capital of the Sponsor and its two subsidiaries are not subject to the right of option.
21. there are no encumbrances, rights, charges or costs on the Group's property as at the date of this Prospectus.
22. The Group is not aware of any information related to governmental, economic, financial, monetary or political policies or any other factors that may affect or have a material effect (directly or indirectly) on its operations.



Legal information (11)



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11- Legal information

11-1 Introduction about the Issuer and Sponsor and the Major Changes that Occurred to Them

- Sukuk Al Kathiri (SPE: Special Purposes Entity) was established under CMA License No. (SPE00034) dated 12/05/1443H (corresponding to 16/12/2021G), for a period of five (5) years, for the purpose of issuing debt instruments based on debts. The head office is located in the city of Riyadh, Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - 13523 - Riyadh 3158, KSA.
- Al Kathiri Holding Company (the "**Sponsor**"), it was initially established as a sole proprietorship by its owner Mohammed Nasser Mohammed Al-Kathiri under the name "**Mohammed Nasser Mohammad Al Kathiri Contracting Establishment**" and was registered in the Commercial Register under a registration certificate number (1010255690) and dated 29/08/1429H (corresponding to 31/08/2008G). On 14/06/1435H (corresponding to 14/04/2014 G), the establishment was converted to a limited liability company (LLC) with the entry of a new shareholder, Mr. Meshal Muhammad Nasser Al-Kathiri, and the trade name was changed to "**Al Kathiri Holding Company**". Following this, Al Kathiri Holding Company was converted to a closed joint stock company (CJS) pursuant to Ministerial Resolution No. (Q/171) dated 09/06/1438H (corresponding to 08/03/2017G). On 5/10/1438H (corresponding to 09/07/2017G) and its shares were listed in the Parallel Market of Tadawul (known as Nomu market) and was converted to a Saudi public joint stock company (PJS). On 06/03/1441H (corresponding to 03/11/2019G), Al Kathiri Holding was transferred from Nomu market to the main market (TASI) and its shares were listed and traded in TASI. The head office of Al Kathiri Holding Company is located on 3518 - Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - Unit No. (13) & (19) - Riyadh 13523 - 6695.

11-2 Incorporation of the Issuer and Sponsor and the historical background of its paid up Capital Development

▪ The Issuer

1. On 27/02/1443H (corresponding to 04/10/2021G), Al Kathiri Holding Company's Board of Directors issued Resolution Number (30-2021) approving the issuance of a shari'ah compliant Sukuk Programme in Saudi riyals that amounts to five hundred million (500,000,000) Saudi Riyals through a public offering in the Main Market; proceeds to be used for the Company's general commercial purposes and to achieve its financial and strategic objectives.
2. On 25/04/1443H (corresponding to 30/11/2021G), Al Kathiri Holding Company - in its capacity as a Sponsor - applied to the CMA for the establishment and license of a SPE "**Sukuk Al Kathiri**".
3. On 05/03/1443H (corresponding to 07/12/2021G), the Bylaws of Sukuk Al Kathiri was attested and notarized.
4. On 12/05/1443H (corresponding to 16/12/2021G), the CMA issued the license for the establishment of an SPE under number (SPE00034) under the trade name "Sukuk Al Kathiri", for the issuance of debt instruments based on debts. Al Kathiri Holding Company was appointed as Sponsor and Al Khair Capital Saudi Arabia Company appointed as the Trustee. The license is valid for a period of five (5) years.

▪ The Sponsor

1. On 29/08/1429H (corresponding to 30/08/2008G), Al Kathiri Holding Company was initially established as a sole proprietorship (Establishment) under the name of Mr. Mohammed Nasser Mohammed having its trade name "**Al Kathiri Contracting Establishment**" and was registered in the Commercial Register under the certificate number (1010255690) dated 29/08/1429H (corresponding to 31/08/2008G);
2. On 05/25/1435H (corresponding to 03/26/2014G), the Establishment was converted to a limited liability company with the entry of a new shareholder, Mr. Meshal Muhammad Nasser Al Kathiri, in accordance with the Articles of Association (AoA) converting the Establishment to a Limited Liability Company (LLC) attested and notarized by the Notary Public in charge at the Ministry of Commerce in Riyadh by the virtue of record register No. (35734552) dated 08/06/1435H (corresponding to 08/04/2014G);
3. On 08/06/1438H (corresponding to 07/03/2017G), the shareholders approved the incoming of new shareholders, the increase of the paid up capital from five million (5,000,000) Saudi riyals to twenty-seven million three hundred thousand (27,300,000) Saudi riyals, and the conversion from a (LLC) to a Closed Joint Stock Company (CJSC) while keeping the same name and commercial registration number. The shareholders' resolution was attested and notarized by the Notary Public in charge at the Ministry of Commerce by the virtue of record register No. (38895739) for the year (1438H).

4. On 09/06/1438H (corresponding to 08/03/2017G), the Ministerial Resolution No. (Q/171) was issued approving the licensing of the conversion from LLC to CJSC.
5. On 14/06/1438H (corresponding to 13/03/2017G), the Company's Conversion Assembly approved the conversion from LLC to CJSC, the initial Bylaws, and the appointment of first Board of Directors for a period of five (5) years.
6. On 15/06/1438H (corresponding to 14/03/2017G), the Ministerial Resolution No. (181) was issued approving the announcement of the conversion of the Company from LLC to CJSC.
7. On 28/08/1438H (corresponding to 24/05/2017G), the (Extraordinary) General Assembly approved the increase of capital from twenty-seven million three hundred thousand (27,300,000) riyals to thirty-one million, three hundred and ninety-five thousand (31,395,000) Saudi riyals. The increase was met by issuing four hundred and nine thousand five hundred (409,500) shares and offering them to qualified investors in the Parallel Market "Nomu".
8. On 15/10/1438H (corresponding to 09/07/2017G), the Company's shares were listed on the Saudi Stock Exchange (Nomu market) and the company was converted to a Saudi Public Joint Stock Company (PJSC).
9. On 05/12/1439H (corresponding to 16/08/2018G), the (Extraordinary) General Assembly approved an increase of the Company's paid up capital from thirty-one million three hundred and ninety-five thousand (31,395,000) Saudi riyals to thirty-seven million six hundred seventy-four thousand (37,674,000) riyals and an increase in the number of shares from three million, one hundred and thirty-nine thousand and five hundred (3,139,500) shares to three million seven hundred and sixty-seven thousand and four hundred (3,767,400) shares, with an increase of (20%). The increase was through capitalization of six million two hundred and seventy-nine thousand (6,279,000) Saudi riyals from the retained earnings account and the statutory reserve.
10. On 18/08/1440H (corresponding to 23/04/2019G), the (Extraordinary) General Assembly approved an increase of the company's paid up capital from thirty-seven million, six hundred and seventy-four thousand (37,674,000) Saudi riyals to become forty-five million two hundred and eight thousand and eight (45,208,800) Saudi riyals, and an increase in the number of shares from three million seven hundred and sixty-seven thousand four hundred (3,767,400) shares to four million five hundred twenty thousand eight hundred and eighty (4,520,880) shares. The increase was through capitalizing the amount of seven million five hundred and thirty-four thousand and eight hundred (7,534,800) Saudi riyals from the account of retained earnings and awarding one bonus share for every five owned shares.
11. On 19/02/1441H (corresponding to 28/10/2019G), Tadawul approved the Company's request to upgrade from the Parallel Market (Nomu) to the Main Market (TASI), and on 06/03/1441H (corresponding to 03/11/2019G), the Company was transferred and its shares began trading on the Main Saudi Stock Exchange Market (TASI).
12. On 18/02/1442H (corresponding to 05/10/2020G), the (Extraordinary) General Assembly of the shareholders approved an increase in the Company's paid up capital from forty-five million two hundred and eight thousand and eight hundred (45,208,800) Saudi riyals, to become ninety million four hundred and seventeen thousand six hundred (90,417,600) Saudi riyals. The increase was conducted via issuance of new shares by offering and listing Rights Issue Shares of four million five hundred twenty thousand eight hundred and eighty (4,520,880) shares.
13. On 13/11/1442H (corresponding to 23/06/2021G), the (Extraordinary) General Assembly approved an increase in the Company's capital from ninety million four hundred and seventeen thousand six hundred (90,417,600) Saudi riyals to become one hundred and thirteen million twenty-two thousand (113,022,000) with an increase of (25%), and in the number of shares from nine million and forty-one thousand seven hundred and sixty (9,041,760) shares to eleven million, three hundred and two thousand and three hundred (11,302,300) shares, by granting bonus shares (1) share for every (4) shares, by capitalizing the amount of twenty-two million six hundred and four thousand four hundred (22,604,400) Saudi riyals.
14. On 27/02/1443H (corresponding to 04/10/2021G), the Board of Directors of Al Kathiri Holding Company decided to issue Sukuk through a Programme compliant with the provisions of the Shari'ah in Saudi riyals - for the general trading purposes of the Company and its financial and strategic objectives, through a public offering in the Saudi market.
15. The current capital of the Company is the amount of one hundred and thirteen million twenty-two thousand (113,022,000) Saudi riyals, divided into eleven million, three hundred and two thousand (11,302,200) nominal shares of equal value, the value of each of which is ten (10) Saudi riyals, all of which are ordinary shares.

11-3 Subsidiaries

Article (4) of Al Kathiri Holding Company's Bylaws provides that the Company may acquire shares and interests in other existing companies, or merge with them, and shall have the right to participate with others in establishing companies after satisfying the requirements set out by applicable laws, regulations, procedures and rules in the Kingdom (the "Applicable Law"), provided always that the Company may incorporate other joint stock or limited liability companies, subject to the Company having a share capital of no less than five million Saudi Arabian Riyals (SAR 5,000,000). The Company may further dispose of such shares or interests provided that disposition thereof shall not include brokerage in the said shares or interests.

As of the date of this Prospectus, the Sponsor owns two subsidiaries being: (1) Msnadh Alemdad Ltd. Co. and (2) Alian Industry Company.

11-3-1 Msnadh Alemdad Ltd. Co.

▪ About the Company

- Msnadh Alemdad Ltd. Co. was established as a one-person company (LLC) wholly owned by Al Kathiri Holding Company, with a paid up capital of SAR (100,000). The Articles of Association (AoA) was attested and notarized by the Notary Public in record deed No. (39948414) dated 23/06/1439H (corresponding to 11/03/2018G). The Company was registered in the Commercial Registry in Riyadh with a certificate number (1010945513) dated 23/06/1439H (corresponding to 11/03/2018G).
- On 03/05/1442H (corresponding to 27/12/2020G), the shareholders decided to increase the capital from one hundred thousand (100,000) Saudi riyals to one million (1,000,000) Saudi riyals by issuing new shares and depositing the amount of the increase in a local bank which issued a certificate of deposit in this regard.

▪ Capital

- The current paid up capital of Msnadh Alemdad Ltd. Co. is one million (1,000,000) Saudi riyals which is wholly owned by Al Kathiri Holding Company.

▪ Activity

- According to Article (3) of the amended AoA, the company is authorized to carry out the below activities :
 1. Real estate activities in owned or leased properties
 2. Real estate activities based on fees or contracts
 3. Architectural, engineering activities and related technical advisory services
 4. Specialized Design Activities
 5. Other professional, scientific and technical activities not classified in another topic
 6. Building construction
 7. Construction of utility projects
 8. Construction work related to other civil engineering projects
 9. Site preparation
 10. Electrical installations
 11. Plumbing, heating and air conditioning works
 12. Other Structural Fittings
 13. Completion and finishing of buildings
 14. Other specialized construction activities
 15. Exploitation of quarries to extract stones, sand and shavings
 16. General cleaning of buildings
 17. Building cleaning and other industrial cleaning activities
 18. Integrated office management services activities
 19. Organizing conferences and trade fairs
 20. Software publishing
 21. Telecommunication activities
 22. Wireless communication activities
 23. Other communication activities
 24. Computer consulting expertise and computer facility management activities
 25. Data processing, web hosting and related activities
 26. Other information service activities not classified in another topic
 27. Road transport of goods/commodities
- According to the commercial registry certificate, the activity authorized for the Company to practice is (public construction of residential buildings - general construction of non-residential buildings, including (schools, hospitals, hotels....) - public construction of government buildings - construction of prefabricated buildings on sites - restoration of residential and non-residential buildings).

▪ Management

- According to Article (9) of the AoA, the Company's management is entrusted to one manager (referred as the general manager) being Mr. Meshal Muhammed Al Kathiri who has full authorities and powers as further stipulated in the AoA.

▪ Head Office & Branches

- According to Article Five (5) of the amended Articles of Association (MoA), the Company's head office is located in the city of Riyadh, and it has the right to open branches inside or outside the Kingdom, when its interest requires so and by a decision of the shareholders.
- In addition to the main register issued for its head office, the Company has established four (4) branches in the city of Riyadh as of the date of this Prospectus. The following is a table that sets forth a summary of the commercial registration certificates of the head office and its branches:

Table No. (60): Business Records of Msnadh Alemdad Co. Ltd.

Nb.	Trade Name	Legal entity	Commercial Registration No	Issue Date	Expiry Date	Issuer
1.	Msnadh Alemdad One-Person LLC	LLC	1010945513	23/06/1439H (corresponding to 11/03/2018G)	23/06/1444H (corresponding to 16/01/2023G)	Ministry of Commerce Commercial Register Office in Riyadh
2.	Msnadh Alemdad One-Person LLC	LLC Branch	1010563774	30/06/1440H (corresponding to 07/03/2019G)	29/06/1446H (corresponding to 30/12/2024G)	Ministry of Commerce Commercial Register Office in Riyadh
3.	Msnadh Alemdad One-Person LLC	LLC Branch	1010666300	17/03/1443H (corresponding to 03/11/2020G)	17/03/1447H (corresponding to 09/09/2025G)	Ministry of Commerce Commercial Register Office in Riyadh
4.	Msnadh Alemdad One-Person LLC	LLC Branch	1010723253	10/11/1442H (corresponding to 20/06/2021G)	10/11/1447H (corresponding to 27/04/2026G)	Ministry of Commerce Commercial Register Office in Riyadh
5.	Msnadh Alemdad One-Person LLC	LLC Branch	1010727900	01/12/1442H (corresponding to 18/05/2026G)	01/12/1447H (corresponding to 18/05/2026G)	Ministry of Commerce Commercial Register Office in Riyadh

Source: The Sponsor

11-3-2 Alian Industry Company

▪ About the Company

- Alian Industry Company was initially established as a one-person (as LLC), after the spin off and conversion of a branch office of Al Kathiri Holding Company to a company under the trade name Alian Industry Company having its commercial registration No. (1010442592) dated 05/06/1437H (corresponding to 14/03/2016G). It is a wholly owned (100%) by Al Kathiri Holding Company as the owner of the capital. The capital at incorporation amounted to (500,000) Saudi riyals divided into fifty thousand (50,000) cash shares of equal value.
- On 05/05/1442H (corresponding to 20/12/2020G), the sole shareholder (Al Kathiri Holding Company) decided to increase its capital from five hundred thousand (500,000) Saudi riyals to ten million (10,000,000) Saudi riyals, in accordance with the amended AoA which was attested and notarized by the Notary Public in Riyadh pursuant to deed recorded under No. (17086) and dated 05/05/1442H (corresponding to 20/12/2020G).
- On 25/08/1442H (corresponding to 07/04/2021G), the sole shareholder (Al Kathiri Holding Company) decided to transfer some of his shares to new incoming shareholders. Following this, the shareholders decided to convert the company from LLC to CJSC. The shareholders' resolution was attested and notarized by the Notary Public in Riyadh pursuant to deed recorded under number (100004246) dated 25/08/1442H (corresponding to 07/04/2021G).
- On 28/08/1442H (corresponding to 08/04/2021G), a Ministerial Resolution No. (291) was issued approving the license to convert Alian Industry Company from a one-person LLC to a (CJSC).
- On 29/08/1442H (corresponding to 11/04/2021G), the conversion assembly meeting was held, and they approved the entire capital of ten million (10,000,000) riyals which was wholly subscribed by the shareholders, and the Company's Bylaws was approved.
- On 30/08/1442H (corresponding to 12/04/2021G), a Ministerial Resolution No. (295) was issued approving and declaring the conversion of Alian Industry Company from a one-person LLC to a (CJSC).
- On 21/09/1442H (corresponding to 03/05/2021G), the Board of Directors issued a recommendation to convert the company from closed joint stock company to a public joint stock company through the registration of the shares for the purpose of direct listing in the Parallel Market (Nomu).
- On 12/10/1442H (corresponding to 24/05/2021G), the Ordinary General Assembly approved the recommendation of the Board of Directors to directly list the shares of Alian Industry in the parallel market.
- On 20/07/1443H (corresponding to 21/02/2022G), the Saudi Tadawul Group approved the application for direct listing of the company's shares through a plan to meet the liquidity requirements, provided that this approval is conditional on Alian Industry obtaining the approval of the Capital Market Authority (CMA) on the registration request in accordance with the relevant regulations and rules, while complying with the liquidity requirements in accordance with the listing rules.

▪ Capital

The company's current capital is ten million (10,000,000) Saudi riyals, divided into one million (1,000,000) ordinary shares, and the value of each share is ten (10) Saudi riyals, which is distributed among fifty-two (52) shareholders as follows:

Table No. (61): Current Ownership Structure of Alian Industry Company

Nb.	Shareholder's Name	Nationality	Shares Number	Shares Value	Total Ownership Amount	Ownership Percentage	Certificate Number	Registration Date
1.	Al Kathiri Holding Company	Saudi	990,000	10	9,900,000	99.00%	001	19/09/1442H (corresponding to 01/05/2021G)
2.	Fatima Ali Muhammad Al Othman	Saudi	200	10	2,000	0.02%	002	19/09/1442H (corresponding to 01/05/2021G)
3.	Nawaf Saud Abdullah Al-Rashed	Saudi	200	10	2,000	0.02%	003	19/09/1442H (corresponding to 01/05/2021G)

Nb.	Shareholder's Name	Nationality	Shares Number	Shares Value	Total Ownership Amount	Ownership Percentage	Certificate Number	Registration Date
4.	Sarah Ibrahim Ali Jameel	Saudi	200	10	2,000	0.02%	004	19/09/1442H (corresponding to 01/05/2021G)
5.	Munira Muhammad Ali bin Mateen	Saudi	200	10	2,000	0.02%	005	19/09/1442H (corresponding to 01/05/2021G)
6.	Maryam Ibrahim Abdullah Al Shuraym	Saudi	200	10	2,000	0.02%	006	19/09/1442H (corresponding to 01/05/2021G)
7.	Rawan Ibrahim Abdullah Al Shuraym	Saudi	200	10	2,000	0.02%	007	19/09/1442H (corresponding to 01/05/2021G)
8.	Ibrahim Rushoud Abdullah Al Shuraym	Saudi	200	10	2,000	0.02%	008	19/09/1442H (corresponding to 01/05/2021G)
9.	Maryam Hamad Rashid Al-Mayah	Saudi	200	10	2,000	0.02%	009	19/09/1442H (corresponding to 01/05/2021G)
10.	Hessa Abdullah Saud Al Shuraym	Saudi	200	10	2,000	0.02%	010	19/09/1442H (corresponding to 01/05/2021G)
11.	Noura Abdullah Ali Al-Dufyan	Saudi	200	10	2,000	0.02%	011	19/09/1442H (corresponding to 01/05/2021G)
12.	Hessa Abdullah Muhammad Al-Aqili	Saudi	200	10	2,000	0.02%	012	19/09/1442H (corresponding to 01/05/2021G)
13.	Sarah Rushoud Abdullah Al Shuraim	Saudi	200	10	2,000	0.02%	013	19/09/1442H (corresponding to 01/05/2021G)
14.	Abdul Ilah Ibrahim Abdullah Al Shuraym	Saudi	200	10	2,000	0.02%	014	19/09/1442H (corresponding to 01/05/2021G)
15.	Shama Abdullah Saud Al Shuraim	Saudi	200	10	2,000	0.02%	015	19/09/1442H (corresponding to 01/05/2021G)
16.	Osama Khaled Abdullah Al Shuraim	Saudi	200	10	2,000	0.02%	016	19/09/1442H (corresponding to 01/05/2021G)

Nb.	Shareholder's Name	Nationality	Shares Number	Shares Value	Total Ownership Amount	Ownership Percentage	Certificate Number	Registration Date
17.	Abdullah Rushoud Abdullah Al Shuraym	Saudi	200	10	2,000	0.02%	017	19/09/1442H (corresponding to 01/05/2021G)
18.	Dalal Ayed Jabri Al-Harthy	Saudi	200	10	2,000	0.02%	018	19/09/1442H (corresponding to 01/05/2021G)
19.	Abeer Fawaz Ali Al-Tamimi	Saudi	200	10	2,000	0.02%	019	19/09/1442H (corresponding to 01/05/2021G)
20.	Jawhara Abdullah Ali Al- Othman	Saudi	200	10	2,000	0.02%	020	19/09/1442H (corresponding to 01/05/2021G)
21.	Jana Fawaz Ali Al-Tamimi	Saudi	200	10	2,000	0.02%	021	19/09/1442H (corresponding to 01/05/2021G)
22.	Dana Fawaz Ali Al-Tamimi	Saudi	200	10	2,000	0.02%	022	19/09/1442H (corresponding to 01/05/2021G)
23.	Hatem Abdel Aziz Saud Al- Askar	Saudi	150	10	1,500	0.02%	023	19/09/1442H (corresponding to 01/05/2021G)
24.	Meshary Fawaz Ali Al-Tamimi	Saudi	200	10	2,000	0.02%	024	19/09/1442H (corresponding to 01/05/2021G)
25.	Jawaher Rushoud Abdullah Al Shuraym	Saudi	200	10	2,000	0.02%	025	19/09/1442H (corresponding to 01/05/2021G)
26.	Nasser Abdullah Nasser Al-Fadhli	Saudi	200	10	2,000	0.02%	026	19/09/1442H (corresponding to 01/05/2021G)
27.	Abdul Majeed Mohammed Abdullah Al- Quraishi	Saudi	200	10	2,000	0.02%	027	19/09/1442H (corresponding to 01/05/2021G)
28.	Rushoud Abdullah Saud Al Shuraym	Saudi	200	10	2,000	0.02%	028	19/09/1442H (corresponding to 01/05/2021G)
29.	Qassem Mohammed Awad Al-Shamry	Saudi	150	10	1,500	0.02%	029	19/09/1442H (corresponding to 01/05/2021G)

Nb.	Shareholder's Name	Nationality	Shares Number	Shares Value	Total Ownership Amount	Ownership Percentage	Certificate Number	Registration Date
30.	Nora Nayef Abdullah Al-Nahit Al-Harbi	Saudi	200	10	2,000	0.02%	030	19/09/1442H (corresponding to 01/05/2021G)
31.	Nouf Nayef Abdullah Al-Nahit Al-Harbi	Saudi	200	10	2,000	0.02%	031	19/09/1442H (corresponding to 01/05/2021G)
32.	Al-Reem Nayef Abdullah Al-Nahit Al-Harbi	Saudi	200	10	2,000	0.02%	032	19/09/1442H (corresponding to 01/05/2021G)
33.	Hessa Abdul Aziz Abdul Rahman Al Shushan	Saudi	200	10	2,000	0.02%	033	19/09/1442H (corresponding to 01/05/2021G)
34.	Nayef Abdullah Obaidullah Military Sculpture	Saudi	200	10	2,000	0.02%	034	19/09/1442H (corresponding to 01/05/2021G)
35.	Fahd Abdul Aziz Fahd Al-Gharib	Saudi	200	10	2,000	0.02%	035	19/09/1442H (corresponding to 01/05/2021G)
36.	Ouhoud Nasser Mohammed Al-Hazani	Saudi	200	10	2,000	0.02%	036	19/09/1442H (corresponding to 01/05/2021G)
37.	Lulwa Hassan Ali Al-Razzouk	Saudi	200	10	2,000	0.02%	037	19/09/1442H (corresponding to 01/05/2021G)
38.	Kholoud Saad Khaseiwi Al- Harbi	Saudi	200	10	2,000	0.02%	038	19/09/1442H (corresponding to 01/05/2021G)
39.	Abdul Majeed Hassan Ali Al- Razzouk	Saudi	200	10	2,000	0.02%	039	19/09/1442H (corresponding to 01/05/2021G)
40.	Abdul Rahman Hassan Ali Al- Razzouk	Saudi	200	10	2,000	0.02%	040	19/09/1442H (corresponding to 01/05/2021G)
41.	Rahaf Hussein Ali Sabbar	Saudi	200	10	2,000	0.02%	041	19/09/1442H (corresponding to 01/05/2021G)
42.	Saud Hussein Saad Al-Hazani	Saudi	200	10	2,000	0.02%	042	19/09/1442H (corresponding to 01/05/2021G)

Nb.	Shareholder's Name	Nationality	Shares Number	Shares Value	Total Ownership Amount	Ownership Percentage	Certificate Number	Registration Date
43.	Fahad Mohammed Abdul Rahman Al Hazani	Saudi	200	10	2,000	0.02%	043	19/09/1442H (corresponding to 01/05/2021G)
44.	Mohammed Abdul Rahman Abdullah Al-Dayl	Saudi	200	10	2,000	0.02%	044	19/09/1442H (corresponding to 01/05/2021G)
45.	Abdel Moneim Abdullah Hussein Al Anzi	Saudi	200	10	2,000	0.02%	045	19/09/1442H (corresponding to 01/05/2021G)
46.	Saadi Muhammad Ali Al-Qarni	Saudi	200	10	2,000	0.02%	046	19/09/1442H (corresponding to 01/05/2021G)
47.	Bassel Saadi Mohammed Al-Qarni	Saudi	200	10	2,000	0.02%	047	19/09/1442H (corresponding to 01/05/2021G)
48.	Bassam Saadi Mohammed Al-Qarni	Saudi	200	10	2,000	0.02%	048	19/09/1442H (corresponding to 01/05/2021G)
49.	Aseel Saadi Mohammed Al-Qarni	Saudi	200	10	2,000	0.02%	049	19/09/1442H (corresponding to 01/05/2021G)
50.	Sabah Mutlaq Jamal Al-Anzi	Saudi	200	10	2,000	0.02%	050	19/09/1442H (corresponding to 01/05/2021G)
51.	Abdullah Hamad Awad Al-Anzi	Saudi	200	10	2,000	0.02%	051	19/09/1442H (corresponding to 01/05/2021G)
52.	Faisal Hamad Awad Al-Anzi	Saudi	200	10	2,000	0.02%	052	19/09/1442H (corresponding to 01/05/2021G)
Total	1,000,000	-	10,000,000	100%	-	-	-	

Source: The Sponsor

▪ Activity

– According to Article (3) of the Bylaws, the Company is licensed to carry out the following activities:

1. Transformative Industries
2. Construction
3. Agriculture, Forestry and Fishing
4. Mining and Quarry Exploitation
5. Electricity, Gas, Steam and Air Conditioning Supplies

6. Water Supplies, Sanitary Sewerage System & Waste Management Treatment
7. Wholesale and Retail Trade & Repair of Motor Vehicles and Motorcycles
8. Transport and Storage
9. Residence and Food Services
10. Information & Communication
11. Real Estate Activities
12. Administrative & Support Services
13. Arts, Entertainment & Amusement
14. Other Services Activities

The Company carries out its business activities in compliance with the Laws & Regulations and after having obtained necessary licenses from competent authorities.

- According to the Commercial Register's Certificate, the following activities are reflected in the certificate: (manufacture of hollow and paid cement blocks - production of ready-mix concrete - manufacture of additives and plasticizers for concrete - manufacture of ready-made and dry mixed-use concrete - manufacture of window frames of concrete or cement - manufacture of varieties of asbestos cement or lime-cellulosic cement - manufacture of building materials produced from plant materials and agglomerated by cement).

▪ Management

- Pursuant to Article (19) of the Bylaws, the Company shall be managed by a BoD consisting of four (4) members elected by the Ordinary General Assembly (OGA) for a period not exceeding three years, and the conversion assembly shall appoint the first BoD for a period of three (3) years, starting from the date of registration in the Commercial Register as a JSC.
- On 29/08/1442H (corresponding to 11/04/2021G), the Conversion General Assembly appointed the first BoD, which is the current one, and is composed of the following members:

Table No. (62): Board of Directors (BoD) of Alian Industry Company

Nb.	Name	Position	Membership Status	Nationality	Membership Date	Shares Ownership
1	Adel bin Ibrahim bin Muhammad Al Kathiri	Chairman of the Board	Non-Executive Non-Independent	Saudi	11/04/2021G	None
2	Ahmed Nasser Ahmed Al-Sayegh	Vice Chairman of the Board	Non-Executive Independent	Saudi	11/04/2021G	None
3	Meshal Mohammed Nasser Al Kathiri	Board Member - Managing Director	Executive Non-Independent	Saudi	11/04/2021G	None
4	Abdul Ilah Bin Issa Bin Hamad Al-Owaidan	Board Member	Non-Executive Independent	Saudi	11/04/2021G	None

Source: The Sponsor

▪ Head Office and Branches

Article Five (5) of the Bylaws stipulates that the Board of Directors may establish branches, offices or agencies for the company inside or outside the Kingdom of Saudi Arabia after the approval of the competent authorities. In addition to the main register of its head office, and as of the date of this Prospectus, the company has established three (3) branches as shown in the below table:

Table No. (63): Commercial Records of Alian Industrial Company

Nb.	Trade Name	Legal Entity	Commercial Registration No.	Issue Date	Expiry Date	Issuer
1.	Alian Industry Company	Saudi CJSC	1010442592	05/06/1437H (corresponding to 14/03/2016G)	05/06/1446H (corresponding to 06/12/2024G)	Ministry of Commerce - Commercial Register Office in the city of Riyadh
2.	Asaleeb Alian Industry Comapny	Branch of Saudi CJSC	1126106263	27/01/1441H (corresponding to 26/09/2019G)	27/01/1447H (corresponding to 22/07/2025G)	Ministry of Commerce - Commercial Register Office in the city of Sudair
3.	Alian Industry Company	Branch of Saudi CJSC	1173100157	27/01/1441H (corresponding to 26/09/2019G)	27/01/1447H (corresponding to 22/07/2025G)	Ministry of Commerce - Commercial Register Office in the city of Mulham
4.	Alian Industry Company	Branch of Saudi CJSC	1010762497	01/05/1443H (corresponding to 05/12/2021G)	01/05/1448H (corresponding to 12/10/2026G)	Ministry of Commerce - Commercial Register Office in the city of Mulham

Source: The Sponsor

11-4 Licenses and Permits Obtained by the Sponsor and its Subsidiaries

■ Al Kathiri Holding Company

Al Kathiri Holding Company has obtained a number of licenses, certificates, regulatory and operational approvals and permits from the competent Saudi authorities which are necessary to conduct its activities in accordance with the regulations in force in the Kingdom of Saudi Arabia, and these licenses are renewed periodically. The following table shows the current licenses and approvals obtained by the Sponsor in relation to its main registry, which is the only registry belonging to it, as follows:

Table No. (64): Approvals, licenses, certificates and permits under which the Sponsor conducts its business activities

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
Commercial Register	Registration of the Company in the Commercial Companies Register	1010255690	29/08/1429H (Corresponding to 30/08/2008G)	09/06/1446H (Corresponding to 10/12/2024G)	Ministry of Commerce - Commercial Register Office in the city of Riyadh
Membership Certificate in the Chamber of Commerce	In compliance with the provisions of the Commercial Register Law, the Company obtained a Membership Certificate in the Premium Class	204598	01/09/1429H (Corresponding to 01/09/2008G)	06/09/1446H (Corresponding to 10/12/2024G)	Ministry of Commerce - Commercial Register Office in the city of Riyadh
Certificate of Participation in Social Insurance*	In Compliance with the Social Insurance Law	48093891	11/01/1444H (corresponding to 09/08/2022G)	11/02/1444H (corresponding to 07/09/2022G)	General Organization for Social Insurance
Wages Protection law Compliance Certificate**	To indicate that the company is committed to depositing the wages of its employees through local banks and to regularly raise the wages file	20012208011857	05/01/1444H (corresponding to 03/08/2022G)	07/03/1444H (corresponding to 03/10/2022G)	Ministry of Human Resources and Social Development
Saudization Certificate***	To indicate that the company is committed to the required Saudization percentage according to the Nitaqat Program	301249-15672025	05/01/1444H (corresponding to 03/08/2022G)	07/04/1444H (corresponding to 01/11/2022G)	Ministry of Human Resources and Social Development
Company Entity Evaluation Certificate - Nitaqat	Evaluation of the company's entity according to the Nitaqat program where it indicates a Minean company in range (medium green)	386230-1	-	-	Ministry of Human Resources and Social Development (Labor Office - Electronic Services)

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
Zakat and Income Certificate	To indicate that the company submitted its annual Declaration and committed to paying Zakat	1110177996	05/09/1443H (Corresponding to 06/04/2022G)	10/10/ 1443H (Corresponding to 30/04/2023G)	General Authority of Zakat and Income (GAZI)
VAT Registration Certificate	To indicate that the company is registered with the VAT	30117419410003	21/05/1441H (Corresponding to 16/01/2020G)	-	General Authority of Zakat and Income (GAZI)
Facilities Certificate	To indicate that the company falls within the small and medium enterprises	2239063007	27/01/1444H (Corresponding to 25/08/2022G)	09/02/1445H (Corresponding to 25/08/2023G)	General Authority for Small and Medium Enterprises
Business Activity License	In compliance with the Law of Municipal Licensing Procedures to practice commercial activity	41032617839	-	29/03/1444H (Corresponding to 25/10/2022G)	Ministry of Municipal and Rural Affairs Riyadh Municipality of North Riyadh
License to Practice Commercial Activities	In compliance with the Law of Municipal Licensing Procedures to practice commercial activity	4100840	30/03/1441H (Corresponding to 27/11/2019G)	29/03/1444H (Corresponding to 25/10/2022G)	Ministry of Municipal and Rural Affairs Riyadh North Riyadh Municipality
Civil Defense Permit	In compliance with the Civil Defense Field Safety Standards and Conditions	2-000126493-43	30/05/1443H (Corresponding to 03/01/2022G)	30/05/1444H (Corresponding to 24/12/2022G)	General Directorate of Civil Defense
Simah Rating Agency (Tassnief) Certificate	Credit Classification: BBB -	1010255690092021	04/03/1443H (corresponding to 30/10/2021G)	05/04/1444H (corresponding to 30/10/2022G)	Simah Rating Agency (Tassnief)

Source: The Sponsor

*Certificate is valid maximum for 1 month to be electronically renewed when required.

**Certificate is valid maximum for three months to be electronically renewed when required.

***Certificate is valid maximum for three months to be electronically renewed when required.

▪ Msnadh Alemdad Limited Company

The subsidiary, Msnadh Alemdad Ltd. Co. , obtained a number of licenses and permits necessary to carry out its commercial activity through its main branch and its four (4) other branches. The following table shows the licenses and permits obtained by the Company for its main branch:

Table No. (65): Approvals, licenses, certificates and permits obtained by the main branch

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
Commercial Register	Registration of the Company in the Commercial Companies Register	1010945513	23/06/1439H (corresponding to 11/03/2018G)	23/06/1444H (corresponding to 16/01/2023G)	Ministry of Commerce - Commercial Register Office in the city of Riyadh
Chamber of Commerce and Industry membership certificate (Second Class)	The Company's commitment to the provisions of the Commercial Register	101000442027	23/06/1439H (corresponding to 11/03/2018G)	23/04/1444H (corresponding to 16/01/2023G)	Chamber of Commerce and Industry in the city of Riyadh
VAT Registration Certificate	To indicate that the company is registered with the VAT	310227843500003	24/12/1439H (Corresponding to 04/09/2018G)	-	Zakat, Tax and Customs Authority
Certificate of Zakat and Income	To indicate that the company submitted its annual Declaration and is committed to paying Legal Zakat	1020134040	10/08/1442H (Corresponding to 13/03/2022G)	10/10/1443H (Corresponding to 30/04/2023M)	Zakat, Tax and Customs Authority
Social Insurance Certificate*	To indicate the company's commitment to the regulations of the General Organization for Social Insurance	48093918	11/01/1444H (corresponding to 09/08/2022G)	11/02/1444H (corresponding to 07/09/2022G)	General Organization for Social Insurance

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
WPS Compliance Certificate**	To indicate the company's commitment to the controls of the wage protection program and the promotion of the proportion of commitment determined by the Law	20012208012307	11/01/1444H (corresponding to 09/08/2022G)	13/03/1444 AH (corresponding to 09/10/2022G)	Ministry of Human Resources and Social Development
Saudization Certificate***	To indicate that the company is committed to the required Saudization rate	13617634-143842	27/11/1443H (corresponding to 26/06/2022G)	28/02/1444H (corresponding to 24/09/2022G)	Ministry of Human Resources and Social Development
Private Entity Evaluation Certificate (Nitaqat)	Evaluation of the company's entity according to the Nitaqat Program, which indicates that the company is in the (Platinum) Range)	1-1702127	-	-	Department of Electronic Services of the Ministry of Human Resources and Social Development
Monsha'at Certificate	Statement of the company's incorporation into small and medium enterprises	2141340065	08/03/1443H (Corresponding to 14/10/2021G)	18/03/1444H (Corresponding to 14/10/2022G)	General Authority (Monsha'at)

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
Contractor Membership Certificate	In compliance with the Law & Regulations of the Saudi Contractors Authority to practice the activity of (specialized construction) - building construction - Civil Engineering - Services for buildings and beautifying sites)	100003449	08/05/1442H (Corresponding to 23/12/2020G)	29/05/1444H (Corresponding to 23/12/2022G)	Saudi Contractors Authority
Cities Service Providers Classification Certificate	For the purpose of participating in governmental competitions	20218811	20/01/1443H (Corresponding to 28/08/2021G)	01/02/1444H (Corresponding to 28/08/2022G)	Ministry of Municipal, Rural Affairs and Housing
Municipality License	Business Activity License	43059033015	-	13/06/1448H (Corresponding to 23/11/2026G)	Ministry of Municipal and Rural Affairs - Riyadh Municipality - North Riyadh Municipality
safety certificate	To indicate that the company is committed to the civil defense field safety standards and conditions	1-000842094-43	13/06/1443H (Corresponding to 16/01/2022G)	13/06/1444H (Corresponding to 06/01/2023G)	Ministry of Interior Affairs General Directorate of Civil Defense

Source: The Sponsor

* Certificate of commitment valid maximum for 1 month to be electronically renewed when required.

** Certificate commitment valid maximum for three months to be electronically renewed when required.

*** Certificate of commitment valid maximum for three months to be electronically renewed when required.

The subsidiary, Msnadh Alemdad Limited Company, has also issued the necessary licenses, certificates and permits for its branches according to following:

Table No. (66): Approvals, licenses, certificates and permits obtained by the branches of Msnadh Alemdad Limited Company

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of "Msnadh Alemdad Ltd. Co., a One-person Company"					
Commercial Register	Registration of the company's branch in the Commercial Companies Register in Riyadh	1010563774	30/06/1440H (Corresponding to 07/03/2019G)	29/06/1446H (Corresponding to 30/12/2024G)	Ministry of Commerce - Commercial Register Office in Riyadh
Chamber of Commerce and Industry Membership Certificate - Second Class	The branch's commitment to the Commercial Register provisions Law	490801	12/07/1440H (Corresponding to 19/03/2019G)	29/06/1446H (Corresponding to 30/12/2024G)	Chamber of Commerce and Industry in Riyadh
Social Insurance certificate*	The company's commitment to the Regulations of the General Organization for Social Insurance	48093900	11/01/1444H (corresponding to 09/08/2022G)	11/02/1444H (corresponding to 07/09/2022G)	General Organization for Social Insurance
WPS Compliance Certificate**	In compliance with the controls of the wages' protection program and the promotion of the commitment ratio specified by the Law.	20012208123160	11/01/1444H (corresponding to 09/08/2022G)	13/03/1444H (corresponding to 09/10/2022G)	Ministry of Human Resources and Social Development
Saudization Certificate***	To indicate that the company is committed to the required Saudization rate	633342-17842351	11/01/1444H (corresponding to 09/08/2022G)	13/04/1444H (corresponding to 07/11/2022G)	Ministry of Labor and Social Development

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of "Msnadh Alemdad Ltd. Co., a One-person Company"					
Private Entity Evaluation Certificate (Nitaqat)	Evaluation of the company's entity according to the Nitaqat Program, which indicates that the company is in the (Platinum) Range)	1-1970800	-	-	Department of Electronic Services of the Ministry of Human Resources and Social Development
Monsha'at Certificate	Classification of the company among small and medium enterprises	2147440064	08/03/1443H (Corresponding to 14/10/2021G)	18/03/1444H (Corresponding to 14/10/2022G)	Small and Medium Enterprises General Authority (Monsha'at)
Real Estate Developer Certificate (Wafi)	To license the activity of buying, selling land and real estate division and off-plan sales activities	707	08/02/1443H (corresponding to 14/09/2021G)	08/02/1444H (corresponding to 04/09/2022G)	Ministry of Municipal, Rural Affairs and Housing (Sale on Map Program - Wafi)
A Branch of "Msnadh Alemdad Ltd. Co., a One-person Company"					
Commercial Register	Registration of the company's branch in the Commercial Companies Register in Riyadh	1010666300	17/03/1443H (corresponding to 03/11/2020G)	03/17/1447 AH (corresponding to 09/09/2025 AD)	Ministry of Commerce - Commercial Register Office in Riyadh
Chamber of Commerce and Industry Membership Certificate - Second Class	The company branch's commitment to the commercial register provisions Law	596583	19/03/1442H (Corresponding to 05/11/2020G)	17/03/1447H (Corresponding to 09/09/2025G)	Chamber of Commerce and Industry in Riyadh

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of "Msnadh Alemdad Ltd. Co., a One-person Company"					
Private Entity Evaluation Certificate (Nitaqat)	Evaluation of the company's entity according to the Nitaqat Program, indicating that the Company is in the (High Green Range)	1-2191396	-	-	Department of Electronic Services of the Ministry of Human Resources and Social Development
WPS Compliance Certificate**	In compliance with the controls of the wages' protection program and the promotion of the commitment ratio specified by the Law.	20012208012311	11/01/1444H (corresponding to 09/08/2022G)	13/03/1444H (corresponding to 09/10/2022G)	Ministry of Human Resources and Social Development
Saudization Certificate***	To indicate that the company is committed to the required Saudization rate	129456-46573576	11/01/1444H (corresponding to 09/08/2022G)	13/04/1444H (corresponding to 11/07/2022G)	Ministry of Human Resources and Social Development
Monsha'at Certificate	Classification of the company among small and medium enterprises	2140040067	08/03/1443H (Corresponding to 14/10/2021G)	18/03/1444H (Corresponding to 14/10/2022G)	Small and Medium Enterprises General Authority (Monsha'at)
License to transport goods/ commodities on land roads	In compliance with the Law of public transport of goods on roads	00009729/11	16/01/1443H (Corresponding to 24/08/2021G)	16/01/1446H (Corresponding to 22/07/2024G)	Public Transport Authority (PTA)

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of "Msnadh Alemdad Ltd. Co., a One-person Company"					
Commercial Register	Registration of the company's branch in the Commercial Companies Register in Riyadh	1010723253	10/11/1442H (corresponding to 20/06/2021G)	10/11/1447H (Corresponding to 27/04/2026G)	Ministry of Commerce - Commercial Register Office in Riyadh
Chamber of Commerce and Industry Membership Certificate - Second Class	The branch's commitment to the Commercial Register Law	646851	10/11/1442H (corresponding to 20/06/2021G)	10/11/1447H (Corresponding to 27/04/2026G)	Chamber of Commerce and Industry in Riyadh
Saudization Certificate***	To indicate that the company is committed to the required Saudization Rate	196759-89119213	11/01/1444H (corresponding to 09/08/2022G)	13/04/1444H (corresponding to 07/11/2022G)	Ministry of Human Resources and Social Development
Industrial Security License	Permit practice activity for the installation and maintenance of data networking	21506054887	11/04/1443H (corresponding to 16/11/2021G)	11/04/1446H (corresponding to 14/10/2024G)	High Commission for Industrial Security (HCIS)
A Branch of "Msnadh Alemdad Ltd. Co., a One-person Company"					
Commercial Register	Registration of the company's branch in the Commercial Companies Register in Riyadh	1010727900	01/12/1442H (corresponding to 11/07/2021G)	01/12/1447H (Corresponding to 18/05/2026G)	Ministry of Commerce - Commercial Register Office in Riyadh
Chamber of Commerce and Industry Membership Certificate - Second Class	The branch's commitment to the Commercial Register Law	6651912	01/12/1442H (corresponding to 11/07/2021G)	01/12/1447H (Corresponding to 18/05/2026G)	Chamber of Commerce and Industry in Riyadh

Source: The Sponsor

* Certificate commitment valid for maximum 1 month to be electronically renewed when required

▪ Alian Industry Company

The subsidiary company, Alian Industry Company, has obtained a number of licenses and permits necessary to carry out its business activity through its main branch and its three (3) other branches. The following table shows the licenses and permits obtained by Alian Industry for its main branch:

Table No. (67): Approvals, licenses, certificates and permits obtained by the main branch of Alian Industry Company

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
Commercial Register	Registration of the company in the Commercial Companies Register	1010442592	05/06/1437 AH (Corresponding to 14/03/2016G)	05/06/1446H (Corresponding to 06/12/2024G)	Ministry of Commerce and Investment - Commercial Register Office in Riyadh
Chamber of Commerce and Industry Membership Certificate - Second Class	The branch's commitment to the Commercial Register Law	345556	06/06/1437H (Corresponding to 15/03/2016G)	05/06/1446H (Corresponding to 26/12/2024G)	Chamber of Commerce and Industry in Riyadh
Certificate of Zakat and Income	To indicate that the company submitted its annual Declaration and committed to paying Legal Zakat	1020132819	10/08/1443H (Corresponding to 13/03/2022G)	10/10/1444H (Corresponding to 30/04/2023G)	General Authority of Zakat and Income
VAT Registration Certificate	To indicate that the company is registered with value added tax	310491892300003	19/05/1441H (Corresponding to 14/01/2020G)	-	General Authority of Zakat and Income
Social Insurance Certificate*	The company's commitment to the regulations of the General Organization for Social Insurance	48093880	11/01/1444H (corresponding to 09/08/2022G)	11/02/1444H (corresponding to 07/09/2022 AD)	General Organization for Social Insurance
WPS Compliance Certificate**	To state that the company is committed to depositing the workers' wages through local banks and regularly submit the wages file	2001220812316	11/01/1444H (corresponding to 09/08/2022G)	13/03/1444 AH (corresponding to 09/10/2022G)	Ministry of Human Resources and Social Development

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
Saudization Certificate***	To indicate that the company is committed to the required Saudization rate according to the Nitaqat Program	209403-28246383	11/01/1444H (Corresponding to 09/08/ 2022G)	13/04/1444H (Corresponding to 07/11/ 2022G)	Ministry of Human Resources and Social Development
Private Entity Evaluation Certificate Nitaqat	Evaluation of the company's entity according to the Nitaqat Program (Mid green Range)	1-1997022	-	-	Department of Electronic Services of the Ministry of Human Resources
The Saudi Quality Mark License	The company is committed to the Saudi Standards, Metrology and Quality Organization Regulations	20200189501	08/05/1442H (Corresponding to 23/12/2020G)	28/05/1444H (Corresponding to 22/12/2023G)	Saudi Standards, Metrology and Quality Organization (SASO)
Operating License	In compliance with the Laws & regulations of the Saudi Authority for Industrial Cities and Technology Zones (MODON)	574144322019888	02/02/1443H (Corresponding to 09/09/2021G)	13/02/1444H (corresponding to 09/09/2022G)	Saudi Authority for Industrial Cities and Technology Zones "MODON"
Monsha'at Certificate	Classification of the company within the small and medium enterprises	2149240061	03/08/1443H (Corresponding to 14/10/2021G)	18/03/1444H (Corresponding to 14/10/2022G)	General Authority for Small and Medium Enterprises Monsha'at
International Organization for Standardization (ISO) Certification	To certify that the management system and manufacturing process, service, have all the requirements for standardization and quality assurance of ISO 9001:2015 to produce ready-concrete and supply cement	Q-01655	17/03/1443H (Corresponding to 23/10/2021G)	17/04/1445H (Corresponding to 01/11/2023G)	The certification International (As written in Arabic document)

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
International Organization for Standardization (ISO) Certification	To certify that the factory works according to standardization and quality assurance for environmental administration commitment standards: ISO 14001: 2015 to produce ready-concrete and supply cement	E-01940	18/05/1443H (Corresponding to 24/10/2021G)	21/04/1446H (Corresponding to 24/10/2024G)	The certification International (As written in Arabic document)
International Organization for Standardization (ISO) Certification	To certify that the factory works according to standardization and quality assurance for Health & Safety Management standards: ISO 45001:2018 to produce ready-concrete and supply cement	O-01941	18/05/1443H (Corresponding to 24/10/2021G)	21/04/1446H (Corresponding to 23/10/2024G)	The certification International (As written in Arabic document)
Municipality License	License to Practice Commercial Activities	4101073	25/04/1441H (Corresponding to 22/12/2019G)	25/04/1444H (Corresponding to 19/10/2022G)	Ministry of, Municipal and Rural Affairs - Riyadh Municipality - North Riyadh Municipality
License to Practice Commercial Activities	Commercial Activity License	41042635803	-	25/04/1444H (Corresponding to 19/11/2022G)	Ministry of Municipal and Rural Affairs - Riyadh Municipality - North Riyadh Municipality
Safety Certificate	To indicate that the company committed to the standards of the Civil Defense Safety Terms & Conditions	3-000457973-43	20/07/1443H (Corresponding to 21/02/2022G)	20/07/1444H (Corresponding to 11/02/2023G)	Ministry of Interior Affairs General Directorate of Civil Defense

Source: The Sponsor

* Certificate of commitment valid maximum for 1 month to be electronically renewed when required.

** Certificate commitment valid maximum for three months to be electronically renewed when required.

*** Certificate of commitment valid maximum for three months to be electronically renewed when required.

Further, the subsidiary, Alian Industry Company, has also issued the necessary licenses, permits and certificates for its branches, according to the following:

Table No. (68): Approvals, licenses, certificates and permits obtained by the branches of Alian Industry Company

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of Alian Industry, "Asaleeb Alian Industry Company, a Saudi CJSC"					
Commercial Register	Registration of the company's branch in the Commercial Companies Register in the city of Sudair	1126106263	27/01/1441H (corresponding to 26/09/2019G)	27/01/1447H (Corresponding to 22/07/2025G)	Ministry of Commerce - Commercial Register Office in the city of Sudair
Chamber of Commerce and Industry Membership Certificate - Second Class	The company branch's commitment to the Commercial Register Laws & Regulations	102001110844	27/01/1441H (corresponding to 26/09/2019G)	27/01/1447H (Corresponding to 22/07/2025G)	Chamber of Commerce and Industry in the city of Sudair
Social Insurance Certificate*	The company's commitment to the regulations of the General Organization for Social Insurance	48093832	11/01/1444H (corresponding to 09/08/2022G)	11/02/1444H (corresponding to 07/09/2022G)	General Organization for Social Insurance
WPS Compliance Certificate**	To state that the company is committed to depositing workers' wages through local banks and regularly submitting the wages' file	20012208012327	11/01/1444H (corresponding to 09/08/2022G)	13/03/1444H (corresponding to 09/10/2022G)	Ministry of Human Resources and Social Development
Saudization Certificate***	To indicate that the company is committed to the required Saudization Rate	128988-11377082	11/01/1444H (corresponding to 09/08/2022G)	13/04/1444 AH (corresponding to 07/11/2022G)	Ministry of Human Resources and Social Development

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of Alian Industry, "Asaleeb Alian Industry Company, a Saudi CJSC"					
Private Entity Evaluation Certificate (Nitaqat)	Evaluation of the company's entity according to the Nitaqat Program, which indicates that the company is in the High Green Range	1-2139622	-	-	Department of Electronic Services of the Ministry of Human Resources and Social Development
Operating License	In compliance with the terms and conditions of the Saudi Authority for Industrial Cities and Technology Zones (MODON)	5741443526022366	26/05/1443H (Corresponding to 30/12/2021G)	28/06/1446H (Corresponding to 29/12/2024G)	Saudi Authority for Industrial Cities and Technology Zones (MODON)
Monsha'at Certificate	Classification of the company within the small and medium enterprises	2146340062	08/03/1443H (Corresponding to 14/10/2021G)	18/03/1444H (Corresponding to 14/10/2022G)	General Authority for Small and Medium Enterprises Monsha'at
Industrial Facility License	License to engage in industrial activity for a product: insulating polystyrene panels for walls	431102116835	11/06/1442H (Corresponding to 24/01/2021G)	11/08/1448H (Corresponding to 19/01/2027G)	Ministry of Industry and Mineral Resources
Environmental Permit	Approval of the environmental commitment to engage in an activity (manufacture of semi-manufactured products from plastics)	4875	26/02/1443H (Corresponding to 03/10/2021G)	03/02/1446H (Corresponding to 07/08/2024G)	National Center for Environmental Compliance (NCEC)

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of Alian Industry, "Alian Industry for Ready-Mix Concrete, a Saudi CJSC"					
Commercial Register	Registration of the company's branch in the Commercial Companies Register in the city of Mulham	1173100157	27/01/1441H (Corresponding to 26/09/2019G)	27/01/1447H (Corresponding to 22/07/2025G)	Ministry of Commerce - Commercial Register Office in the city of Mulham
Chamber of Commerce and Industry Membership Certificate - Second Class	The branch's commitment to the Commercial Register Law & Regulations	524500	27/01/1441H (Corresponding to 26/09/2019G)	27/01/1447H (Corresponding to 22/07/2025G)	Chamber of Commerce and Industry in the city of Riyadh
Social Insurance certificate*	The company's commitment to the Regulations of the General Organization for Social Insurance	48093863	11/01/1444H (corresponding to 09/08/2022G)	11/02/1444H (corresponding to 07/09/2022G)	General Organization for Social Insurance
Saudization Certificate***	To indicate that the company is committed to the required Saudization Rate	160755-18869017	10/01/1444H (corresponding to 09/08/2022G)	13/04/1444H (corresponding to 07/11/2022G)	Ministry of Labor and Social Development
Private Entity Evaluation Certificate (Nitaqat)	Evaluation of the company's entity according to the Nitaqat Program, which indicates that it is in the High Green Range	1-2100417	-	-	Department of Electronic Services of the Ministry of Human Resources and Social Development
Monsha'at Certificate	Classification of the company within the small and medium enterprises	2145740063	08/03/1443H (Corresponding to 14/10/2021G)	18/03/1444H (Corresponding to 14/10/2022G)	General Authority for Small and Medium Enterprises
Industrial Facility License	License to engage in industrial activity for the production of (Ready-Mix Concrete)	431110117094	09/06/1443H (Corresponding to 10/02/2022G)	03/09/1448H (Corresponding to 10/02/2027G)	Ministry of Industry and Mineral Resources

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of Alian Industry, "Alian Industry for Ready-Mix Concrete, a Saudi CJSC"					
Environmental Permit	The company is committed to the General Authority of Meteorology and Environmental Protection Law & Regulations with regards to the activity of: (production and manufacture of ready-mix concrete)	5364	05/03/1442H (Corresponding to 22/10/2020G)	03/03/1446H (Corresponding to 06/09/2024G)	General Authority of Meteorology and Environmental Protection
Municipality License	Business Activity License (License to practice commercial activities)	42075332481	-	07/01/1445H (corresponding to 25/07/2023G)	Ministry of Municipal and Rural Affairs - City of Riyadh- Municipality of North Riyadh
Safety Certificate	To indicate that the company is committed to the Civil Defense Field Safety Standards and Conditions	1-000740644-42	07/01/1443H (corresponding to 15/08/2021G)	07/01/1444H (corresponding to 05/08/2022G)	Ministry of Interior Affairs General Directorate of Civil Defense
A Branch of Alian Industry Company, "Alian Industry Company"					
Commercial Register	Registration of the company's branch in the Commercial Companies Register in the city of Mulham	1010762497	01/05/1443H (Corresponding to 05/12/2021G)	01/05/1448H (Corresponding to 12/10/2026G)	Ministry of Commerce - Commercial Registry Office in the city of Mulham
Chamber of Commerce and Industry Membership Certificate - First Class	The branch's commitment to the Commercial Register Law	688986	01/05/1443H (Corresponding to 05/12/2021G)	01/05/1448H (Corresponding to 12/10/2026G)	Chamber of Commerce and Industry in the city of Riyadh

Type of License	Purpose	License Number	Issue Date	Expiry Date	Issuer
A Branch of Alian Industry Company, "Alian Industry Company"					
Social Insurance Certificate*	The branch's commitment to the Regulations of the General Organization for Social Insurance	46542684	28/10/1443H (corresponding to 29/05/2022G)	28/11/1443H (corresponding to 27/06/2022G)	General Organization for Social Insurance
Certificate of Goods Transportation on Land Roads	In compliance with the Regulating Law of Goods Transportation on Land Roads	00014979/11	02/05/1443H (Corresponding to 06/12/2021G)	02/08/1443H (Corresponding to 05/03/2022G)	Public Transportation Authority
Monsha'at Certificate	Classification of the company within the small and medium enterprises	2149744985	23/05/1443H (Corresponding to 27/12/2021G)	03/06/1444H (Corresponding to 27/12/2022G)	General Authority for Small and Medium Enterprises

Source: The Sponsor

* Certificate of commitment valid maximum for 1 month to be electronically renewed when required.

** Certificate commitment valid maximum for three months to be electronically renewed when required.

*** Certificate of commitment valid maximum for three months to be electronically renewed when required.

11-5 Continuing Obligations Imposed by Governmental Authorities on the Sponsor (in its capacity as "Licensee/License Holder")

In addition to the licenses, permits and certificates above-mentioned in tables, Al Kathiri Holding Company and its two subsidiaries obtained the necessary licenses to practice its activities according to the applicable regulations of the competent regulatory authorities, which obligate the license holder to comply with some essential requirements in order to maintain the license, as follows:

11-5-1 Continuing Obligations according to the Requirements of the Ministry of Commerce

▪ Al Kathiri Holding Company

- Al Kathiri Holding Company is in compliance with the Commercial Register Regulations in terms of registration with the Commercial Register Department in the city of Riyadh, where the main headquarters are under Certificate No. (1010255690) dated 29/08/1429H (corresponding to 30/08/2008G) and which expires on 09/06/1446H (corresponding to 10/12/2024G).
- The company is also compliant to the Companies Law in terms of adopting the company's Bylaws in line with the new and recent amendments made to the Companies Law, after obtaining a prior approval from the Ministry of Commerce on the Bylaws' draft and the approval of the shareholders in the (extraordinary) general assembly meeting held on 13/11 1442H (corresponding to 23/06/2021G), and the Bylaws was approved by the Corporate Governance Department (Ministry of Commerce) on 21/11/1442H (corresponding to 01/07/2021G). The company also complied with the requirements of the Saudi Stock Exchange (Tadawul) and Capital Market Authority in terms of uploading a copy of the Bylaws on the Tadawul website on the company's page.

- The company is in compliance with the Commercial Register Regulations in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under Certificate No. (204598) and dated 01/09/1429H (corresponding to 01/09/2008G) and which expires on 09/06/1446H (corresponding to 10/12/2024G).
- The company adheres to Article (129) of the Companies Law in terms of setting aside yearly (10%) of the net profits from the statutory reserve. This value of the statutory reserve amounted to three million eight hundred and eighty-nine thousand seven hundred and sixty-four (3,889,764) Saudi riyals as of 30/09/2021G.
- The company has a trademark that was registered with the Ministry of Commerce in its name (Al Kathiri Holding Company) under Certificate No. (1435012647), Class (4) dated 20/06/1435H (corresponding to 29/04/2021G) and the protection period expires on 28/06/1445H (corresponding to 10/01/2024G). This will enable the company to put its name and logo on the exterior of the building or offices that it operates, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law. (For more details, please see Paragraph No. (11-10) "**Trademarks and Intellectual Property Rights**" of this Section).

▪ The Two Subsidiaries

Msnadh Alemdad Limited Company (a One-person Company):

- The subsidiary company complies with the Commercial Register Law in terms of registration with the its department in the city of Riyadh, where the headquarters are recorded under Certificate No. (100945513) dated 23/06/1439H (corresponding to 11/03/2018G), which expires on 23/06/1444H (corresponding to 16/01/2023G).
- It is also in compliance with the Commercial Register Law in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under Certificate No. (101000442027) dated 23/06/1439H (corresponding to 11/03/2018G), which expires on 23/04/1444H (corresponding to 16/01/ 2023G).
- Moreover, the subsidiary company adheres to the regulatory procedures pertaining to the establishment of branches and is in compliance with the Commercial Register Law in terms of registering with the Commercial Register Department and obtaining a membership certificate in the Chamber of Commerce and Industry for each branch (for more details about the branches of this subsidiary company, please see sub-paragraph (11-4) "**Licenses and Permits Obtained by the Sponsor and its Subsidiaries**" of this Section).
- Further, the subsidiary company (Msnadh Alemdad Limited Company (a one-person company) has a Trademark that was registered with the Ministry of Commerce with the number (1441027925) in Class (37), and this will allow the company to put its name and logo on the external facade of the building or offices occupied by it, as it has registered the trademark and has granted it the necessary legal protection in accordance with the Trademark Law.

Alian Industry Company (a Saudi Closed Joint Stock Company):

- The company is in compliance with the Commercial Register Law in terms of registration with the its Register Department in the city of Riyadh, where the headquarters are recorded under Certificate No. (1010442592) dated 05/06/1437H (corresponding to 14/03/2016G), which expires on 05/06/1446H (corresponding to 06/12/2024G). It is also committed to the Commercial Register Law in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under Certificate No. (345556) dated 06/04/1437H (corresponding to 15/03/2016G), which expires on 05/04/1446H (corresponding to 06/12/ 2024G).
- Further, the company adheres to the regulatory procedures for establishing its branches and is compliant to the Commercial Registry Law in terms of registration with the Commercial Register Department and the issuance of a membership certificate in the Chamber of Commerce and Industry for each branch (for more details about the branches of this subsidiary company, please see sub-paragraph (11-4) "**Licenses and Permits Obtained by the Sponsor and its Subsidiaries**" of this Section).
- The subsidiary company (Alian Industry, a CJSC) has a trademark that was registered with the Ministry of Commerce No. (1441027096) in Class (19), and this will enable the company to put its name and logo on the external facade of the building or offices occupied by it, as it has registered the trademark and granted it legal protection according to the requirements of the Trademark Law.

11-5-2 Continuing Obligations According to the Requirements of the Zakat, Tax and Customs Authority

▪ Al Kathiri Holding Company

- Likewise other registered entities and companies operating in the Kingdom, the Company is obligated to submit its Zakat and tax Declarations within (120) days from the end of the fiscal year, for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority. The company is registered as a taxpayer under tax number (3011741946). It submitted its Zakat Declaration for the fiscal year ended December 31, 2021G, and obtained a Zakat Certificate from the Zakat, Tax and Customs Authority with the number (1110177996) and dated 059/09/1443H (corresponding to 06/04/2022G), which is valid until 10/10/1444H (corresponding to 30/04/2023G). It should be noted that the Zakat paid to the Zakat, Tax and Customs Authority for the fiscal year ended December 31, 2020G amounted to eight hundred and twenty-five thousand seven hundred and fifty (825,750) Saudi riyals.
- The company is in compliance with the VAT Law and its Implementing Regulations and is registered with the Zakat, Tax and Customs Authority under the tax certificate number (3011741941003) under a certificate issued on 21/05/1441H (corresponding to 16/01/2020G), knowing that it has been registered since 01/01/2019G.
- The company received additional Zakat Assessments for the years 2019G and 2020G in the amount of six hundred and fifty-four thousand and eighty (654,080) Saudi riyals five hundred and eighty-three thousand six hundred and twenty-two (583,622) Saudi riyals, and has paid all due amounts.

▪ The Two Subsidiaries

Msnadh Alemdad Limited Company (a One-person Company):

- The company is registered with the Zakat, Tax and Customs Authority as a taxpayer under tax number (3102278435). It has deducted the Zakat that must be paid according to a certificate registered with number (1020134040) and dated 10/08/1443H (corresponding to 13/03/2022G), that states that the company has submitted its return for the period ended 31/12/2021G, which is valid until 10 /10/1444H (corresponding to 30/04/2023G).
- The company adheres to the VAT Law and its Implementing Regulations and is registered with the Zakat, Tax and Customs Authority under the tax number (310227843500003) under a certificate issued on 14/12/1439H (corresponding to 04/09/2018G).

Alian Industry Company a Saudi Closed Joint Stock Company (CJSC):

- The company is registered with the Zakat, Tax and Customs Authority as a taxpayer under tax number (3104918923). It has deducted the Zakat that must be paid according to a certificate registered with number (1020132819) and dated 10/08/1443H (corresponding to 13/03/2022G), that states that the company has submitted its return for the period ended 31/12/2021G, which is valid until 10 /10/1444H (corresponding to 30/04/2023G).
- The Company adheres to the VAT Law and its Implementing Regulations and is registered with the Zakat, Tax and Customs Authority under the tax number (31049189200003) under a certificate issued on 19/05/1441H (corresponding to 14/01/2020G).

11-5-3 Continuing Obligations According to the Requirements of the Ministry of Human Resources and Social Development

▪ Al Kathiri Holding Company

- A file has been opened with the Ministry of Human Resources and Social Development (Labor Office) with the unified number (1-386230) according to the Saudization Certificate. As of the date of this Prospectus, the company benefits from the electronic services of the Ministry of Human Resources and Social Development, and a Saudization Certificate has been issued to indicate that the company is committed to the required Saudization percentage according to the Nitaqat Program, which is (38.89%) and it is located in the (Low Green) range and is classified as a small establishment Category (B).
- The company has an internal work regulation approved by the Ministry of Human Resources and Social Development (Labor Office) No. (790046) and dated 13/03/1441H (corresponding to 10/11/2019G).
- The company is compliant to the Wage Protection Law and the regular payment of employees' wages, according to the commitment certificate No. (20012208011857) dated 05/01/1444H (03/08/2022G). This certificate is valid for a period of (60) days from the date of its issuance, i.e., until 07/03/1444H (corresponding to 03/10/2022G), and the commitment rate reached (94%) as of May 2022G.

- The company is also in compliance with the electronically documenting the employment contracts of its employees, and the commitment rate reached (100%) as of June 2022G, according to a report issued by the (Madad) platform.
- The company is in compliance with the required Saudization percentage according to the Nitaqat Program and has obtained a Saudization certificate from the Ministry of Labor and Social Development with the number (15672025-301249) on 05/01/1444H (corresponding to 03/08/2022G) and that expires on 10/02/1444H (corresponding to 06/09/2022G).

▪ The Two Subsidiaries

Msnadh Alemdad Limited Company (a One-person Company):

- A file has been opened with the Ministry of Human Resources and Social Development (Labor Office) with the unified number (1-1702127) according to the Saudization Certificate.
- As of the date of this Prospectus, the company benefits from the electronic services of the Ministry of Human Resources and Social Development, and a Saudization Certificate has been issued to indicate that the company is committed to the required Saudization percentage according to the Nitaqat Program, which is (21.21%) and it is located in the (High Green) range and is classified as a medium establishment Category (A).
- The company has an internal work regulation approved by the Ministry of Human Resources and Social Development (Labor Office) No. (890034) and dated 13/03/1441H (corresponding to 10/11/2019G).
- The company is in compliance with the Wage Protection Law and the regular payment of employees' wages, according to the commitment certificate No. (20012208012307) dated 11/01/1444H (09/08/2022G). This certificate is valid until 13/03/1444H (corresponding to 09/10/2022G).
- The company is also in compliance with the electronically documenting the employment contracts of its employees, and the commitment rate reached (78%), according to a report issued by the (Madad) platform in June 2020G.
- The company adheres to the required Saudization percentage according to the Nitaqat Program and has obtained a Saudization certificate from the Ministry of Labor and Social Development with the number (143842-13617634) on 27/11/1443H (corresponding to 266/06/2022G) and that expires on 28/02/1444H (corresponding to 24/09/2022G).

Alian Industry Company a Saudi Closed Joint Stock Company (CJSC):

- A file has been opened with the Ministry of Human Resources and Social Development (Labor Office) with the unified number (1-11997022) according to the Saudization Certificate.
- As of the date of this Prospectus, the company benefits from the electronic services of the Ministry of Human Resources and Social Development, and a Saudization Certificate has been issued to indicate that the company is committed to the required Saudization percentage according to the Nitaqat Program, which is (24.19%) and it is located in the (Mid Green) range and is classified as a medium establishment Category (C).
- The company has an internal work regulation approved by the Ministry of Human Resources and Social Development (Labor Office) No. (745206) and dated 28/02/1441H (corresponding to 27/11/2019G).
- The company complies with the Wage Protection Law and the regular payment of employees' wages, according to the commitment certificate No. (200122080123160) dated 11/01/1444H (09/08/2022G). This certificate is valid until 13/03/1444H (corresponding to 09/10/2022G).
- The company is also in compliance with the electronically documenting the employment contracts of its employees, and the commitment rate reached (96%), according to a report issued by the (Madad) platform in June 2022G.

Al Kathiri Holding Group, its two subsidiaries and branches are committed to the requirements of the Ministry of Human Resources and Social Development.

11-5-4 Continuing Obligations According to the Requirements of the General Organization for Social Insurance

▪ Al Kathiri Holding Company

- A file was opened for Al Kathiri Holding Company with the General Organization for Social Insurance under the subscription number (502796437), and it is subscribed to the pension and occupational hazards branches for Saudi subscribers, and for non-Saudis, it is subscribed to the Occupational Hazards Branch, in accordance with the Social Insurance Certificate, in accordance with Certificate No. (48093891) dated 11/01/1444H (corresponding to 09/08/2022G). This certificate is valid until 11/02/1444H (corresponding to 07/09/2022G). The amount of the contributions paid for the year 2020G is two hundred and fifty-three thousand two hundred and seventeen riyals and ninety-two halalas (253,217.92) Saudi riyals, and the amount of the contributions paid for the year 2021G is four hundred and thirty-five thousand six hundred and sixty-four (435,664) Saudi riyals.

▪ The Two Subsidiaries

Msnadh Alemdad Limited Company (a One-person Company):

- A file was opened for Msnadh Alemdad Limited Company with the General Organization for Social Insurance under the subscription number (529225814), and it is subscribed to the pension and occupational hazards branches for Saudi subscribers, and for non-Saudis, it is subscribed to the Occupational Hazards Branch, in accordance with the Social Insurance Certificate, in accordance with Certificate No. (48093918) dated 11/01/1444H (corresponding to 09/08/2022G). This certificate is valid until 11/02/1444H (corresponding to 07/09/2022G). The amount of the contributions paid for the year 2021G is one hundred and sixty-nine thousand six hundred and ninety-four riyals and fifty-two halalas (169,694.52) Saudi riyals.

Alian Industry Company a Saudi CJSC:

- A file was opened for Alian Industry Company with the General Organization for Social Insurance under the subscription number (563041528), and it is subscribed to the pension and occupational hazards branches for Saudi subscribers, and for non-Saudis, it is subscribed to the Occupational Hazards Branch, in accordance with the Social Insurance Certificate, in accordance with Certificate No. (48093880) dated 11/01/1444H (corresponding to 09/08/2022G). This certificate is valid until 11/02/1444H (corresponding to 07/09/2022G). The amount of the contributions paid for the year 2021G is three hundred and twenty-one thousand three hundred riyals and five halalas (321,300.05) Saudi riyals.
- The branch office of the subsidiary company (Alian Concrete Company) is committed to the requirements of the General Organization for Social Insurance under subscription number (597052820), in the pension and occupational hazards branches for Saudi subscribers, and for non-Saudis, subscription to the occupational hazards branch, in accordance with the Social Insurance Certificate, in accordance with Certificate No. (48093863), dated 11/01/1444H (corresponding to 09/08/2022G), and this certificate is valid until 11/02/1444H (corresponding to 07/09/2022G).
- The branch office of the subsidiary company (Alian Industry Company) is committed to the requirements of the General Organization for Social Insurance, and it is subscribed under the subscription number (600709267) in the pension and occupational hazards branches for Saudi subscribers. and for non-Saudis, it is subscribed to the Occupational Hazards Branch, in accordance with the Social Insurance Certificate, in accordance with Certificate No. (48093832) dated 11/01/1444H (corresponding to 09/08/2022G). This certificate is valid until 11/02/1444H (corresponding to 07/09/2022G).

11-5-5 Continuing Obligations According to the Capital Market Authority (CMA or Authority) Requirements

▪ Al Kathiri Holding Company

- The Authority obligates listed companies to abide by the Rules on the Offer of Securities and Continuing Obligations (OSCO), and special instructions issued by the Authority, especially the obligation to periodically disclose material and financial developments and the report of the Board of Directors. According to the continuing obligations guide for listed companies, the annual financial results announced on the (Tadawul) website must be derived from the audited financial statements approved by the company's external auditor appointed by the assembly and approved by the Board of Directors. The announcements forms included in the instructions for companies' announcements of their financial results must be adhered to. The company must also provide a statement of all the reasons and influences for the change in the financial results for the current fiscal year with the comparison period, so that the reasons include all items of the financial results announcement.

- The Authority also obligated the companies listed in the financial market to disclose the stages of their compliance with the transition to the International Accounting Standards (IFRS). On 19/05/1439H (corresponding to 05/02/2018G), the company announced on the Tadawul website that it is committed to this obligation and has started applying this standard as of 01/01/2017G. The company's financial statements have also been prepared for the financial period ended 9/30/ 2021G in accordance with international standards approved in the Kingdom of Saudi Arabia.
- The Authority also obliged the companies listed in the financial market to follow the regulations of instructions for the announcements of joint stock companies whose shares are listed in the financial market issued pursuant to the Authority's Board Resolution No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G) and amended by virtue of Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G).
- The Authority obligated the companies listed in the capital market to appoint their representatives to the Capital Market Authority (CMA) for all purposes related to the application of the CMA Law and its Implementing Regulations. The company is committed to this, as the Board of Directors appointed by its resolution dated 10/02/1441H (corresponding to 10/10/2019G), Mr. Meshal Al Kathiri (Board Member - CEO) and Mr. Adel Al Kathiri (Member of the Board of Directors).
- On 23/01/1438H (corresponding to 24/10/2016G), the Authority's Board Resolution No. (1-130-2016) was issued to amend the procedures and instructions for companies listed in the market whose accumulated losses amounted to (50%) or more of their capital in light of the new Companies Law, whose name has been modified to become "**Procedures and Instructions for Companies Whose Shares Are Listed in the Market, and Whose Accumulated Losses Amounted to (20%) or More of Their Capital,**" as amended by the CMA Board Resolution No. (1-77-2018) dated 05/11/1439H (corresponding to 18/07/2018G). As of the date of this Prospectus, the company has not incurred any accumulated losses.
- For Corporate Governance, please refer to Table No. (31), to determine the extent of Al Kathiri Holding Company's compliance with the Corporate Governance Regulations issued by the CMA.

11-5-6 Continuing Obligations According to the Requirements of Ministry of Municipal, Rural Affairs and Housing

▪ Al Kathiri Holding Company

- A municipal license should be obtained for the sites rented by the company in order to be able to operate them, bearing in mind that the municipality or the secretariat requires the following documents: a copy of the commercial register, a copy of the memorandum of association (the Bylaws), a copy of the lease contract, and a copy of the building permit for the building or warehouse in which the lease was made, a copy of the real estate office license and a photocopy of the building from a distance, including the plate (with a copy of the plate invoice and the registration of the company's trademark ownership to be used on the facade) in addition to the civil defense license.
- The office occupied by Al Kathiri Holding Company as headquarters is rented under an electronic lease contract No. (1/20413415184) that expires on 29/06/1444H (corresponding to 22/01/2023G).
- The company has two licenses issued by the Ministry of Municipal and Rural Affairs - Riyadh Municipality - North Riyadh Municipality. The first license is a commercial activity license number (41032617839) and the second is for a commercial activity license number (4100840). The company has issued valid civil defense permits (safety certificate), as certificate No. (43-000126493-2) is valid until 30/05/1444H (corresponding to 24/12/2022G).

▪ The Two Subsidiaries

Msnadh Alemdad Limited Company (a One-person Company):

- The head office is occupied by the Msnadh Alemdad Limited Company as a main leased center, and the company complied with the requirements of the Ministry of Municipal and Rural Affairs and Housing, as it issued a municipal license for its location with the number (41063416264), which is valid until 26/06/1446H (corresponding to 07/12/2024G). The branches of the subsidiary company have not obtained municipal licenses and civil defense permits (safety certificate) as they operate through the head office of the subsidiary company.
- The subsidiary company, has a real estate developer qualification certificate issued by the Ministry of Municipal and Rural Affairs and Housing (Off-plan Sale Program - Wafi) No. (707) and dated 08/02/1443H (corresponding to 14/09/2021G).

Alian Industry Company a Saudi CJSC:

- Alian Industry has leased the office it occupies as its main center under an electronic lease contract No. (1/20338354467) ending on 29/06/1444H (corresponding to 22/01/2023G). This subsidiary company has a commercial activity license number (41042635803) dated 25/04/1444H (corresponding to 19/11/2022G) that expires on 25/04/1444H (corresponding to 19/11/2022G).

- The company issued a civil defense permit under a safety certificate No. (42-0000457973-2) valid until 20/07/1444H (corresponding to 11/02/2022G).
- Alian Industry has entered into a lease contract with the Saudi Authority for Industrial Cities and Technology Zones in the city of Sudair, the Sudair Industrial Zone, which is an industrial plot of land to set up a factory on it, in order to carry out its activity in the manufacture of rubber and plastic products. Therefore, the company is not bound by the requirements of the Ministry of Municipal and Rural Affairs and Housing and is subject to the requirements of the Authority Saudi Arabia for industrial cities and technology zones.
- This subsidiary company leased a land from Riyadh Municipality on 04/03/1437H (corresponding to 15/12/2015G) with Contract No. (1437/051) and Appendix No. (1442/005) for a period of ten (10) years. Thus, the headquarters that the company occupies for the production of ready-mix concrete is a tenant, and the company has a commercial activity license issued by the Ministry of Municipal and Rural Affairs, the Municipality of Riyadh Region, North Riyadh Municipality, No. (42075332481) and dated 07/01/1445H (corresponding to 25/07/2023G).

11-5-7 Continuing Obligations According to the Requirements of the Ministry of Industry and Mineral Resources

These obligations apply to the subsidiary company, Alian Industry, as it is a company that carries out industrial activity under licenses issued by the Ministry of Industry and Mineral Resources for its branches, as follows:

Table No. (69): Industrial Licenses for Alyan Industry Company

Nb.	Branch	Industrial License Nb.	Location	Industrial Activity	Issue Date	Expiry Date
1.	Asaleeb Alian Industry Company a Saudi CJSC	431102116835	Sudair	Polystyrene Insulating Panels for Walls	23/06/1443H (corresponding to 26/01/2022G)	11/08/1448H (corresponding to 19/01/2027G)
2	Alian Industry Company for Ready-Mix Concrete a Saudi CJSC	431110117094	Mulham	Ready-mix Concrete	09/07/1443H (corresponding to 10/02/2022G)	03/09/1448H (corresponding to 10/02/2027G)

Source: The Sponsor

As for the continuing obligations according to the requirements of the Ministry of Industry and Mineral Resources, the Ministry obliges the licensing authorities to abide by the following conditions in order to maintain the license:

1. Compliance with the articles of the Unified Industrial Organization Law of the Cooperation Council for the Arab States of the Gulf and its executive regulations.
2. Not to make any expansion or modification of the products before obtaining the approval of the Ministry.
3. Commitment to update factory data every six months through the ministry's website.
4. Commitment to the conformity of the products with the approved specifications and standards or the specifications adopted by the Saudi Standards and Metrology Organization.
5. Commitment to the articles of the General Environment Law and its Implementing Regulations to preserve the environment from pollution.
6. Compliance with the laws, regulations and instructions of safety, industrial security and public health.
7. The accounts of the industrial project shall be regular in accordance with the accounting principles and the legal rules in force, and the Ministry shall be provided with a balance sheet certified by a chartered accountant for each fiscal year.
8. Not to abuse the benefits granted to the project.
9. Provide the Ministry with complete and correct data on the project it requires.
10. Allow the Ministry's employees to enter the industrial project, view records, documents and accounts, monitor the production process and other project activities.
11. It is not permissible to establish an industrial project, expand it, develop it, change its products, or merge it with an industrial project.

11-5-8 Continuing Obligations According to the Requirements of the Saudi Authority for Industrial Cities and Technology Zones (MODON)

The branches of the subsidiary company, Alian Industry, have an operating license issued by the Saudi Authority for Industrial Cities and Technology Zones, and for continuing obligations according to the requirements of (Modon), the cities of the licensed authorities are required to abide by the following conditions in order to maintain the license:

1. The license gives permission to operate the facility and it is the real operator according to its legal entity, licenses and records. The owner of the facility is not entitled to assign the operation and license or any part of it to others.
2. The licensee is obligated to abide by the conditions and obligations and all the laws, regulations, conditions and instructions issued by "Modon." Reference is made to the applicable laws and regulations in force in the Kingdom of Saudi Arabia in matters not mentioned in the regulation of "Modon."
3. The licensee is obligated to renew this license within a period not exceeding 15 days after its expiry
4. Contract with an authority approved by the Civil Defense to carry out periodic maintenance of firefighting/safety systems.
5. Ensure the effectiveness of the firefighting/safety control system and its connection to a main control panel.
6. Conform to the firefighting system to the approved plans of the factory.
7. Ensure that emergency exits are sufficient and conform to specifications.
8. Apply safety requirements during storage and transportation of dangerous chemicals and gases.
 - A subsidiary of Alian Industry, a closed joint stock company, Asaleeb Alian Factory in the Industrial Area - Sudair, complies with the requirements of the Saudi Authority for Industrial Cities and Technology Zones, where it issued an operating license number (57414432201988) which is valid until 13/02/1444H (corresponding to 09/09/2022G).
 - Branch of Alian Industry, a closed joint stock company, Asaleeb Alian Factory in the Industrial Area - Sudair, complies with the requirements of the Saudi Authority for Industrial Cities and Technology Zones, where it has issued an operating license number (5741443526022366) which is valid until 28/06/1446 AH (corresponding to 29/12 /2024G).

11-5-9 Continuing Obligations According to the Requirements of the National Center for Monitoring Environmental Compliance (formerly the General Authority for Meteorology and Environmental Protection)

The activities carried out by the Group may have an environmental impact, so it must comply with the following requirements and standards:

1. Commitment to the standards, requirements and conditions issued by the General Authority of Meteorology and Environmental Protection, submit an environmental compliance report every six months to the Authority and keep a copy in the company's environmental record.
2. Allow technicians and specialists to enter the facility at any time.
3. In the event of any change or modification to the activity and functions of the facility or the quality of raw materials or production, or when making any expansion or addition to the project without informing the Meteorological Authority in advance, the environmental approval shall be considered null.
4. The Meteorological Authority must be notified in advance of the desire to use or retrieve any industrial waste within the manufacturing process, and inform the Authority's specialists about the technology and method used in this regard.
5. The General Authority of Meteorology and Environmental Protection has the right to cancel the license in the event that the facility does not comply with the General Environmental Law and the environmental requirements and standards.
6. The approval of the Meteorological Authority is specific to a specific site. In the event of changing the site, an environmental approval for the new site is required.
7. Dispose of waste by contracting with one of the competent authorities, attach the completion bonds showing the amount of sworn documents and record it in the environmental record.
8. Obligate workers to abide by occupational health and safety requirements.
9. Approval of the relevant authorities on the site to practice the activity.
 - Branches of the subsidiary company (Alian Industry) are committed to the requirements of the General Authority of Meteorology and Environmental Protection, where they issued an environmental permit to operate with the number (487) and dated 26/02/1443H (corresponding to 03/10/2021G) and is valid until 03/02/1446H (Corresponding to 07/08/2024G) for the factory of Asaleeb Alian Company for Industry - Sudair and an environmental permit for operation with number (5364) and dated 05/03/1443H (corresponding to 22/10/2020G) valid until 03/03/1446H (corresponding to 06/09/2024G) for Alian Ready-Mix Concrete Company - Mulham.

11-5-10 Continuing Obligations According to the Requirements of the General Transport Authority

The licensed activity of the subsidiary company (Msnadh Alemdad Limited Company) and the subsidiary company's branch, Alyan Industry Company, to practice the activity of "**Transportation of Goods on Land Roads**" requires the company's compliance with the regulations governing the activity of transporting goods, freight brokers and renting trucks on land roads issued by the decision of His Excellency the Minister of Transport No. (1-41-122) dated 07/05/1441H (corresponding to 02/01/2020G), where the regulation obligates licensed companies to engage in land transport activity as follows:

1. Renew the license and fulfill all its conditions during the period of 180 days preceding the expiry date of the license, otherwise the license shall be considered canceled.
 2. The facility is not allowed to engage in the activity of transporting goods after the expiry date of the license.
 3. A driver's professional competency training shall include technical standards and technical aspects of operation - requirements for road transport operations - for general road safety requirements.
 4. Each transport vehicle must obtain an operating card issued by the Authority.
 5. Every driver must abide by the rules and regulations related to driving hours, daily and weekly rest, and a facility licensed to carry out the activity of transporting goods or that operates in transporting goods for its own account must follow up on the commitment of its drivers.
 6. A facility that obtains a license to practice the activity of transporting goods must obtain for its operating managers a certificate of professional merit for transport managers issued by the approved instances of the Authority.
 7. The carrier or freight broker must issue a transport document for each transfer according to the form and issuance mechanism approved by the Authority.
- The subsidiary company, Msnadh Alemdad Co. Ltd., is committed to the regulations of the Public Transport Authority and has obtained a license to practice "Transportation of Goods on Land Roads" issued by the Public Transport Authority No. (00009729/11) on 01/16/1443 AH (corresponding to 08/24/2021 AD) and expires on 01/16/1446 AH (corresponding to 07/22/2024AD).
 - A branch of the subsidiary company, Alian Industry Company, is committed to the regulations of the Public Transport Authority and has obtained a license to practice "Transportation of Goods on Land Roads" issued by the Public Transport Authority No. (00014979/11) on 02/07/1443H (corresponding to 04/02/2022G) and that expires on 03/06/1444H (corresponding to 27/12/2022G).

11-6 Summary of the Bylaws and other Constituent Documents

- On 03/05/1443H (corresponding to 07/12/2021G), the Bylaws of Sukuk Al Kathiri was approved by Al Kathiri Holding Company.
- For Al Kathiri Holding Company, the latest version of the company's Bylaws was issued based on the Resolution of the (Extraordinary) General Assembly on 13/11/1442H (corresponding to 23/06/2021G), and it was audited and approved by the Ministry of Commerce (Corporate Governance Department) on 21/11/1442H (corresponding to 01/07/2021G).
- Sukuk Al Kathiri and Al Kathiri Holding Company have also entered into Sukuk documentation related to the Offer Sukuk through a programme (subject of this Prospectus).

The following is a summary of the main articles of the Bylaws and the constituent documents of both the Issuer and the Sponsor, in addition to the Sukuk documents in relation to:

First: Provisions relating to the Objects of the Company

▪ Sukuk Al Kathiri

According to Article (4) of Sukuk Al Kathiri Bylaws:

1. The purpose of the entity is to obtain financing by issuing debt-based instruments.
2. The facility does not engage in any activities other than the following:
 - a. Issuance of debt instruments specified in Clause 1 above.
 - b. Issuance of shares for incorporation purposes, provided that they are in the name of the trustee of the SPE.
 - c. Supporting activities necessary to achieve its objectives.

- **Al Kathiri Holding Company**

As for the Al Kathiri Holding Company, Article (3) of the Sponsor's Bylaws states that the purposes and activities for which the company was established are as follows:

1. Manage its subsidiaries, or participate in the management of other companies in which it contributes and provide the necessary support.
2. Invest money in shares and other securities.
3. Own real estate and movables necessary to carry out its activity.
4. Own industrial property rights such as patents, trademarks, industrial rights, franchises and other moral rights, exploit them, and rent them to its subsidiaries or others.

The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

Second: Provisions pertaining to administrative, management and supervisory bodies

- **Sukuk Al Kathiri**

Article (5) of the Issuer's Bylaws defines the organizational foundations of the Board of Directors as follows:

Board of Directors

- **Appointment and Dismissal:**

1. The Special Purposes Entity (SPE or Entity) must have a minimum of (2) members of the Board of Directors, the maximum number of Board members is four (4), and the members of the Board of Directors must be registered with the Authority at all times.
2. A Board member is appointed or dismissed by a decision issued by the trustee of the SPE.
3. A Board member may resign, provided that a written notice of no less than one week is given to the trustee of the SPE.
4. If the dismissal or resignation of a Board member will lead to a decrease in the number of Board members below the minimum specified in Clause 1 above, or will result in a breach of Article (19) of the Rules Governing SPE regarding the requirement that a Board member must reside in the Kingdom, the trustee of the SPE shall take corrective measures within a period not exceeding (30) calendar days from the date of notifying the Authority that a member of the Board of Directors has stopped performing his duties, in accordance with paragraph (d) of Article (29) of the rules governing SPE.

- **Remunerations:**

Members of the Board of Directors are entitled to a remuneration to be determined based on a decision issued by the trustee of the SPE.

- **Powers and Authorities:**

1. The members of the Board of Directors shall manage the business and daily affairs of the facility and shall have all the powers and authorities, except for what is stipulated in the rules regulating SPE or these Bylaws as being within the jurisdiction of the Sponsor or Custodian of the SPE, and they include (without limitation):
 - a. Representing the facility before the Authority, all notaries, judicial authorities, government and private agencies, and others.
 - b. Negotiating any contracts or other documents to which the entity is a party, and implementing the provisions of those contracts and documents on behalf of the entity; in order to obligate the entity with the provisions of those contracts and documents.
 - c. Appointing or dismissing the entity's representatives, agents or legal advisors.
 - d. Representing the interests of debt instrument holders.
 - e. Preparing a report for the ended fiscal year, within one month from the end of each fiscal year, provided that it includes the information referred to in paragraph (a) of Article (9) of the rules governing SPE.
2. The members of the Board of Directors may delegate any of their powers in writing to any person, including (without limitation) any of the powers mentioned in Clause (1) above with their bearing responsibility for that delegation, without prejudice to the provisions of Article (24) of the rules governing SPE.

3. The members of the Board of Directors may organize their work procedures and the procedures for issuing decisions as they deem appropriate, taking into account the following:
 - a. The quorum for the meetings of the members of the Board of Directors shall be the presence of at least two (2) members.
 - b. The written resolution signed by the members of the Board of Directors is as valid and enforceable as if it had been issued during a meeting of the members.
 - c. A member of the Board of Directors may not vote on a Resolution on a subject in which he has a core interest (whether directly or indirectly) and that contradicts or could conflict with the interest of the entity.

▪ **As for the special register of members of the Board of Directors, Article (6) stipulates the following:**

1. The entity shall maintain a register of the members of the Board of Directors in which the following information about each member shall be recorded:
 - a. Name and Address
 - b. National ID number, residence number, or passport (as the case may be)
 - c. Nationality
 - d. Occupation (if any)
 - e. Nomination Date
 - f. Residence
 - g. Date of dismissal or resignation (where applicable)
2. The record of the members of the Board of Directors is numbered sequentially, and no page may be deleted, or any data contained therein may be deleted or modified.

▪ **Decision Making:**

Article (7) of the Bylaws includes how decisions are made regarding the SPE that is not stipulated in the rules governing SPE, provided that such decisions are taken either by Board members or the SPE's Trustee.

All Board resolutions require a vote of approval by (2) two members present at any regularly held meeting, one of whom is the Chairman of the Board.

Taking into account the powers of the custodian, the following Resolutions shall be taken unanimously:

- a. Recommending a decrease or increase in the company's capital.
- b. Recommending amendments to the Bylaws.
- c. Any decision to correct or allow exemption from a particular requirement of any provision of the financing documents.
- d. Any decision to allow a particular substantive action to be taken in accordance with the provisions of the financing documents.
- e. Any decision that materially adversely affects the rights of the Sukukholders.
- f. Any decision regarding a bank account, or other account or sub-account that is required by the entity under any applicable laws in the Kingdom to create, operate and/or maintain and transfer and/or retain any amount thereof.
- g. Any decision related to amending a document in which the entity is a party and under which it assumes substantial obligations or acquires substantial rights.
- h. Creating or permitting the creation of any liens on all or part of its current or future revenues in connection with any related indebtedness or in connection with any security of related indebtedness.
- i. The purchase of all or part of the Sukuk, redemption and/or cancellation of the Sukuk.
- j. Changing or terminating the appointment of the Payment Administrator and appointing a replacement for him.
- k. Sukukholders are invited to hold meetings.
- l. Headquarters relocation.

▪ **Auditor:**

According to Article (8) of the issuer's Bylaws:

1. A written decision issued by the trustee of SPE shall annually appoint an auditor registered with the Authority in accordance with the rules for registering auditors of the entities subject to the supervision of the Authority, and in accordance with the provisions of Article (34) of the rules governing SPE.
2. A person appointed as an auditor may not perform the position of a Board member of the entity or perform any technical or administrative work in it, even if it is in an advisory capacity. The auditor may not be a partner, employee, or associated with the trustee of the SPE or a member of the entity's Board of Directors.

3. The annual auditor's fee is determined by a decision from the trustee of the SPE.
4. The auditor may be dismissed at any time by a written decision of the trustee of the SPE without prejudice to any right of the auditor for compensation if the dismissal was at an inappropriate time. When the auditor is removed, the trustee of the SPE must issue a written decision appointing a replacement auditor as soon as possible.

▪ **Books and Records:**

Within the scope of regulating supervisory affairs, Article (9) of the Bylaws states that:

1. Members of the Board of Directors are responsible for ensuring that books and records are properly maintained and in compliance with the provisions of Article (36) of the Rules Governing SPE.
2. Books and records shall be kept at the registered headquarters of the entity (or such other place as may be determined by the members of the board of directors in the Kingdom of Saudi Arabia), and shall be continuously available for examination by Board members and the trustee and the Authority.

▪ **Al Kathiri Holding Company**

In connection with Al Kathiri Holding Company's management, the Bylaw (Chapter Three (Articles 18 to 26)) has laid down the provisions regulating the Board of Directors as follows:

▪ **Company Management:**

The Company shall be managed by a Board of Directors consisting of four (4) Directors who shall be appointed by the Ordinary General Assembly for a term not exceeding three (3) years.

▪ **Membership Termination:**

Membership in the Board of Directors shall cease at the expiry of the term or if the membership is terminated in accordance with the Applicable Law. However, the Ordinary General Assembly may, at any time, remove all or any of the Directors, without prejudice to the right of a removed Director to hold the Company liable if the removal is made without acceptable justification or at an improper time. A Director may resign, provided that such resignation is made at a proper time; otherwise, such a Director shall be liable towards the Company for damages resulting from such resignation.

▪ **Board Vacancy:**

In the event that a position of a Director becomes vacant, the Board may appoint an interim Director. Such temporary Director(s) shall have sufficient experience and qualifications to fill the vacancy at the Board's discretion. The competent authority (the Ministry of Commerce and the Capital Market Authority) shall be informed within five (5) working days and such appointment shall be submitted to the earliest Ordinary General Assembly. The new Director shall complete the unexpired term of his predecessor. Where the conditions required for holding the Board of Directors meeting are not satisfied because the number of Directors falls below the minimum prescribed in the Applicable Law or these Bylaws, the remaining Directors must call the General Assembly to convene within sixty (60) days to elect the required number of Directors.

Powers and Duties of the Board:

Without prejudice to the competencies reserved to the General Assembly, the Board of Directors shall be vested with the full and widest powers to manage and supervise the Company business and affairs, and to set policies and charters which achieve the Company's objectives:

- a. Adopt the internal regulations for its activities.
- b. executing all types of contracts and agreements, including but not limited, purchase, sale, lease, rental, agencies, franchise, and other documents, transactions and deals on behalf of the Company and to enter into public tenders and bids on its behalf.
- c. Signing on behalf of the company the contracts of incorporation of companies, amendments, appendices, and decisions of partners in the companies in which the company participates inside and outside the Kingdom, increasing its capital, paying fees, receiving registration certificates, following up on the procedures for merging, transferring and liquidating them, buying, selling and assigning shares and shares, whether in whole or in part, and advertising in official newspapers and interviewing all Government agencies and sign all the foregoing.
- d. Opening, managing, operating and closing bank accounts, obtaining loans and other credit facilities for any period, including loans with a period exceeding three years, from government financing funds and institutions, commercial banks, financial houses, credit companies, and any other credit agency, issuing guarantees and guarantees in favor of any party when it deems, according to its

sole discretion, that this serves the interest of the company, issuing promissory notes and other commercial papers, carrying out all transactions and concluding all agreements and banking deals, except that in the case of a contract Commercial loans with a term of more than three years, the following conditions must be observed:

1. That the Board of Directors specify in its Resolution the aspects of using the loan and how to repay it.
 2. Take into account the terms of the loan and the guarantees provided to it, not to harm the company, its shareholders, and the general guarantees of the creditors.
- e. Concluding sale and purchase contracts and lease contracts, buying lands, real estate and other property of assets and movable and immovable funds necessary to achieve the company's purposes, selling those movables, emptying, marginalizing, mortgaging, redeeming any of the company's properties before the courts and notaries, accepting the sale, determining the price, and acknowledging its receipt that as Concerning the sale of the company's real estate, the minutes of the board of directors and the reasons for its decision to act must include the following conditions:
1. The Board should specify in the sale decision the reasons and justifications for it.
 2. The sale should be close to the same price.
 3. The sale shall be present, except in cases determined by the Board and with sufficient guarantees.
 4. That such behavior does not result in the suspension of some of the company's activities or the imposition of other obligations on it.
 5. Appointing a Secretary to the Board of Directors based on the proposal of the Chairman of the Board of Directors.
 6. Approval of the company's internal, financial, administrative and technical bylaws and the policies and regulations for its employees.
 7. Appointing those responsible for the management of the company with expertise and competence, as deemed by the Board, and determining their duties and remuneration.
 8. Delegating the company's management officials with the authority to sign on behalf of the company within the limits of the rules set by the board of directors.
 9. Forming committees and entrusting them with whatever powers the council deems appropriate, and coordinating between these committees, with the aim of quickly deciding on the matters presented to them.
 10. Approval of the establishment of subsidiaries, branches, offices and agencies for the company and subscriptions and shares in any of the companies.
 11. Approval of the company's business plan and approval of its operational plans and capital budget.
 12. The company's Board of Directors shall, in the cases it deems appropriate, have the right to discharge the company's debtors from their obligations in accordance with what serves its interest, provided that the minutes of the board of directors include the rationale for its decision and the following conditions are observed:
 - a. The release shall be at least one full year after the publication of the debt.
 - b. The release shall be for a specified amount as a maximum per year for one debtor.
 - c. The release is a right of the Board, and it is not permissible to delegate or delegate it.
 13. Requesting bank loans in the name of the company, accepting its terms, conditions, and prices, signing its contracts, forms, pledges and repayment schedules, receiving and disposing of the loan, providing guarantees and guarantees, presenting guarantors and solidarity with them, requesting exemption from loans, opening and extending credits in the name of the company, applying and approving loans and banking facilities of all kinds from commercial banks for any amounts and issuing letters of guarantee and documentary credits on behalf of the company, issuing guarantees and mortgages with banks, banks, public lending funds, financing agencies, local and international investment companies, and issuing promissory notes and other securities. They may also contract loans, financing and financial facilities with government financing funds and institutions, regardless of their duration, Islamic Murabaha contracts, hawala contracts and agreements related to treasury products, and he may contract loans with banks and commercial financial financing institutions whose terms do not exceed the end of the company's term, receive the loan, waive it, request exemption from it, and request not to Having any material obligations and repaying the loan (he is also entitled, according to the powers granted to him, to delegate or delegate it to others).

The BoD shall also, within the limits of its competencies, delegate or impose one or more of its members or a third party to carry out certain works or businesses.

▪ **Remuneration of Board Member:**

The remuneration of the Directors shall be determined by the General Assembly upon appointment, and it may consist of a specified amount, an allowance for attendance of meetings, in-kind benefits, a percentage of the net profits, or a combination of two or more of these benefits. In all cases, the total amount of the remuneration, in financial or material benefits of each of the Directors shall

not exceed the amounts of (10%) of the net profits and after distributing five percent (5%) to the shareholders, not exceeding five hundred thousand riyals for each member and within the limits stipulated in the Companies Law, its Implementing Regulations and the Applicable Law. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the amounts received by the Directors during the financial year in remuneration, allowances, expenses and other benefits as well as the amounts received by the Directors in their capacity as officers or executives of the Company, or in consideration for technical, administrative or advisory services. The report shall also include a statement of the number of Board meetings and the number of meetings attended by every Director as of the date of last General Assembly meeting

▪ **The Authorities of the Chairman, Deputy Chairman, Managing Director and Secretary**

The Board of Directors shall appoint from amongst its members a Chairman and a Deputy Chairman (the "**Deputy Chairman**") and may appoint a Managing Director, and it shall be impermissible for a Director to simultaneously occupy the position of Chairman and any executive management position in the Company.

The Chairman shall have the power to invite the Board to meet and preside over the Board's meetings and general assemblies of shareholders.

The Chairman shall also have the following authorities:

- a. Representing the company in its relations with third parties and before the judiciary and governmental and private agencies, and they have the right to claim, plead, defend, litigation against others, attend sessions, establish and hear cases, hear witnesses, question them, and respond to them
- b. The request to take an oath, to challenge forgery, to claim all rights of others in every lawsuit filed by or against the company, to admit, deny, conciliate, to accept the judgment, to deny it, to object to it, to request cassation, and to implement seizure before all Sharia courts, judicial bodies, the Board of Grievances, labor and workers offices, higher and primary committees, and the Committee for the Resolution of Paper Disputes Finance and dispute settlement committees of all kinds, arbitration and civil rights bodies, police departments, chambers of commerce and industry, private bodies, companies, banks, commercial banks, money houses, all government finance funds and institutions with various names and specializations, institutions of all kinds, and other lenders.
- c. execute all types of contracts and agreements, including but not limited to contracts of purchase, sale, lease, rental, agencies, concession, and other documents, transactions and deals on behalf of the Company and to enter into bids on its behalf.
- d. Signing on behalf of the company the contracts of incorporation of companies, amendments, appendices and decisions of partners in the companies in which the company participates inside and outside the Kingdom, increasing its capital, paying fees, receiving registration certificates, following up on the procedures of merging, transferring and liquidating them before all the competent authorities, and buying, selling and waiving shares and shares, whether in whole or in part.
- e. And sign all decisions and documents required to open branches of the company, advertise in official newspapers, meet with all government agencies, and sign all necessary of the foregoing.
- f. Concluding sale and purchase contracts and lease contracts, buying lands, real estate and other property of assets and movable and immovable funds necessary to achieve the company's purposes, selling those movables after the approval of the board of directors, emptying, marginalizing, mortgaging and releasing any of the company's properties before the courts and notaries, accepting the sale, determining the price and acknowledging with his fist
- g. Appointing and contracting employees, determining their salaries, dismissing them from service, requesting visas, recruiting employees and workers from abroad, obtaining residency and work permits, and transferring and waiving sponsorships.
- h. Approving the company's business plan and approving its operational plans and capital budget.
- i. Representing the company before Shari'ah courts, judicial bodies, administrative courts (the Board of Grievances), Sharia medical committees, labor and workers offices, labor committees (primary and higher), financial dispute resolution committees, banking dispute settlement committees, commercial paper dispute settlement offices, commercial dispute resolution committees, and all judicial and quasi-judicial committees and arbitration bodies and has the right to claim, institute cases, plead, plead, defend, litigating, hear cases, respond to them, acknowledge, deny, release, conciliation, waiver, divide, sort, request an oath, reject it, make all kinds of settlements, bring witnesses and evidence, challenge them, answer, wound, amend, challenge forgery, deny lines, seals, signatures, request a travel ban, and request Seizure, execution, request for arbitration, appointment of experts and arbitrators, challenge the reports of experts and arbitrators, return and replace them, and request the application of Article (230) of the Law of legal Pleadings, demanding execution of judgments, acceptance and denial of judgments, objecting to judgments, requesting appeal and cassation, petitioning for reconsideration, requesting rehabilitation, requesting pre-emption, and ending what is required. Interference and waiver of all rights, issues, donation, preemption and guarantee, and he is entitled, according to the powers granted to him, to delegate or delegate others to them.

The Deputy President and the Managing Director shall have, jointly or severally, authorities in respect of the following matters in accordance with the provisions of the Bylaws:

- a. Representing the company in its relationship with third parties, governmental and private agencies, at all government departments and authorities, customs committees, commercial fraud committees, the Bureau of Investigation and Public Prosecution, the Control and Investigation Authority, civil rights, , police departments, traffic, civil defense, passports, deportation, ministries, municipalities, airports, embassies, customs, ports, chambers of commerce and industry and private authorities, companies, and institutions of all kinds, and entering into tenders, receiving, paying, and giving clearances about accounting.
- b. Executing sale and purchase contracts, lease and rental contracts, buying lands, real estate and other property of assets and movable and immovable funds necessary to achieve the company's objectives, paying due amounts, selling movables, emptying and accepting, marginalizing, mortgaging, redeeming any of the company's properties before the courts and notaries, accepting the sale and specifying the price, acknowledging the amounts' collection, receipt and delivery, merging of Sukuk, division, sorting, receipt of Sukuk, updating and including them into the global system, waiving space shortage, deletion, addition, modification of limits, lengths, area, part numbers, plans, Sukuk, their dates, district names, and taking out proofs of title for all properties.
- c. Reviewing all local and international banks in the Kingdom of Saudi Arabia and abroad, opening accounts in the company's name, approving signature, withdrawing from accounts, depositing in cash or checks, transferring, extracting and receiving an ATM card, receiving and entering secret numbers, extracting and obtaining credit cards and their secret numbers, extracting an account statement and a check book, receiving and editing, issuing and getting certified checks in the name of the company, obtaining and disbursing transfers, subscribing to and renewing safe deposit boxes, importing safety deposit box units, activating accounts, closing and settling accounts, disbursing checks in the name of the company, objecting to them, receiving bounced checks, updating data, signing commercial papers, documents, checks, and all banking transactions in the name of the company, as well as issuing guarantees and warranties to third parties, and credit accounts, promissory notes and all commercial papers. Signing all kinds of contracts, documents, agreements, Sukuk and facilities documents, and opening investment accounts in the name of the company, with all banks, legitimate finance companies, financial institutions, any companies or credit bodies, real estate and industrial funds, and receiving and delivering the amounts paid to the company as well as concluding all contracts with the Industrial Development Fund, presenting Obligors and cooperating with them, signing before the notary public regarding the industrial mortgage, investing and operating the funds in the local and international financial markets.
- d. Signing all types of contracts, documents, including but not limited to, contracts of incorporation of companies, amendments, schedules, annexes and decisions of partners in which the company participates inside and outside the Kingdom. Increasing and decreasing the company's capital, amending and dismissing managers, amending the management clause, entering and joining of partners joining existing companies, buying shares and paying the price, selling shares, receiving the value and profits, assigning capital shares, whether in whole or in part, and accepting the assignment of shares and capital, and attending its founding, transformative, ordinary and extraordinary general assemblies or delegating whatever it deems appropriate to attend the discussion and vote on behalf of the company. Paying fees, receiving registration certificates, extracting commercial records, renewal, addition, amendment and cancellation, following up the procedures of merging, transferring and liquidating before all the competent authorities. Changing the legal entity of these companies to different entities, signing agreements, registering trademarks and commercial agencies, waiver, patent registration, opening files for the company, subscription and renewal of the Chamber of Commerce and signing all decisions and documents required to open new branches, signing contracts to transform the company's branches into independent companies with a separate legal entity, as for limited liability companies or closed joint stock companies, signing all documents required for that, announcing in official newspapers, meeting with all government agencies, and signing all of the above.
- e. Reviewing the Ministry of Justice, the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Defense, the Ministry of Energy, Industry and Mineral Resources, the Ministry of Commerce and Investment, the Trademarks Department, Commercial Agencies, the Quality Management and Precious Metals, the Department of Free Professions, and the issuance of a Certificate of origin. Requesting customs exemption, and the referring to the Ministry of Finance, the Ministry of Labor, the Ministry of Health, the Department of Health Affairs, and public and private hospitals, branches, departments and facilities. Reporting to the Food and Drug Authority, the Quality Management, the Standards and Metrology Authority, telecommunications companies, and the establishment of fixed phones or mobile phones in the name of the company. Reviewing the General Investment Authority and signing before it, referring to the Capital Market Authority, entering tenders, receiving investments, signing contracts for the company with others, extracting, renewing, amending, canceling, and transferring industrial licenses, reviewing Social Insurance, Civil Defense, the Department of Zakat and Income and their respective branches, departments and sections.
- f. Appointing, dismissing employees and workers, requesting visas, recruiting and contracting with them, determining their salaries and remuneration, obtaining residency, exit, return and final visas, transferring and waiving sponsorships, in addition to the right to delegate all or some of their powers.
- g. Approving the establishment of subsidiaries, opening branches, offices and agencies for the company, closing these branches, participating and contributing to any of the existing companies or their establishment.
- h. Approving the company's business operating plans and capital budget.

- i. They have the right to delegate some of their powers to other Board members or to third parties to carry out specific works, and they are entitled to delegate all or some of the above- mentioned powers inside and outside the Kingdom, and the agent has the right to delegate others.
- j. The Board of Directors appoints a secretary from its members or others, and whose competence and remuneration are determined by a Board Resolution. The terms of each of: the Board's Chairman, his deputy, Managing Director and Secretary shall not exceed their Board membership term, and they may always be re-elected. The BoD may at any time dismiss them without prejudice to the right of the dismissed members to be compensated, if the dismissal occurred for an unlawful reason or at any inappropriate time.

- **Board Meetings:**

The Board shall meet at least twice a year upon the invitation of its Chairman. Such invitation shall be in writing and shall be sent (hand delivered, mail or fax) at least ten (10) days prior to the meeting, unless agreed otherwise by the Board members. The Chairman shall invite the Board to meet when requested by at least two (2) Directors.

- **Quorum and Representation:**

A meeting of the Board shall be valid only if attended by a minimum of seven (3) Directors. A Director may delegate another Director to attend Board meetings by proxy, however, such delegation shall be made according to the following:

1. Director may not be a delegate for more than one Director at the same meeting;
2. such delegation shall be made in writing and presented to the Board; and
3. the delegate may not vote on resolutions which the principal is prohibited from voting on, in accordance with the Applicable Law.

The Board meetings can be conducted by phone, video call, or through any other modern technologies methods. The resolutions of the Board shall be adopted by the majority vote of the Directors present or represented by proxy. In the event of a tie vote on resolutions the Chairman will have the casting vote.

The Board may adopt resolutions to be presented to Directors separately or remotely unless a Director requests in writing a physical Board meeting to take place for deliberation of the relevant resolutions. Any such resolutions shall be presented to the Board at its first meeting to follow for endorsement.

- **Deliberations of the Board:**

The Deliberations and resolutions of the Board shall be recorded in minutes and to be signed by the Chairman, the present Directors and the Secretary. Such minutes shall be recoded in a special register signed by the Chairman and the Secretary. Board meetings can be conducted by telephone, videoconference, or using modern technologies.

Further, Chapter Four (from Articles 27 to 39) of the Bylaws of Al Kathiri Holding Company includes the provisions that regulate the matters pertaining to the Shareholders Assemblies as follows:

- **Attending Assemblies:**

Each Shareholder shall have the right to attend the Conversion Assembly and all other General Assembly meetings, and may authorise another person, other than a Director or an employee of the Company, to attend the General Assembly on his/her behalf as a proxy.

- **Competencies of the Ordinary General Assembly (OGA):**

Except for matters reserved to Extraordinary General Assembly, the Ordinary General Assembly is competent to consider all matters related to the Company prescribed by the Applicable Law or these Bylaws and shall be convened at least once a year within six (6) months following the end of the Company's financial year. Other Ordinary General Assembly meetings may be convened, as necessary.

- **Competencies of the Extraordinary General Assembly (EGA):**

The Extraordinary General Assembly (EGA) is competent to amend the company's Bylaws, except for amendments which are deemed void pursuant to the provisions of the Companies Law, shall also have the right to adopt resolutions on matters within the competencies of the Ordinary General Assembly under the same conditions and procedures prescribed for the latter.

- **Manner of Convening Assemblies:**

The General Assembly of Shareholders or the special assembly of Shareholders holding preferred shares of the Company shall be convened at the invitation of the Board of Directors. The Board of Directors shall invite a meeting of the Ordinary General Assembly if requested to do so by the auditor, the Audit Committee of the Company (the "**Audit Committee**") or by a number of Shareholders representing at least five per cent. of the Company's share capital. The auditor may invite the General Assembly to convene if the Board of Directors does not invite the General Assembly to convene within thirty (30) days from the date of auditor's request. Invitations for General Assembly meetings shall be published in a daily newspaper distributed in the locality of the head office of the Company, at least twenty-one (21) days prior to the date set for the meeting. Nevertheless, it suffices to send the invitation to all Shareholders by registered mail within the time limit set above. A copy of both the invitation and the agenda shall be sent to the Ministry of Commerce within the period specified for publication. General Assemblies may be held, and the Shareholders may participate in the deliberations and voting on all Shareholders' resolutions, by using means of contemporary technology, in accordance with the Applicable Law.

- **Record of Attendance:**

Shareholders wishing to attend General Assemblies shall register their names at the Company's head office ahead of the scheduled General Assembly meeting or the place specified by the company for the meeting as determined by the company in the assemblies' announcement.

- **Quorum of the Ordinary General Assembly (OGA):**

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least half (50% per cent.) of the Company's share capital. If such quorum cannot be attained at the first meeting, a call for convening a second meeting, within thirty (30) days following the prior meeting, shall be made and declared in the manner prescribed in these Bylaws. The second meeting may be convened one hour from the expiry of scheduled time for convening the first meeting, provided that the call for convening the first meeting shall indicate the possibility to convene this meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

- **Quorum of the Extraordinary General Assembly (EGA):**

A meeting of the Extraordinary General Assembly shall only be valid if attended by Shareholders representing at least two-thirds (2/3) of the Company's share capital. If such quorum cannot be achieved at the first meeting, an invitation for a second meeting shall be made in the manner prescribed herein.

The second meeting may be convened one hour from the end of the period set for convening the first meeting, provided that the call for convening the first meeting shall indicate the possibility of convening this meeting. In all cases, the second meeting shall only be valid if attended by a number of Shareholders representing at least one quarter (25% per cent.) of the Company's share capital.

If the quorum set forth in paragraph (2) is not achieved at the second meeting, a notice shall be sent for a third meeting to be held in the same manner provided for in herein. The third meeting shall be valid regardless of the number of Shares represented therein, after the approval of the competent authority.

- **Voting Rights :**

Each Shareholder shall have one (1) vote for every Share he/she represents at the conversion General Assembly. Each Shareholder shall have one (1) vote for every Share he/she represents at the General Assembly. Cumulative voting shall be used for the election of Directors.

- **Resolutions:**

Resolutions of the Conversion Assembly shall be adopted by the affirmative vote of at least three-quarters (75% per cent.) of the Shares represented at the meeting and resolutions of the Ordinary General Assembly shall be adopted by the affirmative vote of a majority of the Shares represented in the meeting. Resolutions of the Extraordinary General Assembly shall be adopted by the affirmative vote of two-thirds (2/3) of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or decreasing the capital, extending the Company's term, dissolving the Company prior to the expiry of its term specified in the Bylaws or merging the Company with another company, then such resolution shall be valid only if adopted by the affirmative vote of at least three-quarters (75% per cent.) of the Shares represented at the meeting.

- **Deliberations at Assemblies:**

Each Shareholder shall have the right to discuss the items listed in the agenda of a General Assembly, and to address questions to the Directors and the auditor in respect thereof. The Directors or the auditor shall answer Shareholders' questions to such an extent that would not jeopardise the Company's interests. If a Shareholder deems the answer to his question is unsatisfactory, then such Shareholder may refer this issue to the General Assembly whose decision shall be conclusive in this respect

- **Proceedings of the General Assembly:**

The General Assembly meetings shall be presided over by the Chairman or, in his absence, the Deputy Chairman or, in the absence of both the Chairman and the Deputy Chairman, any other Director delegated by the Board for such task. Minutes shall be kept for every General Assembly meeting, and shall include the names of Shareholders present or represented, the number of Shares held by each of them, whether as principle or by proxy, the number of votes allotted thereto, the resolutions adopted, the number of consenting and dissenting votes, and a comprehensive summary of the deliberations conducted at the meeting. Minutes shall be recorded on a regular basis after each meeting in a special register, which shall be signed by the chairman of the General Assembly, its secretary, and the vote counter.

All the matters pertaining to the Audit Committee have been regulated under Chapter Five (from Articles 40 to 43) of the Bylaws of Al Kathiri Holding Company as follows:

- **Audit Committee:**

The Audit Committee shall be formed by a resolution of the Ordinary General Assembly and shall consist of at least three (3) members, provided that the members are not executive Directors, whether from the Shareholders or otherwise. The resolution shall also determine the Audit Committee's responsibilities and procedures as well as the remuneration of its members. Meetings of the Audit Committee shall be valid if attended by a majority of the members of the Audit Committee, and its resolutions shall be adopted by the majority of votes present.

The Audit Committee is competent to supervise Company's business and shall have access to the Company's records and documents and may request clarifications or statements from Directors or members of executive management. It may also request the Board to invite the Company's General Assembly to convene if its business is hindered by the Board of Directors or if the Company suffers serious damage or loss. The Audit Committee shall review the Company's financial statements, and auditor's reports and notes, and shall provide its opinion thereon, if any. The committee shall also prepare a report of its opinion on the efficiency of the Company's internal control system and any other activities falling within its powers. The Board of Directors shall place a sufficient number of copies of such report at the head office of the Company at least twenty-one (21) days prior to the date set for convening the General Assembly in order to provide any Shareholder with a copy thereof. The auditor's report shall be read at the General Assembly meeting.

Articles (44) and (45) of the Bylaws of Al Kathiri Holding Company regulates the appointment procedure of the Auditor and his powers as follows:

- **The Auditor:**

The Company shall have one (or more) auditor(s) from among those licensed to operate in the Kingdom appointed by the Ordinary General Assembly, which shall specify their compensation and term. The Ordinary General Assembly may reappoint the auditor provided that the total appointment term does not exceed the term limit as specified in the Companies Law. The Ordinary General Assembly may at any time remove the auditors, without prejudice to their right to compensation if the removal is made at an improper time or without acceptable justification. The external auditor(s) shall have access, at all times, to the Company's books, records and any other documents, and may request information and clarification as it deems necessary to verify Company's assets and liabilities. The Chairman shall enable the auditor to perform its duties. The auditor shall report to the Board of Directors any difficulties encountered in the performance of its duties. If the Board of Directors fails to facilitate the auditor's work, the auditor shall request the Board of Directors to invite the Ordinary General Assembly to consider the matter

Provisions relating to rights and restrictions relating to securities and the financing transactions

- Sukuk issued to the relevant Sukukholders will represent, inter alia, undivided beneficial ownership interests in the Sukuk Assets of the relevant Series. Sukuk are issued in dematerialised registered form in the Specified Denominations. The Sukuk issued in respect of each Series will be represented by a Global Sak issued in respect of that Series which will be deposited with Edaa, Individual Sukuk representing holdings of the Global Sak will not be issued but Sukukholders will on request be entitled to receive a statement from

the Registrar recording their holding of Sukuk. The Global Sak will represent all of the Sukuk of that Series that are current and the ownership by the Sukukholders of an undivided ownership interest in the Sukuk Assets. The Global Sak shall be deposited with Edaa and held until the date on which all obligations of the Issuer under or in connection with the Global Sak are fully fulfilled.

in accordance with the provisions of the Declaration of Agency, the Sukukholders' Agent's Delegate is appointed to act as an agent for and on behalf of the Sukukholders. Each Sukukholder by subscribing to, acquiring or holding Sukuk agrees to the terms of the Declaration of Agency including, but not limited to, the ability of the Sukukholders to quorum in relation to the Series of Sukuk Issuances by way of an extraordinary resolution to terminate or evoke the appointment of the Sukukholders' Agent's Delegate for this Series subject to a notice of no less than thirty (30) days to be given to the Sukukholders' Agent's Delegate, provided that such revocation shall not enter into force until a successor has been duly appointed in accordance with the provisions of the Declaration of Agency.

Payments relating to the Sukuk shall be made in accordance with the provisions of the Payment Administration Agreement dated on or about the Closing Date ("**Payment Administration Agreement**") between the Issuer and Alkhair Capital Saudi Arabia Company as the Payment Administrator ("**Payments Administrator**", a term including any successor or other payment administrator appointed in connection with the Sukuk and other parties.

- According to the Master Declaration of Agency Agreement, and with the exception for what is mentioned in Condition No. (3) "**Registration, Title and Transfers**" (for more details about this condition, please see Paragraph (15-3) "**Registration, Title and Transfers**" of Section (15) "**Sukuk terms and Conditions**" of this Prospectus) with regard to the non-ability of the Sukuk to be traded if the Mudaraba assets constitute, at any time, less than (25%) of the Sukuk assets, the Sukuk are free of any restrictions and may be traded in accordance with the conditions and procedures followed in trading and the provisions of Securities Clearing Center Company "**Muqassa**".

Below a summary of provisions relating to the rights and restrictions attached to the special purposes entity's securities and the financing transaction:

Pledges Not to Apply for New Loans Which Give Privileges to New Creditors

In accordance with Condition (7) "**Covenants of the Issuer - Negative Pledge**" of the Master Declaration of Agency Agreement, Sukuk Al Kathiri (in its capacity as the Issuer and the Agent, as the case may be)

Sukuk AlKathiri (in its capacities as Issuer and Agent, as the case may be) irrevocably undertakes that it shall not incur any indebtedness in respect of borrowed money or any other financing whatsoever.

(for more details, please see paragraph (15-6) "**Covenants of the Issuer - Negative Pledge**" from Section (15) "**Sukuk Terms and Conditions**" of this Prospectus).

Further, in accordance with Condition (8) "**Covenants and Undertakings of the Issuer**", Al Kathiri Holding Company as an Obligor covenants and undertakes that so long as any Sukuk remains current:

- it will not, and will not permit any of its Material Subsidiaries (if any) to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise with respect to or otherwise become responsible for, contingently or otherwise, the payment of (collectively, incur as appropriate, an incurrence) any Financial Indebtedness (other than Permitted Financial Indebtedness), provided however, that the Obligor or any of its Material Subsidiaries (if any) may incur Financial Indebtedness if:
 - no Event of Default has occurred or is continuing (or would occur as a result of the incurrence of such Financial Indebtedness); and
 - such Financial Indebtedness ranks junior to or equal in right of payment with the Payment Obligations in the case of any distribution of assets of the Obligor in any liquidation of the Obligor;
- it will not, and will not permit any of its Material Subsidiaries (if any), to create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Sukuk equally and rateably with the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee

Any Control Rights Granted to Investors by the Special Purposes Entity (SPE)

Sukukholders holding majority of not less than two-thirds (2/3) i.e. (66.67%) of the Aggregate Nominal Amount of the Series of Sukuk represented and voting at a Meeting duly convened and held (which must not contravene applicable principles of Shari'ah and Saudi Arabian law), the right to issue an Extraordinary Resolution, including: to appoint any persons as a committee to represent the interests of the Sukukholders and to confer upon such committee any powers which the Sukukholders could themselves exercise by an Extraordinary Resolution;

Provisions Governing the Alteration of Sukuk Rights or Classes of the Special Purposes Entity (SPE)

Subject to the Master Declaration of Agency Agreement, The Sukukholders' Agent's Delegate may from time to time and at any time without the consent or sanction of the Sukukholders concur with the Issuer in making any modification to this Declaration and/or the relevant Declaration of Agency, the Applicable Final Terms, the Conditions, or any other Sukuk Documents which, in the opinion of the Sukukholders' Agent's Delegate, it may be proper to make provided the Sukukholders' Agent's Delegate is of the opinion that:

- a. such modification is not materially prejudicial to the interests of the Sukukholders in relation to such Series of Sukuk or the Sukukholders of another Series; or
- b. such modification is of a formal, minor or technical nature or made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification must not, for the avoidance of doubt, contravene applicable principles of Shari'ah and Saudi Arabian law, and shall be binding on the Sukukholders and, unless the Sukukholders' Agent's Delegate agrees otherwise, any such modification shall be notified by the Issuer to the Sukukholders as soon as practicable thereafter in accordance with Condition 19 (Notices) (for more details on the Notice provision, please see Clause (15-18) "**Condition 19: Notices**" of Section (15) "**Sukuk Terms and Conditions**").

Provisions for Amending the Rights or Classes of Securities for the Sponsor**Issuance of Debt Instruments or Sukuk**

1. The company may issue debt instruments (such as bonds and sukuk) at par value, undivided and tradable in accordance with the provisions of the Companies Law.
2. The Company may, by a decision of the Board of Directors and in accordance with the Capital Market Law and other relevant laws and regulations, issue debt instruments (such as bonds and sukuk), both in Saudi Riyals or other currencies, and for any length of time, either in one or several parts or through a series of issuances under one or more programs established by the Board from time to time. The Board of Directors also have full powers to determine and report the amount and terms and conditions of these debt instruments and it has the right to take all necessary measures in this regard.
3. The company shall issue debt instruments (such as bonds and sukuk) that are convertible into shares, after a resolution is issued by the Extraordinary General Assembly Meeting (EGM) specifying the maximum number of shares that may be issued in exchange for those instruments, whether those instruments are issued in one or several parts or through a series of issuances under one or more programs established by the Board from time to time. The Board of Directors issues, without the need for a new approval from the EGA, new shares in exchange for those instruments or sukuk whose holders request their conversion, immediately after the end of the transfer request period specified for the holders of these instruments or sukuk. The Board shall adopt the necessary procedures to amend the company's Bylaws with regard to the number of issued shares and the capital and shall announce the completion of the procedures for each capital increase in the manner specified in this Bylaws in order to publish the EGA Resolutions.

Provisions for Liquidation (Dissolution) and Winding Up of the Special Purpose Entity (Sukuk AlKathiri)

- Pursuant to Article (12) of Sukuk Al Kathiri's Bylaws, the special purposes entity shall cease to exist with the end of the purpose for which it was established for, in accordance with the provisions of Article (54) of the rules governing SPE.

Provisions of Provisions for Liquidation (Dissolution) and Winding Up of the Sponsor (AlKathiri Holding Company)

- Pursuant to Article (53) of AlKathiri Holding Company's Bylaws, upon its dissolution, shall enter a liquidation phase during which it shall retain its legal personality to the extent necessary for the liquidation. The resolution for voluntary liquidation may only be adopted by the Extraordinary General Assembly. The liquidation resolution shall appoint a liquidator and determine its powers, fees, restrictions in powers and the period required for the liquidation process, provided that the period for voluntary liquidation period shall not exceed five (5) years and may not be extended without a judicial order. The authority of the Board of Directors shall cease upon the Company's approval of its liquidation, provided, however, that the Board of Directors shall remain responsible

for the management of the Company and shall be deemed liquidator vis-à-vis third parties until the liquidators are appointed. The General Assembly shall continue to exist during the liquidation period and shall exercise its powers to the extent it does not conflict with the powers of the liquidator

Powers enabling a Board member (Director) or the CEO to vote on a contract or proposal in which he has an interest

- According to the Bylaws of Sukuk Al Kathiri, no authority has been granted to members of the Board of Directors or the CEO giving them the right to vote on a contract or proposal in which any of them have an interest in it.
- Likewise, Al Kathiri Holding Company's Bylaws did not include any authority for the members of the Board of Directors or the CEO giving them the right to vote on a contract or to suggest any of them have an interest in it.

Powers enabling a Board member (Director) or the CEO to Grant the Right to Vote on Remuneration for themselves

- According to Sukuk Al Kathiri's Bylaws, no authority has been granted to the members of the Board of Directors or the CEO giving them the right to vote on their remuneration. Such remuneration of the Board member is determined by the SPE's Trustee.
- Likewise, the Bylaws of Al Kathiri Holding Company did not include any authority for members of the Board of Directors or the CEO giving them the right to vote on their remuneration granted to them.

Powers allowing a Board member (Director) or Senior Executives to Borrow from the Sponsor

- The Bylaws of Sukuk Al Kathiri or Al Kathiri Holding did not provide for any authority allowing any Directors or Senior Executives to borrow from Al Kathiri Holding Company.

11-7 Summary of Material Agreements

Al Kathiri Holding Company and its two subsidiaries have entered into a number of agreements for the purpose of their business.

Except for the Sukuk Documents which are executed in connection with Sukuk Programme (as disclosed in Section (16) "**Summary of Sukuk Documents**" of this Prospectus), Sukuk Al Kathiri has not entered into any material agreements.

The following table sets out the material agreements entered into by the Company for the purposes of its business:

Table No. (70): Summary of Material Agreements

Name of Agreement	Parties	Brief Description	Key Provisions
Mudaraba Agreement	<ul style="list-style-type: none"> - Sukuk Al Kathiri (Issuer and Rab al Maal) <hr/> - AlKathiri Holding Company (Mudareb) <hr/> - Al Khair Capital Saudi Arabia (Sukukholders' Agent's Delegate) 	<p>The Mudareb manages the Mudaraba based on his experience and the profit-sharing resulting from the Mudaraba according to provisions this agreement.</p>	<ul style="list-style-type: none"> - Any action taken by the Mudareb in accordance with the Mudaraba Agreement or on the basis of instructions received from the Rab al Maal (or the Sukukholders' Agent's Delegate on behalf of the Rab al Maal) shall be binding on the Rab Al Maal and the Sukukholders' Agent's Delegate. - The Mudareb must manage, administer, perform and discharge its obligations relating to the Mudaraba Assets (with absolute freedom and discretion acting reasonably) and, in particular and without prejudice to the generality of the foregoing, perform the following duties (the Duties) in respect of the Mudaraba Assets: safeguard and protect the Mudaraba Assets in a judicious manner as it would safeguard and protect its own assets; maintain appropriate collection procedures in relation to the timely collection of amounts falling due in respect of the Mudaraba Assets as and when the same shall become due; ensure that all Mudaraba Profit is credited to a book-entry notional account to be maintained by the Mudareb in its books for and on behalf of the Rab al Maal (the Collection Account) and calculate the Mudaraba Income; ensure that all regulatory, zakat and taxation requirements are met; ensure at all times that an amount equal to the applicable Available Amount for the relevant period is maintained as immediately available funds in cash or cash equivalent for the Mudaraba and that such amount is not utilised by the Mudareb for any purpose unless expressly and specifically instructed otherwise in writing by the Sukukholders' Agent's Delegate (on behalf of the Mudareb); ensure that, to the extent that the Mudaraba Assets do not exceed the value of the Mudaraba Capital, no Mudaraba Assets other than Mudaraba Profit are used to fund the amounts - ensure the utilisation of the Mudaraba Capital, the relevant Mudaraba Assets and the management of the Business Portfolio is in compliance with Shari'ah requirements at all times. - The Mudareb may, at its sole and absolute discretion: use all or any part of the Mudaraba Assets as it sees fit, in accordance with the terms of the Mudaraba Agreement and commingle its own assets and funds with the Mudaraba Assets - On or about each Issue Date, the Mudareb shall invest at least fifty-one percent (51%) of the 51 per cent. of the proceeds of the issuance of the relevant Series (in each case the relevant Mudaraba Capital) as follows: an amount of the Mudaraba Capital equal to the Available Amount will be invested in the Mudaraba as immediately available funds which are available to the Mudareb in accordance with the terms of the Mudaraba Agreement; and the remainder of the Mudaraba Capital will be invested by the Mudareb in the Business Portfolio. - The Rab al Maal and the Mudareb each make the following representations to each other on the date of this agreement and on each date on which Mudaraba Capital is deposited by the Rab al Maal : It is duly incorporated and validly existing under the laws of its jurisdiction of incorporation - the execution of the Mudaraba Agreement and the undertaking and performance by it of the obligations expressed to be assumed by it herein will not conflict with, or result in a breach of, or default under, the laws of its jurisdiction of incorporation - all authorisations, consents, licences, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority (including, without limitation, the payment of any stamp or other similar tax or duty) required by it for or in connection with the Mudaraba Agreement have been (or, prior to the relevant Issue Date, will have been) obtained- ability to pay its debts as they fall due pay debts when due - compliance with Shari'ah (Islamic law). - The Mudareb shall liquidate the Mudaraba Assets on the Dissolution Date. The proceeds of such liquidation (being the then current value of the Sukukholders' share of the Mudaraba Assets including the Available Amount) shall be used to pay any shortfall in the amounts due to the Sukukholders and/or the Sukukholders' Agent's Delegate on the Dissolution Date under the Sukuk (after taking into account any other amounts due to the Sukukholders under the Sukuk Documents) by payment of such amounts into the Transaction Account on the Dissolution Date. Any surplus liquidation proceeds, after payment of the amounts (if any) described in this sub-clause, may be granted by the Sukukholders to the Mudareb as an incentive fee for its own account.

Name of Agreement	Parties	Brief Description	Key Provisions
Master Murabaha Agreement	<ul style="list-style-type: none"> - Sukuk Al Kathiri (as Issuer and Seller) - AlKathiri Holding Company (as Purchaser) - Al Khair Capital Saudi Arabia (as Sukukholders' Agent's Delegate and Purchase Agent) 	<p>Payment Administrator will, on behalf of the Issuer, invest approximately 49 per cent. of the proceeds of each Series in commodity Murabaha transactions to be entered into by the Issuer with the Purchaser hereunder</p>	<ul style="list-style-type: none"> - The Seller shall, based on the terms of the Investment Offer With Promise To Purchase, acquire title and possession (physical or constructive) of the relevant Commodities from a Supplier pursuant to a commodity supply agreement between the Issuer and that Supplier (the "Commodity Supply Agreement"), and shall notify the Purchaser of the details of the Commodities supplied by issuing a Confirmation of Terms and Notice of Offer to Purchase. - The Purchaser acknowledges that the Seller will be purchasing Commodities pursuant to an Investment Offer With Promise To Purchase in reliance upon the Purchaser's promise set out therein to purchase such Commodities for the Deferred Price from the Seller. - The Issuer (as Seller) undertakes to ensure that any Commodity Supply Agreement provides that: <ul style="list-style-type: none"> (1) the Seller retains the option to cancel the purchase of the Commodities from the Supplier under the Commodity Supply Agreement without any liability of whatever nature on the part of the Seller; and (2)a notice of cancellation pursuant to the option will be deemed immediately effective by the Supplier. - The Seller shall propose the Murabaha Profit and the other terms and conditions to apply to the Murabaha Contract by delivering a duly completed Confirmation of Terms and Notice of Offer to Purchase to the Purchaser - The Purchaser hereby acknowledges and agrees that it shall be solely responsible for selecting the Commodities which are the subject of the Murabaha Contract. - The Purchaser shall pay or discharge and, failing which, shall indemnify the Seller on demand and hold it harmless from and against all claims, suits, actions, costs, expenses, Taxes and liabilities of whatsoever nature arising in connection with it having acquired and/or sold the Commodities to the Purchaser in accordance with the terms of the Master Murabaha Agreement or any Murabaha Contract or in any other way relating to it acting as Seller hereunder. - Each of the Seller and the Purchaser make the following representations to the other party on the date of the Master Murabaha Agreement and the date of each Murabaha Contract: - It is duly incorporated and validly existing under the laws of its jurisdiction of incorporation - the execution of the Master Murabaha Agreement and the undertaking and performance the obligations expressed to be assumed therein will not conflict with, or result in a breach of, or default under, the laws of its jurisdiction of incorporation - all authorisations, consents, licences, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority required by it for or in connection with the Master Murabaha Agreement have been obtained, by it and all such consent - Ability to repay debts as they fall due - Satisfaction as to compliance Shari'ah.

Name of Agreement	Parties	Brief Description	Key Provisions
Sukuk Issuance Programme Agreement	<ul style="list-style-type: none"> - Sukuk Al Kathiri (as Issuer) - AlKathiri Holding Company (as Sponsor) - Al Khair Capital Saudi Arabia (as Arranger) and in its capacity as Initial Dealer. 	<p>The Issuer and Al Khair Capital wish to record certain arrangements in connection with each Series to be issued under the Programme on, and subject to, the terms and conditions of this Agreement</p>	<ul style="list-style-type: none"> - Declarations, representations, warranties and undertakings made by the Issuer that is duly incorporated and validly existing under the laws of the Kingdom of Saudi Arabia with full power and capacity in relation to the development of the Programme and implementation of the Programme Agreement - the establishment of the Programme, the creation, issue and sale of the Sukuk, the execution of the Programme Agreement and the Sukuk Documents to which it is a party and the undertaking and performance by the Issuer of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of, or default under, the laws of the Kingdom of Saudi Arabia, any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety or any provision of the constitutive documents of the Issuer the Sukuk represents a common (indivisible) share in the ownership of the Sukuk assets and payment obligations, and they are always equal among themselves in terms of priority. - Declarations, warranties and undertakings provided by the Sponsor, including the absence of substantial lawsuits - a material adverse change - compliance with the applicable anti-money laundering laws and regulations - the ability to pay its debts when due - obtaining the necessary licenses - maintaining insurance coverage - distributing the Prospectus - The Issuer warrants that the proceeds raised in connection with the issuance of any Sukuk will not be loaned, contributed or made available directly or indirectly (1) to any person, government or country or for the purpose of financing or facilitating any business or activities with or for the benefit of any person or a government, country or entity that is currently subject to any sanctions; or (2) in any other way that could reasonably be expected to result in the Issuer's breach or violation of any penalties (where applicable) or the Issuer being subject to any penalties. - The Issuer may increase the aggregate nominal amount of Sukuk that may be issued under the Programme

Name of Agreement	Parties	Brief Description	Key Provisions
Master Declaration of Agency	<ul style="list-style-type: none"> - Sukuk Al Kathiri (as Seller or Agent) - AlKathiri Holding Company (as Alkathiri Holding Company or Obligor) - Al Khair Capital Saudi Arabia (as AlKhair Capital or Sukukholders' Agent's Delegate) 	<p>The parties to the Agreement agree to its terms and conditions and the Issuer wishes to delegate certain powers and transfer certain other powers, functions, delegations and rights to the Sukukholders' Agent's Delegate as provided in this Declaration of Agency Agreement.</p>	<ul style="list-style-type: none"> - Sukuk Al Kathiri acts as an agent in respect of the Sukuk Assets of the relevant Series. - Sukuk Al Kathiri confirms and guarantees to each Sukukholder that, as on the date of the Master Declaration of Agency and on the closing date, its commitment to the following: It was legally established as a SPE in accordance with the Law and Implementing Regulations of the CMA in the KSA and (1) that it is still existing, registered and enjoys the powers and authorities that enables it to enter into and implement agreements and contracts, (2) has all the powers and authorities to own its property and conduct its business, (3) is able to pay its debts when due, (4) is not (and will not become) insolvent by carrying out transactions and operations under the Sukuk Documents, (5) is not a party to any litigation, arbitration or administrative proceeding and is not aware of any such proceeding that might pose a threat to it or any of its property and assets, (6) is not involved in any bankruptcy or insolvency proceeding, and (7) is legally qualified to do business in the country in which it conducts its activity. - Sukuk Al Kathiri, as an Agent acting for the benefit and interest of the Sukukholders, undertakes to exercise all the rights of the agent under the Sukuk Documents. - The Issuer (as Agent) undertakes that it will pay the Periodic Distribution Amounts and any Partial Periodic Distribution Amounts, and the Dissolution Distribution Amount (if payment is on the date of Dissolution) when due. - The Agent and AlKathiri Holding Company undertake to pay to the Sukukholders' Agent's Delegate remuneration for its services as delegate of the Agent as from the date of the Master Declaration of Agency and each Declaration of Agency. - The Agent undertakes to perform such duties and only those duties and/or obligations specifically set forth in the Sukuk Documents to which it is a party, and shall not be charged with undertakings or obligations implied in the Master Declaration of Agency Agreement and/or any relevant Declaration of Agency. - The Agent undertakes to distribute the income from the Sukuk Assets, and to make all payments related to the Sukuk, in accordance with the Applicable Final Terms and the Master Declaration of Agency. - The Agent shall keep the Sukuk Assets for each Sukuk Issue for the benefit of and on behalf of Sukukholders in the relevant Series. - The Issuer will enter into a contractual arrangement with Edaa (in such capacity, the "Registrar") which will maintain records of the beneficial interests in the Global Sak and shall keep each Global Sak within its custody. - The Issuer, the Sukukholders' Agent's Delegate and the Payment Administrator shall deem and treat the registered Sukukholder of any Sukuk of a particular Series as the absolute owner of such Sukuk, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Sukukholder of such Sukuk. - the Issuer nor the Sukukholders' Agent's Delegate shall be liable to pay any charges that the Registrar may impose on the transfer of Sukuk. Any such charges shall be born solely by the transferor and transferee in accordance with the Registrar's rules and procedures. Such regulations and procedures may be changed by the Registrar at any time. - Al Kathiri Holding Company undertakes to: maintain at all times keep such books of account as may be necessary to comply with all applicable laws and regulations and the requirements of the Master Declaration of Agency and/or the relevant Declaration of Agency - give written notice to the Sukukholders' Agent's Delegate as soon as he becomes aware of any event of default - except as prohibited by applicable laws or regulations, such Sukukholders' Agent's Delegate must at all times be given information, opinions, testimonies and other evidence that it reasonably requests - except as prohibited by applicable laws or regulations. - The Obligor makes the representations and warranties to the Issuer (on behalf of the Sukukholders) and the Sukukholders' Agent's Delegate and acknowledges that the Sukukholders' Agent's Delegate has entered into the Master Declaration of Agency and/or each relevant Declaration of Agency, and the Sukukholders will purchase the Sukuk, in reliance on such representations and warranties. The representations below shall be deemed to be repeated by the Obligor to Issuer and the Sukukholders' Agent's Delegate on the Issue Date of a relevant Series of Sukuk, by reference to the facts and circumstances then existing :

Name of Agreement	Parties	Brief Description	Key Provisions
Master Declaration of Agency			<ul style="list-style-type: none"> - the Issuer is duly incorporated and validly existing under the laws of the Kingdom of Saudi Arabia with full power and capacity; the establishment of the Programme, the creation, issue and sale of the Sukuk, the execution of this Agreement and the Sukuk Documents to which it is a party and the undertaking and performance by the Obligor of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of, or default under, the laws of the Kingdom of Saudi Arabia - the Sukuk will constitute, legal, valid, binding and enforceable obligations of the Obligor. - all authorisations, consents, licenses, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority (including, without limitation, the payment of any stamp or other similar tax or duty) required in respect of the Issuer for or in connection with: the establishment of the Programme; the creation, issue, offer and sale of the Sukuk; the execution of this Agreement, the Sukuk Documents and any other agreement(s) related to the issue of the Sukuk; the performance by the Obligor of the obligations expressed to be undertaken by it herein and in the Sukuk Documents; and the distribution of the Base Prospectus, each Applicable Final Terms in accordance with the provisions contained Programme Agreement - The powers and duties of the Sukukholders' Agent's Delegate and its responsibilities have been defined. - The Sukukholders in respect of a Series of Sukuk may by way of Extraordinary Resolution revoke the appointment of the Sukukholders' Agent's Delegate for that Series of Sukuk by not less than thirty (30) days' notice to the Sukukholders' Agent's Delegate; The appointment of the Sukukholders' Agent's Delegate shall automatically terminate forthwith if the Sukukholders' Agent's Delegate becomes incapable of acting (due it being unlawful for the Sukukholders' Agent's Delegate to so act or otherwise) the Sukukholders' Agent's Delegate admits in writing its insolvency or inability to pay its debts as they fall due. The Sukukholders' Agent's Delegate admits in writing its insolvency or inability to pay its debts as they fall due. - This Agreement included appendixes and schedules in relation: the Global Sak - Sukuk Terms and Conditions - Provisions of the Sukukholders Meetings - Compliance Certificate - Final Terms.
Payment Administration Agreement	<ul style="list-style-type: none"> - Al Khair Capital Saudi Arabia (as Sukukholders' Agent's Delegate) - Sukuk Al Kathiri (as Issuer) - Al Khair Capital Saudi Arabia (as Payment Administrator) 	<p>The Issuer, the Sukukholders' Agent's Delegate and the Payment Administrator wish to make certain arrangements which they have agreed on in respect of the payments to be made in connection with the Programme and the Issuance of the Sukuk under the Program.</p>	<ul style="list-style-type: none"> - The Issuer and, for the purposes of clause (5.7) (Payment Administrator to act for Sukukholders' Agent's Delegate) of the Payment Administration Agreement, the Sukukholders' Agent's Delegate, each appoint the Payment Administrator as his agent in relation to the Programme and each Series of Sukuk issued thereunder for the purposes specified in the Payment Administration Agreement, the Conditions and the Applicable Final Terms. - The Issuer shall make or procure to be made deposits into the Transaction Account from time to time, and the Payment Administrator shall make payments from the Transaction Account from time to time, in each case in accordance with the Payment Administration Agreement, the Conditions, the Applicable Final Terms and the Sukuk Documents. - The Payment Administrator shall pay the Periodic Distribution Amounts, any Instalment Amount, any Partial Periodic Distribution Amount and the Dissolution Distribution Amount pro rata to the Sukukholders of that Series of Sukuk. - The Payment Administrator shall keep records of the quotes obtained, and all prices determined by him, and make such records available for examination at all reasonable times by the Issuer and the Sukukholders' Agent's Delegate. - The Payment Administrator shall maintain records of all funds deposited or withdrawn from the relevant Transaction Account in accordance with Clause 3.2 (Deposits and withdrawals) of this agreement and shall make such records available for inspection at all reasonable times by the Issuer, the Payment Administrator and the Sukukholders' Agent's Delegate; and shall also maintain records of all documents received by it in connection with its duties hereunder and shall make such records available for inspection at all reasonable times by the Issuer and the Sukukholders' Agent's Delegate. - The Parties undertake to assist and facilitate the work of the Registrar and allow him to carry out its duties. - The Payment Administrator (at the Issuer's expense) may at any time, without any liability as a result of loss, expense or expense incurred, resign from his position upon notice to the Issuer at least (30) days' notice. - The Payment Administrator may (at the cost of the Issuer) at any time, without reason and without liability for any losses, costs or expenses incurred, resign its appointment upon not less than thirty (30) days' notice to the Issuer (with a copy to the Sukukholders' Agent's Delegate).

Source: The Sponsor and Sukuk Documents

The following is a summary of other Material Agreements:

11-7-1 Lease Contracts

Al Kathiri Holding Company has signed (1) lease contract, while Alian Industry Company has concluded (3) lease contracts and Msandh Alemdad Ltd.Co. has entered into one (1) lease contract. All the mentioned contracts were signed by the Sponsor and its two subsidiaries as a lessee, and the following is a summary of these contracts:

Table No. (71): Lease Contracts for Al Kathiri Holding Company and Its Two Subsidiaries

Nb.	Date of Contract	Lessor	Lessee	Location	Type of Leased Property	Duration of the contract	Renewal	Contract Status
Al Kathiri Holding Company								
1.	25/05/1442H (corresponding to 12/01/2021G)	Abdullah Abdul Aziz Saleh Al-Haqbani	Al Kathiri Holding Company	Prince Yazid bin Abdullah bin Abdul Rahman 6695, 3158, 13523- Riyadh- Floor (1)-Unit Nb. (19)	Office	(364) days starting from 20/06/1443H (corresponding to 23/01/2022G) and ending on 29/06/1444H (corresponding to 22/01/2023G)	The lease term expires with the expiry of the contract term. If the parties wish to renew, a new contract is written and agreed upon by both parties.	Valid (electronic contract)
Alian Industry Company								
1.	08/03/1443H (corresponding to 14/10/2021G)	Saudi Authority for Industrial Cities and Technology Zones "MODON"	Asaleeb Alian Industry Company	Sudair Industrial City	Industrial Land	Starts from 08/03/1443H (corresponding to 14/10/2021G) and expires on 07/03/1460H (corresponding to 04/12/2038G)	The tenant must notify MODON in writing of his desire to renew one year before the expiry date of the contract. In the event of his failure to comply with the notice, MODON has the right not to renew this contract.	Valid for 20 years from the date of its conclusion

Nb.	Date of Contract	Lessor	Lessee	Location	Type of Leased Property	Duration of the contract	Renewal	Contract Status
Alian Industry Company								
2.	20/06/1443H (corresponding to 23/01/2022G)	Abdullah Abdul Aziz Saleh Al-Haqbani	Alian Industry Company	3158 - Prince Yazid bin Abdullah bin Abdul Rahman- Al-Malqa district- Riyadh	Administrative Offices	(365) days ending on 29/06/1444H (corresponding to 22/01/2023G)	The lease term expires with the expiration of the contract term and is not renewed unless by a new contract	Valid (electronic contract)
3.	21/01/1443H (corresponding to 09/09/2020G)	Riyadh Municipality	Alian Industry Company	Land Plot No. (10) Scheme No. 3484 in Al-Khair District, North of Riyadh	Land Space	The original contract term was (10) Hijri years from 04/03/1437H (corresponding to 15/12/2015G) -The term of the contract after the assignment starts from the date of signature on 21/01/1442H (corresponding to 09/09/2020G) and expires at the end of the original period on 03/03/1447H (corresponding to 25/08/2025H)	-	Valid until (10) years, from 04/03/1437H (corresponding to 15/12/2015G). The contract was waived on 18/10/1441H (corresponding to 10/06/2020G) by Al Kathiri Holding Company for Alian Industry

Nb.	Date of Contract	Lessor	Lessee	Location	Type of Leased Property	Duration of the contract	Renewal	Contract Status
Msandh Alemdad Ltd.Co.								
1.	19/03/1443H (corresponding to 25/10/2021G)	Msandh Alemdad Ltd.Co.	Abdullah bin AbdulAziz Saleh Al Haqbani	Riyadh city- Prince Yazid bin Abdullah bin Abdul Rahman Street, 6695, 3158, Abdul Rahman 13523 - (2nd) Floor- Unit Nb. (18)	Office	(364) days starting from 28/01/1443H (corresponding to 05/09/2021G) and ending on 08/02/1444H (Corresponding to 09/04/2022G)	The contract is automatically renewable unless one of the two parties notifies the other (60) days before expiration date.	Valid (electronic contract)

Source: The Sponsor

11-7-2 Transport and Supply Contracts

The two subsidiaries, Msandh Alemdad Ltd.Co. and Alian Industry Company, have concluded a transfer and supply contract between them, while Alian Industry has entered into three (3) supply contracts, and the following is a summary of these contracts:

Table No. (72): Transportation and Supply Contracts of Al Kathiri Holding Company

Nb.	Contract or Agreement Date	Contract or Agreement Type	Contract or Agreement Purpose	1st Party	2nd Party	Contract or Agreement Duration	Renewal
Alian Industry Company							
1.	20/03/1443H (corresponding to 22/12/2021G)	Supply Contract	Supply contract for precast concrete (ready-mix concrete) for the Nurses Housing Project	Alian Industry Company	Abdul RahmanSaad Al-Rashed and Company & Sons	The agreement terminates when the last required amount of concrete from the 1st party is supplied.	-
2.	05/18/1443 AH (Corresponding to 22/12/2021 AD)	Supply Contract	Supply contract for precast concrete (ready-mix concrete) for Assalah Al-Gawan Project	Alian Industry Company	Domathah Trading Company Ltd. (LLC)	The agreement terminates when the last required amount of concrete from the 1st party is supplied.	-
3.	27/01/1443H (Corresponding to 04/09/2021G)	Supply Contract	Contract for the supply of rubble containers	Alian Industry Company	Al-Taqwa Projects Company for Contracting and General Trading	The agreement terminates on 13/02/1444H (Corresponding to 09/09/2022G)	-
Msandh Alemdad Ltd.Co.							
1.	19/09/1442H (corresponding to 01/05/2021G)	Supply & Transfer Contract	Cement Supply & Transfer Contract	Msandh Alemdad Ltd.Co.	Alian Industry Company	One Gregorian Year	The contract is automatically renewed unless one of the parties notifies the other of its desire to terminate the contract two months before its expiry date.

Source: The Sponsor

11-7-3 Sale Contracts

The subsidiary company, Alian Industry Company, has entered into a sale contract, the following is a summary of it:

Table No. (73): Sales Contracts of Alian Industry Co.

Nb.	Contract or Agreement Date	Contract or Agreement Type	Contract or Agreement Purpose	1st Party	2nd Party	Contract or Agreement Duration	Renewal	Contract Status
Alian Industry Company								
1.	04/11/1442H (corresponding to 14/06/2021G)	Contract of Sale	Contract of sale of ready-mix concrete plant products	Al Tameer Buildings and Construction Ltd. Co.	Alian Industry Company	20 Months	--	Valid

Source: The Sponsor

11-7-4 Purchase Agreements

Al Kathiri Holding Company has entered into one (1) purchase agreement. As for Alian Industry Company, it concluded (10) purchase agreements. The following is a summary of these contracts:

Table No. (74): Purchase Agreements of Al Kathiri Holding Company and Alian Industry Company

Nb.	Contract or Agreement Date	Contract or Agreement Type	Contract or Agreement Purpose	1st Party	2nd Party	Contract or Agreement Duration	Renewal	Contract Status
Al Kathiri Holding Company								
1.	14/01/1443H (corresponding to 21/09/2021G)	Purchase Agreement	Purchase of "Al Mutakamel Int'l Co." Software Programs	Al Nahil Computer Co. Ltd.	Al Kathiri Holding Company	-	-	Valid
Alian Industry Company								
1.	24/01/1443H (corresponding to 01/09/2021G)	Purchase Agreement	Material Purchase Agreement (Water for concrete mix - for drinking)	Rahim. Bakhsh bin Manek Contracting Establishment	Alian Industry Company	1 Year	Renewable only at the desire of the 1st party	Valid
2.	03/05/1443H (corresponding to 01/12/2021G)	Purchase Agreement	Material Purchase Agreement (Red sand purchase contract)	Al Ghulaim Contracting Establishment	Alian Industry Company	1 Year	Renewable only at the desire of the 1st party	Valid

Nb.	Contract or Agreement Date	Contract or Agreement Type	Contract or Agreement Purpose	1st Party	2nd Party	Contract or Agreement Duration	Renewal	Contract Status
Alian Industry Company								
3.	20/10/1442H (corresponding to 01/06/2021G)	Purchase Agreement	Material Purchase Agreement (pebble/gravel in all kinds)	Alian Industry Company	Jabal Zayd Construction General Contracting Est	1 Year	Renewable only at the desire of the 1st party	-
4.	05/05/1443H (corresponding to 15/12/2021G)	Purchase Agreement	Material Purchase Agreement (pebble/gravel in all kinds)	Alian Industry Company	Youssef bin Abdullah AlHaliba Trading Est.	(12) Months	Automatically renewable unless one party notifies the other about the desire of not to renewing the contract	Valid
5.	14/04/1443H (corresponding to 20/11/2021G)	Purchase Agreement	Material Purchase Agreement (red sand)	Alian Industry Company for Ready-mix Concrete	Noora Hamad Abdullah Al Ibrahim for Transportation	1 Year	Renewable only at the desire of the 1st party	Valid
6.	25/01/1443H (corresponding to 02/09/2021G)	Purchase Agreement	Material Purchase Agreement (pebble/gravel in all kinds)	Alian Industry Company for Ready-mix Concrete	Maher Abdullah Al Harithi Trading Est.	1 Year	Renewable only at the desire of the 1st party	Valid
7.	24/11/1442H (corresponding to 04/07/2021G)	Purchase Agreement	Material Purchase Agreement (pebble/gravel in all kinds)	Mokham Hamad Al Otaybi Construction Est.	Alian Industry Company for Ready-mix Concrete	1 Year	Renewable only at the desire of the 1st party	Valid
8.	21/07/1442H (corresponding to 17/03/2021G)	Purchase Agreement	Material Purchase Agreement (pebble/gravel in all kinds)	Tawreedat Al Esnad Contracting Est.	Alian Industry Company for Ready-mix Concrete	1 Year	Renewable only at the desire of the 1st party	Valid
9.	25/12/1442H (corresponding to 04/08/2021G)	Purchase Agreement	Material Purchase Agreement (pebble/gravel in all kinds)	Manar hazal Ghaleb Al Harbi Contracting Est.	Alian Industry Company for Ready-mix Concrete	1 Year	Renewable only at the desire of the 1st party	Valid
10.	24/08/1443H (corresponding to 27/03/2022G)	Purchase Agreement	Material Purchase Agreement (pebble/gravel in all kinds)	Jusur Al Meemar Trading est.	Alian Industry Company for Ready-mix Concrete	(12) Months	Automatically renewable unless one party notifies the other about the desire of not renewing the contract	valid

Source: The Sponsor

11-7-5 Services Supply Contracts

Al Kathiri Holding Company signed (2) services contracts, its subsidiary Alian Industry Company (3) and Msnadh Alemdad Ltd. Co. (4), and the following is a summary of these contracts:

Table No. (75): Services Contracts for Al Kathiri Holding Company, Alian Industry Company and Msnadh Alemdad Ltd. Co.

Nb.	Contract or Agreement Date	Contract or Agreement Type	Contract or Agreement Purpose	1st Party	2nd Party	Contract or Agreement Duration	Renewal	Contract Status
Al Kathiri Holding Company								
1.	20/11/1442H (corresponding to 30/06/2021G)	Services Contract	To provide Audit Services	Al Kharashi & Co. Chartered Accountants and Auditors	Al Kathiri Holding Company	According to the business hours stipulated in the contract	-	Valid
2.	16/05/1442H (corresponding to 31/12/2020G)	Services Contract	Actuarial Services for Employees	United Company for Actuarial Services	Al Kathiri Holding Company	Contract ends with the service delivery	-	-
Alian Industry Company								
1.	-	Contracting & Supply Agreement	The second party makes a tank and a water course to connect the drain channel to the tank. The first party is obligated to supply concrete.	Amjaad Construction Company	Alian Industry Company	Until business concludes	-	-
2.	11/02/1443H (corresponding to 18/09/2021G)	Supply & Installation Contract	Supply and Installation Contract for the Misting System of Malham Factory	Alian Industry Company (CJSC)	Water Works Trading Est.	Until business concludes	-	-
3.	08/02/1443H (corresponding to 05/09/2021G)	Services Contract	Contract for the provision of legal services	FALCOM Financial Services Company	Alian Industry Company	-	-	Valid

Nb.	Contract or Agreement Date	Contract or Agreement Type	Contract or Agreement Purpose	1st Party	2nd Party	Contract or Agreement Duration	Renewal	Contract Status
Msandh Alemdad Ltd.Co.								
1.	26/06/1443H (corresponding to 29/01/2022G)	Contracting Contract	The second party implements and supplies all the works for the establishing structure with different materials, such as (iron, ready-mix concrete, block, cement...)	Faisal bin Mohammed bin Mater Al Mudhaibiri (Project Owner)	Msandh Alemdad Ltd.Co.	7 Months: Starting From 14/07/1443H (corresponding to 15/02/2022G)	The contract is renewable by the consent of both parties.	Valid
2.	06/06/1443H (corresponding to 01/01/2022G)	Contracting Contract	The second party implements all the business of the establishing structure without any needed materials	Mona bint Abdullah bin Mohammed Hamad Al Fulajj (Project Owner)	Msandh Alemdad Ltd.Co.	10 Months: Starting From 14/07/1443H (corresponding to 15/02/2022G)	The contract is renewable by the consent of both parties.	Valid
3.	06/06/1443H (corresponding to 01/01/2022G)	Contracting Contract	The second party implements and supplies all the works for the establishing structure with different materials, such as (iron, ready-mix concrete, block, cement...)	Hind Awad Al-Mutairi (Project Owner)	Msandh Alemdad Ltd.Co.	9 Months: Starting From 12/07/1443H (corresponding to 13/02/2022G)	Renewable for an extra period of time	Valid
4.	19/09/1442H (corresponding to 01/05/2021G)	Supply & Transport Contract	Supply & Transport of Cement Contract	Alian Industry Company	Msandh Alemdad Ltd.Co.	One Gregorian Year	Automatically renewable unless one party notifies the other about the desire of not renewing the contract at least 2 months before the contract 's expiry date.	

11-7-6 Summary of Related Party Contracts

The Sponsor doesn't have any transactions concluded with related parties.

As for Al Kathiri Holding Company and its two subsidiaries, it has transactions with related-parties as follows:

- Financial statements for the fiscal year ended December 31, 2021G show the existence of transactions with the CEO and Managing Director Meshal Al Kathiri, which are reciprocal transactions, salaries for end-of-service provisions, bonuses for the BoD and financing transactions. Given the non-commercial nature of these transactions, they do not need to be submitted to the General Assembly for approval.
- Financial statements for the financial year ended December 31, 2021G also indicate the existence of transactions between the subsidiary company Alian Industry, with Msandh Alemdad Ltd. Co and Al Kathiri Holding Company.

Table No. (76): The Sponsor and its Subsidiaries' Related-Party Transactions

Al Kathiri Holding Company									
Related-Party	Nature of Relation	Nature of Transaction	Balance as of 01/01/2020G	Movement during 2020G		Balance as of 01/01/2021G	Balance as of 31/12/2020G	Balance as of 31/12/2021G	Balance as of 31/03/2022G
			Creditor	Debtor	Creditor	Debtor			
Meshal Al Kathiri	Shareholder - Delegated Member - CEO	Financing	3,776,075	29,894,669	21,024,103	5,094,491	(5,094,491)	146,163	0
Alian Industry Company	Subsidiary Company (Ownership: 99%)	reciprocal transactions	-	-	-	21,692,386	-	47,278,314	42,703,637
Msandh Alemdad Ltd. Co.	Subsidiary Company (Ownership: 100%)	Salaries	-	-	-	60,177,763	-	70,308,507	70,899,085
Total			3,776,075	29,894,669	21,024,103	86,964,640	(5,094,491)	117,732,984	113,602,722

Alian Industry Company						
Due to Related-Parties						
Related-Party	Nature of Relation	Nature of Transaction	Transaction Size during 2020G (SAR)	Transaction Balance as of 31/12/2020G (SAR)	Transaction Balance as of 31/12/2021G (SAR)	Transaction Balance as of 31/03/2022G
Msandh Alemdad Ltd. Co.	Sister Company	Purchase: -Projects Under Implementation -Reciprocal Business Transactions	22,833,019	29,272,309	51,697,253	56,118,144
Al Kathiri Holding Company	Company's ownership: (99%) of the Shares	Reciprocal Business Transactions	3,063,798	21,692,385	47,278,314	42,703,637
Total			25,896,817	50,964,694	98,975,567	98,821,781
Msandh Alemdad Ltd. Co.						
Due to Related-Parties						
Related-Party	account Transactions (RialSaudi) as such in 12/31/2021AD	nature deal	nature Relationship	Transaction Balance as of 31/03/2022G		
Alian Industry Company	Sister Company	Sales - Reciprocal Transactions		51,697,253		56,118,144
Al Kathiri Holding Company	Parent Company (100% ownership)	Reciprocal Transactions -Dividends		70,677,441		70,899,085
Total				122,374,694		127,017,229

Source: The Sponsor

- The OGA was held on 29/10/1443H (corresponding to 30/05/2022G) to vote on related parties contracts and transactions as follows:
 - Vote on the business and contracts that will be concluded between Msandh Alemdad Ltd. Co., which is the subsidiary owned by the Parent Company (Al-Kathiri Holding Company) and Alian Industry Company - in which the two members of the Board of Directors (Mr. Meshal Al-Kathiri and Mr. Adel Al-Kathiri) have a direct interest, as they are Board Members of Alian Industry and Al-Kathiri Holding Company which owns Msandh Alemdad Ltd. Co. by (100%) and Alian Industry Company by (99%) - It should be noted that the transactions that took place during the period ended 31/12/2021G amounted to (23,643,739) Saudi riyals - a Cement Supply Contract to the company's factory in Malham, that is carried out in the course of normal business and in accordance with the prevailing commercial terms and without any preferential terms.
 - Vote on the business and contracts between Al Kathiri Holding Company and Alian Industry Company - in which the two members of the Board of Directors Mr. Meshal Al-Kathiri and Mr. Adel Al-Kathiri have have a direct interest, as they are Board Members of Alian Industry and Al-Kathiri Holding Company - knowing that the transactions during the fiscal year ended 31/12/2021G amounted to (25,585,928) Saudi riyals, and the balance of these transactions reached (47,306,124) Saudi Riyals Hence, these are normal transactions that take place between the Company and its subsidiary in accordance with its policies and without any preferential terms.

11-7-7 Loans and Facilities

Al Kathiri Holding Company obtained many credit facilities with a number of borrowers, according to the following table:

Table No. (77): Loans and Facilities Obtained by Al Kathiri Holding Company

Nb.	Funding Entity	Expiry Date of Loans & Facilities	Credit Limit (SAR)	Amounts Used* (SAR)	Amounts Paid* (SAR)	Payment Date	Observations
1.	Riyad Bank	24/12/1444H (corresponding to 12/07/2023G)	4,210,000	1,700,000	1,762,102	Undefined	Revolving loan to be used every six months
2.	Arab National Bank (ANB)	29/09/1443H (corresponding to 30/04/2022G)	5,000,000	1,999,511	4,811,034.91	Undefined	Revolving loan to be used every four months
3.	National Commercial Bank (NCB)	04/02/1444H (corresponding to 31/08/2022G)	5,000,000	4,980,000	5,007,812.5	Undefined	Revolving loan to be used every six months

Source: The Sponsor

* As of 30/06/2022G

The most important financial undertakings, covenants and warranties provided by Al Kathiri Holding Company to the financing parties under this agreement include the following:

1. Regarding the agreement concluded with Riyad Bank:

- Approval of a joint guarantee of fine and payment issued by Mr. Meshal Muhammad Nasser Al Kathiri, with a value of eight million and fifty-two thousand (8,052,000) Saudi riyals.
- A promissory note of one million (1,000,000) Saudi riyals from Al Kathiri Company for the order of Riyad Bank.
- Any modification in the legal form, ownership structure or management of the borrower, guarantors, or one of the subsidiaries without obtaining a prior written approval from the bank is considered among the cases of breach.

2. Regarding the agreement concluded with the Arab National Bank:

- By signing this agreement, the company undertakes to deposit at least 30% of their annual sales proceeds into an account with the bank.
- A promissory note of five million (5,000,000) Saudi riyals signed by the client or the guarantors - a guarantee duly signed by Mr. Meshal Muhammad Nasser Al Kathiri and a pledge from the client to transfer all project clearances into the company's account with the bank.
- The company undertakes: (1) to maintain its financial, administrative and legal position and the established ownership and to not change its activity as of the date of the agreement, (2) the company shall not issue new shares or shares or grant options or guarantees or the right to subscribe to any additional shares in the client's capital for any A person except for a current shareholder or partner in the company and (3) the company not merging with any other body or taking any measures towards dissolution of the company.
- The company undertakes not to create any burdens on its assets.

3. Regarding the agreement concluded with the National Commercial Bank:

- The company authorizes the bank, irrevocably, irrevocably or restrictive to take the place of the customer and to sign the Murabaha sale contracts on his behalf and sign the sales agency to a third party.

- The company undertakes to provide the bank in writing with a registered letter without delay about every change in its address and its legal, financial or administrative status for a period of no less than thirty (30) working days before the change.
- The bank may request a cash insurance on the financing or raise the value of the required cash insurance and record the cost on the customer's account.
- Personal guarantee from Mr. Meshal Muhammad Nasser Al Kathiri, and the guarantee of the Saudi Industrial Development Fund, a sponsorship programme in the amount of four million seven hundred and fifty thousand (4,750,000) Saudi riyals.
- A personal solidarity guarantee provided by Mr. Meshal Muhammad Nasser Al Kathiri, in the amount of five million five hundred thousand (5,500,000) Saudi riyals.
- A promissory note submitted by Al Kathiri Holding Company in the amount of five million five hundred thousand (5,500,000) Saudi riyals attached to a fine and solidarity bond from Mr. Meshal Muhammad Nasser Al Kathiri.
- A personal guarantee document submitted by Mr. Meshal bin Muhammad bin Nasser Al Kathiri, with a guaranteed amount of four million (4,000,000) Saudi riyals.
- A comprehensive undertaking by Mr. Meshal Muhammad Nasser Al Kathiri.
- The company pledges to deposit no less than (25%) of the activity's revenues in its accounts with the bank.

Further, on 10/05/1443H (corresponding to 12/12/2021G), the company notified the financiers (Riyad Bank - Arab National Bank - National Commercial Bank) of its desire to issue and offer debt instruments (Sukuk) through a SPE and to be the Sponsor.

The subsidiary company, Alian Industry, has also entered into a loan agreement with the Saudi Industrial Development Fund in order to finance its new factory the city of Sudair for Industry and Businesses, in addition to a facility agreement with the Riyad Bank as follows:

Table No. (78): Loans and Facilities of Alian Industry Company

Nb.	Funding Entity	Expiry Date of Loans & Facilities	Credit Limit (SAR)	Amounts Used* (SAR)	Amounts Paid* (SAR)	Payment Date	Observations
1.	Saudi Industrial Development Fund (SIDF)	16/10/1446H (corresponding to 14/14042025G)	23,200,000	20,808,704	0	By installments, the last installment is due on 15/04/1449H (corresponding to 16/09/2027G)	Long-term Loan
2.	Riyad Bank	18/12/1445H (corresponding to 24/06/2024G)	19,004,000	5,100,000	11,381,442	Undefined	The facilities of Alian Industry Co. are divided into two parts, a long-term loan with a credit limit of SAR (18 million), the entire loan was repaid in the Q1 and the 2nd part. A short-term loan of SAR (6 million), to be renewed every 6 months or upon payment and use movement.

Source: The Sponsor

* As of 30/06/2022G

The most important financial undertakings, covenants and warranties provided by Alian Industry Company to the financing parties under this agreement include the following:

4. With regard to loan No. (20019) concluded with the Saudi Industrial Development Fund (SIDF):

The company undertakes the followings:

- The annual capital expenditures shall not exceed eight hundred and fifty thousand (850,000) Saudi riyals.
- Implementation of the Fund's recommendations related to industrial safety, prevention of dangers, and compliance with the specifications issued by the Saudi Standards, Metrology and Quality Organization, and the requirements of the General Authority for Meteorology and Environmental Protection.
- Compliance with the requirements of the Ministry of Labor and Social Development throughout the term of the loans.
- Failure to baptize projects supported by the Ministry of Housing does not affect the project's commitment to fulfilling the terms and conditions of the loan agreement.

In addition to the following covenants, representations and warranties:

- The mortgage shall be recorded on all the fixed and movable assets of the project, before disbursing another (80%) of the loan amount.
- The Fund shall pay the value of each withdrawal against a promissory note issued and delivered by the borrower to the Fund in an amount equal to the withdrawn installment which is due to be fulfilled on the date of expiry of the withdrawal shown in the introduction, these are considered to be the "**temporary promissory notes**". On the date of the withdrawal's end, each temporary promissory note at the fund's headquarters shall be canceled in exchange for the borrower issuing a number of promissory notes (final promissory notes) delivered to the Fund's order and remaining in its possession, and their total nominal amount is equal to the total nominal amount of the canceled temporary promissory notes.
- Purchasing all the materials needed for his project from local factories, using Saudi engineering offices, and contracting with a Saudi chartered accountant office to audit the accounts of his industrial project.
- The borrower shall insure, at his own expense, the project with insurance companies approved by the Fund.
- The Borrower shall not merge or unite with a person or establishments, sell, rent, transfer or otherwise dispose of all or part of the project.
- No change shall be made in the legal status of the Borrower or the persons who are the Borrower without the prior written consent of the Fund.

5. Regarding the facilities agreement concluded with Riyad Bank

- The company will be considered in breach, if any modification in the legal form, ownership structure or internal management of Alian Industry without prior written approval.
- Alian Industry Company undertakes to obtain a cooperative insurance policy on its mortgaged assets in favor of the Bank against all risks.
- A promissory note from Alian Company for the amount of fourteen million two hundred thousand (14,200,000) Saudi riyals that includes a backup guarantee from Mr. Meshal Muhammad Nasser Al Kathiri.
- A declaration of a joint guarantee of fine and payment submitted by Mr. Mwshal Muhammad Nasser Al Kathiri, in the amount of nineteen million and four thousand (19,004,000) Saudi riyals.
- A promissory note signed by Alian Industry Company on 18/04/1441H (corresponding to 15/12/2019G) in the amount of nineteen million two hundred twenty-one thousand (19,221,000) Saudi riyals and the reserve guarantor is Mr. Meshal Muhammad Nasser Al Kathiri.
- Approval of a solidarity guarantee of fines and payment from Mr. Meshal Muhammad Nasser Al Kathiri to agree to obtain the Small and Medium Enterprises Financing Guarantee Program submitted by Riyad Bank on (corresponding to 28/07/2021G).

Moreover, the subsidiary company, Alian Industry, concluded a number of contracts for opening accounts for deferred sale facilities, the value of which was determined under the same contracts, as shown in the following table:

Table No. (79): Summary of Contracts for Opening Accounts for Forward Selling Facilities

Nb.	1st Party	2nd Party	Contract Purpose	Contract Date	Facilities Period
1.	Abdel Razzak Muhammad Qanbar Al Ansari Trading Company	Alian Industry Company	Industrial	10/06/1443H (Corresponding to 13/01/2022G)	45 Days
2.	Aljomaih and Shell Lubricating oil company Limited, (JOSLOC)	Alian Industry Company	Request for Credit Purchase Facilities	-	45 Days
3.	Samir Muhammad Ismail Audi Trading Company	Alian Industry Company	Request for Credit Purchase Facilities	-	-
4.	Master Builders Solutions Saudi Arabia for Manufacturing LLC	Alian Industry Company	Request for Credit Purchase Facilities	-	60 Days
5.	Ghazi Abdullah Al Attas & Sons trading Company	Alian Industry Company	Request to open a forward account	16/05/1443H (Corresponding to 20/12/2021G)	30 Days
6.	Saudi Gulf Hydraulic Company Ltd.	Alian Industry Company	Sale on Account Agreement	25/05/1443H (Corresponding to 29/12/2021G)	30 Days
7.	Middle East Development Company Limited (Medco Ltd.)	Alian Industry Company	Request to open a forward account	-	The account is kept opened as long as payments are being regularly settled.
8.	Don Construction Products (DCP) Saudi Company	Alian Industry Company	Request to open an account for Future Purchase	corresponding to 22/05/1438H 19/02/2017G)	30 Days
9.	Ahmed Abdullah Bawazeer Trading Company Ltd. for Truck Spare Parts	Alian Industry Company	Request for Credit Purchase Facilities	-	90 Days
10.	Al-Rashed Tire Company	Alian Industry Company	Deferred Transaction Request	25/25041443H (Corresponding to 30/11/2021G)	90 Days

Source: The Sponsor

11-8 Memorandum of Understandings (MoUs)

- As of the date of this Prospectus, the Issuer didn't not enter into any Memorandum of Understanding.
- Al Kathiri Holding Company, and the branch office of its subsidiary "**Msandh Alemdad Ltd. Co.**" (registered in the Commercial Register under a certificate number (1010563774)) have entered into an MoU a summary of which is given below:

Table No. (80): Memorandum of Understandings (MoUs)

MoU Date	1st Party	2nd Party	MoU Subject	MoU Duration	Renewal
11/01/1443H (corresponding to 19/08/2021G)	A Branch of Msandh Alemdad Ltd. Co.	Al Kathiri Holding Company	Cooperation between the two parties to supply: Project Management Architectural and Engineering Works Construction Purchase -Sales & Marketing, support, designs, necessary sites for work and services all provided by Msandh Alemdad Ltd. Co.to Al Kathiri Holding Company's customers.	Three (3) Gregorian years.	This Memorandum is automatically renewable unless one party notifies the other that it is unwilling to renew the contract.

Source: The Sponsor

11-9 The Issuer and Sponsor's Real Estate

- As of the date of this Prospectus, Sukuk Al Kathiri does not own any real estate.
- Regarding Al Kathiri Holding Company, it does not have any title deeds showing ownership of real estate issued by the competent authorities inside the Kingdom. However, its subsidiary, Msandh Alemdad Ltd. Co., owns immovable assets, which are three (3) plot of lands, and the following is a summary of them:

Table No. (81): Assets (Plot of lands) of Msandh Alemdad Ltd. Co. Assets

Nb.	Nb. Of the Title Deed	Real Estate Location	Real Estate Type	Area (Square Meters)	Cost (SAR)
1.	310809000771	City of Riyadh - Ishbilila District	Land Plot	500	5,500,000
2.	910815001603	City of Riyadh - Ishbilila District	Land Plot	625	
3.	999082002126	City of Riyadh - Al-Aziziah Neighborhood	Land Plot No.618 in Urban Planning No.2377	1,600	900,000

Source: The Sponsor

11-10 Trademarks and Intellectual Property Rights

11-10-1 Sukuk Al Kathiri

As of the date of this Prospectus, the Issuer doesn't have any trademarks or other intellectual property rights.




11-10-2 Al Kathiri Holding Company and Its Two Subsidiaries

Al Kathiri Holding Company and its two subsidiaries have three (3) trademarks registered with the Saudi Authority for Intellectual Property.

- Al Kathiri Holding Company has its logo (Al Kathiri Holding) that it uses in its dealings and transactions, and it has been registered as a trademark with the Saudi Authority for Intellectual Property under category (4), which is one of the categories of trademarks that specialize in "**Industrial greases, lubricants, dust absorbing, wetting and stabilizing compounds, fuels (including mineral oils for engines), lighting materials, candles and wicks for lighting**". Al Kathiri Holding Company will be able to place its name and logo on the external facade of the building, offices or shops operated by the Company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law.
- The subsidiary, Alian Industry Co., has also its logo (ALIAN) that it uses in dealings and transactions. It has been registered as a trademark with the Saudi Authority for Intellectual Property under category (19) which is specialized in "**Building Materials (non-metallic), rigid non-metallic pipes for buildings, asphalt and asphalt bitumen, transportable non-metallic buildings, non-metallic monuments (models), natural and artificial stones, cement, lime and gypsum, pipes made of bitumen and cement**". Alian Industry Co. will be able to place its name and logo on the external facade of the building, offices or shops operated by the company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law.
- Msandh Alemdad Ltd. Co. has the following logo: (MSANDH ALEMDAD) that it uses in its dealings and transactions. It has been registered as a trademark with the Saudi Authority for Intellectual Property under category (37), which is specialized in "**construction services for buildings, roads, bridges, dams, painting and plumbing works, repair and maintenance services, installation and assembly services, and rental services for building tools and materials**". The company will be able to place its name and logo on the external facade of the building, offices or shops operated by the company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law.

The following table sets out certain key particulars of the Company and the Subsidiaries trademarks which are registered with the Saudi Authority for Intellectual Property:

Table No. (82): Trademarks of Al Kathiri Holding Company and Its Two Subsidiaries

Nb.	Owner's Name	Trademark Registration Number	Registration Date	Beginning of Protection Date	End of Protection Date	Category	Trademark
1.	Al Kathiri Holding Company	1435012647	29/06/1435H (corresponding to 29/04/2014G)	29/06/1435H (corresponding to 29/04/2014G))	28/06/1445H (corresponding to 10/01/2024G)	4	
2.	Msandh Alemdad Ltd. Co.	1441027925	17/03/1442H (corresponding to 03/11/2020G)	01/11/1441H (corresponding to 22/06/2020G)	29/10/1451H (corresponding to 04/03/2030G)	37	
3.	Alian Industry Co.	1441027096	03/02/1442H (corresponding to 20/09/2020G)	19/10/1441H (corresponding to 11/06/2020G)	18/10/1451H (corresponding to 21/02/2030G)	19	

Source: The Sponsor

- Al Kathiri Holding Company is compliant with the registration of its website (alkathiriholding.com.sa).
- The subsidiary, Alian Industry Co., is compliant with the registration of its website (alian.com.sa).
- The subsidiary, Msandh Alemdad Ltd. Co., is also compliant with the registration of its website (msandh.sa).

Accordingly, the websites above of the Sponsor and its Subsidiaries are legally protected from infringement by third parties and the use of similar domains.

11-11 Litigation (Disputes)

The Issuer, the Sponsor and its Subsidiaries confirm that they are not parties to any existing disputes, or the legal procedures that may jointly and severally have a material impact on the Issuer, the Company's or the Subsidiary's operations or financial position;

11-12 Insurance Policies

The Company and its Subsidiaries maintain insurance policies covering different types of risks they may be exposed to. These insurance policies have been concluded with several insurers. The following sets out the key particulars of the insurance policies held by the Company and the Subsidiaries:

a. Medical Insurance: Al Kathiri Holding Company and its two subsidiaries entered into medical insurance contracts for their employees and families. The insurance policies cover the health care through the network of service providers appointed by the company and provided that the claim is covered by insurance policy. The policy includes all employees of the Group who are actually on the job and who are eligible for insurance as of the effective date of the insurance policy. The policy coverage extends to the certain members of the employees' families who are eligible for insurance coverage, namely: the husband/wife and children - minimum: from the date of birth and children - maximum: up to 25 years.

- Al Kathiri Holding Company:** has entered into a health insurance contract with Tawuniya Insurance Company, a company licensed to conduct insurance activities in the Kingdom, providing health insurance to its employees under the policy No. (23531752). The total value of the policies is equal to one hundred and sixty-four thousand six hundred and seventy-seven and seven halalas (164,677.7) Saudi riyals. The insurance period covered by this policy extends from the 10/11/1443H (corresponding to 09/06/2022G) until 19/11/1444H (corresponding to 08/06/2023G).

- **Alian Industry Company:** has entered into a health insurance contract with the Tawuniya Insurance Company, a company licensed to operate in the Kingdom, to provide health insurance to its employees under policy No. (17506943). This insurance coverage period is effective as of 03/11/1443H (corresponding to 02/06/2022G).
 - The branch office of Alian Industry Company "**Alian Ready-mix Concrete Company**" registered in the Commercial Register pursuant to certificate No. (1173100157), has entered into a health insurance contract with the Tawuniya Insurance Company to provide health insurance to its employees under policy No. (17506798). This policy is effective as of 03/11/1443H (corresponding to 02/06/2022G).
 - The branch of Alian Industry Company "**Asaleeb Alian Industry Company**" registered in the Commercial Register pursuant to certificate under No. (1126106263), has entered into a health insurance contract with the Tawuniya Insurance Company to provide health insurance to its employees under policy No. (17506706). The insurance coverage period is effective as of 03/11/1443H (corresponding to 02/06/2022G). The medical insurance premium is an amount of thirty-one thousand six hundred and eighty-four (31,684) Saudi riyals.
- **Msandh Alemdad Limited Company:** is registered in the Commercial Register under certificate number (1010945513), has entered into a health insurance contract with the Tawuniya Insurance Company, a company licensed to operate in the Kingdom, to provide health insurance to its employees under policy No.. This policy is effective as of 03/11/1443H (corresponding to 02/06/2022G), and the value of the insurance amounted to one hundred and thirty-one thousand three hundred and seventy-nine riyals and forty-five halalas (131,379.45) Saudi riyals.
 - The branch office of Msandh Alemdad Ltd. Co., which is registered in the Commercial Registry under certificate No. (1010563884), has signed a health insurance contract for its employees with the Tawuniya Insurance Company. This policy is effective as of 03/11/1443H (corresponding to 02/06/2022G), and the value of the insurance policy amounted to fifteen thousand five hundred and seventy-nine riyals and five halalas (15,579.05) Saudi riyals.

b. Motor Comprehensive Insurance:

- **Al Kathiri Holding Company:** Al Kathiri Holding Company has concluded an insurance policy for the vehicles it owns with the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf), under policy No. (MOC-5986781), with a coverage period that extends from 16/04/1443H (corresponding to 21/11/2021G) until 26/04/1444H (corresponding to 20/11/2022G). The coverage includes compensating the insured company for any loss or damage to the insured vehicle and its spare parts, provided that the maximum liability of the insurance company in a single incident for both physical and material damage does not exceed the amount of ten million (10,000,000) Saudi riyals. According to the extract of the Ministry of Interior (TAMM) of Al Kathiri Holding Company, it turns out that the company has forty-six (46) vehicles, all of which have valid insurance except for one vehicle.
- **Alian Industry Company:** Alian Industry Company has a vehicle insurance policy signed between Ajel Company and the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf), a company licensed to operate in the Kingdom. It holds a compulsory vehicle insurance policy No. (MOC-6004923) and includes the period that extends from 18/05/1443H (corresponding to 12/12/2021G) until 27/05/1444H (corresponding to 12/12/2022G).
- **Msandh Alemdad Limited Company:** Msandh Alemdad Limited Company has a vehicle insurance policy signed between Ajel Company and the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf). This policy number (MOC/599883) dated 18/02/2022G expires on 17/02/2023G and covers (21) vehicles. The Motor Comprehensive (Commercial) Insurance according to the ministry of interior's data of (TAMM) report shows that Msandh Alemdad Limited Company has (21) vehicles with valid insurance coverage.

c. Property All Risks Insurance:

Al Kathiri Holding Company and its subsidiary Alian Industry Company have concluded insurance policies covering the risks of insured assets, plant, machinery, equipment and facilities against incidents that it may be exposed to.

- **Alian Industry Company:** The branch of Alian Industry Company "**Asaleeb Alian Industry Company**" has an all-risks property insurance policy signed with the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf), a company licensed to operate in the Kingdom. The property insurance policy bears the number (PAR-5827415) and the coverage period begins on 15/01/1443H (corresponding to 23/08/2021G) till 24/01/1444H (corresponding to 22/08/2022G). The insurance coverage under this policy includes, but is not limited to: buildings and machinery, and the total amount insured reaches twenty-six million and thirty-nine thousand six hundred and twenty-eight (126,039,628) Saudi riyals.



The branch of Alian Industry Company "**Alian Ready-mix Concrete Company**" has an all-risks property insurance policy signed with the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf), a company licensed to operate in the Kingdom. The property insurance policy bears the number (PAR-5827266) and the coverage period starts from 15/01/1443H (corresponding to 23/08/2021G) until 24/01/1444H (corresponding to 22/08/2022G). The insurance coverage under this policy comprises, but is not limited to: buildings and machinery, and the total amount insured is equal to thirty-seven million seven hundred and thirty-four thousand seven hundred twenty-three riyals and seventy-six halalas (37,734,723.76) Saudi riyals.



Expenses (12)



الكثيري القابضة
AI KATHIRI HOLDING COMPANY



12- Expenses

The offering expenses represent the expenses and costs related to the offering for the first issue of the series of issues, which are estimated at about one million one hundred and sixty thousand (1,160,000) Saudi riyals, in addition to (1.3%) of the proceeds for the benefit of the financial advisor. The legal advisor, the financial advisor, the financial professional advisor, the chartered accountant, the marketing and printing costs, and other expenses related to the offering, and all offering expenses will be deducted from the total proceeds of the offering.





Waivers (13)



الكثيري القابضة
AI KATHIRI HOLDING COMPANY



13- Waivers

The Issuer has not applied to the CMA for any waivers from any of the regulatory requirements in relation to this offering.





**Information Concerning the
Sukuk and the Terms and
Conditions of the Offer
(14)**



الكثيري القابضة

AI KATHIRI HOLDING COMPANY

14- Information Concerning the Sukuk and the Terms and Conditions of the Offer

14-1 Approval on the Offer Sukuk

On 27/02/1443H (corresponding to 04/10/2021G), the Sponsor's BoD approved the issuance of a local Sharia-compliant Sukuk Programme denominated in Saudi riyals, with a value of five hundred million (500,000,000) Saudi riyals through Sukuk Al Kathiri (the "Issuer"), for the Sponsor's general commercial purposes and to meet its financial and strategic objectives through a public offering in the Saudi stock exchange market. On 18/05/1443H (corresponding to 12/12/2021G), the Issuer's BoD agreed to register and offer local Sharia-compliant Sukuk with a number of five hundred thousand (500,000) Sukuk and a value of five hundred million (500,000,000) Saudi riyals for the purpose of public offering in the market.

The Sponsor has obtained all regulatory approvals and licenses in relation to the issuance of the Sukuk and has concluded the Sukuk Documents to which it is a party.

14-2 Dealings of the Arranger and Dealer with the Issuer

The Arranger and its subsidiaries have previously provided financial advisory services, banking advisory services and/or commercial banking services, and services for obtaining or arranging loans or other special financing instruments and entering into derivative transactions with the Issuer market-standard fee and may do so again in the future. In the ordinary course of the Arranger's activities and its subsidiaries, which may contribute to various investments and actively trade in debt or equity (or related derivative transactions) and financing instruments (including bank loans) for their own account or for the account of their clients, and may they include similar investments and activities of securities and/or instruments to those of the Issuer. Some Arrangers, Dealers or their subsidiaries routinely hedge credit exposures to the Issuer and its subsidiaries, in accordance with recognized risk management policies. These Arrangers and Dealers typically hedge against such exposure by entering into transactions consisting of either the purchase of credit default swaps or the establishment of short-term positions in securities, and this may include Sukuk. Any of these short-term positions may adversely affect the Sukuk trading prices in the future. The Arranger, Dealer and subsidiaries may make investment recommendations and/or publish or express opinions on the basis of independent research on such securities or financing instruments, and may hold short/long-term positions in such securities and instruments or make recommendations to their clients to do so.

14-3 Information Related to the Sukuk and the Offering Terms and Conditions

- **Application for Registration and Offering of Sukuk**

An application has been made to the Authority for the registration and admission to listing the securities subject of this prospectus (for further details about the decisions, permits and approvals upon which the Sukuk will be issued and offered, please see section No. (20) "Documents Available for Inspection" of this Prospectus).

- **Aggregate Nominal Amount of the Offering**

The Sukuk will be issued through a Sukuk Issuance Programme (hereinafter referred to as the "Programme") with an aggregate nominal amount of up to five hundred million (500,000,000) Saudi Riyals. The Issuer under the Programme will issue a number of Sukuk from time to time in the future, in one or more series (each a "Series") at an aggregate nominal amount outstanding at any time and which shall not exceed the maximum amount authorized under the Programme Agreement.

- **Rights Conferred upon Sukukholders**

The Sukuk issued to the relevant Sukukholders will represent, inter alia, undivided beneficial ownership interests in the Sukuk Assets of the relevant Series. Sukuk are issued in dematerialised registered form in the Specified Denominations. The Sukuk issued in respect

of each Series will be represented by a Global Sak issued in respect of that Series which will be deposited with Edaa, Individual Sukuk representing holdings of the Global Sak will not be issued but Sukukholders will on request be entitled to receive a statement from the Registrar recording their holding of Sukuk. The Global Sak will represent all of the Sukuk of that Series that are current and the ownership by the Sukukholders of an undivided ownership interest in the Sukuk Assets.

The Global Sak shall be deposited with and held by Edaa until the date on which all the obligations of the Issuer under or in respect of this Global Sak have been discharged in full. The Issuer hereby acknowledges the right of every registered Sukukholder to the production of this Global Sak.

The Issuer acknowledges the right of each Registered Sukukholder to establish this Global Sak in accordance with the Master Declaration of Agency ("**Declaration of Agency**") to be entered into on or around the closing date (as defined in these Terms) between (1) the Issuer (whose registered address is in the city of Riyadh, Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - 13523 - Riyadh 3158, Kingdom of Saudi Arabia); and (2) Al-Khair Capital Saudi Arabia Company in its capacity as the Sukukholders' Agent's Delegate (and its address is King Abdul-Aziz Road - Ministries District - Madarat Towers - PO Box: 69410, Riyadh 11547, Kingdom of Saudi Arabia) ("**Sukukholders' Agent's Delegate**") and (3) Al Kathiri Holding Company in its capacity as the Obligor (the "**Obligor**") and its registered address in the city of Riyadh 3518 - Prince Yazid bin Abdullah Abdul Rahman Road - Al-Malqa District - Unit No. (13) and (19), Riyadh 13523 - 6695.

As per the Declaration of Agency, the Sukukholders' Agent's Delegate is appointed to act as an agent for and on behalf of the Sukukholders. Each Sukukholder by subscribing, purchasing and owning the Sukuk is deemed to agree to the terms of the Declaration of Agency, including, without limitation, the ability of the Sukukholders by way of an Extraordinary Resolution having achieved the relevant quorum, to cancel their appointment as the Sukukholders' Agent's Delegate for that Series. Any such cancellation of appointment shall be by notice of not less than thirty (30) days shall be submitted to the Sukukholders' Agents' Delegate, provided that this cancellation shall not enter into force until a successor is duly appointed in accordance with the Declaration of Agency.

Reference in these Terms to the word "**Sukuk**" is a to the Sukuk represented by the Global Sak as described in Condition Two (2) (Form and Denomination).

Payments relating to the Sukuk shall be made pursuant to the Payment Administration Agreement dated on or about the Closing Date ("**Payment Administration Agreement**") between the Issuer and Alkhair Capital Saudi Arabia Company as the Payment Administrator ("**Payment Administrator**", a term including any successor or other payment administrator appointed in connection with the Sukuk) and other parties.

▪ **Particulars of the Sukuk**

Complete Information of Rights Granted to Sukukholders: The Sukuk constitute undivided ownership interests in the Sukuk Assets and represent an undivided interest in the Payment Obligations and will at all times rank pari passu among themselves. Payment obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Issuer, save for obligations as may be preferred by provisions of law that are both mandatory and of general application. Recourse in respect of the payment obligations of the Issuer under the Sukuk and the Sukuk Documents is limited in the manner described in Condition (5) "**Limited Recourse and No Petition**".

Sukukholders' Meetings: The Declaration of Agency included provisions related to Sukukholders' meetings, in accordance with the detail set out in Condition (16) (a) (Meetings of Sukukholders; Modifications) (For more details, please see Paragraph (15-15) "**Condition 16: "Meetings of Sukukholders; Modifications"**" from Section (15) "**Sukuk Terms and Conditions**" of this Prospectus).

Status of Sukuk: Sukuk are issued in dematerialised registered form in the Specified Denominations. The Sukuk issued in respect of each Series will be represented by a Global Sak issued in respect of that Series which will be deposited with Edaa, Individual Sukuk representing holdings of the Global Sak will not be issued; but all Sukukholders will on request be entitled to receive a statement from the Registrar recording their holding of Sukuk. The Global Sak will represent all of the Sukuk of that Series that are current and the ownership by the Sukukholders of an undivided ownership interest in the Sukuk Assets.

Payment Administrator: means AlKhair Capital Saudi Arabia. The Issuer and the Sukukholders' Agent's Delegate each appoint the Payment Administrator as his agent in relation to the Programme and each Series of Sukuk issued thereunder for the purposes specified in the Payment Administration Agreement, the Conditions and the Applicable Final Terms.

Bank Account: means bank account opened at the Arab National Bank (ANB), which shall have the Sukuk account.

Issue Price: Sukuk are issued at the price specified in the Applicable Final Terms issued in relation to each relevant Series. The Issuer shall determine the size and price of the issued Sukuk in accordance with market conditions.

Issuance Currency: Sukuk will be denominated in Saudi Arabian Riyals (SAR)

Periodic Distribution Amount: The Periodic Distribution Amount to which Sukukholders are entitled is calculated in accordance with the Terms and Conditions of the Sukuk and on the basis specified in the Applicable Final Terms issued in relation to each relevant Series.

Sukuk Maturity/Expiration Date: The maturity date of the Sukuk is specified in the Applicable Final Terms issued in respect of each relevant Series.

Law and Jurisdiction: Sukuk Documentation shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia.

Taxes: All payments in respect of the Sukuk shall be made without withholding or deduction for, or on account of, any present or future taxes, zakat, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction (Taxes), unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay additional amounts so that the full amount which otherwise would have been due and payable under the Sukuk is received by the Sukukholders, except that no such additional amount shall be payable to any person who holds Sukuk but who is not a Qualified Person.

Limited Non-Recourse: No Sukukholders shall have the right to claim directly against the Sponsor unless (1) the Sukukholders' Agent's Delegate fails after becoming obligated to proceed under an order or a directive or has been required to do so in accordance with Condition 13 (Events of Default) (For more details on Events of Default, please see paragraph (15-13) "**Condition 13: Event(s) of Default**" of Section (15) "**Sukuk Terms and Conditions**" of this Prospectus), or (2) pursuant to an extraordinary Resolution issued by the Sukukholders who achieve the required quorum or upon a written request by Sukukholders holding not less than twenty-five percent (25%) of the aggregate nominated amount of Sukuk outstanding at such time and did not do so within sixty (60) days of being obligated to do so.

Sukuk Assets: On the date of issuance of a Series of Sukuk, the Sukukholders' Agent's Delegate, in accordance with the instructions of the Issuer, will acquire the Sukuk Assets using the amounts available in the Sukuk Proceeds Account as follows:

- a. Pay the Mudaraba Capital to the Mudareb constituting at least (51%) of a Series of Sukuk Proceeds so that the Mudareb could invest this amount in the Mudaraba Assets, in accordance with the Mudaraba Agreement. The Mudaraba revenue consists of the revenue accruing to the Mudaraba from the Mudaraba Assets after deducting direct costs and expenses related to the Mudaraba activities ("**Mudaraba Revenue**"). The share of the Sukukholders' Agent (in his capacity as Rab Al-Maal and the Sukukholders' Agent) in these revenues is referred herein as "**Mudaraba Profits**".
- b. apply no more than forty-nine per cent. (49%) of the amounts standing to the credit of the Sukuk Proceeds Account in murabaha arrangements (which represents the "**Murabaha Capital**") to purchase specific Commodities to be sold to Al Kathiri Holding (as the Purchaser) at a Deferred Price agreed upon in the Purchase Offer Notice and Mutual Acceptance notice between the two parties, in accordance with the Master Murabaha Agreement (the deferred price is referred to as the "**Deferred Price**", and the completed Murabaha transaction is referred to as the "**Murabaha Transaction**").

Mudaraba Agreement: According to the Mudaraba Agreement, the Mudareb (for the benefit of the Issuer and Sukukholders) and Al Kathiri Holding Company (for its own account) each own a common share in the Business Portfolio on the basis of profit sharing and bear losses in proportion to the ownership of their respective shares.

Mudaraba Income: The proportional profit shares of Rab al Maal and the Mudareb in any Mudaraba Income are calculated using the following ratios:

- (1) Sukukholders: (99%) of any Mudaraba Income (Mudaraba Profit); and the
- (2) mudareb: (1%) of any Mudaraba Income (Mudareb Profit).

Mudaraba Profits (and Mudaraba Profits only) are deposited in a book-entry account maintained by the Mudareb for and on behalf of the Issuer (the "**Collection Account**").

On or prior to 11:00 a.m. (Riyadh time) one (1) Business Day prior to each Periodic Distribution Date or any Partial Periodic Distribution Date, the Mudareb shall transfer the amounts standing to the credit of the Collection Account to the Transaction Account in the amount necessary to fund each amount due to be paid from the Transaction Account under Condition (6)(d) "**Application of proceeds -Transaction Account**".

(for further information, please see subparagraph (d) "**Application of proceeds -Transaction Account**" of Paragraph (15-5) "**Condition 6: Sukuk**" From Section (15) "**Sukuk Terms and Conditions**").

Murabaha Agreement: On each Issue Date, the Purchaser and Seller shall enter into a Murabaha Transaction (Murabaha Transaction) in accordance with the terms set forth in the terms of the Master Declaration of Agency Agreement and the Master Murabaha Agreement.

Unless otherwise stated in the Applicable Final Terms, the Murabaha Transaction corresponding to a particular Series of Sukuk shall include, without limitation, the following terms:

- a. the Cost Price for such Murabaha Transaction shall be an amount equal to no more than 49 percent. of the Aggregate Nominal Amount of the relevant Series of Sukuk;
- b. the Murabaha Profit shall be an amount which equals the difference between the Deferred Price and the Cost Price;
- c. the Deferred Price shall be an amount which equals 99 per cent. of the Aggregate Nominal Amount of the relevant Series of Sukuk;
- d. the Deferred Price shall be paid in one or more instalments on (subject to sub-paragraph (E) below) the Deferred Price Payment Date(s); and
- e. on any Dissolution Date, any outstanding Deferred Price shall become immediately due and payable on such date and such amount shall constitute Murabaha Income.

All payments of the Deferred Price by the Purchaser shall constitute Murabaha Income and shall be paid into the Transaction Account for application in accordance with Condition 6(d) (Application of proceeds -Transaction Account) (for further details, please see subparagraph (d) "**Application of proceeds -Transaction Account**" of Paragraph (15-5) "**Condition 6: Sukuk**" of Section (15) "**Sukuk Terms and Conditions**").

Murabaha Income: All payments of the Deferred Price by the Purchaser shall constitute Murabaha Income and shall be paid into the Transaction Account

▪ **Subscription Method**

Persons wishing to purchase the Sukuk will be required to submit an Investor Application Form to the Arranger (as Initial Dealer) and/or relevant Dealers, depending on the situation, or to the receiving bank in case of individual participants according to the conditions and details described in Section No. (19) "**Subscription and Sale**" of this Prospectus.

Allocation of Sukuk will be at a discretion of the Issuer and Arranger and will be made at the end of the Offer Period, within a maximum period of ten (10) Business Days, or such other period as may be specified by the Arranger (after consultation with the Issuer) and the allocation date and Offer Period shall differ for each separate Series of Sukuk further defined in the Applicable Final Terms relating to the relevant Series.

As described in Section No. (19) "**Subscription and Sale**" of this Prospectus, there will be no temporary documents of title issued with respect of the Sukuk.

Please refer to Section No. (19) "**Subscription and Sale**" of this Prospectus on the expected date of the commencement of trading in the Sukuk.

Each Sukukholder, by subscribing to, acquiring and holding Sukuk shall be deemed to authorise, ratify and approve the entry by the Sukukholders' Agent into the Sukuk Documents (as defined in the Conditions) to which it is a party and agrees to the terms of each of the Sukuk Documents.

▪ **Details About Early Redemption of the Offering**

- With respect to the Dissolution at the option of the Issuer, if the Optional Dissolution (Call) option is specified in the Applicable Final Terms as being applicable, and subject to the value of the Sukuk Assets not being below the Aggregate Nominal Amount, the Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part, on an optional dissolution date (the Optional Dissolution Date) which may be:

1. at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or

2. on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition 19 (Notices) (For further information about such condition, please see paragraph (15-18) "Notices" of Section (15) "Sukuk Terms and Conditions" of this Prospectus) (which notice shall be irrevocable) at the Dissolution Distribution Amount.
- With respect to the early Dissolution for Tax reasons, the Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part on a tax redemption date (the Tax Redemption Date) which may be:
 1. at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or
 2. on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition (19) "Notices" (which notice shall be irrevocable), at the Dissolution Distribution Amount (Tax), together with Periodic Distribution Amounts accrued and due (if any) to the Dissolution Date if a Tax Event occurs (For further information about the "Early Dissolution for Tax Reasons", please see paragraph (15-12) "Redemption - Sukuk Dissolution" of Section (15) "Sukuk Terms and Conditions" of this Prospectus).

Regarding Dissolution following an Event of Default, upon the occurrence of an Event of Default, (as defined in Condition (14) "Events of Default", which is continuing, the Sukuk may be redeemed at the Dissolution Distribution Amount pursuant to Condition (14) "Events of Default").

▪ **Names and Addresses of the Payment Agents, the Registrar and the Transfer Agents of the Sukuk:**

Payment Administrator: Al-Khair Capital Saudi Arabia Company, a Saudi Arabian Closed Joint Stock Company established under the CMA license No (08120-37) dated 07/11/1429H (corresponding to 05/11/2008G) pursuant to the Commercial Registration Certificate number (1010264915) dated 27/03/1430H (corresponding to 24/03/2009G) whose registered head office address is Riyadh - King Abdullah Financial Center - P.O. Box: 69410 Riyadh 11547, Kingdom of Saudi Arabia, has been appointed as the payment agent.

Details of the arrangements for transfer of the Sukuk: The Securities Depository Center Company ("Edaa"), a Saudi Arabian Closed Joint Stock Company registered in Riyadh under the Commercial Registration Certificate No. (1010463866) dated 27/11/1437H, whose registered head office address is Riyadh - King Fahd Road - Olaya 6897 - Unit No.: 11 - Riyadh 12211-3388), has been appointed as the registrar and transfer agent of the Sukuk pursuant to an agreement concluded with the Issuer, whereby Edaa will agree to hold the Sukukholders' Register and to record any modifications, additions and/or changes that may occur to the Register, the Sukukholders or the Sukuk.

Certain provisions of the Conditions are summaries of the Sukuk Documents (as defined in the below "Terms & Conditions") and are subject to the detailed provisions. The Sukukholders are entitled to the benefit of, are bound by, and are deemed to have notice all, of the provisions of the Sukuk Documents applicable to them. For so long as any of the Sukuk are current, copies of the Declaration of Agency Agreement, the Payment Administration Agreement, the Mudaraba Agreement (as defined in the below "Terms & Conditions") and the Master Murabaha Agreement (as defined in the below "Terms & Conditions") are available for inspection from the Closing Date by the Sukukholders during normal business hours at the specified offices of the Issuer set out in the "The Corporate Directory" section of this Prospectus.

Repayment Related Dates

- a. Unless previously redeemed, or purchased and cancelled, the Sukuk shall be redeemed at Nominal Amount in accordance with the mechanism specified in the relevant Applicable Final Terms and on the final maturity date of the Sukuk specified in the relevant Applicable Final Terms.
- b. Where the Redemption Basis is specified as Amortising in the Applicable Final Terms, each Sukukholder is entitled to receive the Sukuk Capital Instalment Amounts due on the relevant Partial Redemption Dates (each as specified in the Applicable Final Terms) in respect of the Sukuk held by it and, subject to any other early redemption, purchase and/or cancellation, the Series shall be redeemed in part (and the Aggregate Nominal Amount of the Sukuk of the relevant Series that are current will be reduced accordingly) by the value of each Sukuk Capital Instalment Amount paid to the Sukukholders upon payment in full of each such Sukuk Capital Instalment Amount to the Sukukholders.

Procedures and Timeline for Sukuk Allocation and Delivery

After obtaining the approval of the Authority for the Programme, a request will be made to register and offer Sukuk of any Series, and such Sukuk will be deposited at Edaa, and the timeline for delivering the Sukuk will be determined for each Series according to the requirements of the Saudi Tadawul Company and Edaa.

The Sukuk will be allocated in a manner that the Issuer, Sponsor, and Arranger deems appropriate, after the end of the Offering Period within a maximum of (10) business days. The Subscription surplus (if any) will be returned to the subscribers without any commissions or deductions and will be deposited in the subscriber's account as determined in the Investor Application Form.

Upon completion of the Sukuk allocation, the Issuer will publish the Applicable Final Terms which include inter alia the margin and the Aggregate Nominal Amount together with the expected total net proceeds of the Series of Sukuk to be issued.

The Programme Agreement stipulates the procedures and timeline for registering the Sukuk in accordance with Clause (3-1) "**First Issue**" and Clause (3-2) "**Each Issue**". The closing of each issuance under the Programme shall take place as follows:

Payment to the Arranger as Principal Dealer for any Series of Sukuk: on or before the relevant Issue Date, each Dealer shall request from each purchaser that it has procured pursuant to Clause 2 (Agreements to Offer Sukuk) the payment of the subscription monies for the Sukuk allocated to such purchasers, such payment of subscription monies to be received by the Arranger, as the Sukukholders' Agent's Delegate on behalf of the Issuer no later than 10:00 a.m. on the relevant Issue Date;

The Global Sak:

on the Issue Date, the Issuer shall procure the delivery to the Registrar of the Global Sak duly executed by the Issuer in an amount equal to the Aggregate Nominal Amount of the Series of Sukuk for which the Issuer or the Sukukholders' Agent's Delegate (on behalf of the Issuer) has received subscription monies for such Sukuk, as provided in Clause (3-5-1) of the Programme Agreement;

Procurement of Payment by Dealers: on the Issue Date, acting on the instructions of the Dealers, the Issuer or Sukukholders' Agent's Delegate (on behalf of the Issuer) shall pay to the Transaction Account, in immediately cleared funds and for same day value, the subscription monies received by the Issuer or the Sukukholders' Agent's Delegate (on behalf of the Issuer) pursuant to Clause (3-5-1) of the Programme Agreement for the Sukuk allocated to purchasers that the relevant Dealers have procured pursuant to Clause (2) of the Programme Agreement (Sukuk Offering Agreements); and

Registration: as soon as practicable following the Issue Date, the Issuer shall cause the Sukuk to be registered with the Registrar (Edaa) in the name of the purchasers of the Sukuk, whose names have been provided to the Registrar (Edaa) by the relevant Dealer (by way of duly completed Investor Application Forms).

Notwithstanding the provisions of any Declaration of Agency, the Sukuk may only be issued in dematerialised registered form. Each series of Sukuk will be collectively represented by a Global Sak which will be deposited with the Registrar (Edaa). Individual Sukuk representing holdings of the Global Sak will not be issued but Sukukholders will on request be entitled to receive a statement from the Registrar (Edaa) recording their holding of Sukuk.

The Registrar will maintain the register in respect of the Sukuk in accordance with the regulations and procedures of the Registrar and the provisions of standard terms and conditions adopted by the Registrar dated on or about the date hereof between, among others, the Issuer and the Registrar. The regulations may be changed by the Registrar at any time when necessary.

All transfers of Sukuk and entries on the Register are subject to the regulations and procedures of the Registrar and the provisions of the a registry agreement to be entered into between the Issuer and the Registrar (Edaa). The regulations may be changed by the Registrar at any time.

The Sukuk will be listed on Tadawul and as such will be traded, cleared and settled in accordance with the with the Conditions and the procedures applicable to debt instruments listed on Tadawul. The Issuer cannot predict the date on which trading in the Sukuk will commence and potential investors must look at the registry arrangement referred to in the Prospectus and both the Issuer and Arranger's announcements in connection with any Series of Issue offered on the Tadawul website.

Resolutions, Permits and Approvals Pursuant by the virtue of which Debt Instruments will be Offered

1. The Sponsor's Board of Directors' Resolution dated 27/02/1443H (corresponding to 04/10/2021G) to issue a local Sharia-compliant Sukuk Programme in Saudi riyals.
2. The Issuer's Board of Directors' Resolution dated 18/05/1443H (corresponding to 12/12/2021G) approving the registration and offering of local Sharia-compliant Sukuk with a number of five hundred thousand (500,000) Sukuk and a value of five hundred million (500,000,000) Saudi riyals for the purpose of public offering in the Main Market.
3. A copy of the CMA's Approval of the Sukuk Offering issued on 02/03/1444H (corresponding to 28/09/2022G).
4. A copy of the Saudi Stock Exchange (Tadawul)'s Approval of listing the Sukuk issued on 24/02/1444H (corresponding to 20/09/2022G).

Nature of Guarantees, Pledges or commitments intended to be provided to guarantee the Offer

Each of the Issuer and the Sponsor in its capacity as Obligor covenants and undertakes that so long as any Sukuk remains current in connection with the Sukuk Issuance as follows:

First:

COVENANTS OF THE ISSUER - NEGATIVE PLEDGE

Sukuk AlKathiri (in its capacities as Issuer and Sukukholders' Agent, as the case may be) irrevocably undertakes that it shall not:

- a. incur any indebtedness in respect of borrowed money or any other financing whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at the Closing Date or as permitted pursuant to any Sukuk Documents;
- b. secure any of its present or future indebtedness for borrowed money or any other financing by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law) except pursuant to any Sukuk Documents; or
- c. sell, transfer, assign, participate, exchange, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its title to any of the Sukuk Assets or any interest therein except pursuant to any Sukuk Documents and in accordance with the principles of Sharia.

Undertakings and Obligations of the Obligor

The Obligor covenants and undertakes that so long as any Sukuk remains current:

- a. an amount equal to the Available Amount for the relevant period remains invested in the Mudaraba as immediately available funds in cash or cash equivalent which are available to the Mudarab in accordance with the terms of the Mudaraba Agreement;
- b. to extent that the Mudaraba Assets do not exceed the value of the Mudaraba Capital, no Mudaraba Assets other than Mudaraba Profit are used to fund the amounts due to be paid from the Transaction Account under Condition (5) (d) **"Application of proceeds - Transaction Account"**;
- c. it will not, and will not permit any of its Material Subsidiaries (if any) to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise with respect to or otherwise become responsible for, contingently or otherwise, the payment of (collectively, incur as appropriate, an incurrence) any Financial Indebtedness (other than Permitted Financial Indebtedness), provided however, that the Obligor or any of its Material Subsidiaries (if any) may incur Financial Indebtedness if:
 - no Event of Default has occurred or is continuing (or would occur as a result of the incurrence of such Financial Indebtedness); and
 - such Financial Indebtedness ranks junior to or equal in right of payment with the Payment Obligations in the case of any distribution of assets of the Obligor in any liquidation of the Obligor;
- d. it will not, and will not permit any of its Material Subsidiaries (if any), to create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Sukuk equally and rateably with the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other Security Interest as shall be approved by an Extraordinary Resolution of the Sukukholders.
- e. it shall not use the proceeds of the issue of the Sukuk for any purpose other than as set out in the Prospectus and the Sukuk Documents;
- f. Other than as required by the Companies Law, it shall not submit to its directors or shareholders any decision or appointment of any liquidator to terminate it or any decision to initiate any other bankruptcy or insolvency proceedings in relation thereto;
- g. it shall maintain, or procure the maintenance of, the following financial covenants:
 - Total Net Debt to Tangible Net Worth Ratio: the Obligor shall ensure that in each Relevant Period its Total Net Debt does not exceed 1.50 times its Tangible Net Worth at any time;
 - Financial Indebtedness to EBITDA Ratio: the Obligor shall ensure that in each Relevant Period its Financial Indebtedness does not exceed 4 times its EBITDA at any time;

- EBITDA to Consolidated Net Finance Charges Ratio: the Obligor shall ensure that in each Relevant Period its EBITDA at all times exceeds 1.75 times its Consolidated Net Finance Charges; and

h. it shall supply to the Agent and the Sukukholders' Agent's Delegate:

- as soon as the same become available, but in any event within one hundred and eighty (180) days after the end of each of its financial years its Financial Statements for that financial year; and
- its Financial Statements for each financial quarter (including balance sheet, income statement and full details of receivables with aging analysis) as soon as the same become available, but in any event within ninety (90) days after the end of each quarter of each of its financial years signed by its chief financial officer of the Obligor;

Each set of Financial Statements delivered to the Sukukholders' Agent and the Sukukholders' Agent's Delegate pursuant to Condition 8 (h) shall be certified by a director or authorized officer of the Obligor as: (1) fairly representing its financial condition as at the date on which those financial statements were drawn up; and (2) having been prepared in accordance with IFRS. Each set of Financial Statements shall be available for inspection by any Sukukholder during normal business hours at the Specified Offices of each of the Issuer (as Issuer and the Sukukholders' Agent) and the Sukukholders' Agent's Delegate;

i. it shall supply to the Sukukholders' Agent and the Sukukholders' Agent's Delegate, with each set of Financial Statements delivered pursuant to Condition (8-1) (h) an unaudited compliance certificate (and, only to the extent requested by the Sukukholders' Agent and the Sukukholders' Agent's Delegate, an audited compliance certificate) (any such compliance certificate, a Compliance Certificate) setting out (in reasonable detail) computations as to compliance with Condition (8-1) (1) as at the date at which the relevant financial statements delivered were drawn up. The financial covenants set out in Condition (8-1) (g) shall be tested by reference to the Financial Statements which the relevant Compliance Certificate delivered pursuant to this Condition (8-1) (1) accompanies;

j. Each Compliance Certificate shall be available for inspection by any Sukukholder during normal business hours at the offices of the Issuer (as Issuer and Sukukholders' Agent) and the Sukukholders' Agent's Delegate;

k. it shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, other than any sale, lease, transfer or other disposal:

- made in the Obligor's ordinary course of business;
- of assets in exchange for other assets comparable or superior as to type, value and quality;
- where the consideration receivable by the Obligor for such sale, lease, transfer or other disposal is cash in an amount which is at least equal to the market value (as determined by the Sukukholders' Agent and/or the Sukukholders' Agent's Delegate acting reasonably) of the relevant asset and such sale, lease, transfer or other disposal is entered into at arm's length with a person or an entity which is not a Connected Party;
- where the consideration receivable by the Obligor for such sale, lease, transfer or other disposal at the time of the transaction is in an amount which is less than the market value (as determined by the Sukukholders' Agent and/or the Sukukholders' Agent's Delegate acting reasonably) of the relevant asset, but the Obligor has the right to recover:

a. where the counterparty is a Subsidiary of the Obligor, the difference between the consideration receivable at the time of the transaction and the market value of the relevant asset at the time of the transaction, is subsequently sold by the counterparty or another subsidiary (in the event of a subsequent disposal by the counterparty to another subsidiary to the Obligor) to a person or entity that is not a subsidiary of the Obligor, at some time in the future not later than the date on which the relevant asset is subsequently disposed of by the counterparty which doesn't have a subsidiary to the Obligor; or

b. where the counterparty is not a Subsidiary of the Obligor, the difference between the consideration receivable at the time of the transaction and the market value of the relevant asset at the time of the transaction, at some time in the future not later than the date on which the relevant asset is subsequently disposed of by the counterparty; or

- where the higher of the market value (as determined by the Agent and/or the Sukukholders' Agent's Delegate acting reasonably) or consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal by the Obligor, other than any permitted under paragraphs (1), (2) and (3) above) does not exceed an amount equal to ten per cent. (10%) of the Consolidated Net Assets of the Obligor (or its equivalent in another currency or currencies) in any financial year;

l. it shall make no substantial change to the general nature of its business from that carried on at the Closing Date; and

m. except as provided in Condition (16) "**Meetings of Sukukholders; Modification**", amend or agree to any amendment to any Sukuk Documents to which it is a party (other than in accordance with the terms thereof).

Agreements with the Sukuholders' Agent

Al-Khair Capital Saudi Arabia Company, Saudi Arabian Closed Joint Stock Company incorporated pursuant to the CMA license No 08120-37 dated 07/11/1429H (corresponding to 05/11/2008G) and Commercial Register Certificate number (1010264915) dated 27/03/1430H (corresponding to 24/03/2009G) having its registered head office in Riyadh - King Abdallah Financial Center - P.O. Box: 69410 Riyadh 11547, Kingdom of Saudi Arabia, was appointed as the Sukuholders' Agent's Delegate.

The Sukuk Documents were concluded as follows:

1. Mudaraba Agreement entered between Sukuk Al Kathiri (the Issuer and Rab al Maal), Al Kathiri Holding Company (Mudareb) and Al-Khair Capital Saudi Arabia Company (Sukuholders' Agent's Delegate). All parties agreed to the Terms and Conditions pursuant to which the Mudareb shall manage the Mudaraba based on his experience and profit-sharing according to the provisions of this Agreement.
2. Master Murabaha Agreement entered between Sukuk Al Kathiri (Seller and Issuer), Al Kathiri Holding Company (Purchaser) and Al-Khair Capital Saudi Arabia Company (Sukuholders' Agent's Delegate and Purchase Agent). All parties agreed on the Terms and Conditions pursuant to which the Payment Administrator, on behalf of the Issuer, invests approximately (49%) of the Proceeds of each Series of Issue, to be used in purchasing commodities through Murabaha Transactions that will be concluded between the Issuer and the Purchaser.
3. Sukuk Issuance Programme Agreement entered between Sukuk Al Kathiri (Issuer), Al Kathiri Holding Company (Sponsor), Al-Khair Capital Saudi Arabia Company as (Arranger and Initial Dealer). The Issuer and Al-Khair Capital Saudi Arabia Company wish to record certain arrangements in relation to each Series to be issued under the Programme on, and subject to, the terms and conditions of this Agreement.
4. Master Declaration of Agency Agreement between Sukuk Al Kathiri (Agent), Al Kathiri Holding Company (Al Kathiri Holding or Obligor) and Al-Khair Capital Saudi Arabia Company (Al-Khair Capital or Sukuholders' Agent's Delegate). All parties to the Agreement agree to the Terms and Conditions. The Issuer may delegate certain powers, functions, delegations and rights to the Sukuholders' Agent's Delegate as provided in this Declaration of Agency Agreement.
5. Payment Administration Agreement between Al-Khair Capital Saudi Arabia Company (Sukuholders' Agent's Delegate), Sukuk Al Kathiri (Issuer) and Al-Khair Capital Saudi Arabia Company (Payment Administrator). All parties agreed to make some arrangements regarding the payments to be made in connection with the Programme and the Issuance of Sukuk under the Programme.

Copies of the above-mentioned Sukuk Documents containing details of the function, obligations, duties and authorities of the Sukuholders' Agent may be viewed at the head office of the Sponsor and the Issuer located in Riyadh City, Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - 13523 - Riyadh 3158, Kingdom of Saudi Arabia.

Subordination of the Sukuk offer to any other Debt or Debt Instruments of the Issuer and/or the Sponsor (Obligor)

The Sukuk are structured as principal debt and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Issuer and the Obligor.

The Sukuk constitute undivided ownership interests in the Sukuk Assets and represent an undivided interest in the Payment Obligations and will at all times rank pari passu among themselves. Pursuant to the Sukuk Documents, the payment obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Issuer, save for obligations as may be preferred by provisions of law that are both mandatory and of general application. Recourse in respect of the payment obligations of the Issuer under the Sukuk and the Sukuk Documents is limited in the manner described in Condition 5 (Limited Recourse and No Petition).

Governing Law and Jurisdiction Related to the Sukuk offer

a. Governing law

The Sukuk Documents and the Sukuk are governed by, and are to be construed in accordance with, the laws and regulations of the Kingdom of Saudi Arabia.

b. Jurisdiction

The Committees shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Sukuk or the Sukuk Documents and, for such purposes, all relevant parties (including, the Issuer and the Sukukholders) irrevocably submit to the jurisdiction of the Committees. No suit, action or proceedings which may arise out of or in connection with the Sukuk or the Sukuk Documents may be filed or brought outside the Kingdom of Saudi Arabia and no court or any judicial authority outside the Kingdom of Saudi Arabia shall have jurisdiction to hear any such claim.

c. Restrictions on the Transferability of the Sukuk

The Sukuk will not be tradable if the Mudaraba Assets at any time comprise less than 25% of the Sukuk Assets.

d. Expected Trading Date

The Sukuk will be listed on Tadawul and as such will be traded, cleared and settled in accordance with the procedures applicable to debt instruments listed on Tadawul.





Sukuk Terms and Conditions (15)



الكثيري القابضة
AI KATHIRI HOLDING COMPANY

15- Sukuk Terms and Conditions

Introduction

- The following is the text of the Terms and Conditions of the Sukuk which will be endorsed on, and will (subject to the provisions thereof) apply to, each Global Sak issued under the Programme. The Applicable Final Terms in relation to any Series of Sukuk may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Series of Sukuk.
- The Issuer has established a programme (the "**Programme**") for the issuance of up to SAR (500,000,000) in Aggregate Nominal Amount of Sukuk, as further described in the Programme agreement dated (07/12/2022G) (the "**Programme Agreement**"). The Sukuk issued under the Programme are issued in series (each a "**Series**"). In these Terms and Conditions (the Conditions), references to Sukuk shall be references to the individual Sak issued in respect of each Series which are the subject of a final terms document for that Series (the Applicable Final Terms) and references to the Applicable Final Terms are to the final terms (or the relevant provisions thereof) of that Series attached to, or endorsed on, each Global Sak issued in respect of a Series under the Program.
- The Applicable Final Terms supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of each Global Sak. Each of the Sukuk will represent an undivided beneficial ownership interest in the Sukuk Assets (as defined below) and represents an interest in the Payment Obligations (as defined below) and will at all times rank pari passu among themselves. Pursuant to a declaration of agency (the "**Declaration of Agency**") to be entered into on or about the Closing Date by the Issuer (acting in any capacity including as the Agent) and Al-Khair Capital Company as delegate of the Issuer (the "**Sukukholders' Agent's Delegate**"), which expression includes any successor Sukukholders' Agent's Delegate in relation to the Sukuk). The Issuer shall be appointed to act as agent for and on behalf of the Sukukholders (as defined below) to carry out business on their behalf and for their benefit.
- Each of the Sukukholders, by subscribing to, acquiring or holding Sukuk, shall be deemed to have agreed to the terms of the Declaration of Agency Agreement, including but not limited to, the appointment of the Sukukholders' Agent's Delegate. The appointment of the Sukukholders' Agent's Delegate shall be revoked (and the Sukukholders' Agent's Delegate shall resign from this appointment provided , however, that such revocation shall be at an appropriate time and without adversely affecting the Sukuk Transaction in accordance with the provisions of the Declaration of Agency Agreement.
- Payments relating to the Sukuk will be made pursuant to a Payment Administration Agreement to be entered into on or about the Closing Date (the "**Payment Administration Agreement**") by the Sukukholders' Agent's Delegate, the Issuer and Al-Khair Capital in its capacity as payment administrator (the "**Payment Administrator**").
- Each Sukukholder, by subscribing to, acquiring or holding Sukuk, shall be deemed to authorize, ratify and approve the entry by the Sukukholders' Agent's Delegate into the Sukuk Documents (as defined herein) to which it is a party and to the terms of each of the Sukuk Documents. Copies of the Sukuk Documents are available for inspection, in draft form during the Investors Presentation Period and in final form from the relevant Issue Date, by Sukukholders during normal business hours at the specified offices of each of the Agent, the Obligor and the Sukukholders' Agent's Delegate, the specified offices of, inter alios, such parties (Specified Offices) being the relevant addresses set out in the Base Prospectus.
- Certain provisions of these Conditions are summaries of the Sukuk Documents and are subject to their detailed provisions. The Sukukholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Sukuk Documents applicable to them.

15-1 Condition 1: Definitions

15-1-1 Defined Terms

Words and expressions used in the Applicable Final Terms shall have the same meanings where used in the Conditions, unless the context otherwise requires or unless otherwise stated and, provided that, in the event of any inconsistency between the Conditions and the Applicable Final Terms, the Applicable Final Terms will prevail. In addition, the following words and expressions shall have the following meaning:

- **Acting in Concert** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Obligor by any of them, either directly or indirectly, to obtain or consolidate control of the Obligor;
- **Acceptable Bank** means a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of A or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or A2 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency; or
- any other bank or financial institution approved by the Sukukholders.
- **Aggregate Nominal Amount** means, in respect of each Series, the amount specified as such in the Applicable Final Terms;
- **Applicable Final Terms** has the meaning given to it above under "Introduction";
- **Authority** means the Capital Market Authority of the Kingdom of Saudi Arabia;
- **Available Amount** means:
 - a. in the period from and including the Issue Date to but excluding the first Periodic Distribution Date, an amount that is equal to the first Periodic Distribution Amount due under the Sukuk; and
 - b. thereafter, during each Periodic Distribution Period, an amount that is equal to the Periodic
- Distribution Amount falling due on the next Periodic Distribution Date for the relevant Series;
- **Base Prospectus** means the Base Prospectus dated (28/09/2022G) relating to the Programme, including all information and supplements which form part of the Base Prospectus;
- **Business Portfolio** means the entire Sharia-compliant business operations of Mudareb along with the investment of the Mudareb (for the benefit of the Rab al Maal);
- **Business Day** means a day on which the Registrar is open for general business in Riyadh and on which, according to the business day schedule published by the Saudi Central Bank (known as "SAMA") from time to time, payments in Saudi Riyals can be made and settled through the Saudi Arabian Riyal Interbank Express (SARIE) system;
- **Cash means**, at any time, cash denominated in Saudi Riyals in hand or at bank and (in the latter case) credited to an account in the name of the Obligor with an Acceptable Bank and to which the Obligor is alone beneficially entitled and for so long as:
 - a. that cash is repayable on demand;
 - b. repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;
 - c. there is no Security Interest over that cash for except for any Permitted Security Interest constituted by a netting or set-off arrangement entered into by members of the Group in the ordinary course of their banking arrangements; and
 - d. the cash is freely and immediately available.
- **Closed Period** means the period starting at the opening of business on the Transfer Record Date, and ending on (and including) the applicable due date;
- **Change of Control** means any person or group of persons acting in concert gains direct or indirect Control of the Obligor;
- **Collection Account** has the meaning given to it in Condition (6) (b) "Mudaraba Assets";
- **Committees** means the Committee for the Resolution of Securities Disputes and the Appeal Committee for the Resolution of Securities Conflicts;
- **Commodities** has the meaning given to it in the Master Murabaha Agreement;
- **Control or Controller** in relation to a person (the first person) means that another person (the second person), whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise, has the power to appoint and/or remove more than one half of the members of the board of directors or other governing body of that first person;
- **Companies Regulations** means the regulations for companies in Saudi Arabia promulgated pursuant to Council of Ministers Resolution No. 30 dated 27/01/1437H (corresponding 09/11/2015G) and Royal Decree No. M/3 dated 28/01/1437H (corresponding 10/11/2015G), as amended;

- **Compliance Certificate** has the meaning given to it in Condition (8) "**Covenants and Undertakings of the Obligor**";
 - **Conditions** means these terms and conditions in respect of the Sukuk;
 - **Confirmation of Terms and Notice of Offer to Purchase** has the meaning given to it in the Master Murabaha Agreement;
 - **Connected /Related Party** means: each of the Obligor, any of the Obligor's Subsidiaries (if any), any director, officer, employee, consultant, agent, advisor or shareholder of any thereof or any family member of any such director, officer, employee, consultant, agent, advisor or shareholder or any company or other entity controlled by any such director, officer, employee, consultant, agent, advisor, shareholder. For this purpose, control means, in respect of a company or other entity, the ability to direct its affairs and/or control the composition of its board of directors or equivalent body;
 - **Consolidated Net Assets of the Obligor** means the aggregate of the Obligor's total assets less the aggregate of the Obligor's total liabilities, in each case, as such terms are used in and as determined by reference to the Financial Statements;
 - **Consolidated Net Finance Charges** means, for any Relevant Period, the aggregate amount of the accrued interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness (whether, in each case, paid or payable by any member of the Group (calculated on a consolidated basis)) less the aggregate amount of any finance income accrued to any member of the Group (other than by another member of the Group) on any Cash, as determined by reference to the most recently available consolidated financial statements of the Company prepared in accordance with IFRS.
 - **Cost Price** has the meaning given to it in the Master Murabaha Agreement;
 - **Declaration of Agency** has the meaning given to it above under "**Introduction**";
 - **Deferred Price** has the meaning given to it in the Master Murabaha Agreement;
 - **Deferred Price Payment Date(s)** has the meaning given to it in the Master Murabaha Agreement;
 - **Dissolution Date** means, as the case may be: (a) the Expiry Date (as defined in the Applicable Final Terms); (b) following the occurrence of an Event of Default (as defined in Condition (14) "**Events of Default**"), the date on which the Sukuk are redeemed in accordance with the provisions of Condition (14) "**Events of Default**"; (c) the date on which the Sukuk are redeemed in accordance with the provisions of Condition (13) (d) "**Redemption; Dissolution of Sukuk - Early Dissolution for Tax Reasons**"; or (d) the Optional Dissolution Date in accordance with the provisions of Conditions (13) (c) "**Redemption; Dissolution of Sukuk - Dissolution at the Option of the Issuer**";
 - **Dissolution Distribution Amount** means, in relation to a particular Series of Sukuk, the sum of:
 - a. the outstanding face amount of such Series of Sukuk less any loss relating to the Sukuk Assets; and
 - b. any accrued and due but unpaid Periodic Distribution Amounts or Partial Periodic Distribution Amount (as applicable) for such Series of Sukuk and all amounts which have become due and payable and remain unpaid by the Issuer immediately prior to the Dissolution Date for such Series of Sukuk;
 - **EBITDA** means in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (excluding the results from discontinued operations):
 - a. not including any accrued interest owing to any member of the Group;
 - b. after adding back any amount attributable to the amortisation, depreciation or impairment of assets of members of the Group (and taking no account of the reversal of any previous impairment charge made in that Relevant Period);
 - c. before taking into account any Exceptional Items;
 - d. before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after (insert date of latest financials);
- Exceptional Items** means any exceptional, one off, non-recurring or extraordinary items;
- Edaa** means the Securities Depository Center of the Saudi stock exchange "**Tadawul**";
- Event of Default** has the meaning given to it in Condition (14) "**Events of Default**";
- Event of Default Date** has the meaning given to it in Condition (14) "**Events of Default**";
- Event of Default Notice** has the meaning given to it in Condition (14) "**Events of Default**";
- Event of Default Exercise** Notice has the meaning given to it in Condition (14) "**Events of Default**";
- Exercise Period** has the meaning given to it in Condition (14) "**Events of Default**";
- Expected Profit Rate** means, in respect of each Series, the percentage per annum specified as such in the Applicable Final Terms;
- Extraordinary Resolution** means a resolution passed at a duly convened meeting of the Sukukholders by a majority of not less than two thirds 2/3 (66,67%) of the aggregate nominal amount of the Series as are current on such date represented and voting thereon;
- Finance Lease** means any lease or hire purchase contract, a liability under which would, in accordance with IFRS, be treated as a balance sheet liability (other than a lease or hire purchase contract which would, in accordance with IFRS in force prior to 1 January 2019, have been treated as an operating lease);
- Financial Statements** means, with respect to any period, the audited (with respect to annual only) or unaudited financial statements of the Obligor for such period and, where no period is specified, shall be in reference to the most recent financial year or interim financial period of the Obligor for which audited financial statements or unaudited financial statements (as applicable) are available (in each case, prepared on a consolidated basis);

Financial Indebtedness means any indebtedness for or in respect of:

- a. moneys borrowed and debit balances at banks or other financial institutions;
 - b. any acceptance under any acceptance credit or bill discounting facility (including any dematerialised equivalent);
 - c. any note purchase facility or the issue of bonds, notes, debentures, loan stock, sukuk or other similar instrument;
 - d. any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the relevant Expiry Date or are otherwise classified as borrowings under Saudi GAAP or IFRS;
 - e. any Finance Lease;
 - f. receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
 - g. any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) which has the commercial effect of a borrowing or is otherwise classified as borrowings under Saudi GAAP or IFRS;
 - h. any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that transaction, that amount) will be taken into account);
 - i. any counter indemnity obligation in respect of a guarantee, indemnity, bond, sukuk, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
 - j. any amount of any liability under an advance or deferred purchase agreement if (1) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (2) the agreement is in respect of the supply of assets or services and payment is due more than thirty (30) days after the date of supply;
 - k. any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) (inclusive) above;
- **Global Sak** means the registered form global sak representing the Sukuk issued under a Series;
 - **Group** means the Obligor and its Subsidiaries, associates and joint ventures (if any) for the time being;
 - **IFRS** means International Financial Reporting Standards;
 - **Income Tax Law** means the Income Tax Law issued by Royal Decree No. M/1 dated 15/1/1425H (corresponding to 06/03/2004G) and the implementing regulations thereof;
 - **Instalment Amount** has the meaning given to it in Condition (13) (b) "**Scheduled Redemption in part**";
 - **Investor Application Form** means the form required to be submitted to the Dealer or Dealers or the receiving bank (banks) depending on the situation as determined by the Arranger;
 - **Investment Offer with Promise to Purchase** has the meaning given to it in the Master Murabaha Agreement;
 - **Issue Date** has the meaning given to it in the Applicable Final Terms;
 - **Issuer** has the meaning given to it above under "**Introduction**";
 - **Liability** means any loss, damage, cost, fee, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis which, for the avoidance of doubt, excludes opportunity cost, cost of funding and interest;
 - **Margin** means, in respect of each Series, the percentage per annum specified as such in the Applicable Final Terms;
 - **Material Subsidiary** means any Subsidiary of the Obligor, present or future, the aggregate assets of which exceed an amount equal to five per cent. (5%) of the Consolidated Net Assets of the Obligor, as determined by reference to the Financial Statements;
 - **Mudaraba Assets** means: (a) the Mudareb's share (for the benefit of the Issuer and the Sukukholders) in the Business Portfolio; (b) the Available Amount; and (c) any amounts standing to the credit of the Collection Account;
 - **Mudaraba Income** means the total operating income from the Mudaraba Assets without taking into account cost of funding sources;
 - **Mudaraba Profit** has the meaning in Condition (6) (b) "**Mudaraba Assets**";
 - **Mudareb** means the Obligor in its capacity as mudareb under the Mudaraba Agreement;
 - **Mudareb Profit** has the meaning in Condition (6) (b) "**Mudaraba Assets**";
 - **Murabaha Assets** has the meaning given to it in Condition (6) (a) "**Sukuk Assets**";
 - **Murabaha Income** means those amounts specified in Condition (6) (c) as constituting Murabaha Income;
 - **Murabaha Profit** means the profit payable in respect of the Murabaha Transaction;
 - **Murabaha Transaction** has the meaning given to such term in Condition (6) (c) "**Murabaha Transaction**";
 - **Non-Recourse Project Financing** means any financing of all or part of the costs of the acquisition, construction or development or any project, provided that: (1) any Security Interest given by the Obligor is limited solely to assets of the project; (2) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of payment for the moneys advanced; and (3) there is no other recourse to the Obligor in respect of any default by any person under the financing;
 - **On-Sale Agent** has the meaning given to in the Master Murabaha Agreement;
 - **Optional Dissolution (Call)** means the call option described in Condition (13) (c) "**Redemption; Dissolution of Sukuk - Dissolution at the Option of the Issuer**";

- **Optional Dissolution Date** has the meaning given in Condition (13) (c) "**Redemption; Dissolution of Sukuk - Dissolution at the Option of the Issuer**";
- **Partial Periodic Distribution Amount** means, in relation to any Partial Periodic Distribution Date, and subject to Clause 4.5 of the Mudaraba Agreement, an amount calculated as follows:

(a) Where the Fixed Periodic Distribution Provisions (as defined in Condition 9(Fixed Periodic Distribution Provisions)) are applicable:

$$\frac{(PxR)xD}{360}$$

Where

P = the Aggregate Nominal Amount of the Series as are current on the Transfer Record Date immediately preceding the Partial Periodic Distribution Date;

R = the Expected Profit Rate; and

D = the number of days between the immediately preceding Periodic Distribution Date and the Partial Periodic Distribution Date.

(b) Where the Floating Periodic Distribution Provisions (as defined in Condition 10 (Floating Periodic Distribution Provisions)) are applicable:

$$\frac{(Px(S+M))xD}{360}$$

Where

P = the Aggregate Nominal Amount of the Series as are current on the Transfer Record Date immediately preceding the Partial Periodic Distribution Date;

S = the Reference Rate (as defined in Condition (10) (c) "**Floating Periodic Distribution Provisions - Reference Rate**" for the Periodic Distribution Period in which the Partial Periodic Distribution Date falls;

M = the Margin; and

D = the number of days between the immediately preceding Periodic Distribution Date and the Partial Periodic Distribution Date;

- **Partial Periodic Distribution Date** means any date on which the Issuer is to redeem the Sukuk following an Event of Default;
- **Partial Periodic Distribution Period** means the period from the immediately preceding Periodic Distribution Date to the Partial Periodic Distribution Date;
- **Payment Administration Agreement** has the meaning given to it above under "**Introduction**";
- **Payment Administrator** has the meaning given to it above under "**Introduction**";
- **Payment Obligations** means all obligations of the Issuer to make payments to the Transaction Account of the Periodic Distribution Amounts, any Instalment Amount or any Partial Periodic Distribution Amount due and owing and, if such payment is made on a Dissolution Date, the Dissolution Distribution Amount and any other amount payable to the Sukukholders under any Sukuk Documents, in each case pursuant to these Conditions and the Sukuk Documents;
- **Periodic Distribution Amount** has the meaning given to it in Condition (9) "**Fixed Periodic Distribution Provisions**" or Condition (10) "**Floating Periodic Distribution Provisions**" as applicable;
- **Periodic Distribution Date** has the meaning given to it in the Applicable Final Terms;
- **Periodic Distribution Determination Date** has the meaning given to it in the Applicable Final Terms;
- **Periodic Distribution Period** means the period from and including the Issue Date to but excluding the first Periodic Distribution Date, and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date;

Permitted Financial Indebtedness means:

- any Financial Indebtedness outstanding on the Issue Date of the first Series of Sukuk;
- Financial Indebtedness owed by the Obligor or any Material Subsidiary of the Obligor to the Obligor or any other Material Subsidiary of the Obligor (as applicable); provided however, that any subsequent disposition, pledge or transfer of such Financial Indebtedness (other than to the Obligor or another member of the Group) shall be deemed, in each case, to constitute the incurrance of such Financial Indebtedness by the Obligor thereof; and
- Financial Indebtedness of a member of the Group (if any) incurred and outstanding on or prior to the date on which such member of the Group became a member of the Group (other than Financial Indebtedness incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of related transactions pursuant to which a member of the Group became a member of the Group);

Permitted Security Interest means:

- a. any Security Interest arising by operation of law and in the ordinary course of trading;
 - b. any Security Interest existing on the date on which agreement is reached to issue the first Series of Sukuk;
 - c. any Security Interest granted to secure a Non-Recourse Project Financing or to secure any Financial Indebtedness incurred in connection with a Securitisation;
 - d. any Security Interest securing the Financial Indebtedness of a person existing at the time that such person is merged into, or consolidated with, the Obligor provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Obligor;
 - e. any Security Interest existing on any property or assets prior to the acquisition thereof by the Obligor and not created in contemplation of such acquisition;
 - f. any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (c) (inclusive) of this definition, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);
- **Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;
 - **Programme** has the meaning given to it above under **"Introduction"**;
 - **Purchaser** means the Obligor in its capacity as purchaser under the Master Murabaha Agreement;
 - **Qualified Foreign Investor**: A foreign investor qualified to invest in the listed securities pursuant to the Rules for Qualified Foreign Institutions Investment in Listed Securities. The qualification application shall be submitted to an authorized person to evaluate and accept in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities.
 - **Qualified Person** means:
 - a. a natural person who is resident in the Kingdom under the Income Tax Law; or
 - b. a legal person who is considered to be resident in the Kingdom of Saudi Arabia for tax purposes and who is holding a current commercial registration number issued by the Ministry of Commerce. However, the requirement for such legal person to hold a current commercial registration number issued by the Ministry of Commerce would not apply to Saudi Arabian governmental entities and mutual funds established in the Kingdom of Saudi Arabia and managed by a person authorised by the Authority or any other entity established in the Kingdom of Saudi Arabia pursuant to laws or regulations that do not require such entity to hold a commercial registration, and who, in each case, has a bank account with a local bank in Saudi Arabia and an account at the depository center (Edaa); And
 - c. Qualified Foreign Investor.
 - **Reference Banks** means each of three (3) banks licensed by the Saudi Central Bank (formerly Saudi Arabian Monetary Authority) and engaged in the Riyadh interbank market selected by or on behalf of the Payment Administrator from time to time and Reference Bank shall mean any one of them as the context may require; Register means the register of Sukukholders maintained and administered by the Registrar;
 - **Registrar** means Edaa in its capacity as registrar (and includes any successor registrar as may be appointed);
 - **Regulations** means the implementing regulations, the rules and the procedures adopted by the CMA and Tadawul (and as further amended and/or supplemented from time to time);
 - **Relevant Indebtedness** means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock, Sukuk Obligations in respect of certificates or other securities, in each case which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;
 - **Relevant Period** means each period of twelve months ending on or about the last day of the financial year and each period of twelve months ending on or about the last day of each financial quarter.
 - **Required Sukukholders**, as of any date, means the Sukukholders holding more than fifty per cent. (50%) of the Aggregate Nominal Amount of the Series as are current on such date;
 - **SAR or Saudi Riyals** means the lawful currency of the Kingdom of Saudi Arabia;
 - **Saudi Arabia** means the Kingdom of Saudi Arabia;
 - **Saudi GAAP** means accounting standards generally accepted in the Kingdom of Saudi Arabia as promulgated by the Saudi Organisation for Certified Public Accountants;
 - **Securitisation** means any securitisation of existing or future assets and/or revenues, provided that:
 - a. any Security Interest given by the Obligor in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation;
 - b. each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the sole source of repayment for the money advanced or payment of any other liability; and
 - c. there is no other recourse to the Obligor in respect of any default by any person under the securitisation;

- **Security Interest** means any mortgage, charge (fixed or floating), pledge, encumbrance, lien or hypothecation, any taking of title, reservation of title, set-off or trust arrangement for the purpose of taking security, any assignment by way of security or any other security interest securing any obligation of any Person or any other agreement or arrangement having a similar effect including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction. For the avoidance of doubt, a Security Interest does not include a guarantee, indemnity or other contingent obligation of the Obligor that is not secured by any of the Obligor's assets and, for the avoidance of doubt, an ownership interest granted in an asset as part of an unsecured Shari'ah-compliant financing arrangement shall not constitute as Security of Interest for the purpose of this definition;
- **Seller** means the Issuer in its capacity as seller under the Master Murabaha Agreement;
- **Series** has the meaning given to it above under "Introduction";
- **Service Provider** means the Sukukholders' Agent's Delegate, the Payment Administrator, the Seller and the On-Sale Agent;
- **Settlement Date** has the meaning given to it in the Master Murabaha Agreement;
- **Sharia** means the principles of the Islamic shariah interpreted by (Shariah Committee of AlKhair Capital Saudi);
- **Shortfall** has the meaning given to it in Condition (6) (d) "Application of proceeds - Transaction Account";
- **Specified Denominations** has the meaning given to it in the Applicable Final Terms;
- **Subsidiary** means in relation to any person (the first person), at any particular time, any person (the second person):
 - a. which is then directly or indirectly Controlled by the first person;
 - b. more than 50% per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the first person; or
 - c. which is a Subsidiary of another Subsidiary of the first person.

- **Sukuk** has the meaning given to it above under "Introduction";
- **Sukuk Assets** has the meaning given to it in Condition (6) (a) "Sukuk Assets";
- **Sukukholders** means the Person in whose name any of the Sukuk is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and the expressions holders and holders of Sukuk and related expressions shall (where appropriate) be construed accordingly;
- **Sukuk Documents** means (1) the Mudaraba Agreement; (2) the Master Murabaha Agreement; (3) the Master Declaration of Agency; (4) each Supplemental Declaration of Agency; (5) the Payment Administration Agreement; (6) the Sukuk (including each Global Sak and their respective Conditions); (7) the Programme Agreement; (8) any Applicable Final Terms in respect of a particular Series of Sukuk; and (9) any other agreements, fee letters or documents delivered or executed under, pursuant to, or in connection therewith and "Sukuk Document" shall mean any one of them as the context may require;
- **Sukuk Obligation** means any undertaking or other obligation to pay any money given in connection with the issue of sukuk or other instruments intended to be issued in compliance with the principles of Shari'ah, whether or not in return for consideration of any kind;
- **Sukukholders' Agent's Delegate** has the meaning given to it above under "Introduction";
- **Supplier** has the meaning given to it in the Master Murabaha Agreement;
- **Tangible Net Worth** means at any time the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Obligor and the aggregate amount of the reserves of the Obligor, including:
 - a. any amount credited to the share premium account;
 - b. any capital redemption reserve fund; and
 - c. any balance standing to the credit of the profit and loss account of the Obligor;

but deducting:

1. any debit balance on the profit and loss account of the Obligor;
2. (To the extent included) any amount shown in respect of goodwill or other intangible assets of the Obligor;
3. (to the extent included) any amount set aside for taxation, deferred taxation or bad debts;
4. (to the extent included) any amounts arising from an upward revaluation of assets made at any time after 31December 2021; and
5. any amount in respect of any dividend or distribution declared, recommended or made by the Obligor to the extent such distribution is not provided for in the most recent financial statements,

and so that no amount shall be included or excluded more than once.

- **Taxes** means any present or future taxes, zakat, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Saudi Arabia or any political subdivision thereof or any authority therein or thereof having power to tax;
- **Tax Redemption Date** has the meaning given in Condition (13) (d) "Redemption; Dissolution of Sukuk - Early Dissolution for Tax Reasons";
- **Total Net Debt** means, at any time, the aggregate amount of all Financial Indebtedness of the Obligor for or in respect of Financial Indebtedness at that time but:

- a. excluding any such obligations to any other member of the Group;
- b. including, in the case of Finance Leases only, their capitalised value; and
- c. deducting the aggregate amount of Cash held by the Obligor at that time,

and so that no amount shall be included or excluded more than once.

- **Transaction Account** has the meaning given to it in Condition (6) (a) "**Sukuk Assets**";
- **Transfer Record Date** means the day falling seven Business Days prior to a due date for payment of any Periodic Distribution Amount, Partial Periodic Distribution Amount or any other principal or distribution in respect of the Sukuk, unless the rules or regulations of the Registrar prescribe a different period for such purposes, in which case the time stipulated in such rules or regulations shall apply), or, in each case, if such a day is not a Business Day, on the next following Business Day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day.

15-1-2

Without prejudice to its status for any other purpose, a Sukuk shall be considered to be current unless it has been redeemed pursuant to Condition (13) "**Redemption; Dissolution of Sukuk**" or purchased under Condition (11) "**Purchase and Cancellation of Sukuk**" and in either case has been cancelled in accordance with Condition (11) (b) "**Cancellation**"; provided however, that, for the purposes of: (1) ascertaining the right to attend and vote at any meeting of Sukukholders; (2) Condition (16) (a) "**Meetings of Sukukholders**" and Schedule (3) of the Declaration of Agency (Provisions for Meetings of Sukukholders); (3) determining the Required Sukukholders for the purposes of Condition (14) "**Events of Default**"; (4) Condition (15) "**Enforcement and Exercise of Rights**"; Clause (10-4) "**Enforcement and exercise of rights**" of the Declaration of Agency; (5) any discretion, power or authority (whether contained in these Conditions or any Sukuk Documents or vested by operation of law) which the Sukukholders' Agent's Delegate is required, expressly or impliedly, to exercise in, or by reference to, the interests of the Sukukholders or any of them; and (6) any determination by the Sukukholders' Agent's Delegate that any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Sukukholders or any of them, those Sukuk (if any) which are for the time being held by or for the benefit of the Issuer or any member of the Group shall (unless and until ceasing to be so held) be deemed not to be current.

15-1-3

All references in these Conditions to an agreement, instrument or other document (including the Mudaraba Agreement, the Master Murabaha Agreement, the Declaration of Agency, the Payment Administration Agreement, the Investor Application Form and the Sukuk (including the Global Sak)) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated.

15-2 Condition 2: Form and Denomination

Sukuk are issued in dematerialised registered form in the Specified Denominations. The Sukuk issued in respect of each Series will be represented by a Global Sak issued in respect of that Series which will be deposited with Edaa, Individual Sukuk representing holdings of the Global Sak will not be issued but Sukukholders will on request be entitled to receive a statement from the Registrar recording their holding of Sukuk. The Global Sak will represent all of the Sukuk of that Series that are current and the ownership by the Sukukholders of an undivided ownership interest in the Sukuk Assets.

15-3 Condition 3: Register, Title and Transfers

a. Register

The Registrar will maintain the Register in respect of the Sukukholders which shall record, amongst other things, the Series number of the Sukuk, the name and address of the initial holders of the Sukuk, all subsequent transfers and changes in ownership in respect of the initial holders and the names and addresses of any subsequent holders. Only Qualified Persons may be registered as Sukukholders.

b. Title

Title to the Sukuk passes only by registration in the Register and each Sukukholder who is a Qualified Person shall (except as otherwise required by law) be treated as the absolute owner of such Sukuk for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein).

c. Transfers

Subject to paragraphs (e) and (f) below, the Sukuk may be transferred in accordance with the regulations and procedures established by the Registrar by delivering to the Registrar such information as such regulations and procedures shall require. The ownership of Sukuk may not be transferred unless:

1. the Nominal Value of Sukuk to be transferred together with the Nominal Value of any Sukuk already held by the party acquiring the Sukuk shall be at least SAR1,000;
2. where not all the Sukuk held by a Sukukholder are being transferred, the Nominal Value of the Sukuk which will be owned by the transferor after such transfer is at least SAR1,000; and
3. the transferee is a Qualified Person.

The Sukuk will not be tradable if the Mudaraba Assets at any time comprise less than 25% of the Sukuk Assets.

d. Transfer Charges

The transfer of Sukuk will be subject to a charge by the Registrar in accordance with its schedule of charges in force for its services and all such charges shall be borne solely by the transferring Sukukholder and the transferee in accordance with the Registrar's practice. For the avoidance of doubt the Sukukholders' Agent's Delegate shall not be liable to pay any charges imposed by the Registrar.

e. Transfer Record Dates and Closed Periods

No Sukukholders may require the transfer of any Sukuk to be effected during the period starting at the opening of business no less than seven Business Days prior to a due date for payment of any Periodic Distribution Amount or any other principal or distribution in respect of the Sukuk, unless the rules or regulations of the Registrar prescribe a different period for such purposes, in which case the time stipulated in such rules or regulations shall apply), or, in each case, if such a day is not a Business Day, on the next following Business Day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day (a "Transfer Record Date") and ending on (and including) the applicable due date itself (each such period being a "Closed Period"). However, notwithstanding such registration, all payments shall continue to be paid to such Persons as are registered as Sukukholders of the Sukuk at the opening of business on the relevant Transfer Record Date. The Registrar may after the Closing Date modify these Conditions insofar as they relate to the registration of transfers effected during Closed Periods by notice to the Issuer and the Sukukholders.

f. Regulations Concerning Transfers and Registration

All transfers of Sukuk and entries on the Register are subject to the regulations and procedures of the Registrar and the provisions of the Payment Administration Agreement. The regulations may be changed by the Registrar at any time when necessary.

15-4 Condition 4: Status

a. Status of Sukuk

The Sukuk constitute undivided ownership interests in the Sukuk Assets and represent an undivided interest in the Payment Obligations and will at all times rank pari passu among themselves. Pursuant to the Sukuk Documents, the payment obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Issuer, save for obligations as may be preferred by provisions of law that are both mandatory and of general application.

15-5 Condition 5 : Limited Recourse and No Petition

A. Limited Recourse:

Notwithstanding any provision in any Declaration of Agency to the contrary, the rights of recourse of any of the parties against the Issuer under any relevant Declaration of Agency or any other Sukuk Document shall be limited to the remaining amounts from time to time available in accordance with clause (6-8) "**Application of Proceeds from Sukuk Assets**" and clause (11) "**Application of Monies**" of the Master Declaration of Agency and Condition (6) (d) "**Application of proceeds - Transaction Account**" and comprising the assets of the Issuer (other than the ordinary share capital of the Issuer) having satisfied or provided for all other prior ranking liabilities of the Issuer. Accordingly, the parties to any Declaration of Agency shall have no claim or recourse against the Issuer in respect of any amount which is or remains unsatisfied after the application of the funds comprising such assets of the Issuer and/or representing the proceeds of realisation thereof and any remaining obligation to pay any further unsatisfied amounts shall be extinguished.

B. No Petition:

Notwithstanding the provisions of clause (10-4) "**Enforcement and exercise of rights**" and Condition (15) "**Enforcement and exercise of rights**", the parties to each relevant Declaration of Agency and to any of the other Sukuk Documents have further agreed with the Issuer not to take any action or commence any proceedings against the Issuer to recover any amounts due and payable by the Issuer under the Sukuk Documents except as permitted by the provisions hereof and in the Sukuk Documents. The parties to each relevant Declaration of Agency and the other Sukuk Documents have agreed with the Issuer not to take any action or commence any proceedings or petition a court for the liquidation of the Issuer, nor enter into any arrangement, reorganisation or insolvency proceedings in relation to the Issuer whether under the laws of the Kingdom of Saudi Arabia or other applicable bankruptcy laws until one year and one day after the payment of all liabilities of the Issuer.

15-6 Condition 6: Sukuk

a. Sukuk Assets

On the Closing Date, the proceeds of the subscription of the Sukuk shall be deposited in an account held in the name of the Issuer and administered by the Payment Administrator (for and on behalf of the Issuer) (the Transaction Account).

On or around the Closing Date, the Payment Administrator shall:

1. provide at least fifty-one per cent. (51%) of the amounts standing to the credit of the Transaction Account to the Mudareb to apply as the capital (the Mudaraba Capital) of the mudaraba (the Mudaraba) constituted by the Mudaraba Agreement and the Mudareb shall invest the Mudaraba Capital pursuant to the Mudaraba Agreement in the manner described in Condition (6) (b) "**Mudaraba Assets**"; and
2. apply no more than forty-nine per cent. (49%) of the amounts standing to the credit of the Transaction Account in a murabaha arrangement to be entered into by the Seller with the Purchaser pursuant to the Master Murabaha Agreement and Condition (6) (c) "**Murabaha Transaction**" (the rights of the Seller pursuant to the terms of the Master Murabaha Agreement comprising the Murabaha Assets from time to time).

The Mudaraba Assets, the Murabaha Assets, and the Payment Obligations, together with any amounts standing to the credit of the Transaction Account from time to time shall constitute the Sukuk assets (the Sukuk Assets).

None of the Issuer (so long as it performs its obligations under the Sukuk Documents), the Sukukholders' Agent's Delegate nor any of the Dealers is responsible for the performance or the profitability of the Sukuk Assets or for the share and amount of the distributions (if any) made to the Sukukholders.

b. Mudaraba Assets

On the Closing Date, the Mudareb shall invest the Mudaraba Capital as follows:

1. an amount of the Mudaraba Capital equal to the Available Amount will be invested in the Mudaraba as immediately available funds in cash or cash equivalent which are available to the Mudareb in accordance with the terms of the Mudaraba Agreement; and
2. the remainder of the Mudaraba Capital will be invested by the Mudareb in the Business Portfolio.

Under the Mudaraba Agreement, the Mudareb shall be entitled, in its sole and absolute discretion, to: (A) use all or any part of the Mudaraba Assets as it sees fit, subject to the terms of the Mudaraba Agreement (and in particular, in relation to the Available Amount, subject to Clause (4-1) (e) of the Mudaraba Agreement); and (B) commingle its own assets and funds with the Mudaraba Assets.

The Mudareb is required under Clause (4-1) (e) of the Mudaraba Agreement to ensure at all times that an amount equal to the applicable Available Amount for the relevant period is maintained as immediately available funds in cash or cash equivalent for the Mudaraba and that such amount is not utilised by the Mudareb unless expressly and specifically instructed otherwise in writing by the Agent or Sukukholders' Agent's Delegate (on behalf of the Sukukholders).

The Mudareb (for the benefit of the Issuer and the Sukukholders) and Issuer shall each have an undivided ownership share of the Business Portfolio and all assets acquired from or through the Business Portfolio on the basis of the sharing of profit and the bearing of losses pro rata to their respective shares.

The proportional profit shares of the Sukukholders and the Mudareb in any Mudaraba Income shall be calculated using the following ratios:

- Sukukholders: ninety-nine per cent. (99%) of any Mudaraba Income (the Mudaraba Profit); and
- Mudareb: one per cent. (1%) of any Mudaraba Income (the Mudareb Profit).
- The Mudaraba Profit (and only Mudaraba Profit) shall be credited to a book-entry notional account to be maintained by the Mudareb in its books for and on behalf of the Issuer (the Collection Account).

For the purposes of calculating the amounts standing to the credit of the Collection Account, two (2) Business Days prior to each Periodic Distribution Date, the Mudareb shall calculate the Mudaraba Income received during the current Periodic Distribution Period on the basis of:

1. a constructive liquidation of the Business Portfolio one (1) Business Day prior to the relevant Periodic Distribution Date; and
2. the Mudareb's management accounts for the relevant period.

On or prior to 11:00 a.m. (Riyadh time) one (1) Business Day prior to each Periodic Distribution Date or any Partial Periodic Distribution Date, the Mudareb shall transfer the amounts standing to the credit of the Collection Account to the Transaction Account in the amount necessary to fund each amount due to be paid from the Transaction Account under Condition (6)(d) "**Application of proceeds -Transaction Account**".

Any surplus Mudaraba Profit remaining in the Collection Account after the application of the amounts referred to above in this Condition (6) (b) (Mudaraba Assets) shall be reinvested by the Mudareb for the benefit of the Issuer and the Sukukholders in the Business Portfolio, subject at all times to compliance with Condition (8) "**Covenants and Undertakings of the Obligor**" and Clause (4-1)(e) of the Mudaraba Agreement.

(c) Murabaha Agreement: On each Issue Date, the Purchaser and Seller shall enter into a Murabaha Transaction (Murabaha Transaction) in accordance with the terms set forth in the terms of the Master Declaration of Agency Agreement and the Master Murabaha Agreement.

Unless otherwise stated in the Applicable Final Terms, the Murabaha Transaction corresponding to a particular Series of Sukuk shall include, without limitation, the following terms:

- a. the Cost Price for such Murabaha Transaction shall be an amount equal to no more than 49 per cent. of the Aggregate Nominal Amount of the relevant Series of Sukuk;
- b. the Murabaha Profit shall be an amount which equals the difference between the Deferred Price and the Cost Price;
- c. the Deferred Price shall be an amount which equals 99 per cent. of the Aggregate Nominal Amount of the relevant Series of Sukuk;
- d. the Deferred Price shall be paid in one or more instalments on (subject to sub-paragraph (E) below) the Deferred Price Payment Date(s); and
- e. on any Dissolution Date, any outstanding Deferred Price shall become immediately due and payable on such date and such amount shall constitute Murabaha Income.
- f. All payments of the Deferred Price by the Purchaser shall constitute Murabaha Income and shall be paid into the Transaction Account for application in accordance with Condition 6(d) (Application of proceeds -Transaction Account).

d. Application of proceeds - Transaction Account

At or prior to 11:00 a.m. (Riyadh time) one (1) Business Day prior to each Periodic Distribution Date, any Partial Periodic Distribution Date or on any Dissolution Date, the Issuer (or the Sukukholders' Agent's Delegate on its behalf) shall instruct the Payment Administrator to pay all monies standing to the credit of the Transaction Account in the following order of priority:

1. first, to the extent not previously paid, pari passu and rateably, to each Service Provider to which the Issuer is liable to make a payment, in each case in respect of the amounts owing to each of them under the Sukuk Documents or otherwise in their respective capacities;
2. second, to each Sukukholder in order to pay:
 - a. the aggregate amount of any shortfall between the amounts paid to Sukukholders on any previous Periodic Distribution Date(s)

- and the corresponding Periodic Distribution Amount(s) for such date (s) (each, a Shortfall) to the extent these remain unpaid; and
- b. the Periodic Distribution Amount due for the relevant current Periodic Distribution Period or the Partial Periodic Distribution Amount due for the relevant Partial Periodic Distribution Period and the Instalment Amount due on the relevant Periodic Distribution Date, as applicable;
3. third, only if such payment is made on a Dissolution Date, pari passu and rateably, to the Sukukholders the amount due to pay the Dissolution Distribution Amount; and
4. fourth, only if such payment is made on a Dissolution Date, to the Obligor for its own account as on incentive fee.

Any amounts standing to the credit of the Transaction Account during any Periodic Distribution Period which exceed the corresponding Periodic Distribution Amount, the Instalment Amount (if any), the Shortfall (if any) and any other amounts required to be paid above on the next succeeding Periodic Distribution Date, shall be reinvested by the Mudareb for the benefit of the Issuer and the Sukukholders in the Business Portfolio, subject at all times to compliance with Condition (8) "**Covenants and Undertakings of the Obligor**" and Clause (4-1) (e) of the Mudaraba Agreement.

15-7 Condition 7: Covenants of the Issuer - Negative Pledge

Sukuk AlKathiri (in its capacities as Issuer and Agent, as the case may be) irrevocably undertakes that it shall not:

- incur any indebtedness in respect of borrowed money or any other financing whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at the Closing Date or as permitted pursuant to any Sukuk Documents;
- secure any of its present or future indebtedness for borrowed money or any other financing by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law) except pursuant to any Sukuk Documents; or
- sell, transfer, assign, participate, exchange, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its title to any of the Sukuk Assets or any interest therein except pursuant to any Sukuk Documents and in accordance with the principles of Sharia.

15-8 Condition 8: Covenants and Undertakings of the Obligor

15-8-1 The Obligor covenants and undertakes that so long as any Sukuk remains current:

- an amount equal to the Available Amount for the relevant period remains invested in the Mudaraba as immediately available funds in cash or cash equivalent which are available to the Mudareb in accordance with the terms of the Mudaraba Agreement;
- to extent that the Mudaraba Assets do not exceed the value of the Mudaraba Capital, no Mudaraba Assets other than Mudaraba Profit are used to fund the amounts due to be paid from the Transaction Account under Condition (6) (d) "**Application of proceeds - Transaction Account**";
- it will not, and will not permit any of its Material Subsidiaries (if any) to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise with respect to or otherwise become responsible for, contingently or otherwise, the payment of (collectively, incur as appropriate, an incurrence) any Financial Indebtedness (other than Permitted Financial Indebtedness), provided however, that the Obligor or any of its Material Subsidiaries (if any) may incur Financial Indebtedness if:
 - no Event of Default has occurred or is continuing (or would occur as a result of the incurrence of such Financial Indebtedness); and
 - such Financial Indebtedness ranks junior to or equal in right of payment with the Payment Obligations in the case of any distribution of assets of the Obligor in any liquidation of the Obligor;

- d. it will not, and will not permit any of its Material Subsidiaries (if any), to create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Sukuk equally and rateably with the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other Security Interest as shall be approved by an Extraordinary Resolution of the Sukukholders.
- e. it shall not use the proceeds of the issue of the Sukuk for any purpose other than as set out in the Base Prospectus and the Sukuk Documents;
- f. other than as required by the Companies Regulations, it shall not put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it;
- g. it shall maintain, or procure the maintenance of, the following financial covenants:
1. Total Net Debt to Tangible Net Worth Ratio: the Obligor shall ensure that in each Relevant Period its Total Net Debt does not exceed 1.50 times its Tangible Net Worth at any time;
 2. Financial Indebtedness to EBITDA Ratio: the Obligor shall ensure that in each Relevant Period its Financial Indebtedness does not exceed 4 times its EBITDA at any time;
 3. EBITDA to Consolidated Net Finance Charges Ratio: the Obligor shall ensure that in each Relevant Period its EBITDA at all times exceeds 1.75 times its Consolidated Net Finance Charges; and
- h. it shall supply to the Agent and the Sukukholders' Agent's Delegate:
1. as soon as the same become available, but in any event within one hundred and eighty (180) days after the end of each of its financial years its Financial Statements for that financial year; and
 2. its Financial Statements for each financial quarter (including balance sheet, income statement and full details of receivables with aging analysis) as soon as the same become available, but in any event within ninety (90) days after the end of each quarter of each of its financial years signed by its chief financial officer of the Obligor;
- i. Each set of Financial Statements delivered to the Agent and the Sukukholders' Agent's Delegate pursuant to this Condition (8) (h) shall be certified by a director or authorised officer of the Obligor as: (1) fairly representing its financial condition as at the date on which those financial statements were drawn up; and (2) having been prepared in accordance with IFRS. Each set of Financial Statements shall be available for inspection by any Sukukholder during normal business hours at the Specified Offices of each of the Issuer (as Issuer and the Agent) and the Sukukholders' Agent's Delegate;
- it shall supply to the Agent and the Sukukholders' Agent's Delegate, with each set of Financial Statements delivered pursuant to Condition (8-1) (h), an unaudited compliance certificate (and, only to the extent requested by the Agent and the Sukukholders' Agent's Delegate, an audited compliance certificate) (any such compliance certificate, a Compliance Certificate) setting out (in reasonable detail) computations as to compliance with Condition (8-1) (1) as at the date at which the relevant financial statements delivered were drawn up. The financial covenants set out in Condition (8-1) (g) shall be tested by reference to the Financial Statements which the relevant Compliance Certificate delivered pursuant to this Condition (6-1) (1) accompanies;
- Each Compliance Certificate shall be available for inspection by any Sukukholder during normal business hours at the offices of the Issuer (as Issuer and Agent) and the Sukukholders' Agent's Delegate;
- j. it shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, other than any sale, lease, transfer or other disposal:
1. made in the Obligor's ordinary course of business;
 2. of assets in exchange for other assets comparable or superior as to type, value and quality;
 3. where the consideration receivable by the Obligor for such sale, lease, transfer or other disposal is cash in an amount which is at least equal to the market value (as determined by the Agent or the Sukukholders' Agent's Delegate acting reasonably) of the relevant asset and such sale, lease, transfer or other disposal is entered into at arm's length with a person or an entity which is not a Connected Party;
 4. where the consideration receivable by the Obligor for such sale, lease, transfer or other disposal at the time of the transaction is in an amount which is less than the market value (as determined by the Agent or the Sukukholders' Agent's Delegate acting reasonably) of the relevant asset, but the Obligor has the right to recover:
 - a. where the counterparty is a Subsidiary of the Obligor, the difference between the consideration receivable at the time of the transaction and the market value of the relevant asset at the time the relevant asset is subsequently disposed of by the

- counterparty or another Subsidiary (in case of a subsequent disposal by the counterparty to another Subsidiary of the Obligor) to a person or entity which is not a Subsidiary of the Obligor, at some time in the future not later than the date on which the relevant asset is disposed of to that person which is not a Subsidiary of the Obligor; or
- b. where the counterparty is not a Subsidiary of the Obligor, the difference between the consideration receivable at the time of the transaction and the market value of the relevant asset at the time of the transaction, at some time in the future not later than the date on which the relevant asset is subsequently disposed of by the counterparty; or
5. where the higher of the market value (as determined by the Agent or the Sukukholders' Agent's Delegate acting reasonably) or consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal by the Obligor, other than any permitted under paragraphs (1), (2) and (3) above) does not exceed an amount equal to ten per cent. (10%) of the Consolidated Net Assets of the Obligor (or its equivalent in another currency or currencies) in any financial year;
- k. it shall make no substantial change to the general nature of its business from that carried on at the Closing Date; and
- l. except as provided in Condition (16) "**Meetings of Sukukholders; Modification**", amend or agree to any amendment to any Sukuk Documents to which it is a party (other than in accordance with the terms thereof).

15-9 Condition 9: Fixed Periodic Distribution Provisions

a. Application

This Condition (9) "**Fixed Periodic Distribution Provisions**" is applicable to the Sukuk only if the Fixed Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable.

b. Periodic Distribution Amount

Subject to Condition (6) (d) "**Application of proceeds - Transaction Account**" and Condition (12) "**Payments**", the Issuer shall instruct the Payment Administrator to distribute to the Sukukholders pro rata a distribution in relation to the Sukuk on each Periodic Distribution Date equal to the applicable Periodic Distribution Amount. If any Periodic Distribution Date is not a Business Day, the Periodic Distribution Date will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In this Condition 9:

Periodic Distribution Amount means, for each Periodic Distribution Period, and subject to Clause 4.5 of the Mudaraba Agreement, an expected amount calculated as follows:

$$\frac{D \times (Px S)}{360}$$

Where

P = the Aggregate Nominal Amount of the Series as are current on the Transfer Record Date immediately preceding the last day of such Periodic Distribution Period;

D = the actual number of days in such Periodic Distribution Period;

S = the Expected Profit Rate; and

c. Calculation of Distribution in Respect to Partial Periodic Distribution Amounts

When a distribution is required to be calculated in respect of a period less than a full Periodic Distribution Period, it shall be calculated on the basis of the actual number of days elapsed in such period and an actual/360 basis.

d. Notifications

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Payment Administrator shall (in the absence of gross negligence, wilful misconduct, fraud or manifest error) be binding on the Issuer (as Issuer and Agent, the Sukukholders' Agent's Delegate, the Payment Administrator and the Sukukholders and (subject as aforesaid) no liability to any such Person will attach to the Payment Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

e. Rounding

Amounts shall be rounded to the nearest sub-unit of the Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

15-10 Condition 10: Floating Periodic Distribution Provisions**a. Application**

This Condition 10 is applicable to the Sukuk only if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable.

b. Periodic Distribution Amount

Subject to Condition (6) (d) "**Application of proceeds - Transaction Account**" and Condition (12) "**Payments**", the Issuer shall instruct the Payment Administrator to distribute to the Sukukholders pro rata a distribution in relation to the Sukuk on each Periodic Distribution Date equal to the applicable Periodic Distribution Amount. If any Periodic Distribution Date is not a Business Day, the Periodic Distribution Date will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In Condition 10:

Periodic Distribution Amount means, for each Periodic Distribution Period, and subject to Clause 4.5 of the Mudaraba Agreement, and expected amount calculated as follows:

$$\frac{D \times (P \times (S + M))}{360}$$

Where

P = the Aggregate Nominal Amount of the Series as are current on the Transfer Record Date immediately preceding the last day of such Periodic Distribution Period;

D = the actual number of days in such Periodic Distribution Period;

S = the Reference Rate for such Periodic Distribution Period;

M = the Margin; and

c. Reference Rate

The reference rate (the Reference Rate) for each Periodic Distribution Period shall be determined by or on behalf of the Payment Administrator on the following basis:

a. (1) the Payment Administrator will determine the rate for deposits in the Saudi Riyals for a period equal to the relevant Periodic Distribution Period which appears on the Relevant Screen Page (or such other page as may replace that page on that service, or such other service as may be nominated by the Payment Administrator as the information vendor for the purpose of displaying comparable rates) as of the Relevant Time on the Periodic Distribution Determination Date; or (2) if such rate does not appear on that page, the Payment Administrator will:

a. request the principal office in the Kingdom of Saudi Arabia of each of the Reference Banks in the Saudi interbank market appointed by the Payment Administrator, to provide a quotation of the rate at which deposits in Saudi Riyals are offered by it in the Saudi interbank market as of the Relevant Time on the Periodic Distribution Determination Date to prime banks in the Saudi interbank market for a period equal to the relevant Periodic Distribution Period and in an amount that is representative for a single transaction in that market at that time; and

b. determine the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of such quotations where two or more quotations are available,

c. and the Reference Rate shall be the rate or (as the case may be) the arithmetic mean so determined, provided however, that if the Payment Administrator is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Periodic Distribution Period, the Reference Rate applicable to the Sukuk during such Periodic

Distribution Period will be the Reference Rate or (as the case may be) arithmetic mean last so determined in relation to the Sukuk in respect of the most recent preceding Periodic Distribution Period.

d. Publication

The Payment Administrator shall cause the Reference Rate and the Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, to be notified to the Issuer (as Issuer and Agent) and the Sukukholders' Agent's Delegate as soon as practicable after such determination but in any event not later than 8.00 a.m. Riyadh time one (1) Business Day prior to the first day of the relevant Periodic Distribution Period. Notice thereof shall also promptly be provided to the Registrar and published on Tadawul. The Payment Administrator shall be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Periodic Distribution Period.

e. Calculation of distribution in respect of Partial Periodic Distribution Amounts

When a distribution is required to be calculated in respect of a period less than a full Periodic Distribution Period, it shall be calculated on the basis of the actual number of days elapsed in such period and an actual/360 basis.

f. Notifications

All notifications, opinions, determinations, Sukuk, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Payment Administrator shall (in the absence of gross negligence, wilful misconduct, fraud or manifest error) be binding on the Issuer (as Issuer and Agent), the Sukukholders' Agent's Delegate, the Payment Administrator and the Sukukholders and (subject as aforesaid) no liability to any such Person will attach to the Payment Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

g. Rounding

Amounts shall be rounded to the nearest sub-unit of the Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

15-11 Condition 11: Purchase and Cancellation of Sukuk

a. Purchase

The Issuer or any member of the Group may at any time purchase Sukuk in the open market or otherwise and at any price agreed between the Sukukholder and the Issuer and/or member of the Group.

b. Cancellation

If any Sukuk are so purchased by the Issuer or a member of the Group, such Sukuk shall be cancelled and may not be reissued or resold.

15-12 Condition 12: Payments

a. General

Payments under the Sukuk shall be made by or on behalf of the Issuer by wire transfer to a Saudi Riyal account maintained by the relevant payee with a bank in the Kingdom of Saudi Arabia as notified in writing to the Registrar, the Payment Administrator, the Issuer (as Issuer and Agent) and the Sukukholders' Agent's Delegate not later than the Transfer Record Date before the date of the relevant payment.

b. Payments subject to applicable laws

All payments in respect of the Sukuk are subject in all cases to: (1) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition (17) "Taxation"; and (2) any withholding or deduction required by FATCA.

c. Payments on Business Days

Payment instructions shall be initiated for value on the due date, or, if any due date is not a Business Day, postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day. A Sukukholder shall not be entitled to any distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day.

d. Transfer Record Date

Each payment in respect of the Sukuk shall be made to the Person shown as the Sukukholder in the Register at the opening of business in the place of the Registrar's specified office on the Transfer Record Date, subject to (for the avoidance of doubt) such Person being a Qualified Person.

15-13 Condition 13: Redemption; Dissolution of Sukuk**a. Scheduled Dissolution**

Unless previously redeemed, or purchased and cancelled in full, the Sukuk shall be redeemed on the Expiry Date and each Sukukholder shall receive its proportional share of the Dissolution Distribution Amount due to the Sukukholders from the proceeds of the Sukuk Assets.

b. Scheduled Redemption in Part

Unless previously redeemed, or purchased and cancelled in full, and if this Condition (13) (b) "**Scheduled Redemption in part**" is expressed to be applicable in the Applicable Final Terms, the Issuer will redeem the Sukuk in instalments on each Periodic Distribution Date in an aggregate amount equal to the amount (each an Instalment Amount) set out opposite the relevant Periodic Distribution Date in the Applicable Final Terms. If any partial redemption of the Sukuk is made at any time otherwise than in accordance with this Condition (13) (b) "**Scheduled Redemption in part**", then each Instalment Amount which falls to be paid after the date of such partial redemption shall be reduced by a proportion of such Instalment Amount which is the same proportion as the amount by which the Aggregate Nominal Amount of the Sukuk which was current was reduced as a result of such partial redemption bore to the Aggregate Nominal Amount of the Sukuk which was current of such Sukuk immediately prior to such partial redemption being made but after deducting any Instalment Amount to be paid on that date.

c. Dissolution at the Option of the Issuer

If the Optional Dissolution (Call) option is specified in the Applicable Final Terms as being applicable, and subject to the value of the Sukuk Assets not being below the Aggregate Nominal Amount, the Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part, on an optional dissolution date (the Optional Dissolution Date) which may be:

1. at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or
2. on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition (19) "**Notices**" (which notice shall be irrevocable), at the Dissolution Distribution Amount.

d. Early Dissolution for Tax Reasons

The Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part on a tax redemption date (the Tax Redemption Date) which may be:

1. at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or
2. on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition (19) "**Notices**" (which notice shall be irrevocable), at the Dissolution Distribution Amount (Tax), together with Periodic Distribution Amounts accrued and due (if any) to the Dissolution Date if a Tax Event occurs, where Tax Event means:

1. the Issuer or the Obligor has or will become obliged to pay additional amounts as provided or referred to in Condition (17) "**Taxation**" as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Saudi Arabia or any political

subdivision or authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date (as specified in the Applicable Final Terms); and

2. such obligation cannot be avoided by the Issuer and/or the Obligor (as the case may be) taking reasonable measures available to it,

then, provided, however, that no such notice of dissolution shall be given earlier than:

- a. where the Sukuk may be dissolved at any time, 90 days prior to the earliest date on which the Issuer and/or the Obligor (as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Sukuk were then due; or
- b. where the Sukuk may be dissolved only on a Periodic Distribution Date, 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Issuer and/or the Obligor (as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Sukuk were then due.

Prior to the publication of any notice of dissolution pursuant to this paragraph, the Issuer shall obtain and make available to the Sukukholders for inspection at its principal office during business hours: (a) a certificate signed by two directors of the Issuer, or the Obligor (as the case may be) which shall be binding on the Sukukholders, stating that the Issuer is entitled to effect such dissolution and setting forth a statement of facts showing that the conditions precedent in (1) or (2) and (A) and (B) above to the right of the Issuer to so redeem have occurred; and (b) an opinion of independent tax adviser of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon such redemption, the Issuer shall be bound to redeem the Sukuk in accordance with this Condition (13)(d).

e. Dissolution Following an Event of Default

Upon the occurrence of an Event of Default (as defined in Condition (14) "Events of Default"), which is continuing, the Sukuk may be redeemed at the Dissolution Distribution Amount pursuant to Condition (14) "Events of Default".

f. No Other Dissolution

The Issuer shall not be entitled to redeem the Sukuk otherwise than as provided in this Condition (13) and Condition (11) "Purchase and Cancellation of Sukuk".

g. Liquidation of the Mudaraba and distribution of remaining Sukuk Assets

The Mudareb shall liquidate the Mudaraba Assets on the Business Day prior to the Dissolution Date. The proceeds of such liquidation (being the then current value of the Sukukholders' share of the Mudaraba Assets including the Available Amount) shall be used to pay any shortfall in the amounts due to the Sukukholders on the Dissolution Date under the Sukuk (after taking into account any other amounts due to the Sukukholders under the Sukuk Documents) by payment of such amounts into the Transaction Account. Any surplus liquidation proceeds, after payment of the amounts (if any) described in this Condition (13) (g), may be granted by the Sukukholders to the Mudareb as an incentive fee for its own account.

h. Cancellations

All Sukuk which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.

15-14 Condition 14: Events of Default

The occurrence and continuation of any of the following events and circumstances shall constitute an Event of Default:

- a. Non-payment:** The Issuer (acting in any capacity) or the Obligor fails to pay an amount in the nature of profit payable by it pursuant to the Sukuk or any Sukuk Documents to which it is a party on the due date therefor and, in the case where such failure is caused by an administrative or technical error only, such failure is remedied within a period of three (3) days or the Issuer or the Obligor (acting in any capacity) fails to pay an amount in the nature of principal payable by it pursuant to the Sukuk or any Sukuk Documents to which it is a party.
- b. Breach of other obligations:** The Issuer (in any of its capacities) and/or the Obligor (as the case may be) does not comply with any provision of the Sukuk (other than those referred to in Condition (14) (a) "Non-payment" and Condition (14)(c) "Financial

covenants" or the Sukuk Documents, provided however, that if the failure to so comply is, in the opinion of the Sukukholders' Agent's Delegate, capable of remedy and is remedied within thirty (30) Business Days of the Sukukholders' Agent's Delegate giving written notice of such non-compliance, addressed to the Issuer or the Obligor (as the case may be), then no Event of Default shall occur on account of such non-compliance.

c. Financial covenants: As of 31 December, of any year in which Sukuk remain current, any requirement of Condition (8-1) (g) is not satisfied.

d. Failure to take action: Any action, condition or thing at any time required to be taken, fulfilled or done in order: (1) to enable the Issuer and/or the Obligor to lawfully enter into, exercise its rights and perform and comply with its obligations under and in respect of the Sukuk or the Sukuk Documents; and (2) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done.

e. Unlawfulness: It is or becomes unlawful for the Issuer and/or the Obligor to perform or comply with any or all of its obligations under or in respect of the Sukuk or the Sukuk Documents or any of the obligations of the Issuer (acting in any capacity) and/or the Obligor under or in respect of the Sukuk Documents are not, or cease to be, legal, valid, binding and enforceable.

f. Repudiation: The Issuer and/or the Obligor repudiates the Sukuk or any Sukuk Documents.

g. Insolvency and Insolvency Proceedings:

1. the Issuer, the Obligor or a Material Subsidiary (if any) is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts by reason of actual or anticipated financial difficulties or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or
2. an administrator or liquidator is appointed (other than in respect of any restructuring on a solvent basis) over the whole or substantially all of the undertaking, assets and revenues of the Issuer, the Obligor or a Material Subsidiary (if any) and such appointment is not discharged within thirty (30) days; or
3. the Issuer, the Obligor or a Material Subsidiary (if any) makes a general assignment or an arrangement or composition with, or for the benefit of, its creditors in respect of any Financial Indebtedness (including any arrangement under the Bankruptcy Law issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 14 February 2018G) and its implementing regulations issued pursuant to the Council of Ministers Resolution No. 622 dated 24/12/1439H (corresponding to 4 September 2019G) and published in the official gazette on 30/12/1439H (corresponding to 10 September 2018G) as amended, supplemented or restated from time to time) or declares a moratorium in respect of any of its Financial Indebtedness; or
4. the Issuer, the Obligor or a Material Subsidiary (if any) cease to carry on the whole or substantially all of its business (otherwise than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent on terms approved by an Extraordinary Resolution); or
5. an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Obligor or a Material Subsidiary (if any) (otherwise than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring on terms approved by an Extraordinary Resolution); or
6. any event occurs under the laws, regulations or rules of the Kingdom of Saudi Arabia that has an analogous effect to any of the events referred to in Condition (14) (g)(1) to (14) (g)(5).

h. Cross-default

1. any Financial Indebtedness of the Issuer, the Obligor or any Material Subsidiary (if any) is not paid when due nor within any originally applicable grace period; or
2. any Financial Indebtedness of the Issuer, the Obligor or any Material Subsidiary (if any) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
3. any Security Interest given by the Issuer, the Obligor or any Material Subsidiary (if any) for any Financial Indebtedness becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to the Issuer, the Obligor or any Material Subsidiary (if any) that such Security Interest has become enforceable) unless the full amount of the Financial Indebtedness which is secured by the relevant Security Interest is discharged within thirty (30) days of the later of the first date on which: (a) a step is taken to enforce the relevant Security Interest; and (b) the Issuer, the Obligor or any Material Subsidiary (if any) is notified that a step has been taken to enforce the relevant Security Interest;

provided, however, that no Event of Default will occur pursuant to this Condition (14) (h) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within Conditions (14) (h) (1), (14) (h)(2) and (14) (h)(3) above of the Issuer, the Obligor or a Material Subsidiary is less than SAR5,000,000 (or its equivalent in any other currency or currencies).

- 1. Unsatisfied judgement:** One or more judgment(s) or order(s) for the payment of an amount in excess of SAR1,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate is rendered against the Issuer, the Obligor or any of its Material Subsidiaries (if any) and continue(s) unsatisfied and unstayed for a period of thirty (30) days after the

date(s) thereof or, if later, the date therein specified for payment, unless such judgment(s) or order(s) are being appealed or defended in good faith and in respect of which adequate provision has been made in accordance with applicable accounting standards in the Kingdom of Saudi Arabia.

If an Event of Default occurs and is continuing, the Sukukholders' Agent's Delegate shall as soon as is reasonably practicable after it receives notice thereof give notice of the occurrence of such Event of Default to the Sukukholders requiring them to indicate within a period of up to fifteen (15) days, or such other date as is notified to Sukukholders by the Sukukholders' Agent's Delegate (the Exercise Period) whether they wish to exercise their rights pursuant to this Condition 14 (Events of Default). Any Sukukholder may then deliver a notice within such Exercise Period to the Sukukholders' Agent's Delegate (an Event of Default Notice).

If the Sukukholders' Agent's Delegate receives an Event of Default Notice, the Sukukholders' Agent's Delegate shall promptly give notice to the Issuer and the Payment Administrator that such an Event of Default Notice has been received, specifying the Event of Default referred to therein (but so that such notice shall only be given in relation to the first Event of Default Notice received in respect of any Event of Default). If the Sukukholders' Agent's Delegate receives Event of Default Notices from at least the Required Sukukholders within the Exercise Period, the Sukukholders' Agent's Delegate shall promptly deliver to the Issuer an exercise notice (the Event of Default Exercise Notice) so notifying the Issuer (with a copy to the Sukukholders).

Upon the delivery of the Event of Default Exercise Notice pursuant to this Condition (14) "**Events of Default**" and provided that the Event of Default in respect of such Event of Default Exercise Notice is continuing, the Sukukholders' Agent's Delegate may, at any time, and is irrevocably authorised on behalf of the Sukukholders to: (1) enforce such rights as it may have under the Sukuk Documents following an Event of Default; (2) demand, claim, enforce and prove payment of the Dissolution Distribution Amount applicable to the Sukuk as of the date on which Event of Default Notice(s) from the Sukukholders were first received (the Event of Default Date) by the Sukukholders' Agent's Delegate; and (3) file claims and proofs, give receipts and take all such proceedings and do all such things as the Sukukholders' Agent's Delegate sees fit to recover the Dissolution Distribution Amount from the Issuer.

15-15 Condition 15: Enforcement and Exercise of Rights

- a. The Sukukholders' Agent's Delegate may at any time, at its absolute discretion and without notice, take such proceedings against the Issuer and/or the Obligor as it may think fit to enforce the provisions of the Sukuk and the Sukuk Documents, but it shall not be bound in any circumstances to take any action against the Issuer under any Sukuk Documents unless directed or requested to do so: (1) pursuant to Condition (14) "**Events of Default**"; (2) by an Extraordinary Resolution; or (3) in writing by the Required Sukukholders and in any case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable for which it may incur by so doing.
- b. No Sukukholder shall be entitled to proceed directly against the Issuer and/or the Obligor unless: (1) the Sukukholders' Agent's Delegate, having become bound so to proceed, fails to do so within sixty (60) days of becoming so bound and such failure is continuing; and (2) the relevant Sukukholder (or such Sukukholder together with the other Sukukholders who propose to proceed directly against the Issuer) holds at least 25 per cent. of the aggregate nominal amount of the Series then current on such date. Under no circumstances shall the Sukukholders' Agent's Delegate or any Sukukholders have any right to cause the sale or other disposition of any of the Sukuk Assets except pursuant to the Conditions.

15-16 Condition 16: Meetings of Sukukholders; Modification

a. Meetings of Sukukholders

The Declaration of Agency contains provisions for convening meetings of Sukukholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of a modification of the Sukuk, these Conditions or any relevant provision of the Declaration of Agency or any other Sukuk Documents, subject to also obtaining the Issuer's approval. Such a meeting may be convened by the Issuer or the Agent (or the Sukukholders' Agent's Delegate on its behalf) and shall be convened by the Issuer upon the request in writing of Sukukholders holding not less than one-third of the aggregate nominal amount of the Series as are current on such date. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing at least half of the aggregate nominal amount of the Series as are current on such date or, at any adjourned meeting, will be two or more Persons holding or representing at least one quarter of the aggregate nominal amount of the Series as are current on such date.

An Extraordinary Resolution requires the affirmative vote of at least three quarters of those represented in the relevant meeting in order for it to be passed. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all Sukukholders of the relevant Series, whether present or not and whether voting on such Extraordinary Resolution or not. The Declaration of Agency provides that a written resolution signed by or on behalf of the holders of not less than twenty-five per cent. (25%) of the aggregate nominal amount of the Series as are current on such date shall be as valid and effective as a duly passed Extraordinary Resolution.

b. Modification

The Declaration of Agency provides that the Agent (or the Sukukholders' Agent's Delegate or on its behalf) may agree, without the consent of the Sukukholders, to any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Agency or any other Sukuk Documents, or may determine that an Event of Default, shall not be treated as such which in any such case, in the opinion of the Agent (or the Sukukholders' Agent's Delegate on its behalf), is not materially prejudicial to the interests of the Sukukholders or to any modification of any of these Conditions or any of the provisions of the Declaration of Agency which is (in the opinion of the Agent (or the Sukukholders' Agent's Delegate on its behalf) of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver, authorisation or determination shall be binding on the Sukukholders and, unless the Agent (or the Sukukholders' Agent's Delegate on its behalf) agrees otherwise, any such modification shall be notified to the Sukukholders as soon as practicable thereafter in accordance with Condition (19) "Notices".

In connection with the exercise by it of any of its powers, authorities or discretions (including, but without limitation, any modification, waiver, authorization or determination), the Agent (or the Sukukholders' Agent's Delegate on its behalf) shall have regard to the interests of the Sukukholders as a class but shall not have regard to any interests arising from circumstances particular to individual Sukukholders (whatever their number) and, in particular, but without limitation, need not have regard to the consequences of such exercise for individual Sukukholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Agent (or the Sukukholders' Agent's Delegate on its behalf) shall not be entitled to require, nor shall any Sukukholder be entitled to claim, from the Issuer, the Agent (or the Sukukholders' Agent's Delegate on its behalf) or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Sukukholders.

15-17 Condition 17: Taxation

All payments in respect of the Sukuk shall be made without withholding or deduction for, or on account of, any present or future taxes, zakat, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction (Taxes), unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay additional amounts so that the full amount which otherwise would have been due and payable under the Sukuk is received by the Sukukholders, except that no such additional amount shall be payable to any person who holds Sukuk but is not a Qualified Person.

The Sukukholders shall be responsible for any other tax or zakat assessed on them as a result of their holding the Sukuk.

15-18 Condition 18: Indemnification and Liability of the Sukukholders' Agent's Delegate

The Declaration of Agency contains provisions for the indemnification of the Sukukholders' Agent's Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction, in particular, in connection with the exercise of any of its rights in respect of the Sukuk Assets. The Sukukholders' Agent's Delegate shall in no circumstances take any action unless directed to do so in accordance with Condition 15(Enforcement and Exercise of Rights), and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction. The Sukukholders' Agent's Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Issuer (as Issuer and Agent) under any Sukuk Documents to which the Issuer (as Issuer and Agent) is a party and shall not under any circumstances have any liability or be obliged to account to the Sukukholders in respect of any payment which should have been made by the Issuer (as Issuer and Agent) or on its behalf, but is not so made, and shall not in any circumstances have any liability arising from the Sukuk Assets other than as expressly provided in these Conditions or in the relevant Declaration of Agency. The Sukukholders' Agent's Delegate is excepted from: (a) any liability in respect of any loss or theft of

the Sukuk Assets or any cash; (b) any obligation to insure the Sukuk Assets or any cash; and (c) any claim arising from the fact that the Sukuk Assets or any cash is held by or on behalf of the Sukukholders' Agent's Delegate or on deposit, unless such loss or theft arises as a result of the gross negligence or wilful misconduct of the Sukukholders' Agent's Delegate. Each relevant Declaration of Agency also contains provisions pursuant to which the Sukukholders' Agent's Delegate is entitled, inter alia: (1) to enter into business transactions with the Issuer (as Issuer and Agent) or any member of the Group and to act as delegate for the holders of any other securities issued or guaranteed by, or relating to, the Issuer or any member of the Group; (2) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such agency ship or trusteeship without regard to the interests of, or consequences for, the Sukukholders; and (3) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15-19 Condition 19: Notices

All notices to the Sukukholders will be sent to them by registered mail to their respective addresses on the Register. Any such notice shall be deemed to have been given on the fifth (5) day of mailing. In addition, notices of any meetings of Sukukholders shall be sent at least twenty-five (25) days prior to the date set for the initial meeting and at least thirty (30) days prior to the date set for any adjourned meeting and shall be valid if sent to the Sukukholders by registered mail to their respective addresses in the Register. Any such notice shall be deemed to have been given on the fifth day after the date of mailing. Each notice or communication shall be made in the English and Arabic languages. In case of any conflict between the Arabic and English texts of any notice or other communication made in both languages, the Arabic text shall prevail over the English text.

15-20 Condition 20: Governing Law and Jurisdiction

a. Governing law

The Sukuk Documents and the Sukuk are governed by, and are to be construed in accordance with, the laws and regulations of the Kingdom of Saudi Arabia.

b. Jurisdiction

The Committees shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Sukuk or the Sukuk Documents and, for such purposes, all relevant parties (including, the Issuer and the Sukukholders) irrevocably submit to the jurisdiction of the Committees. No suit, action or proceedings which may arise out of or in connection with the Sukuk or the Sukuk Documents may be filed or brought outside the Kingdom of Saudi Arabia and no court or any judicial authority outside the Kingdom of Saudi Arabia shall have jurisdiction to hear any such claim.

▪ Schedule of Final Terms

FINAL TERMS
(Date (**))
Sukuk Issuance Program
Sukuk Al Kathiri
Sukuk Issue of (Aggregate Nominal Amount of Sukuk Series) (Title of Sukuk) in SAR
Under the Sukuk Issuance Program SAR (500,000,000)

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 28/09/2022G and the supplement to the Base Prospectus dated 20 October which (together) constitute(s) a Base Prospectus ((together) the "**Base Prospectus**"). This document constitutes the Final Terms of the Sukuk described herein and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Sukuk is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the websites of the Sponsor, Al Kathiri Holding Company, (www.alkatiriholding.com), the Financial Advisor (www.alkhaircapital.com.sa) and the Capital Market Authority (www.cma.org.sa).

The Capital Market Authority of Saudi Arabia does not make any representation as to the accuracy or completeness of the Base Prospectus or these Final Terms, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Base Prospectus or these Final Terms. Prospective purchasers of the securities offered hereunder should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of the Base Prospectus or these Final Terms you should consult an authorized financial advisor.

(Include whichever of the following apply or specify as "**Not Applicable**". Note that the numbering should remain as set out below, even if "**Not Applicable**" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Applicable Final Term)

(1) Issuer	Sukuk AlKathiri
(2) Sukukholders' Agent's Delegate	(AlKhair Capital Saudi Arabia)
(3) Series Number	(**)
(a) Tranche Number	(**)
(b) Date on which the Sukuk will be consolidated and from a single Series	(The Sukuk will be consolidated and form a single Series with (identify earlier Tranche(s)) on (insert date/the Issue Date)) (Not applicable)
(4) Specified Currency	Saudi Riyals
(5) Aggregate Nominal Amount	
(a) Series	SAR (**)
(b) Tranche	SAR (**)
(6) Issue Price	(100) per cent. of the Aggregate Nominal Amount of the Series.
(7) Offer Period	(**)
(8) Issue Date	(**)
(9) Expiry/Maturity Date	(**)
(10) Periodic Distribution Amount Basis	(**)

(11) Redemption Basis	(Bullet / Amortising) Subject to any purchase and cancellation or early redemption, the Sukuk will be redeemed at 100 per cent. of the Aggregate Nominal Amount of the Series
(12) Status of the Sukuk	Unsubordinated and unsecured; limited recourse/ does not apply to the description of the second degree in priority with any other debts or debt instruments of the Issuer and / or Sponsor / subject to the clause of the limited right of recourse.
(13) Specified Denomination	SAR (**)
(14) Calculation Amount	(**) (insert the Specified Denomination).
(15) Business Day	means a day on which the Registrar is open for general business in Riyadh and on which, according to the business day schedule published by the Saudi Central Bank (known as "SAMA") from time to time, payments in Saudi Riyals can be made and settled through the Saudi Arabian Riyal Interbank Express "SARIE" system.
PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS	
(16) Fixed Periodic Distribution Provisions:	(Applicable / Not Applicable) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(a) Profit Rate:	(**)
(b) Periodic Distribution Date(s)	(**)
(17) Floating Periodic Distribution Provisions:	(Applicable / Not Applicable) (If not applicable, delete the remaining subparagraphs of this paragraph)
(a) Margin	(**)
(b) Periodic Distribution Date(s)	(**)
(c) Manner in which the Rate is/are to Be Determined:	
(i) Reference Rate	(**)
(ii) Periodic Distribution Determination Date	(Second Business Day before the first day of the relevant Periodic Distribution Period) / (specify other if applicable)
(iii) Relevant Screen Page	Tadawul / (specify other if applicable)
(d) Relevant Time	11:00 a.m. Riyadh Time / (specify other if applicable)
PROVISIONS RELATING TO REDEMPTION	
(18) Sukuk Capital	The Aggregate Nominal Amount of the Series
(19) Instalment Amount	(**) per Calculation Amount/Not Applicable) (Applicable where the Redemption Basis is specified as Amortising)

(20) Issuer Call (Condition 13 (c) (1))	(Applicable/Not Applicable) (If not applicable, delete the remaining subparagraphs of this paragraph) (Only mark as " Applicable " if the Floating Periodic Distribution Provisions are specified in this Applicable Final Terms as not being applicable for the relevant Series of Sukuk)
(Condition 13 (c) (2))	(Applicable/Not Applicable) (Only mark as " Applicable " if the Floating Periodic Distribution Provisions are specified in this Applicable Final Terms as being applicable for the relevant Series of Sukuk)
(a) Early Redemption Amount	(Dissolution Distribution Amount (as defined in the Conditions)) / (specify other if applicable)
(21) Scheduled Redemption in Part (Condition 13 (b))	(**) in each year up to and including the Expiry Date/Not Applicable (Applicable where the Redemption Basis is specified as Amortising)
OTHER FINAL TERMS	
(22) Receiving Banks	(insert Receiving Bank(s) details) (Not Applicable)
(23) Ratings	(The Sukuk have been rated) (Not Applicable)
(24) Purposes of Offering	(Please see Section (8) " Use of Offering Proceeds " of the Base Prospectus).
(25) Listing and admission to trading	Application has been made to Capital Market Authority of the Kingdom of Saudi Arabia for registration and offer of the Sukuk and to the Saudi Arabian Stock Exchange (Tadawul) (" Tadawul ") for the Sukuk to be listed on Tadawul.)
(26) Estimate of total expenses related to the offer	(Please see Section (12) " Expenses " of the Base Prospectus) / (the offer expenses are estimated at approximately SAR (**), including the fees of the Arranger, Sukukholders' Agents' Delegate, Dealers, Receiving Bank(s) (if any), legal advisors, in addition to marketing, arrangement, printing, distribution and other expenses related to the offer)
(27) Subscription method	Targeted participants wishing to purchase the Sukuk of the relevant Series will be required to submit a duly completed form (an " Investor Application Form ") to the relevant Dealer(s), or as applicable, to the receiving banks (" Receiving Banks ") (if any), before the end of the Offer Period (as defined herein) and shall make payment for the Sukuk of such Series as per the instructions contained in the Investor Application Form. Investor Application Forms will be available from the relevant Dealer(s), or from the Receiving Banks, as applicable, in respect of such Series. Applications to purchase Sukuk for less than the Specified Denomination will not be accepted. For further details, please see " Subscription and Sale ".
(28) Allocation method	The allocation method of each Series of Sukuk will be specified in the Investor Application Form for such Series of Sukuk. The acceptance of any application from a prospective investor, and the allocation of any Sukuk, will be at the sole discretion of the Issuer (after obtaining the approval of the Sponsor) in consultation with the Dealer(s) in respect of the relevant Series of Sukuk.

(29) Other Final Terms	(Not Applicable / give details)
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DISTRIBUTION

(30) Dealer(s)/distributor(s)	AlKahir Capital Saudi Arabia (Include name and address of additional Dealer(s)/ distributor(s))
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(31) Minimum number of Sukuk to be subscribed for	(**) Sukuk
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(32) Maximum number of Sukuk to be subscribed for	(**) Sukuk
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(33) Minimum value of Sukuk to be subscribed for	SAR (**) (SAR)
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(34) Maximum value of Sukuk to be subscribed for	SAR (**) (SAR)
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(35) Additional selling restrictions	(Not Applicable)/[insert details if applicable]
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RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms to the best of the knowledge and belief of the Issuer (having made all reasonable enquires) the information contained in these Final Terms is in accordance with the facts and there are no other facts, the omission of which would make any statement herein misleading.

Signed on behalf of Sukuk AlKathiri

By:

Duly authorised



Summary of the Sukuk Documents (16)



الكثيري القابضة
AI KATHIRI HOLDING COMPANY

16- Summary of the Sukuk Documents

The following is a summary of certain key Provisions and Conditions of the Sukuk Documents. This summary is for information purposes only and is not intended to be (nor should it be construed as being) all inclusive. Prospective Sukukholders should note that this summary is not a substitute for reviewing the Sukuk Documents in full, which are available for inspection during normal business hours at the registered office of the Issuer or the registered office of the Sponsor, being the city of Riyadh, Prince Yazid bin Abdullah bin Abdul Rahman Road - Al-Malqa District - 13523 - Riyadh 3158, KSA, and the headquarters of the Sukukholders' Agent's Delegate, AlKhair Capital Saudi Arabia Company, King Abdul Aziz Road - Ministries District - Madarat Towers - PO Box: 69410, Riyadh 11547.

Prospective Sukukholders are reminded that pursuant to the Conditions, all Sukukholders are bound by, and are deemed to have notice of, all provisions of the Sukuk Documents.

Terms used in this section shall have the meaning given to them to them in the Conditions.

16-1 Mudaraba Agreement

- The Issuer (in its capacity as Rab al Maal), the Obligor (in its capacity of Mudareb) and AlKhair Capital Company (in its capacity as the Sukukholders' Agent's Delegate) are parties to the Mudaraba Agreement, under which the Sukukholders' Agent's Delegate (on behalf of the Sukukholders) irrevocably appoints the Obligor as a Mudareb. The relationship between the Mudareb on the one hand, and the Issuer and Sukukholders on the other hand, is characterized as a relationship between the Mudareb and the Rab al Maal. The Mudareb is irrevocably authorized by the Sukukholders' Agent's Delegate to take the necessary actions on behalf of the Sukukholders to keep the Mudaraba Assets for and on behalf of the Sukukholders. The Mudareb's powers are limited to those stipulated in the Mudaraba Agreement and other Sukuk Documents.
- The Mudareb shall manage and control the Sukuk Assets and fulfill his obligations thereon (with absolute and reasonable discretion) and perform the following duties in relation to the Mudaraba Assets as long as the Sukuk of the relevant Series are in outstanding: (a) carry out appropriate collection procedures in relation to the due amounts related to the Mudaraba Assets; (b) make sure that all Mudaraba Profits are credited to the Collection Account and to calculate the Mudaraba Profits; (c) ensure that accounting books, income and expenses of the Mudaraba Assets are regularly recorded and their accounts are prepared in accordance with applicable accounting standards; d) verify that all regulatory, Zakat and tax requirements are met. The Mudareb has the right to mix his own assets and money with the Mudaraba Assets.
- One business day prior to the Periodic Distribution Date or any Partial Periodic Distribution Date, the Mudareb shall transfer an amount from the Collection Account to the Sukuk Account to cover any shortfall in payment of any amount for the Periodic Distribution or Partial Periodic Distribution, as applicable, and the remaining balance remaining in the Collection Account shall be transferred to the Reserve Balance.
- Each of the Mudareb (for the benefit of the Issuer and Sukukholders) and Al Kathiri Holding Company (for its own benefit) own a common share in the Business Portfolio on the basis of profit sharing and bear losses, in proportion to the ownership of their respective shares. Both the Sukukholders and the Mudareb receive a proportionate share of the Mudaraba Income (referred to respectively as Mudaraba Profit and Mudareb Profit).
- On the Dissolution Date, the Mudaraba Agreement shall be terminated and the Mudaraba will be dissolved. Each Sukukholder shall receive a proportionate share of the Mudaraba Assets upon dissolution. Sukukholders shall be entitled to assign their shares of the Mudaraba Assets in whole or in part to the Obligor, in which case those assets will automatically return to the Obligor's company.
- The Mudaraba agreement begins on the Closing Date and ends on the Expiry or Sukuk Redemption Date, or the purchase and cancellation of the Sukuk, whichever comes first. The Mudaraba Agreement is subject to the Regulations in force in the Kingdom.

16-2 Master Murabaha Agreement

- The Obligor (as the Purchaser), the Issuer (as the Seller) and AlKhair Capital Saudi Arabia Company (as the Sukukholders' Agent's Delegate and the Purchase Agent) are the parties to the Master Murabaha Agreement under which the Purchaser benefits from the financing facilities provided by the Seller and based on the Islamic principles of Murabaha.
- Subject to the terms and conditions of the Master Murabaha Agreement, the Seller may (from time to time) use up to forty-nine percent (49%) of the Offering Proceeds for any Series of Issue to purchase from certain suppliers specified commodities and sell them to the Seller on the basis of a deferred payment condition at a price negotiated between the Seller and the Purchaser.
- The Purchaser hereby acknowledges and agrees that it will be solely responsible for selecting the Commodities that are the subject of a Murabaha Contract. Upon the Purchaser delivering a Notice of Acceptance of Offer, ownership of and title and possession (physical or constructive) to the Commodities shall immediately pass to and be vested in the Purchaser, together with all rights and obligations relating thereto (including the benefit of all of the Supplier's warranties and representations which are capable of being so transferred). The Purchaser will obtain such title to the Commodities as the Seller has received from the relevant Supplier. The Seller shall take all reasonable steps necessary to perform its duties under the Master Murabaha Agreement and particularly in relation to Clause (3) "**Formation of Murabaha Contracts**".
- Any risk in respect of the Commodities purchased by the Purchaser from the Seller pursuant to a Murabaha Contract will pass to the Purchaser at the time when title and possession (physical or constructive) of such Commodities passes to the Purchaser pursuant to Clause (4-2) "**Transfer of ownership and title**" of the Master Murabaha Agreement.
- The Purchaser shall obtain, at its own expense and cost, all necessary permits, exchange control approvals, licenses and all other approvals required by it in connection with the Master Murabaha Agreement and shall provide copies thereof to the Seller.
- The Purchaser and Seller each shall undertake to the other that, as of the date of the Master Murabaha Agreement and the date of each Murabaha Contract, they have committed to the following:
 - a. Incorporation, capacity and authorization: It is duly incorporated and validly existing under the laws of the country of origin/ jurisdiction (incorporation) with full power and capacity to own, lease, sell, transfer or otherwise deal with its property and assets and to conduct its business as it is currently being conducted and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
 - b. No Breach/Event of Default: the execution of the Master Murabaha Agreement and the undertaking and performance the obligations expressed to be assumed therein will not conflict with, or result in a breach of, or default under, the laws of its jurisdiction of incorporation, any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety or any provision of its constitutive documents of the Issuer;
 - c. Legal, valid, binding and enforceable: subject to the Legal Reservations, the Master Murabaha Agreement constitutes a part of the Sukuk Documentation and its legal, valid, binding and enforceable obligations;
 - d. Approvals: all authorizations, consents, licenses, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority (including, without limitation, the payment of any stamp or other similar tax or duty) required by it for or in connection with the Master Murabaha Agreement have been obtained, given, fulfilled or done by it and all such consents, authorizations and approvals are in full force and effect.
 - e. Bankruptcy and liquidation: the Issuer: (i) is able to pay its debts as they fall due; and (ii) is not, and will not be as a result of entering into the Master Murabaha Agreement or any other document in connection with this Agreement, insolvent;
 - f. Satisfaction as to compliance with Sharia: Each party hereby agrees that it has accepted the Sharia-compliant nature of the Master Murabaha Agreement and, to the extent permitted by law, further agrees that:
 1. it shall not claim that any of its obligations under the Master Murabaha Agreement (or any provision thereof) is ultra vires or not compliant with the principles of Sharia;
 2. it shall not take any steps or bring any proceedings in any forum to challenge the Sharia compliance of the Master Murabaha Agreement; and
 3. none of its obligations under the Master Murabaha Agreement shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Master Murabaha Agreement is not compliant with the principles of Sharia.

- When the Purchaser (in any of its capacities) fails to pay, when due:
 - a. any instalment of Deferred Price (other than the final instalment of Deferred Price in relation to that individual Murabaha Contract) and the failure continues for a period of fourteen (14) days from receipt of written notice of said failure; or
 - b. the final instalment of Deferred Price in relation to an individual Murabaha Contract and the failure continues for a period of seven (7) days from receipt of written notice of said failure.

If the Purchaser (in any of its capacities) does not comply with any provision of the Master Murabaha Agreement or any other document entered into in connection therewith (other than the obligation referred to in Clause (8-1)(a)), provided however, that if the failure is remedied within thirty (30) Business Days of the Issuer giving written notice of such non-compliance, then no "**Prepayment Event**" shall occur on account of such non-compliance.

- The Master Murabaha Agreement is governed by and construed in accordance with the Laws and Regulations of the Kingdom of Saudi Arabia.

16-3 Sukuk Issuance Programme Agreement

- The Sukuk Issuance Programme Agreement was concluded between Sukuk Al Kathiri (as the Issuer), Al Kathiri Holding Company (as the Sponsor) and AlKhair Capital Saudi Arabia Company (as the Arranger and Initial Dealer).
- The Issuer has established a programme for the issuance of up to SAR (500,000,000) in Aggregate Nominal Amount of Sukuk (the "**Programme**"). The Sukuk issued under the Programme are issued in series (each a "**Series**"). References to Sukuk shall be references to the individual Sukuk issued in respect of each Series.
- The Issuer shall, from time to time, agree with any relevant Dealer to issue Sukuk under the Programme by executing the Lead Manager Agreement with that Dealer. Unless the parties agree otherwise, on each occasion when the Issuer and any relevant Dealer approve to the terms of the Sukuk Issuance by the Issuer under the Program, the Issuer shall declare and certify arrangements for the Offering of Sukuk entered into by each relevant Dealer in accordance with the Provisions of the Sukuk Issuance Programme Agreement and the Prospectus.
- The Sukuk will be listed on Tadawul and as such will be traded, cleared and settled in accordance with the procedures applicable to debt instruments listed on Tadawul. The Issuer cannot predict the date on which trading in the Sukuk will commence and potential investors must look at the registry arrangement referred in the risk factors section of the Prospectus.
- Pursuant to the Sukuk Issuance Programme Agreement, and as of its date, the Issuer confirms, warrants and undertakes to the Dealers any of the following:
 - a. Incorporation, capacity and authorization: the Issuer is duly incorporated and validly existing under the laws of the Kingdom of Saudi Arabia with full power and capacity to own, lease, sell, transfer or otherwise dispose of its property and assets and to conduct its business as described in the Base Prospectus and is lawfully qualified to do business in those jurisdictions in which business is conducted by it; the Issuer has full power and capacity to establish the Programme, to create and issue the Sukuk, to execute the Sukuk Issuance Programme Agreement and the Sukuk Documents to which it is a party and to undertake and perform the obligations expressed to be assumed by it herein and therein, and the Issuer has taken all necessary action to approve and authorize the same;
 - b. No breach: the establishment of the Programme, the creation, issue and sale of the Sukuk, the execution of the Sukuk Issuance Programme Agreement and the Sukuk Documents to which it is a party and the undertaking and performance by the Issuer of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of, or default under, the laws of the Kingdom of Saudi Arabia, any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety or any provision of the constitutive documents of the Issuer;
 - c. Legal, valid, binding and enforceable: subject to the Legal Reservations, this Agreement constitutes and, upon due execution by or on behalf of the parties thereto, the Sukuk Documents to which the Issuer is a party will constitute and, upon due execution of each Global Sak by or on behalf of the Issuer and due authentication, issuance and delivery of each Global Sak, the Sukuk will constitute, legal, valid, binding and enforceable obligations of the Issuer;
 - d. Admissibility: save in respect of any registration and offering procedures and completion of the applications for listing of Sukuk and the formalities regarding the translation of the Sukuk and/or the Sukuk Documents into Arabic and the filing of such documents with the Committee, it is not necessary in order to ensure the enforceability or admissibility in evidence of the Sukuk or the Sukuk

Documents that the Sukuk or any Sukuk Document be filed or recorded in the Kingdom of Saudi Arabia or that any tax or duty be paid on, or in respect of, the issue of Sukuk or the execution of the Sukuk Documents;

- e. Status: (1) pursuant to the Sukuk Documents, the Sukuk will constitute undivided ownership interests in the Sukuk Assets and an undivided interest in the Payment Obligations and will at all times rank *pari passu* among themselves; and (2) the payment obligations of the Issuer under the Sukuk and the Sukuk Documents to which it is a party are, and will be, its direct, unsubordinated and secured obligations and will rank at all times at least *pari passu* with all other present and future unsubordinated obligations of the Issuer, save for obligations as may be preferred by provisions of law that are both mandatory and of general application and subject to any security granted by the Issuer in respect of such unsubordinated obligations;
- f. Approvals: all authorisations, consents, licences, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority (including, without limitation, the payment of any stamp or other similar tax or duty) required in respect of the Issuer for or in connection with:
1. the establishment of the Program;
 2. the creation, issue, offer and sale of the Sukuk;
 3. the execution of the Sukuk Issuance Programme Agreement, the Sukuk Documents to which it is a party and any other agreement(s) related to the issue of the Sukuk;
 4. the performance by the Issuer of the obligations expressed to be undertaken in the Sukuk Issuance Programme Agreement and in the Sukuk Documents;
 5. the distribution of the Base Prospectus, each Applicable Final Terms; have been (or, prior to the Issue Date, will have been) obtained, given, fulfilled or done by the Issuer and all such consents, authorizations and approvals are (or will on the relevant Issue Date, be) in full force and effect;
- g. **Taxation:** save as described in the Base Prospectus, all payments of principal and profit in respect of the Sukuk, and all payments by the Issuer under the Sukuk Issuance Programme Agreement and the Sukuk Documents to which it is a party, will be made free and clear of, and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Saudi Arabia or any political sub-division or authority thereof or therein having power to tax;
- h. Base Prospectus and General Duty of Disclosure:
- The Issuer undertakes not to terminate any of the Sukuk Documents, or to affect any amendment made to any of the Sukuk Documents that may adversely affect the interests of any Dealer, or any Sukukholder issued prior to the date of the amendment, and to allow it to become valid and enforceable, unless after obtaining the approval of the Dealers. The Issuer shall promptly notify each of the Dealers of any termination or modification of any of the Sukuk Documents, and any change in the Sukukholders' Agent's Delegate, Payment Administrator, or Registrar.

16-4 Payment Administration Agreement

- The Payment Administration Agreement was concluded between AlKhair Capital Saudi Arabia Company (as the the Sukukholders' Agent's Delegate and the Payment Administrator) and Sukuk Al Kathiri (as the Issuer).
- The Issuer, the Sukukholders' Agent's Delegate and the Payment Administrator wished to make some arrangements previously approved with regard to the payments to be made in connection with the Programme and the Issuance of the Sukuk under the Programme.
- The Issuer and the Sukukholders' Agent's Delegate shall designate the Payment Administrator as their agent in relation to the Programme and any Series of Sukuk Issues offered hereunder for the purposes specified in the Payment Administration Agreement, and the provisions and Applicable Final Terms.
- The Payment Administrator shall accept its appointment as the Issuer's Agent (the Payment Administrator acts on behalf of the Sukukholders' Agent's Delegate), the Sukukholders' Agent's Delegate, in relation to the Programme and all Series of Sukuk Issues issued under it, and agree to comply with the terms and conditions of the Payment Administration Agreement.

16-5 Master Declaration of Agency Agreement

First: Declarations, Covenants and Warranties

- Sukuk Al Kathiri (in its capacities as Issuer and Agent, as the case may be) hereby:
 1. declares that it shall, with effect from the execution of each relevant Supplemental Declaration of Agency and in accordance with that relevant Supplemental Declaration of Agency and the Conditions of the relevant Series:
 1. act as Agent in respect of the Sukuk Assets of that Series;
 2. in relation to that Series, hold the Sukuk Assets as agent absolutely for the Sukukholders as beneficial owners pro-rata according to the face amount of Sukuk of that Series held by each Sukukholder; and
 3. (in relation to that Series) distribute the income deriving from the Sukuk Assets received by it and otherwise perform its obligations under these presents in accordance with each relevant Declaration of Agency and the Conditions of that Series, as the Sukukholders' Agent in proportion to the Sukuk's Nominal Amount.
 2. represents and warrants to each Sukukholder as of the date of the Master Declaration of Agency Agreement, the date of the relevant Supplemental Declaration of Agency and the relevant Closing Date that:
 1. it has been duly incorporated as a (special purposes entity) under the regulations of the Capital Market Authority of the Kingdom of Saudi Arabia and (a) is validly existing in the Kingdom of Saudi Arabia and is able lawfully, and has full power and authority, to execute and perform its obligations under the Sukuk of each Series and the other Sukuk Documents to which it is a party, (b) has full power and authority to own its property and conduct its business, (c) is able to pay its debts as they fall due, (d) is not, and will not be, following the implementation of the transactions contemplated by the Sukuk Documents, insolvent, (e) is not involved in any litigation, arbitration or administrative proceedings of or before any court, arbitral body, governmental authority or agency and is not aware of any such proceedings threatened against it or any of its properties and assets, (f) is not involved in any bankruptcy or insolvency proceedings and (g) is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
 2. it has not engaged in any business or activity since its incorporation, other than those contemplated by those documents incidental to its registration, the authorization of the Sukuk and the matters contemplated in the Sukuk Documents, and has neither paid any dividends nor made any distributions since its incorporation and has no subsidiaries or employees;
 3. it has the requisite power to enter into and perform each Sukuk Document to which it is a party and each such Sukuk Document has been duly authorized and executed by it and constitutes its valid, binding and enforceable obligation;
 4. will always be in compliance with the terms of each Sukuk Document to which it is a party does not and will not conflict with or constitute a default under any provision of:
 - a. any agreement or instrument to which it is a party;
 - b. its constitutional documents; or
 - c. any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which it is bound; and
 5. no consent, approval or authorization of any governmental agency or other person is required by it for the entry into and the performance of its obligations under each Sukuk Document to which it is a party (other than those which it has already obtained as of the date hereof).
 3. undertakes that it shall:
 1. in relation to each Series, enter into a Supplemental Declaration of Agency on the Closing Date;
 2. on the date of each relevant Supplemental Declaration of Agency, perform its rights and obligations arising pursuant to the terms of the Sukuk Documents as they relate to that Series including, without limitation, entry into of a Murabaha Contract (has the meaning given to it in the Master Murabaha Agreement); and
 3. on each Closing Date, issue the Sukuk of the relevant Series.
 4. comply with and perform its obligations, or cause such obligations to be complied with and performed on its behalf, in accordance with the terms of each Series of Sukuk, the Conditions and the Sukuk Documents to which it is a party;
 4. undertakes that it shall, in its capacity as Agent, exercise for the benefit of the Sukukholders all of the Agent's rights under the Sukuk Documents and, in its capacity as Issuer, appoint such agents as it deems necessary in respect of the Sukuk (including but not limited to, Sukukholders 'Agent's Delegate pursuant to the relevant Supplemental Declaration of Agency).

5. undertakes that it shall, in its capacity as Agent, on a Dissolution Event exercise its rights under the Sukuk Documents promptly upon the occurrence of such Dissolution Event notwithstanding the fact that the amount to be received from Al Kathiri Holding Company following such exercise, if any, is less than the value of the Sukuk Assets at such time;
 6. undertakes that it shall not in its capacity as Agent, exercise any rights in respect of the Sukuk Assets, whether conferred by law or otherwise, except where such exercise would be in accordance with the terms of the Sukuk Documents
- Sukuk Al Kathiri (in its capacities as Issuer and Agent, as the case may be) irrevocably undertakes for the benefit of the Sukukholders' Agent's Delegate and each Sukukholder that, for so long as any Sukuk is outstanding, it shall not:
 1. incur any indebtedness in respect of borrowed money or any other financing whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at the Closing Date or as permitted pursuant to any Sukuk Documents;
 2. secure any of its present or future indebtedness for borrowed money or any other financing by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law) except pursuant to any Sukuk Documents;
 3. sell, transfer, assign, participate, exchange, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its title to any of the Sukuk Assets or any interest therein except pursuant to any Sukuk Documents and in accordance with the principles of Sharia;
 4. exercise its rights arising pursuant to the terms of the Master Murabaha Agreement (and any Murabaha Contract) and/or the Mudaraba Agreement except in its capacity as Agent;
 5. use the proceeds of the issue of the Sukuk for any purpose other than as provided for under the Sukuk Documents;
 6. subject to Clause (13) and Condition (18) (a) of the Master Declaration of Agency Agreement, amend or agree to any amendment of any of the Sukuk Documents to which it is a party or to its constitutional documents;
 7. act as Agent in respect of any agency other than the Agency, or in respect of any parties other than the Sukukholders and/or act as agent for any agency arrangement (other than the Agency);
 8. have any subsidiaries or employees;
 9. redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
 10. put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceedings with respect to it; or
 11. enter into any contract, transaction, amendment, obligation or liability other than the Sukuk Documents and any subscription agreement connected to the issue of the Sukuk or engage in any business or activity other than:
 1. as provided for or permitted in the Sukuk Documents;
 2. the ownership, management and disposal of the Sukuk Assets as provided in the Sukuk Documents; and
 3. such other matters which are incidental thereto.
 - Sukuk Al Kathiri (in its capacity as Issuer and Sukukholders' Agent, as the case may be) irrevocably undertakes to and for the benefit of the Sukukholders' Agent's Delegate and each Sukukholder that for so long as any Sukuk is outstanding:
 1. the Agent may, on behalf of Sukukholders, enforce the rights of the Issuer and Sukukholders pursuant to each relevant Declaration of Agency and any other Sukuk Documents;
 2. the order of the Payment Administrator in SAR in immediately available funds any amount due on such date in accordance with the Conditions, provided that subject to Clause (4-3) of the Master Declaration of Agency Agreement, every payment in respect of the Sukuk to or to the account of the Payment Administrator or, as the case may be, the Registrar in the manner provided in the relevant Supplemental Declaration of Agency shall operate in satisfaction pro tanto of the relevant covenant by the Issuer in Clause (2-3-2) of the Master Declaration of Agency Agreement except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions to the Sukukholders.
 3. it will use reasonable endeavors to obtain and maintain the listing of the Sukuk on the Tadawul and for the admission of the Sukuk to trading on the [Tadawul] (including, in each case, compliance with the continuing obligations applicable to the Issuer by virtue thereof) or, if it is unable to maintain such listing, having used reasonable endeavors, use reasonable endeavors to obtain and maintain a quotation or listing of the Sukuk on such other stock exchange or securities market or markets as the Issuer may decide, and shall also use reasonable endeavors to procure that there will at all times be furnished to each such exchange or to any other such stock exchange or securities market such information as is required to be furnished to it in accordance with its rules and requirements and shall also upon obtaining a quotation or listing of the Sukuk on such other stock exchange or exchanges or securities market enter into a declaration supplemental to the Master Declaration of Agency Agreement and the relevant Supplemental Declaration of Agency to effect such consequential amendments to the Master Declaration of Agency Agreement and the relevant Supplemental Declaration of Agency as shall be requisite to comply with the requirements of any such stock exchange or securities market;

4. in order to enable it or the Sukukholders' Agent's Delegate to ascertain the amount of Sukuk of a given Series for the time being outstanding for any purposes referred to in the proviso to the definition of outstanding in Clause 1 of the Master Declaration of Agency Agreement, it will procure (and will send to the Sukukholders' Agent's Delegate a certificate of the Issuer signed by any two of its directors stating the face amount of Sukuk of a Series held by, for the benefit of or on behalf of the Issuer (in its capacity as Issuer and Agent) as soon as possible after a request from the Sukukholders' Agent's Delegate and use all reasonable endeavors to procure that Edaa issue(s) any certificate or other document requested by the Sukukholders' Agent's Delegate under Clause 7 as soon as possible after such request;
5. it shall cause the Register (whether physically or electronically) to be kept at the specified office of the Registrar. The Issuer shall procure that, as soon as practicable after a Closing Date, the Register for a Series is duly made up in respect of the subscribers of the Sukuk of that Series and that in the event any Definitive Sukuk are required to be issued such Definitive Sukuk will be dispatched to the registered holders promptly on issue;
6. it will send to the Sukukholders' Agent's Delegate annually and within 14 days of any request by the Sukukholders' Agent's Delegate a certificate of the Issuer signed by any two of its Directors that, having made all reasonable enquiries, to the best of the knowledge and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate, no Dissolution Event Potential Dissolution Event or any event or circumstance which could with the giving of notice, lapse of time, issuing of a certificate and/or fulfilment of any other requirement become a Dissolution Event or any other breach of the Master Declaration of Agency Agreement has occurred since the Certification Date of the last such certificate or (if none) the Date of the Master Declaration of Agency Agreement, or if such event has occurred giving details of it;
7. it will forthwith give notice in writing to the Sukukholders' Agent's Delegate upon the occurrence of a Dissolution Event or a Potential Dissolution Event;
8. it will, so far as permitted by applicable law, give the Sukukholders' Agent's Delegate such information as it reasonably requires to perform its functions;
9. it will procure that, immediately upon a Change of Control, deliver notice regarding the Change of Control to the Sukukholders' Agent's Delegate and the Sukukholders;
10. it will provide the Sukukholders' Agent's Delegate, with copies of its audited accounts in English within 180 days of the end of each financial year;
11. it will at all times keep proper books of account and, so far as permitted by law, allow (1) the Sukukholders' Agent's Delegate, and (2) and any other person appointed by the Sukukholders' Agent's Delegate to whom neither the Issuer nor the Obligor (as the case may be) shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours; and
12. it will send to the Sukukholders' Agent's Delegate (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer) two copies in English of every balance sheet, profit and loss account, report and notice of general meeting and every other document issued or sent to its members or stockholders in their capacity as such and every document issued or sent to the Sukukholders as soon as practicable after the issue or publication thereof.

Second: Undertakings of Al Kathiri Holding Company

- Al Kathiri Holding Company hereby covenants with the Sukukholders' Agent's Delegate that, so long as any Series of Sukuk are current, it shall:
 - (1) **Books of Account:** at all times keep such books of account as may be necessary to comply with all applicable laws and regulations and the requirements of the Master Declaration of Agency Agreement and/or the Supplemental relevant Declaration of Agency and, except as prohibited by applicable laws or regulations, it will allow the Sukukholders' Agent's Delegate and any person appointed by it, free access to the same at all reasonable times during its normal business hours;
 - (2) **Event(s) of Default:** give notice in writing to the Agent and Sukukholders' Agent's Delegate forthwith upon becoming aware of any Event of Default or Potential Event of Default and without waiting for the Agent or Sukukholders' Agent's Delegate to take any further action or to make any enquiry for this purpose;
 - (3) **Information:** except as prohibited by applicable laws or regulations and subject to Clause 8 (b) "**Compliance with applicable law or regulations**" of the Master Declaration of Agency Agreement, at all times give to the Sukukholders' Agent's Delegate such information, opinions, certificates and other evidence as it shall reasonably require and in such form as it shall reasonably require (including, without limitation, the certificates required or called for by the Sukukholders' Agent's Delegate pursuant to Clause 8 (a) (8) "**Certificate of Compliance**") of the Master Declaration of Agency Agreement which are necessary for the performance of its functions set forth in the Sukuk Documents and the Conditions;
 - (4) **Execution of Further Documents:** except as prohibited by applicable laws or regulations and subject to Clause (8) (b) "**Compliance with applicable law or regulations**",) of the Master Declaration of Agency Agreement execute such further documents and do such further acts and things as may be necessary in the reasonable opinion of the Agent or Sukukholders' Agent's Delegate to give effect to the provisions of this Declaration and/or the relevant Supplemental Declaration of Agency, the Sukuk Documents and the Conditions;

- (5) Notices to Sukukholders:** send or procure to be sent to the Sukukholders' Agent and Sukukholders' Agent's Delegate not less than three (3) days (or such shorter period as may be agreed upon between the Sukukholders' Agent, the Sukukholders' Agent's Delegate and Al Kathiri Holding Company) prior to the date of publication, for the Sukukholders' Agent approval, one copy of each notice to be given to the Sukukholders of any Series of Sukuk in accordance with the Conditions, the Sukuk Documents or the Master Declaration of Agency Agreement and/or the relevant Supplemental Declaration of Agency and, upon publication, send to the Sukukholders' Agent's Delegate one (1) copy of such notice for its records;
- (6) Other Obligations:** observe and comply with its obligations under the Sukuk Documents to which it is a party;
- (7) Authorized Signatories:** forthwith upon any change in an Authorized Signatory or Authorized Signatories of the Obligor, deliver to the Sukukholders' Agent's Delegate (with a copy to the Payment Administrator) a list of the Authorized Signatory or Authorized Signatories, together with certified specimen signatures of the same;
- (8) Payments:** pay all moneys payable by it to the Issuer hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law;
- (9) Mudaraba reporting:** supply to the Sukukholders' Agent and the Sukukholders' Agent's Delegate at the same time as each certificate of compliance delivered pursuant to Clause 8 (a) (13) (Certificate of Compliance) or, promptly upon the Sukukholders' Agent's Delegate request in the event that the Mudaraba Capital suffers losses such that there is a shortfall in amounts required to pay any Periodic Distribution Amount or Relevant Principal Amount (as defined in the Base Prospectus), subject to applicable laws and regulations, a report concerning:
- (a) the performance of the Business Portfolio;
 - (b) the calculation of the Mudaraba Profit;
 - (c) the valuation methodology used for the purpose of calculating the amounts standing to the credit of the Collection Account on the basis of a constructive liquidation of the Business Portfolio pursuant to Condition (5) (b) "Mudaraba Assets"; and
 - (d) the status of the Collection Account;
- (10) Mudaraba inspection:** where an Event of Default has occurred and is continuing, make available its books and records for inspection by an external auditor appointed by the Sukukholders' Agent (or the Sukukholders' Agent's Delegate, as the case may be) for the purpose of verifying the information reported pursuant to Clause (8) (a) (9) "Mudaraba Reporting" or otherwise ascertaining the performance of the Mudaraba Assets. The expenses of such external auditor will be paid by the Obligor from the share of the Obligor in the Business Portfolio;
- (11) Compliance with laws:** comply with all laws to which the Obligor may be subject in every material respect;
- (12) Representations and warranties:** do, take or fulfil all such actions, conditions or things that are required in order that the representations and warranties contained in Clause (9) (Obligor's Representations and Warranties) of the Master Declaration of Agency Agreement are true by reference to the facts then subsisting;
- (13) Certificate of Compliance:** provide to the Sukukholders' Agent and the Sukukholders' Agent's Delegate: (1) within fourteen (14) days of any reasonable request by the Agent or the Sukukholders' Agent's Delegate; and (2) (without the necessity for any such demand) at the time of the dispatch to the Sukukholders' Agent and the Sukukholders' Agent's Delegate of its audited annual financial statements in accordance with Clause (8) (a) (14) (Financial Statements) of the Master Declaration of Agency Agreement, commencing with the financial period ended 31 December 2021G, and in any event not later than one hundred and eighty (180) days after the end of its financial year a certificate in the English language substantially in the form set out in Schedule (5) (Certificate of Compliance) of the Master Declaration of Agency Agreement, signed by an Authorized Signatory of the Obligor certifying that, up to a specified date not earlier than seven (7) days prior to the date of such certificate (the Certified Date), the Obligor has complied with its obligations under the Master Declaration of Agency Agreement and/or the Supplemental relevant Declaration of Agency, the other Sukuk Documents and the Conditions (or, if such is not the case, giving details of the circumstances of such noncompliance) and that, as at such date, there did not exist nor had there existed at any time prior thereto since the Certified Date in respect of the previous such certificate (or, in the case of the first such certificate, since the date of the Master Declaration of Agency Agreement and/or the Supplemental relevant Declaration of Agency) any Event of Default or other matter which would affect the Obligor's ability to perform its obligations under the Master Declaration of Agency Agreement and/or the Supplemental relevant Declaration of Agency, the other Sukuk Documents or the Conditions or, if such is not the case, specifying the same;
- (14) Financial Statements:** send to the Sukukholders' Agent and the Sukukholders' Agent's Delegate: as soon as reasonably practicable after their date of publication and in any event not more than one hundred and eighty (180) days after the end of each financial period, a copy in the English and, if available, Arabic languages of the Obligor's audited annual financial statements; and as soon as reasonably practicable after their date of publication and in any event not more than ninety (90) days after the end of each financial period, a copy in the English and, if available, Arabic languages of the Obligor's unaudited semi-annual financial statements.
- (15) Other Notices:** provide the Sukukholders' Agent and the Sukukholders' Agent's Delegate as soon as reasonably practicable thereafter, such other notice, statement or circular issued (or which, under any legal or contractual obligation, should be issued) to, or received from, the Sukukholders or otherwise issued, or received, by the Issuer in connection with the Sukuk;

(16) Obligations of Agents: observe and comply with its obligations under the Sukuk Documents and, until such time as the Payment Administrator is instructed to act as the agent of the Sukukholders' Agent's Delegate in accordance with Clause Error! Reference source not found. (Following an Event of Default), use all reasonable endeavors to procure that the Payment Administrator observes and complies with all its obligations under the Payment Administration Agreement and that the Registrar maintains the Register, and to notify the Agent and the Sukukholders' Agent's Delegate as soon as practicable after it becomes aware of any material breach of its obligations, or any failure by the Payment Administrator or the Registrar to comply with their respective obligations, in relation to any Series of Sukuk or the Sukuk Documents;

(17) Legal opinions: prior to making any material modification or amendment or supplement to the Master Declaration of Agency Agreement and/or the Supplemental relevant Declaration of Agency, the Sukuk Documents or the Conditions, upon the reasonable request of the Sukukholders' Agent and/or the Sukukholders' Agent's Delegate, procure the delivery of legal opinion(s) as to Saudi Arabian law, addressed to the Agent and/or the Sukukholders' Agent's Delegate, dated the date of such modification or amendment or supplement, as the case may be, and in a form reasonably acceptable to the Sukukholders' Agent and/or the Sukukholders' Agent's Delegate from legal advisers acceptable to the Sukukholders' Agent and/or the Sukukholders' Agent's Delegate (in consultation with the Issuer); and

a. FATCA

(18) Mutual Undertaking Regarding Information Reporting and Collection Obligation: Each Party shall, within ten (10) Business Days of a written request by another Party, supply to that other Party such forms, documentation and other information relating to it, its operations and the Sukuk as that other Party reasonably requests for the purposes of that other Party's compliance with Applicable Law; provided, however, that no Party shall be required to provide any forms, documentation or other information hereinafter to the extent that: (1) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such Party and cannot be obtained by such Party using reasonable efforts; or (2) doing so would or might in the reasonable opinion of such Party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For purposes of this section, "Applicable Law" shall be deemed to include (1) any rule or practice of any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction (a Relevant Authority) by which any Party is bound or with which it is accustomed to comply; (2) any agreement between any Relevant Authorities; and (3) any agreement between any Relevant Authority and any Party that is customarily entered into by institutions of a similar nature.

b. The Obligor shall notify the Sukukholders' Agent, the Sukukholders' Agent's Delegate and the Payment Administrator in the event that it determines that any payment to be made by the Issuer Agent under the Sukuk is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer's obligation under this Clause shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Sukuk, or both.

c. Notwithstanding any other provision of the Master Declaration of Agency Agreement, the Sukukholders' Agent, the Sukukholders' Agent's Delegate and/or the Payment Administrator (as applicable) shall be entitled to make a deduction or withholding from any payment which it makes under the Sukuk for or on account of any Tax, if and only to the extent so required by applicable law, in which event the Agent shall make such payment after such deduction or withholding has been made and shall account to any Relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Obligor shall so account to the Relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Clause.

d. In the event that the Issuer determines in its sole discretion that any deduction or withholding for or on account of any Tax will be required by applicable law in connection with any payment due to the Sukukholders' Agent's Delegate or the Payment Administrator on any Global Sak, then the Issuer will be entitled to redirect or reorganize any such payment in any way that it sees fit in order that the payment may be made without such deduction or withholding provided that, any such redirected or reorganized payment is made through a recognized institution of international standing and otherwise made in accordance with the Master Declaration of Agency Agreement. The Issuer will promptly notify the Sukukholders' Agent's Delegate and the Payment Administrator of any such redirection or reorganization. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by the Applicable Law for the purposes of this section; and

(19) Financial Covenants: maintain the following financial covenants:

(a) Total Net Debt to Tangible Net Worth Ratio: the Obligor shall ensure that in each Relevant Period its Total Net Debt does not exceed 1.50 times its Tangible Net Worth at any time;

- (b) Financial Indebtedness to EBITDA Ratio: the Obligor shall ensure that in each Relevant Period its Financial Indebtedness does not exceed 4 times its EBITDA at any time; and
- (c) EBITDA to Consolidated Net Finance Charges Ratio: the Obligor shall ensure that in each Relevant Period its EBITDA at all times exceeds 1.75 times its Consolidated Net Finance Charges.

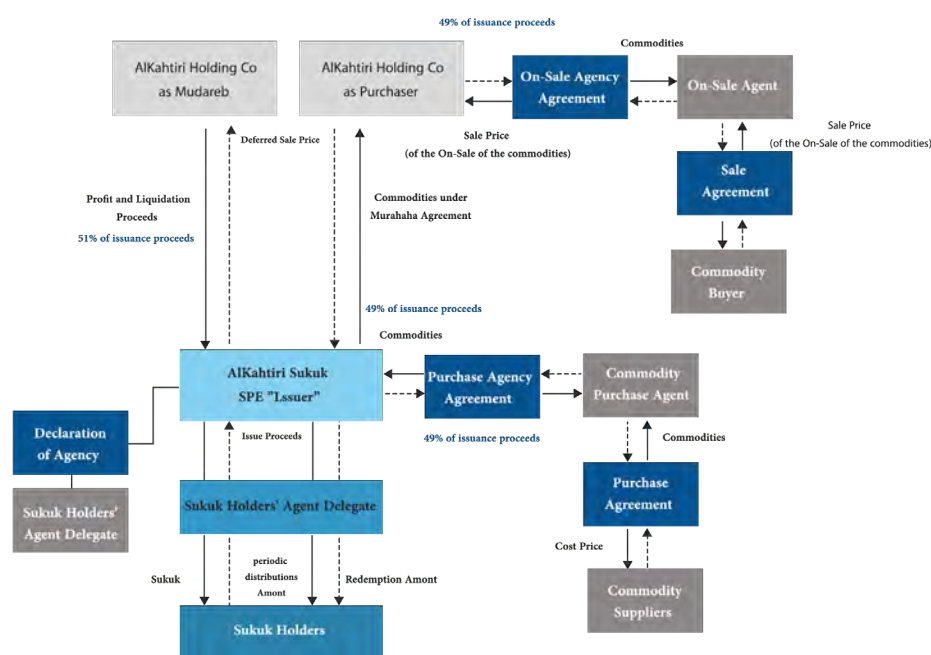
- Compliance with Applicable Law or Regulations

Where the Obligor is at any time prohibited by applicable law, regulations or any regulatory authority to comply with any covenant set out in Clause 8 (Covenants by Al Kathiri Holding Company) of the Master Declaration of Agency Agreement, the Obligor shall promptly upon such prohibition no longer applying to it, send to the Sukukholders' Agent and the Sukukholders' Agent's Delegate such information and do all such acts and things as would otherwise have been required had it not been subject to such prohibition.

Diagram of the Sukuk Structure

Set out below is a simplified illustration of the sukuk structure. Prospective sukuk holders are referred to the Conditions set out in Section No. (15) "Sukuk Terms and Conditions" for a more detailed description of certain cash flows and the meaning of certain capitalized terms used below. The diagram set out below is a simplified diagram for illustration purposes only and is not intended to be (nor should it be construed as being) all inclusive. Prospective investors note that this diagram is not a substitute for reviewing the Conditions set out in this Prospectus and the Sukuk Documents in full, which shall be binding on prospective sukukholders.

Figure No. (5): Sukuk Structure



Fundamental Cash Flows

Sukuk Issuance Proceeds

Sukukholders shall, on the date of the Issuance of the Sukuk of each Issue, deposit the subscription amounts for the relevant Sukuk in a bank account with the Account Agent in the name of the Sukukholders' Agent's Delegate (for the benefit of the Sukukholders) and managed by him (hereinafter referred to as the "Sukuk Proceeds Account"), for the Sukuk Documents and the Sukukholders' Agent's Delegate in accordance with and based on the Issuer's instructions; by acquiring the Sukuk Assets using the amounts in the Sukuk Proceeds Account as follows:

- a. Payment of the Mudaraba Capital to the Mudareb (or to the Mudareb's order) to allow him to invest this amount in the Mudaraba Assets in accordance with the Mudaraba Agreement. The Mudaraba Revenue consists of the revenue accruing to the Mudaraba from the Mudaraba Assets, after deducting direct costs and costs related to Mudaraba activities ("Mudaraba Revenue"), and the share of the Sukukholders' Agent as Rab al Maal and the Sukukholders' Agent share in these revenues is referred to as the "Mudaraba Profits".

- b. Using the remaining balance in the Sukuk Proceeds Account (which represents (the "**Murabaha Capital**") to purchase specific commodities to be sold to Al Kathiri Holding Company (as the Purchaser) at a deferred price agreed upon in the Purchase Offer Notice and the mutual acceptance notice between the two parties in accordance with the Master Murabaha Agreement (the Deferred Price is referred to as the "**Deferred Sale Price**", and the completed Murabaha Transaction is referred to as the "**Murabaha Transaction**").

Payment of the Periodic Distribution Amounts

In accordance with the Mudaraba Agreement, on the business day prior to the Periodic Distribution Date, the Mudareb calculates the Mudaraba Income generated during the relevant Periodic Distribution by valuing the amount of the Mudaraba Assets one business day prior to the Periodic Distribution Date, and then he deposits the Mudaraba Profits from the Mudaraba Revenue in the "**Collection Account**."

On the business day prior to the Periodic Distribution Date, the Mudareb uses the amount in the Collection Account to pay the required amount to the Sukuk Account and settle the Periodic Distribution Amount due on the Periodic Distribution Date. In the event that the amount in the Collection Account is not sufficient to pay the full required amount, the Issuer (in his capacity as the Purchaser) shall pay a portion equal to that shortfall from the total balance of the Deferred Murabaha Sale Price due on the date of payment of the Deferred Sale Price coinciding with the occurrence of this shortfall to the Sukuk Account. If the amount in the Collection Account is insufficient to pay the full required amount, the Issuer (in his capacity as a Mudareb) shall pay a portion equal to that shortfall from the share of the Sukukholders' Agent's Delegate (on behalf of the Sukukholders) in the Mudaraba Assets to the Sukuk Account.

In addition, in the event that the Final Terms and Conditions specify that the payment method of the Deferred Sale Price will be in the form of installments, the Purchaser shall, on each of the payment dates of the Deferred Sale Price, pay the current and payable portion of the Deferred Sale Price to the Purchaser in accordance with the Confirmation Notice of the Murabaha Terms of the Master Murabaha Agreement (by paying the amount to the Sukuk Account) (this amount is referred to as the "**Deferred Sale Price Payment Installment**").

Payment on the Redemption of Sukuk

Any Sukuk Issue shall be redeemed in the cases specified in Schedule (1).

The Purchaser shall, one business day before the relevant Redemption Date, pay all amounts due from him under the Master Murabaha Agreement to the Sukuk Account in respect of the Murabaha Transactions concluded in respect of the redeemed Sukuk.

Moreover, the Mudareb shall liquidate the Mudaraba on the Redemption Date, and then use the proceeds of such liquidation (which represents the value of the Sukukholders' Agent's Delegate's share (for the benefit of the Sukukholders) in the Mudaraba Assets at that time) to repay any amounts due and unpaid on the Redemption Date to the Sukuk Account one business day before the Redemption Date (to the extent necessary to cover any shortfall).

Sukuk Account

The Payment Administrator shall, in accordance with the terms of the Payment Administration Agreement, pay the Periodic Distribution Amount, the Sukuk Capital, the Early Redemption Amount, the Partial Periodic Distribution Amount, and the Sukuk Capital Installment Amount (as the case may be) to the Sukukholders out of the amounts deposited from time to time in the Sukuk Account of the relevant Issue, in accordance with the Terms and Conditions of the Sukuk Documents, the Sukuk and the relevant Applicable Final Terms.



**The Sharia Advisory
Committee and the
Issued Fatwas
(17)**



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AI KATHIRI HOLDING COMPANY

17- The Sharia Advisory Committee and the Issued Fatwas

Prospective Sukukholders shall not rely on the pronouncements referred to below in deciding whether to invest in the Sukuk and should consult their own Shari'ah Advisers as to whether the proposed transaction described in the pronouncement referred to below is compliant with the Shari'ah principles.

- **Approval of the Structure of the Sukuk Issued by the Sharia Committee of AlKhair Capital Saudi Arabia Company**

AlKhair Capital Saudi Arabia Company, upon request, distributes copies to potential Sukukholders the Sharia license issued by the Sharia Committee of AlKhair Capital Saudi Arabia related to the Sukuk, confirming, from their point of view, that the proposed Sukuk Issuance, the structure and related mechanisms described in the Sukuk Documents are in accordance with the Shari'ah principles.

- **Overview of the Shariah Committee at AlKhair Capital Saudi Arabia Company**

The Sharia Committee at AlKhair Capital Saudi Arabia Company is an independent committee appointed by AlKhair Capital Saudi. The committee regularly reviews and evaluates deals concluded by AlKhair Capital Saudi or its clients to ensure their full compliance with Shari'ah principles.

Quick Details about the Legal Advisor of AlKhair Capital Saudi Arabia Company:

Sheikh Dr. Yousef bin Abdullah Al Shubaily

Dr. Yousef holds a Bachelor's Degree from the College of Sharia and Fundamentals of Islam in Qassim, as well as a Master's and Doctorate Degree from the Department of Comparative Jurisprudence at the Higher Institute of Judiciary, Imam Muhammad Ibn Saud Islamic University in Riyadh.

Dr. Yousef worked as a legal researcher in the Board of Grievances, a lecturer and secretary of the Department of Comparative Jurisprudence at the Higher Institute of the Judiciary, in addition to the position of Undersecretary of the Department of Comparative Jurisprudence at the Higher Institute of the Judiciary. Dr. Yousef was sent to teach in the Department of Islamic Studies at the Institute of Islamic and Arabic Sciences in the USA, and became a member of the Faculty of Comparative Jurisprudence at the Higher Institute of Judiciary, the Saudi Jurisprudence Society, and an advisor to many Sharia Boards in Islamic Banks, Financial and Economic Institutions. Dr. Yousef held several senior positions, including an Assistant Professor in the Department of Jurisprudence at the Higher Institute of Islamic and Arabic Sciences in the USA, in addition to an Assistant Professor Position at Imam Muhammad ibn Saud Islamic University.



Tax and Zakat (18)



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AI KATHIRI HOLDING COMPANY

18- Tax and Zakat

The following is a general description of certain Saudi Arabian zakat/tax considerations relating to the Sukuk. It does not purport to be a complete analysis of all zakat/tax considerations relating to the Sukuk nor does it address the considerations that are dependent on individual circumstances.

Prospective purchasers of the Sukuk should consult their own tax and zakat advisers to determine the zakat/tax consequences for them of acquiring, holding and disposing of any Sukuk and receiving distributions, payments of principal, profit and/or other amounts under the Sukuk and the consequences of such actions under the zakat/tax regulations of the Kingdom.

This summary is based upon the regulations in effect in the Kingdom at the date of this Prospectus and is subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. Prospective Sukukholders should note that the Issuer is not obliged to update this section for any subsequent changes or modification to the applicable zakat and tax regulations.

1. GCC SUKUKHOLDERS RESIDENTS IN THE KINGDOM OF SAUDI ARABIA

Sukukholders who are GCC nationals with permanent residence in the Kingdom, except for (1) (a) a citizen of a GCC country other than the Kingdom with a permanent establishment in the Kingdom and (b) a legal entity established under the law of a GCC country other than the Kingdom with a permanent establishment in the Kingdom, and (2) companies with Saudi capital or others with Gulf capital residing in the Kingdom (to the extent that they have Gulf ownership in both), the obligatory and applicable (2.5%) Zakat rate apply to any income or gains received on Sukuk unless there is a special exemption from that.

However, holders of these Sukuk will not be subject to income tax in the Kingdom in respect of the Sukuk. Financial payments they receive from the Sukuk will not be subject to any tax deduction or other type of withholding in accordance with the Saudi Laws. In addition, Sukukholders residing in the Kingdom are entitled to receive additional payments in accordance with Condition (17) "Taxation" (For more details, please see Section (15) "Sukuk Terms and Conditions" of this Prospectus).

In the event that the payments they receive later under the Sukuk actually become subject to this deduction, although additional payments may not be payable in these circumstances to the extent in which the Sukukholder is able to obtain an avoidance of withholding/deduction by raising, submitting or providing certain documents and information. In this regard, reference should be made to the provisions of Condition (17) "Taxation". In addition, the Sponsor undertakes pursuant to the Undertaking to cover costs, if the Issuer becomes obligated to pay additional amounts, in accordance with (by any contingent modification of this condition pursuant to the Declaration of Agency), the Sponsor will pay, to the extent that it does not provide excess cash to the Issuer in the Transaction Account, the amounts due under any obligations. If it fails to fulfill any obligation to pay additional amounts in accordance with Condition (17) "Taxation", it will pay to the Issuer or to the Sukukholders' Agent's Delegate (for the Sukukholders' Account) respectively an amount equal to the Issuer's obligation in respect of any and all additional amounts payable by it under Condition (17) "Taxation".

However, a Sukukholder who meets the criteria referred to in subparagraphs (a) and (b) of this paragraph and which falls to the prospective Sukukholder as a result of acquiring, holding or disposing of the Sukuk after the Initial Distribution on the Closing Day, except for the below paragraph entitled "Profit/Gain from the Disposition or Repurchase of Sukuk", will be subject to Saudi Arabian income tax

The GCC means: the countries of the Gulf Cooperation Council.

2. NON-GCC SUKUKHOLDERS RESIDENTS IN THE KINGDOM OF SAUDI ARABIA

Sukukholders who are non-GCC persons resident in the Kingdom, as defined in Article 3 of the Income Tax Regulation, will be subject to income tax in the Kingdom on their profits and gains in Sukuk unless there is a special exception (on amounts received in excess of the nominal amount of Sukuk such as any Periodic Distribution Amounts). In addition, the subsequent distributions of profits by any resident company to its non-resident shareholders are usually subject to a withholding tax of (5%) and the non-resident shareholder/partner may be entitled to recover this withholding tax in some cases in the event of a tax agreement between the Kingdom and the country in which Where the non-resident shareholder/partner resides in the Kingdom, which provides exemption from that withholding tax. Article 3 of the Income Tax Regulation defines "residency" in the Kingdom, for the purposes of the above, as follows:

(a) A natural person is considered a resident in the Kingdom of Saudi Arabia for a taxable year if he meets either of the two following conditions:

- (1) He has a permanent place of residence in the Kingdom of Saudi Arabia and resides in Kingdom of Saudi Arabia for a total of not less than thirty (30) days in the taxable year;

(2) He resides in the Kingdom of Saudi Arabia for a period of not less than one hundred eighty-three (183) days in the taxable year.

For the purposes of this paragraph, residence in the Kingdom of Saudi Arabia for part of a day is considered residence for the whole day, except in the case of a person in transit between two points outside the Kingdom of Saudi Arabia.

(b) A company is considered resident in the Kingdom of Saudi Arabia during the taxable year if it meets either of the following conditions:

- (1) It is formed in accordance with the Companies Law ; or
- (2) Its central management is located in the Kingdom of Saudi Arabia.

This summary does not take into account the extent to which the potential Sukukholder referred to in the above paragraph is obligated to pay income tax or Zakat as a result of his possession, acquisition or disposal of the Sukuk after their Initial Distribution on the Closing Date, except for what is contained in the below paragraph entitled "**Profit from Disposal or Repurchase of Sukuk**".

3. SUKUKHOLDERS WHO ARE NOT RESIDENTS IN THE KINGDOM OF SAUDI ARABIA

Sukukholders who are not resident in the Kingdom - within the meaning of "**residency**" explained above - whether they are Saudi nationals or citizens of the GCC countries - are subject to a (5%) withholding tax on the financing component only of the payments made under the Sukuk (or overpayments for the original amount) (i.e., the Periodic Distribution Amount) in accordance with the practices approved by the Zakat, Tax and Customs Authority as on the date of this Prospectus. Where the Sak holder may be entitled to recover the withholding tax under a treaty between the Kingdom and the country of residence of that said Sak holder.

As for any payments that represent a payment of the original capital under the Sukuk to Sukukholders who are not residing in the Kingdom, they will not be subject to a withholding tax. Prospective investors should note that these practices by the Department of Zakat and Income Tax (DZIT) are based on a limited number of Saudi Sukuk transactions, and that the financing component of Sukuk payments is not clearly defined as being subject to a withholding tax or the Income Tax Law. Accordingly, there is a risk that the DZIT may apply a different or higher withholding rate in the future.

Sukukholders who are not residing in the Kingdom and who have a permanent establishment (PE) in the Kingdom are subject to Saudi Income Tax at the current rate of (20%) on their net taxable income and profits attributable to the activity of the owner of the PE in the KSA. According to the Income Tax Law, if a registration certificate is presented to the PE owner of the Issuer, the latter will be allowed to make any payments such as Periodic Distribution Amounts in relation to the Sukuk without withholding any Income Tax. The Income Tax (if any) charged to the PE owner upon receipt of the Periodic Distribution Amounts from the Issuer shall be available as a deduction against the Income Tax liability of the PE owner (see further below). If, for instance, the Income Tax incurred exceeds the aforementioned Periodic Distribution Amounts, the Income Tax liability of the PE owner may be entitled to a refund of the excess from the Zakat, Tax and Customs Authority (ZTCA). As for the PE owner obtaining discounts or refunds, these are issues determined by the ZTCA on the basis of the Authority's assessment and practices and evaluation of the circumstances. Neither the Issuer, neither the Sponsor or the Sukukholders' Agent's Delegate make any representation as to the existence of deductions or refunds to the Sukukholders, nor can they give assurance that deductions or refunds will actually be available to Sukukholders.

Sukukholders should obtain independent professional advice regarding tax and/or zakat before investing in Sukuk.

A non-resident person who carries on an activity in the Kingdom through a licensed branch (as defined in Article (4) (b) of the Income Tax Law), is considered to be the owner of a PE in the Kingdom, and is thus the owner of a PE for the purposes mentioned in the previous paragraph.

All payments such as Periodic Distribution Amounts related to the Sukuk to the owner of the PE in the Kingdom will be considered part of the total income subject to Income Tax at the current rate of (20%), after deducting the permissible costs and making certain account adjustments. In Besides, the transfer of these amounts to the Head Office or any non-resident company affiliated with the owner of the PE is considered a distribution of profits from the Kingdom and is hence subject to a withholding tax at the rate of (5%). A tax agreement between the Kingdom and the country in which the non-resident shareholder/partner resides in the Kingdom, which provides exemption from that withholding tax.

4. GENERAL

Sukukholders who are natural persons with or without a PE in the Kingdom at the time of their death will not be subject to inheritance or other taxes of a similar nature in the Kingdom. A Capital Profit Tax may be applied to the deceased if the exemption in the above paragraph "**Profit from Disposal or Repurchase of Sukuk**" is not available.

Sukukholders will not be deemed to be resident, domiciled or carrying on business in the Kingdom solely by reason of holding any Sukuk.

Under the Zakat Regulations which are in effect as the date of this Prospectus in the Kingdom, investments in Sukuk are not deductible from the Zakat base of the Sukukholder subject to Zakat in the KSA.





**SUBSCRIPTION
UNDERTAKINGS
(19)**



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AI KATHIRI HOLDING COMPANY

19- SUBSCRIPTION UNDERTAKINGS

19-1 SUBSCRIPTION AGREEMENT

Lead managers will enter into a subscription agreement before the Closing Date (as the same may be amended, supplemented or novated, the "**Subscription Agreement**") with the Issuer relating to the placement each series of Sukuk will solicit on a best-efforts basis on behalf of the Issuer for investment in each series of Sukuk and procure payment for each series of Sukuk by prospective in accordance with the terms stated in the Subscription Agreement.

The Subscription Agreement will be subject to a number of conditions and may, in certain circumstances, be terminated by the Arranger prior to payment of the net proceeds of the issue of a series of Sukuk by the Issuer. If the Subscription Agreement is terminated prior to the Closing Date, the offer of a series of Sukuk may also terminate and any proceeds received from subscribers will be refunded.

19-2 APPLICATION BY POTENTIAL INVESTORS

During the Investor Offering Period, the Arranger and Dealers (according to the Sukuk Issuance Programme Agreement, the Issuer may at any time appoint new Dealers or Arrangers) may solicit expressions of interest from potential investors for acquiring a series of Sukuk, during which time the Issuer, the Joint Lead Managers and the Dealers shall consult and agree on the Margin and the Sukuk distribution.

When the end of the Investor Offering Period approaches, the Issuer shall ensure that the Margin and Closing Date are published on the website of the Payment Administrator and the website of the Arranger and Dealers. The Issuer will also, prior to the Closing Date, publish a description of the Aggregate Nominal Amount of a series of Sukuk to be issued and the expected net returns on the website of the Payment Administrator and the websites of the Arranger and Dealers (mentioned above), noting that the contents of these websites do not form part of this Prospectus.

Persons wishing to purchase a series Sukuk will be required to submit a duly completed form (an "**Investor Application Form**") to any one of the Arranger and Dealers or receiving banks depending on each situation before the end of the Investor Offering Period and shall make payment for a series of Sukuk in accordance with the instructions contained in the Investor Application Form. Investor Application Forms will be available from any of the Arranger and Dealers. Persons wishing to purchase Sukuk must acknowledge that they have read and understood the Prospectus (including Section No. (2) "**Risk Factors**" and Section No. (15) "**Sukuk Terms and Conditions**"), the terms and conditions of the Investor Application Form and acceptance and approval of the basis on which the Sukuk were offered and fully accepted. They must also state that they reside in the Kingdom for tax purposes and that all information provided in the Investor Application Form is true and accurate.

The allocation of a series of Sukuk is at the discretion of the Issuer, the Sponsor and the Arranger, after the end of the Offering Period within a maximum period of (10) business days, or any other period that may be set by the Arranger in consultation with the Issuer, noting that for each Series of Sukuk, there are separate issues with different offering periods that are determined in the Applicable Final Terms and the Conditions

Once the allocation of a series of Sukuk has been completed, the Issuer shall cause the Margin and the Aggregate Nominal Amount, together with the anticipated aggregate net proceeds of the Mudaraba Sukuk to be issued, to be published on the website of Tadawul.

No temporary title deeds for any series of Sukuk will be issued.

Only Participating Categories as defined in Condition (1) "**Definitions**" may register as Sukukholders. "**Target Investor**", for these purposes, means any of the following:

1. A natural person residing in the Kingdom under the Income Tax Law; or
2. A legal person who is considered resident in the Kingdom for tax purposes and holds a current commercial registration number issued by the Ministry of Commerce. However, the requirement for this legal person to have a current commercial registration number issued by the Ministry of Commerce will not apply to Saudi government entities and mutual funds established in the KSA and managed by a person authorized by the Authority or any other entity established in the KSA, pursuant to laws or regulations that do not require such entity to maintain a commercial register, and who, in each case, has a bank account with a local bank in the Kingdom and an account with Edaa; and

3. Qualified Foreign Investor: a qualified foreign investor in accordance with the rules regulating the investment of qualified foreign financial institutions in securities listed for investment in securities. The qualification application is submitted to a licensed financial market institution to evaluate and accept the application in accordance with the rules regulating the investment of qualified foreign financial institutions in listed securities.

19-3 Allocation

Each Series of Sukuk shall be allocated at the discretion of the Issuer, Sponsor and Arranger, after the end of the Offering Period within a maximum period of (10) business days. The Arranger shall notify the subscribers of the final number of each series of Sukuk allocated to each of them with the amounts to be redeemed. The subscription surplus (if any) shall be returned to the subscribers without any commissions or deductions and deposited in the subscriber's account specified in the investor application form. In the event of the completion of the Sukuk allocation, the Issuer shall publish the Applicable Final Terms which include but are not limited to the Margin and the Aggregate Nominal Amount together with the expected total net proceeds of the Series of Sukuk to be issued.

19-4 General Provisions

Except for the application submitted for registration and acceptance of listing the Sukuk on the Main Market, the Issuer, Arranger and Sponsor have not and will not take any action that would or aim to allow a Series of Sukuk to be offered and acquired or to distribute this Prospectus, or any other materials related to the Offering, that would require action in that matter. The Issuer, Arranger and Obligor, and any other person whose possession this Prospectus comes, shall abide by all laws and regulations related to the purchase, offering, selling or trading of Sukuk, at its own expense in all cases.

19-5 Clearing and Settlement

The Sukuk will be listed in the Registrar's Trading, Clearing and Settlement System in accordance with the provisions of the Registration Agreement. In addition, pursuant to Condition 12 (Payments), all payments due from the Sukuk shall be deposited into accounts opened in Saudi Riyals in the Kingdom and reported from time to time to the Registrar and Payment Administrator. Accordingly, investors shall be required to make appropriate arrangements to receive payments arising from the Sukuk in such an account. Investors shall also consult with their approved advisors regarding the requirements for opening the aforementioned accounts above. Besides, they shall take any necessary action required to open this account themselves. The Issuer, Sponsor, Lead Managers, and Dealers are not responsible for any liability regarding the commitment of investors to the correct process, regulations and requirements for opening these accounts for the purpose of owning Sukuk and obtaining payments. Moreover, none of them bears responsibility for any direct or indirect loss arising as a result of taking or not taking any action regarding or in connection with the opening of these accounts.

19-6 Offering Expenses

Subject to the terms and conditions of the Subscription Agreement, the Issuer agrees to issue the Sukuk, and each of the Arranger and Dealers, individually and collectively, agree to subscribe and pay for, or underwrite and pay for the Sukuk Aggregate Nominal Amount in the ratios agreed upon in the Subscription Agreement on the Closing Date at a rate of (100%) of the Sukuk Aggregate Nominal Amount minus the amount of the commission. For a summary of the offering costs, please refer to Paragraph No. (8-1-1) "**Use of Offering Proceeds**" of Section No. (8) "**Financing Structure and Use of Proceeds**" of this Prospectus.

Subject to the terms and conditions of the Subscription Agreement, the Issuer agrees to pay on the Closing Date to the Arranger and Dealers, a commission in exchange for managing and undertaking to cover the subscription together based on the Sukuk Aggregate Nominal Amount (Commission Amount), with the underwriters receiving a share of the commission amount as per the agreed percentage calculated from the Aggregate Nominal Amount of each of the Lead Manager and the relevant Offeree in the Subscription Agreement. The commission amount will be deducted from the Sukuk subscription amounts. In addition, the Issuer agrees to pay the Arranger and Joint Dealers certain fees, costs and expenses related to the offering transaction in accordance with the Subscription Agreement. The Issuer and Sponsor have agreed to indemnify the Arranger and Joint Dealers for obligations arising from specific claims.

19-7 Saudi Tadawul

The Saudi Tadawul Group (Tadawul), which was previously the Saudi Stock Exchange Company, announced on 25/08/1442H (corresponding to 07/04/2021D) its transformation into a holding company in the name of the Saudi Tadawul Group, with a new structure that supports the development of the future of the Saudi financial market and ensures the continuity of its development as another step towards the Group's readiness for the initial public offering during the current year 2021G.

(Tadawul Saudi Group) includes four subsidiaries: (Saudi Tadawul) as a Stock Market, the Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Edaa), and (Wamed) Company, which specializes in innovation-based technical services and solutions.

Tadawul Saudi Group will benefit from the integration of the services of its subsidiaries and joint businesses, and the independence of its companies will provide a work environment characterized by flexibility and innovation to keep pace with the rapid developments in global markets.

The Tadawul System was established in 2001G as an alternative system to the electronic securities information system, and electronic stock trading began in the Kingdom in 1990. The trading transaction is carried out through an integrated electronic system, starting from the execution of the transaction and ending with its settlement.

Trading takes place every business day of the week from Sunday to Thursday, in one period from 10:00 am to 3:00 pm, during which orders are executed. Outside these times, orders are allowed to be entered, modified and canceled from 9:30 am until 10:00 am. Transactions are executed through automated matching of orders, and orders are received and prioritized according to price. In general, market orders are executed first, which are the orders with the best prices, followed by the orders with a specific price, and if several orders are entered at the same price, they are executed according to the entry's timing.

The Tadawul System distributes a comprehensive range of information through various channels, most notably the Tadawul website. Market data is provided instantly to well-known information providers such as "Reuters". The transactions are settled automatically within two business days according to (T+2).

The company must disclose all decisions and important information to investors through the "Tadawul" System. The Tadawul System is responsible for monitoring the market, with the aim of ensuring fair trading and efficient market operations.



**Documents Available for
Inspection
(20)**



الكثيري القابضة

AI KATHIRI HOLDING COMPANY

20- Documents Available for Inspection

As of the date of this Prospectus and as long as any of the Sukuk is in existence, copies of the following documents may be inspected during normal business hours at the Issuer's registered office in Riyadh, located on Prince Yazid bin Abdullah bin Abdul Rahman Road - Al Malqa District - 13523 - Riyadh 3158, KSA.

1. The Issuer's Bylaws
2. The Sponsor's Bylaws and amendments thereto
3. A Special Purposes Entity (SPE) License for the Issuer
4. A Copy of the Commercial Registration Certificate for the Sponsor
5. The Sponsor's Board of Directors' Resolution dated 27/02/1443H (corresponding to 04/10/2021G) to issue a local Sharia-compliant Sukuk Programme in Saudi riyals.
6. The Issuer's Board of Directors' Resolution dated 18/05/1443H (corresponding to 12/12/2021G) approving the registration and offering of local Sharia-compliant Sukuk with a number of five hundred thousand (500,000) Sukuk and a value of five hundred million (500,000,000) Saudi riyals for the purpose of Public Offering in the Main Market.
7. A copy of the CMA Approval Announcement to offer the Sukuk
8. A copy of the Saudi Stock Exchange (Tadawul) Approval Announcement to register and offer the Sukuk.
9. There is no contract or arrangement in effect or intended to be concluded upon submission of the Prospectus to a member of the Board of Directors, any of the Senior Executives or any of their relatives having an interest in the business of the Sponsor and its subsidiaries.
10. A written consent of the Financial Advisor, the Arranger, the Legal Advisor, and the Auditors, to include their names, logos and any statements they have provided, in the Prospectus.
11. Offering Subscription Agreement
12. Audited consolidated financial statements of Al Kathiri Holding Company for the fiscal years ended December 31, 2019G, 2020G and 2021G.

From the date of this Prospectus until the Closing Date, the following draft documents may be viewed during normal business hours at the Issuer's registered office:

- a. Declaration of Agency Agreement
- b. Mudaraba Agreement
- c. Master Murabaha Agreement
- d. Payment Administration Agreement
- e. Programme Agreement
- f. Sukuk (including the Global Sak and Conditions).

Starting from the Closing Date and as long as the Sukuk remain in place, signed copies of these documents may be viewed during normal business hours at the Issuer's registered office.



External Auditor's Report (21)



الكثيري القابضة

AI KATHIRI HOLDING COMPANY

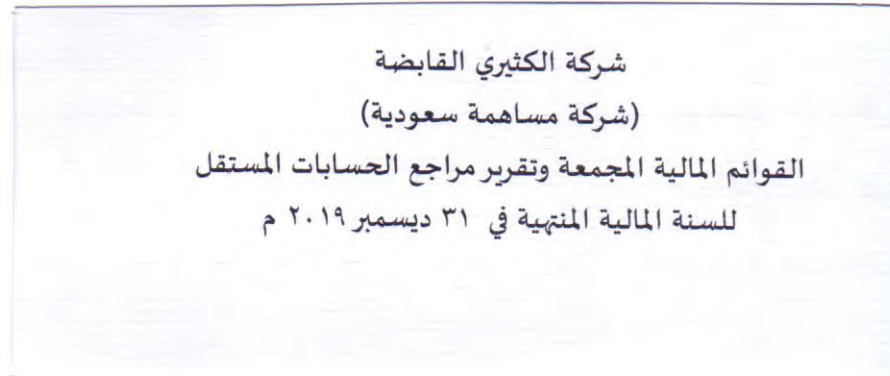


21- External Auditor's Report

The Sponsor's consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the accompanying notes thereto, and the reviewed financial statements for the interim period ending March 31 2022G have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and the standards and issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA).

Consolidated financial statements for the financial years ended December 31, 2019G were Audited by Waleed Al Shabanat Certified Public Accountants and Auditors. The audited Consolidated financial statements for the financial years ended December 31, 2020G and 2021G in addition to the reviewed consolidated financial statement for the three-month period ended March 31, 2022G were prepared by Sulaiman Abdullah Al Kharashi & Co. Chartered Accountants and Auditors (mazars).





AL-SHABANAT

وليد الشبانات محاسبون ومراجعون قانونيون
Waleed Al-Shabanat Certified Accountants & Auditors



تقرير مراجع الحسابات المستقل حول القوائم المالية المجمعة

المحترمين

إلى السادة/ المساهمين

شركة الكثيري القابضة

(شركة مساهمة سعودية)

الرأي :

لقد راجعنا القوائم المالية لشركة الكثيري القابضة المجمعة ، والتي تشمل قائمة المركز المالي المجمعة كما في ٣١ ديسمبر ٢٠١٩ م ، قائمة الأرباح أو الخسائر والدخل الشامل الآخر المجمعة وقائمة التعيرات في حقوق المساهمين المجمعة ، وقائمة التدفقات النقدية المجمعة للسنة المنتهية في ذلك التاريخ، والإيضاحات المرفقة مع القوائم المالية المجمعة ، بما في ذلك ملخص للسياسات المحاسبية الهامة والإيضاحات التفسيرية الأخرى.

وفي رأينا ، فإن القوائم المالية المجمعة المرفقة تعرض بعدل، من جميع الجوانب الجوهرية، المركز المالي المجمع للشركة كما في ٣١ ديسمبر ٢٠١٩ م وأدائها المالي وتدفقاتها النقدية للسنة المنتهية في ذلك التاريخ، وفقاً للمعايير الدولية للتقرير المالي المعتمدة في المملكة العربية السعودية ، والمعايير والإصدارات الأخرى التي اعتمدها الهيئة السعودية للمحاسبين القانونيين.

أساس الرأي :

لقد قمنا بالمراجعة وفقاً للمعايير الدولية للمراجعة المعتمدة في المملكة العربية السعودية. ومسؤوليتنا بموجب تلك المعايير تم توضيحها في قسم مسؤوليات المراجع عن مراجعة القوائم المالية في تقريرنا. ونحن مستقلون عن الشركة وفقاً لقواعد سلوك وأداب المهنة المعتمدة في المملكة العربية السعودية. كما وفينا أيضاً بمتطلبات سلوك وأداب المهنة الأخرى طبقاً لتلك القواعد. ونعتمد أن أدلة المراجعة التي حصلنا عليها كافية ومناسبة لتوفير أساس لرأينا في المراجعة.

الأمور الرئيسية للمراجعة:

الأمور الرئيسية للمراجعة هي تلك الأمور التي كانت، بحسب حكمنا المهني، لها الأهمية البالغة عند مراجعتنا للقوائم المالية للفترة الحالية. وقد تم تناول هذه الأمور في سياق مراجعتنا للقوائم المالية ككل، وعند تكوين رأينا فيها، ولم نقدم رأياً منفصلاً في تلك الأمور.

فيما يلي وصفاً لكل أمر من أمور المراجعة الرئيسة وكيفية معالجتها:





شركة الكثيري القابضة
(شركة مساهمة سعودية)
إيضاحات حول القوائم المالية المجمعة
للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

الإجراءات المتخذة تجاه أمور المراجعة الرئيسية	أمور المراجعة الرئيسية
	<p>(١) زيادة رأس المال :</p> <p>خلال عام ٢٠١٨ تم زيادة رأس مال الشركة من ٣١,٣٩٥ مليون ريال ليصبح ٣٧,٦٧٤ مليون ريال باستخدام الأرباح المبقاة والإحتياطي النظامي ، بتاريخ ١٨ شعبان ١٤٤٠ هـ الموافق ٢٣ ابريل ٢٠١٩ م قررت الجمعية العامة العادية زيادة رأس المال بمبلغ ٧,٥٣٤,٨٠٠ ريال سعودي عن طريق منح (١) سهم مجاني لكل (٥) أسهم وتتم الزيادة دعماً من الأرباح المبقاة وبذلك يكون رأس المال بعد الزيادة ٤٥,٢٠٨,٨٠٠ ريال سعودي، وحيث أن ذلك الإجراء يتطلب موافقات وإجراءات نظامية يجب إستكمالها لذا تم إعتبارها من الأمور الهامة</p>
	<p>(٢) تجميع القوائم المالية:</p> <p>حيث أن القوائم المالية المرفقة تمثل الحسابات المجمعة لشركة الكثيري القابضة وشركاتها التابعة (وهي شركة مساندة الإمداد المحدودة وشركة أليان للصناعة) ونظراً لأن تجميع القوائم المالية للشركات يستدعي بذل إجراءات مراجعة خاصة يكون الغرض منها التحقق من إتباع الشركة لإجراءات التجميع لذا فقد تم إعتبارها من الأمور الهامة .</p>
<p>تم فحص وتدقيق الحسابات الجارية بين الشركة القابضة وشركاتها التابعة والتي تتضمنها القوائم المالية المرفقة وتم التحقق من :</p> <p>أ) مطابقة الحسابات الجارية بين الشركة وشركاتها التابعة وما بين الشركات التابعة بعضها البعض وأنه قد تم إستبعادها من القوائم المالية المجمعة.</p> <p>ب) تم التحقق من إستبعاد كافة المعاملات المتبادلة بين الشركة وشركاتها التابعة والتي تنطوي على عمليات إيرادات أو تكاليف ومصاريف بغرض التأكد من عدم ترويج أيأ من الشركات من بعضها البعض.</p>	





شركة الكثيري القابضة
(شركة مساهمة سعودية)
إيضاحات حول القوائم المالية المجمعة
للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

<p>لقد قمنا بما يلي كجزء من مراجعتنا: فحص تقييم الإدارة لتأثير المعيار الدولي للتقرير المالي رقم (١٦) من حيث التصنيف وقياس حق استخدام الأصول و الإلتزامات التأجير وفهم النهج المتبع في التنفيذ.</p>	<p>٣) تطبيق المعيار الدولي رقم ١٦ " عقود الإيجار" قامت الشركة بتطبيق المعيار الدولي للتقرير المالي رقم (١٦) "عقود الإيجار" اعتباراً من ٠١ يناير ٢٠١٩ م ويحل هذا المعيار الجديد محل متطلبات معيار المحاسبة الدولي رقم (١٧) "عقود الإيجار" يعدل المعيار الدولي للتقرير المالي رقم (١٦) بشكل اسامي المعالجة المحاسبية لعقود الإيجار التشغيلي عند بدايتها مع الاعتراف بحق استخدام الأصول المستأجرة والإلتزامات المقابلة للمبلغ المخصوم من مدفوعات الإيجار على مدى عقد الإيجار</p>
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المعلومات الأخرى المدرجة في تقرير الشركة السنوي للعام المنتهي في ٣١ ديسمبر ٢٠١٩ م:
تتكون المعلومات الأخرى من المعلومات المدرجة في تقرير الشركة السنوي للعام المنتهي في ٣١ ديسمبر ٢٠١٩ م . بخلاف القوائم المالية المجمعة و تقرير مراجع الحسابات المستقل حولها. إن إدارة الشركة هي المسؤولة عن المعلومات الأخرى المذكورة في تقريرها السنوي.
من المتوقع أن يكون التقرير السنوي متاحاً لنا بعد تاريخ تقرير مراجع الحسابات هذا.
إن رأينا حول القوائم المالية لا يغطي المعلومات الأخرى، كما أننا لا ولن نبدي أي من أشكال التأكيدات حولها. وفيما يتعلق بمراجعتنا للقوائم المالية المجمعة . فإن مسؤوليتنا هي قراءة المعلومات الموضحة أعلاه، وعند القيام بذلك، نأخذ بعين الاعتبار ما إذا كانت المعلومات الأخرى غير متسقة بشكل جوهري مع القوائم المالية أو المعلومات التي حصلنا عليها خلال عملية المراجعة، أو تظهر بطريقة أخرى أنها تحتوي على تحريف جوهري.
واستناداً إلى العمل الذي أجريناه على المعلومات الأخرى التي حصلنا عليها قبل تاريخ تقرير مراجع الحسابات هذا، وإذا استنتجنا وجود أخطاء جوهري في هذه المعلومات الأخرى . فإننا مطالبون بالإبلاغ عن هذه الحقيقة. وليس لدينا ما نذكره في هذا الصدد.
عندما نقرأ المعلومات الأخرى ويتبين لنا وجود تحريف جوهري فيها. فإنه يتعين علينا إبلاغ المكلفين بالحوكمة بذلك.
مسؤوليات الإدارة والمكلفين بالحوكمة عن القوائم المالية:

إن الإدارة هي المسؤولة عن إعداد القوائم المالية وعرضها العادل، وفقاً للمعايير الدولية للتقرير المالي المعتمدة في المملكة العربية السعودية، والمعايير والإصدارات الأخرى المعتمدة من الهيئة السعودية للمحاسبين القانونيين وأحكام نظام الشركات ، وهي المسؤولة عن الرقابة الداخلية التي تراها الإدارة ضرورية، لتمكينها من إعداد قوائم مالية خالية من تحريف جوهري سواء في الشكل أو في المحتوى.

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عضو الفرقة: ٤١٢٢
ترخيص: ٤٠٣
C.R: 1010428926

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العنوان: المملكة العربية السعودية، الرياض
ص.ب ٣٢٢٨٦ الرياض ١١٥١٦
ترخيص رقم: ٤٠٣
C.C: 124122



شركة الكثيري القابضة
(شركة مساهمة سعودية)
إيضاحات حول القوائم المالية المجمعة
للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

عند إعداد القوائم المالية، فإن الإدارة هي المسؤولة عن تقدير قدرة الشركة على البقاء كمنشأة مستمرة وعن الإفصاح بحسب مقتضى الحال، عن الأمور ذات العلاقة بالاستمرارية، واستخدام أساس الاستمرارية في المحاسبة، ما لم تكن هناك نية لتصفية الشركة أو إيقاف عملياتها، أو ليس هناك خيار واقعي بخلاف ذلك.

والمكلفون بالحوكمة هم المسؤولون عن الإشراف على عملية التقرير المالي في الشركة.

مسؤوليات المراجع عن مراجعة القوائم المالية:

تتمثل أهدافنا في الوصول إلى تأكيد معقول عما إذا كانت القوائم المالية ككل خالية من تحريف جوهري سواء بسبب غش أو خطأ، وإصدار تقرير المراجع الذي يتضمن رأينا. والتأكيد المعقول هو مستوى عالٍ من التأكيد، إلا أنه ليس ضماناً على أن المراجعة التي تم القيام بها وفقاً للمعايير الدولية للمراجعة المعتمدة في المملكة العربية السعودية ستكشف دائماً عن تحريف جوهري عندما يكون موجوداً. ويمكن أن تنشأ التحريفات عن غش أو خطأ، وتُعد جوهريّة إذا كان يمكن بشكل معقول توقع أنها ستؤثر بمفردها أو في مجموعها على القرارات الاقتصادية التي يتخذها المستخدمون على أساس هذه القوائم المالية.

وكجزء من المراجعة وفقاً للمعايير الدولية للمراجعة المعتمدة في المملكة العربية السعودية، فإننا نمارس الحكم المهني ونحافظ على نزعة الشك المهني خلال المراجعة. وعلينا أيضاً:

- تحديد مخاطر التحريفات الجوهريّة في القوائم المالية وتقديرها سواء بسبب غش أو خطأ، وتصميم وتنفيذ إجراءات مراجعة استجابةً لتلك المخاطر، والحصول على أدلة مراجعة كافية ومناسبة لتوفير أساس لرأينا. ويعد خطر عدم اكتشاف تحريف جوهري ناتج عن غش أعلى من الخطر الناتج عن خطأ، نظراً لأن الغش قد ينطوي على تواطؤ أو تزوير أو حذف متعمد أو إفادات مضللة أو تجاوز الرقابة الداخلية.
- الحصول على فهم للرقابة الداخلية ذات الصلة بالمراجعة، من أجل تصميم إجراءات مراجعة مناسبة للظروف، وليس بغرض إبداء رأي في فاعلية الرقابة الداخلية للشركة.
- تقويم مدى مناسبة السياسات المحاسبية المستخدمة، ومدى معقولية التقديرات المحاسبية والإفصاحات ذات العلاقة التي قامت بها الإدارة.
- استنتاج مدى مناسبة استخدام الإدارة لأساس الاستمرارية في المحاسبة، واستناداً إلى أدلة المراجعة التي تم الحصول عليها، ما إذا كان هناك عدم تأكيد جوهري ذا علاقة بأحداث أو ظروف قد تثير شكاً كبيراً بشأن قدرة الشركة على البقاء كمنشأة مستمرة. وإذا خالصنا إلى وجود عدم تأكيد جوهري، فإننا مطالبون بأن نلفت الانتباه في تقريرنا إلى الإفصاحات ذات العلاقة الواردة في القوائم المالية، أو إذا كانت تلك الإفصاحات غير كافية، فإننا مطالبون بتعديل رأينا. وتستند استنتاجاتنا إلى أدلة المراجعة التي تم الحصول عليها حتى تاريخ تقرير المراجع. ومع ذلك، فإن الأحداث أو الظروف المستقبلية قد تتسبب في توقف الشركة عن البقاء

كمنشأة مستمرة.

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E-Mail: el-shapanat@hotmail.com

العنوان: للمملكة العربية السعودية، الرياض
ص.ب. ٣٣٢٢٨ الرياض ١١٥١٦
ترخيص رقم: ٤٠٣
C.C: I24122



شركة الكثيري القابضة
(شركة مساهمة سعودية)

إيضاحات حول القوائم المالية المجمعة

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

• تقويم العرض العام، وهيكل ومحتوى القوائم المالية، بما في ذلك الإفصاحات، وما إذا كانت القوائم المالية تعبر عن المعاملات والأحداث التي تمثلها بطريقة تحقق عرضاً عادلاً.

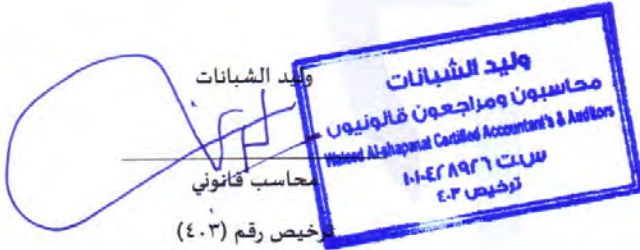
لقد أبلغنا المكلفين بالحوكمة فيما يتعلق، من بين أمور أخرى، بالنطاق والتوقيت المخطط للمراجعة والنتائج المهمة للمراجعة، بما في ذلك أي أوجه قصور مهمة في الرقابة الداخلية اكتشفناها خلال المراجعة.

لقد زدنا أيضاً المكلفين بالحوكمة ببيان يفيد بأننا قد التزمنا بالمتطلبات الأخلاقية ذات الصلة المتعلقة بالاستقلال، وأبلغناهم بجميع العلاقات والأمور الأخرى التي قد نعتقد بشكل معقول أنها تؤثر على استقلالنا، وبحسب مقتضى الحال إجراءات الوقاية ذات العلاقة.

ومن الأمور التي تم إبلاغها للمكلفين بالحوكمة، تلك الأمور التي كانت لها الأهمية البالغة عند مراجعة القوائم المالية للفترة الحالية، وبناءً على ذلك تُعد الأمور الرئيسية للمراجعة. وتوضح هذه الأمور في تقريرنا ما لم يمنع نظام أو لائحة الإفصاح العلني عن الأمر، أو إذا قررنا في ظروف نادرة للغاية أن الأمر ينبغي ألا يتم الإبلاغ عنه في تقريرنا بسبب أنه من المتوقع بشكل معقول أن تفوق التبعات السلبية لفعال ذلك فوائد المصلحة العامة من ذلك الإبلاغ.

التقرير عن المتطلبات النظامية والتنظيمية الأخرى:

إن القوائم المالية المجمعة لشركة الكثيري القابضة (شركة مساهمة سعودية) ككل تتفق مع نظام الشركات والنظام الأساسي للشركة فيما يتعلق بإعداد وعرض القوائم المالية.



التاريخ: ١٤٤١/٠٦/١٥ هـ
الموافق: ٢٠٢٠/٠٢/٠٩ م

شركة الكثيري القابضة
شركة مساهمة سعودية
قائمة المركز المالي المجمعة
كما في ٣١ ديسمبر ٢٠١٩

في ٣١ ديسمبر		إيضاح	الموجودات
٢٠١٨	٢٠١٩		
ريال سعودي	ريال سعودي		
			الموجودات غير المتداولة :
٥٠,٣٧٧,٥١٦	٤٥,٢٧٩,٩٥٨	٥	ممتلكات وآلات ومعدات
٤٥٩,٥٣٤	٧,٥٥٧,٦١٧	٦	تكاليف أعمال جارية تحت التنفيذ
٥٠,٨٣٧,٠٥٠	٥٢,٨٣٧,٥٧٥		مجموع الموجودات غير المتداولة
			الموجودات المتداولة:
٩,٧٧٦,٠٦٤	١٠,٢١٥,٢٣٨	٧	مخزون
٢٦,٠٧٣,٨٦١	٢٩,١٩٣,١٦٧	٨	ذمم مدينة
٤,٩٧٧,٦٣٨	١٣,٢١٤,٥٩٢	٩	أرصدة مدينة أخرى
٨٧٤,١٦٤	٤,٨٢٣,٠٤١	١٠	النقد والنقد المماثل
٤١,٧٠١,٧٢٧	٥٧,٤٤٦,٠٣٨		مجموع الموجودات المتداولة
٩٢,٥٣٨,٧٧٧	١١٠,٢٨٣,٦١٣		مجموع الموجودات
			حقوق المساهمين والمطلوبات
			حقوق المساهمين :
٣٧,٦٧٤,٠٠٠	٤٥,٢٠٨,٨٠٠	١	رأس المال
١,٣٢٢,١٩١	٢,٩٢٣,٧٨٩		احتياطي نظامي
٢٥١,٨٣٨	٢٥١,٨٣٨		رأس المال الإضافي
٧,٥٥٩,٠٨٣	٧,٥٥٩,٠٨٣	١١	علاوة الإصدار
٨,٣٧٣,٨٢٣	١٥,٢٥٣,٤٠١		أرباح مبقاة
٥٥,١٨٠,٩٣٥	٧١,١٩٦,٩١٠		إجمالي حقوق المساهمين
			المطلوبات غير المتداولة :
٣٠١,٨٩٥	٤٣٤,٢٢٨	١٢	مخصص مكافأة نهاية الخدمة
١٤,٢٥٠,٣٣١		١٣ - ١	الجزء الغير المتداول من أوراق الدفع
١٤,٥٥٢,٢٢٦	٤٣٤,٢٢٨		مجموع المطلوبات غير المتداولة
			المطلوبات المتداولة :
١٠,٤٤١,٠٤١	١٠,٢٠٤,٣١١	١٤	تسهيلات إئتمانية
١١,٥٣٣,٩٨٨	١١,٦٥٢,٣٢٧	١٥	ذمم دائنة
	٧,٧٥٢,٩٤٤	١٣ - ب	الجزء المتداول من أوراق الدفع
٥٨٨,٢٣٠	٣٩٨,٤٤٥	١٦	أرصدة دائنة أخرى
	٣,٧٧٦,٠٧٥	١٧	مستحق إلي جهات ذات علاقة
٢٤٢,٣٥٧	٤٦٠,٣٧٣	١٨	مخصص الزكاة
	٤,٤٠٨,٠٠٠	٤-٤	قروض
٢٢,٨٠٥,٦١٦	٣٨,٦٥٢,٤٧٥		مجموع المطلوبات المتداولة
٣٧,٣٥٧,٨٤٢	٣٩,٠٨٦,٧٠٣		مجموع المطلوبات
٩٢,٥٣٨,٧٧٧	١١٠,٢٨٣,٦١٣		مجموع المطلوبات وحقوق المساهمين

إن الإيضاحات المرفقة تشكل جزءاً لا يتجزأ من هذه البيانات المالية

الرئيس التنفيذي والعضو المنتدب

مشعل بن محمد بن ناصر الكثيري

المدير المالي

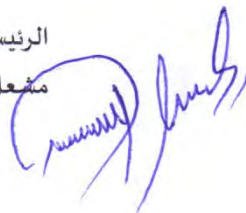
أحمد عبد السطار زهير اسماعيل

شركة الكثيري القابضة
شركة مساهمة سعودية
قائمة الدخل الشامل المجمعة
للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٨	للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩	إيضاح	
ريال سعودي	ريال سعودي		
٥٠,٤٨٦,٠٥١	٨٩,٤٦٥,٨٢٠	١٩	الإيرادات
(٣٤,٦٢٠,٤٥٥)	(٦٢,٨٦٠,٥٦٧)	٢٠	تكلفة الإيرادات
١٥,٨٦٥,٥٩٦	٢٦,٦٠٥,٢٥٣		إجمالي الربح
(١,٣٠٥,٨٢١)	(٤,٧١٤,٩٥٣)	٢١	مصاريف الأعمال الرئيسية:
(٤,٨٨٤,٨٧٠)	(٥,١٣٩,٨٩٥)	٥	مصاريف عمومية وإدارية
٩,٦٧٤,٩٠٥	١٦,٧٥٠,٤٠٥		إستهلاكات
			صافي الدخل من الأعمال الرئيسية
(٤٣٥,٨٩٢)	(٣٥٩,٥٨٨)		نتائج الأعمال الأخرى :
٣٠٧,٥٩٢	٨٥,٥٣١		أعباء تمويلية
٩,٥٤٦,٦٠٥	١٦,٤٧٦,٣٤٨		إيرادات أخرى
(٢٤٢,٣٥٧)	(٤٦٠,٣٧٣)	١٨	صافي دخل السنة / الفترة
٩,٣٠٤,٢٤٨	١٦,٠١٥,٩٧٥		الزكاة الشرعية التقديرية
			صافي دخل السنة / الفترة بعد الزكاة
			الدخل الشامل الأخر:
٩,٣٠٤,٢٤٨	١٦,٠١٥,٩٧٥		الدخل الشامل الآخر للفترة
			إجمالي الدخل الشامل
			ربحية السهم:
٢.٨٧	٣.٩١		من صافي دخل الأعمال الرئيسية
٢.٧٦	٣.٧٤		من صافي دخل العام
٣,٣٧٦,٨٩٨	٤,٢٨٧,٦١١		المتوسط المرجح لعدد الأسهم

إن الإيضاحات المرفقة تشكل جزءاً لا يتجزأ من هذه البيانات المالية

الرئيس التنفيذي والعضو المنتدب
مشعل بن محمد بن ناصر الكثيري



المدير المالي
أحمد عبد الستار زهير اسماعيل



شركة الكاثيري القابضة
شركة مساهمة سعودية
قائمة حقوق المساهمين المجمعة
للسنة المنتهية في ٣١ ديسمبر ٢٠١٩ م

الأجمالي	أرباح مبقاة	علاوة إصدار	رأس مال إضافي	احتياطي نظامي	رأس المال
ريال سعودي	ريال سعودي	ريال سعودي	ريال سعودي	ريال سعودي	ريال سعودي
٤٥,٨٧٦,٦٨٧	٥,٩٨٣,٣٨٠	٧,٥٥٩,٠٨٣	٢٥١,٨٣٨	٦٨٧,٣٨٦	٣١,٣٩٥,٠٠٠
•	•	•	•	•	•
•	(٥,٩٨٣,٣٨٠)	•	•	•	٥,٩٨٣,٣٨٠
•	•	•	•	(٢٩٥,٦٢٠)	٢٩٥,٦٢٠
٩,٣٠٤,٢٤٨	٩,٣٠٤,٢٤٨	•	•	•	•
•	(٩٣٠,٤٢٥)	•	•	٩٣٠,٤٢٥	•
٥٥,١٨٠,٩٣٥	٨,٣٧٣,٨٢٣	٧,٥٥٩,٠٨٣	٢٥١,٨٣٨	١,٣٢٢,١٩١	٣٧,٦٧٤,٠٠٠
•	(٧,٥٣٤,٨٠٠)	•	•	•	٧,٥٣٤,٨٠٠
١٦,٠١٥,٩٧٥	١٦,٠١٥,٩٧٥	•	•	•	•
•	(١,٦٠١,٥٩٨)	•	•	١,٦٠١,٥٩٨	•
٧١,١٩٦,٩١٠	١٥,٢٥٣,٤٠١	٧,٥٥٩,٠٨٣	٢٥١,٨٣٨	٢,٩٢٣,٧٨٩	٤٥,٢٠٨,٨٠٠

إن الإيضاحات المرفقة تشكل جزءاً لا يتجزأ من هذه البيانات المالية

الرئيس التنفيذي والمضو المنتدب

مشعل بن محمد بن ناصر الكاثيري

المدير المالي
أحمد عبد الستار زهير اسماعيل

رصيد ١ يناير ٢٠١٨

دعم رأس المال الإضافي

زيادة رأس المال من الأرباح المبقاة

زيادة رأس المال من الإحتياطي النظامي

صافي دخل السنة

المحول للإحتياطي النظامي

الرصيد في ٣١ ديسمبر ٢٠١٨

زيادة رأس المال من الأرباح المبقاة

صافي دخل السنة

المحول للإحتياطي النظامي

الرصيد في ٣١ ديسمبر ٢٠١٩

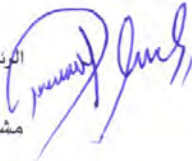
شركة الكثيري القابضة
شركة مساهمة سعودية
قائمة التدفقات النقدية المجمعة
للسنة المنتهية في ٣١ ديسمبر ٢٠١٩

للسنة المنتهية في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
٩,٥٤٦,٦٠٥	١٦,٤٧٦,٣٤٨	تدفقات نقدية من الأنشطة التشغيلية : صافي دخل السنة / الفترة
٤,٨٨٤,٨٧٠	٥,١٣٩,٨٩٥	تعديلات لتسوية صافي دخل الفترة إلى صافي النقدية الناجمة من (المستخدمة في) الأنشطة التشغيلية
١٤٧,٦٧٧	١٣٢,٣٣٣	إستهلاك ممتلكات ومعدات مخصص مكافأة نهاية الخدمة . المكون
(٢,٨٧٠,٤٨٥)	(٤٣٩,١٧٤)	التغيرات في الموجودات والمطلوبات التشغيلية: مخزون
(٥,٦٠٥,٤٩١)	(٣,١١٩,٣٠٦)	ذمم المدينة
٨٠٠,٣٤٠	.	مستحق من جهات ذات علاقة
(٤,٦٠٣,٨١٩)	(٨,٢٣٦,٩٥٥)	أرصدة مدينة أخرى
٢,٨٦٨,٤٣٦	١١٨,٣٣٩	ذمم دائنة
(٤١٢,٧٥٢)	(١٨٩,٧٨٥)	أرصدة دائنة أخرى
(١٧٣,٥٣٣)	(٢٤٢,٣٥٧)	الزكاة المدفوعة
.	٣,٧٧٦,٠٧٥	مستحق إلي جهات ذات علاقة
٤,٥٨١,٨٤٨	١٣,٤١٥,٤١٣	صافي النقد الناتج من الأنشطة التشغيلية
(١٣,٠٢٢,٤٨٤)	(٤٢,٣٣٦)	تدفقات نقدية من الأنشطة الإستثمارية : إضافات ممتلكات وألات ومعدات
(٤٥٩,٥٣٤)	(٧,٠٩٨,٠٨٣)	تكلفة أعمال جارية تحت التنفيذ
(١٣,٤٨٢,٠١٨)	(٧,١٤٠,٤١٩)	صافي النقد (المستخدم في) الأنشطة الإستثمارية
٨,٩٢٨,٠٢٢	(٢٣٦,٧٣٠)	تدفقات نقدية من الأنشطة التمويلية : تسهيلات إئتمانية
(٣,١٠١,١٠٨)	(٦,٤٩٧,٣٨٧)	أوراق دفع
.	٤,٤٠٨,٠٠٠	قروض
٥,٨٢٦,٩١٤	(٢,٣٢٦,١١٧)	صافي النقد الناتج من الأنشطة التمويلية
(٣,٠٧٣,٢٥٦)	٣,٩٤٨,٨٧٧	صافي (النقص) الزيادة في النقدية
٣,٩٤٧,٤٢٠	٨٧٤,١٦٤	رصيد النقدية في بداية العام / الفترة
٨٧٤,١٦٤	٤,٨٢٣,٠٤١	رصيد النقدية في نهاية السنة / الفترة
٥,٩٨٣,٣٨٠	٧,٥٣٤,٨٠٠	تأثيرات غير نقدية
٢٩٥,٦٢٠	.	تمويل زيادة رأس المال من الأرباح المبقاة
٦,٢٧٩,٠٠٠	٧,٥٣٤,٨٠٠	تمويل زيادة رأس المال من الإحتياطي النظامي
		إجمالي زيادة رأس المال

إن الإيضاحات المرفقة تشكل جزءاً لا يتجزأ من هذه البيانات المالية

الرئيس التنفيذي والعضو المنتدب

مشعل بن محمد بن ناصر الكثيري



المدير المالي

احمد عبدالستار زهير اسماعيل



شركة الكثيري القابضة
(شركة مساهمة سعودية)
إيضاحات حول القوائم المالية المجمعة
للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

إيضاح : (١) الشركة والنشاط:

شركة الكثيري القابضة (الشركة)، هي شركة مساهمة سعودية، مسجلة في الرياض بالمملكة العربية السعودية بموجب السجل التجاري رقم ١٠١٠٢٥٥٦٩٠ بتاريخ ٢٩ شعبان ١٤٢٩ هـ (الموافق ٣٠ أغسطس ٢٠٠٨ م).

بموجب قرار معالي وزير التجارة والإستثمار رقم (١٨١/ق) تم تحويل الكيان النظامي للشركة من شركة ذات مسئولية محدودة إلى شركة مساهمة سعودية مقلدة إعتباراً من تاريخ التأشير بالتحويل بالسجل التجاري إعتباراً من ٢٠ مارس ٢٠١٧ م الموافق ٢١ جمادى الآخرة ١٤٣٨ هـ. بتاريخ ٢١ شعبان ١٤٣٨ هـ الموافق ١٧ مايو ٢٠١٧ م صدر قرار مجلس هيئة السوق المالية بالموافقة على نشرة الإصدار الخاصة بالشركة وطرح عدد ٨١٩,٠٠٠ سهم تمثل ٢٦,١% من أسهمها بالسوق الموازي (نمو). وقد تمت عملية الطرح على النحو التالي:

• طرح (٤٠٩,٥٠٠) سهم عادي من أسهم المساهمين الحاليين تمثل ما نسبته ١٥% من أسهم الشركة القائمة على أن توزع متحصلات الطرح على المساهمين الحاليين حسب نسب الملكية.

• طرح (٤٠٩,٥٠٠) سهم عادي جديد ليمثل زيادة على رأس المال بنسبة ٥%.

بناءً على عملية الطرح يصبح رأس مال الشركة ٣١,٣٩٥,٠٠٠ ريال سعودي مقسم إلى ٣,١٣٩,٥٠٠ سهم بقيمة إسمية ١٠ ريال للسهم.

• تم رفع رأس المال بموجب قرار الجمعية العمومية بتاريخ ٥ ذو الحجة ١٤٣٩ هـ الموافق ١٦ أغسطس ٢٠١٨ م ليصبح ٣٧,٦٧٤,٠٠٠ وذلك عن طريق منح أسهم مجانية بواقع (١) سهم مجاني لكل حامل عدد (٥) أسهم بتاريخ انعقاد الجمعية.

• بتاريخ ١٨ شعبان ١٤٤٠ هـ الموافق ٢٣ أبريل ٢٠١٩ م قررت الجمعية العامة العادية زيادة رأس المال بمبلغ ٧,٥٣٤,٨٠٠ ريال سعودي عن طريق منح (١) سهم مجاني لكل (٥) أسهم وتتم الزيادة دعماً من الأرباح المبقاة وبذلك يكون رأس المال على النحو التالي:

البيان	قبل الزيادة	الزيادة	بعد الزيادة
عدد الأسهم	٣,٧٦٧,٤٠٠	٧٥٣,٤٠٠	٤,٥٢٠,٨٠٠
قيمة الأسهم	١٠	١٠	١٠
قيمة رأس المال	٣٧,٦٧٤,٠٠٠	٧,٥٣٤,٠٠٠	٤٥,٢٠٨,٨٠٠

نشاط الشركة :

إدارة الشركات التابعة لها أو المشاركة في إدارة الشركات الأخرى التي تساهم فيها وتوفير الدعم اللازم لها وامتلاك حقوق الملكية الصناعية من براءات الاختراع والعلامات التجارية والصناعية وحقوق الامتياز وغيرها من الحقوق المعنوية واستغلالها وتأجيرها للشركات التابعة لها أو لغيرها.

الشركات التابعة والتراخيص الصناعية

الإسم التجاري	رقم السجل	جهة الإصدار
شركة مساندة الامداد المحدودة مملوكة بنسبة ١٠٠% (شركة شخص واحد)	١٠١٠٩٤٥٥١٣	الرياض
شركة إيلان للصناعة مملوكة بنسبة ١٠٠% (شركة شخص واحد)	١٠١٠٤٤٢٥٩٢	الرياض

لدى الشركة ترخيص صناعي رقم (١٣٢) بتاريخ ١٧ محرم ١٤٤٠ هـ بإسم إيلان للصناعة والنشاط تصنيع أصناف من الخرسانة والأسمنت والجص.

عملة العرض والنشاط

تم عرض القوائم المالية الأولية المختصرة بالريال السعودي وهو العملة الوظيفية وعملة العرض للشركة. تم تقريب جميع الأرقام إلى أقرب ريال سعودي، ما لم يذكر خلاف ذلك.

شركة الكثيري القابضة

(شركة مساهمة سعودية)

إيضاحات حول القوائم المالية المجمعة

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

إيضاح : (٢) المعايير المحاسبية المطبقة :

أولاً : تطبيق المعايير الدولية لإعداد التقارير المالية لأول مرة :

إن تطبيق المعايير الدولية للتقارير المالية للمرة الأولى يحدد الإجراءات التي يجب على المنشأة اتباعها عندما تعتمد المعايير الدولية لإعداد التقارير المالية للمرة الأولى كأساس لإعداد القوائم المالية للأهداف العامة (المعيار الدولي لإعداد التقارير المالية رقم ١).

إن قائمة المركز المالي المجمعة في ٣١ ديسمبر ٢٠١٩ م وقائمة الأرباح أو الخسائر والدخل الشامل الآخر المجمعة والتدفقات النقدية المجمعة والتغيرات في حقوق المساهمين المجمعة للفترة المنتهية في ذلك التاريخ تم إعدادها ونشرها وفقاً للمعايير الدولية للتقارير المالية التي تم إقرارها في المملكة العربية السعودية وغيرها من المعايير والأحكام التي أقرتها الهيئة السعودية للمحاسبين القانونيين.

ثانياً: المعايير الجديدة والتعديلات الجديدة الصادرة التي يتم تطبيقها اعتباراً من ١ يناير ٢٠١٩ م :

١ يناير ٢٠١٩	<p>المعيار الدولي لإعداد التقارير المالية رقم (١٦) : عقود الإيجار</p> <p>يحدد المعيار الدولي لإعداد التقارير المالية رقم (١٦) كيفية الاعتراف، القياس العرض والافصاح عن عقود الإيجار. يقدم المعيار نموذج محاسبي واحد ، يتطلب من المستأجرين الاعتراف بموجودات ومطلوبات جميع عقود الإيجار إلا إذا كانت مدة عقد الإيجار ١٢ شهراً أو أقل أو أن الأصل موضوع العقد ذات قيمة منخفضة. يستمر المؤجرين بتصنيف عقود الإيجارات كتنشغيلية أو تمويلية ضمن مفهوم المعيار الدولي لإعداد التقارير المالية رقم (١٦) المتعلق بالمحاسبة للمؤجر دون تغيير جوهري عن معيار المحاسبة الدولي رقم (١٧) .</p>
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ثالثاً: المعايير الجديدة والتعديلات الجديدة التي تم تطبيقها اعتباراً من ١ يناير ٢٠١٨ :

قامت الشركة بتطبيق المعيار الدولي للتقرير المالي رقم ٩ الأدوات المالية والمعيار الدولي للتقرير المالي رقم ١٥ الإيرادات من العقود مع العملاء ، اعتباراً من ١ يناير ٢٠١٨ .

المعيار الدولي رقم ٩ : الأدوات المالية

التصنيف والقياس - الموجودات المالية.

يعتمد تصنيف وقياس الموجودات المالية على نموذج الأعمال والتدفقات النقدية المقدرة. لا يتم فصل أي مشتقات مضمنة في العقود وتؤخذ في الاعتبار ككل في التصنيف.

يتم تكوين مخصص خسائر الائتمان المتوقعة على مدى عمر الأداة المالية إذا زادت مخاطر الائتمان لتلك الأدوات بشكل كبير منذ الاعتراف المبدئي وكذلك بالنسبة للموجودات التعاقدية أو الذمم المدينة التجارية التي لا تشكل معاملة تمويل وفقاً للمعيار الدولي للتقرير المالي ١٥ .

التحول:

عادة يتم تطبيق التغيرات في السياسات المحاسبية الناتجة من تطبيق المعيار الدولي للتقرير المالي ٩ بأثر رجعي. لكن يمكن للشركات الاستفادة من الإعفاء الذي يسمح لها بعدم تعديل معلومات المقارنة للفترة السابقة فيما يتعلق بالتغيرات في التصنيف والقياس (يشمل الانخفاض). ويتم الاعتراف بالفروقات في القيم الدفترية للموجودات المالية والمطلوبات المالية الناتجة من تطبيق المعيار الدولي للتقرير المالي في الأرباح المبقاة والاحتياطيات كما في ١ يناير ٢٠١٨ م.

الأثر المترتب على تطبيق المعيار:

لم يترتب على التغييرات التي قامت بها الشركة على السياسات المحاسبية نتيجة تطبيق المعيار الدولي للتقرير المالي ٩ فروقات يتم التأثير بها على القوائم المالية للشركة .

شركة الكثري القابضة

(شركة مساهمة سعودية)

إيضاحات حول القوائم المالية المجمعة

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

المعيار الدولي للتقرير المالي (١٥) " الأيرادات من العقود مع العملاء"

يقدم المعيار ١٥ نموذج واحد شامل لاستخدامه في محاسبة الأيرادات الناتجة عن العقود المبرمة مع العملاء. يحل هذا المعيار محل إرشادات تحقق الأيرادات في المعيار المحاسبي الدولي رقم ١٨- الأيرادات ، ومعيار المحاسبة الدولي رقم ١١- عقود المقاولات ، والتفسيرات المتعلقة بها. الهدف الأساسي للمعيار الدولي للتقرير المالي ١٥ هو أن المنشأة ينبغي أن تعترف بالإيرادات مقابل نقل البضائع أو الخدمات المقدمة للعملاء بالمبلغ الذي يعكس التعويض المادي الذي تتوقعه المنشأة مقابل تلك السلع أو الخدمات. تقوم الشركة بالاعتراف بالإيرادات عند حصول العميل على السيطرة على البضائع والاقرار باستلامها بما يتماشى مع متطلبات المعيار الدولي للتقرير المالي ١٥ .

الأثر المترتب على تطبيق المعيار:

لم يترتب على التغييرات التي قامت بها الشركة على السياسات المحاسبية نتيجة تطبيق المعيار الدولي للتقرير المالي ١٥ فروقات يتم التأثير بها على القوائم المالية للشركة .

إيضاح : (٣) الافتراضات المحاسبية الهامة والتقديرات غير المؤكدة :

إن إعداد القوائم المالية الأولية المختصرة يتطلب استخدام التقديرات والافتراضات التي تؤثر على قيم الموجودات والمطلوبات المسجلة والإيضاحات عن الموجودات والالتزامات المحتملة في تاريخ القوائم المالية الأولية المختصرة ومبالغ الإيرادات والمصروفات المصرح عنها والإفصاح عن المطلوبات المحتملة بتاريخ القوائم المالية ومبالغ الإيرادات والمصاريف المصرح عنها خلال فترة التقرير. بالرغم من أن هذه التقديرات والأحكام مبنية على أفضل المعلومات المتوفرة لدى الإدارة بشأن العمليات والأحداث الجارية، فإن النتائج الفعلية يمكن أن تختلف عن هذه التقديرات. إن الأحكام الهامة التي اتخذتها الإدارة في تطبيق السياسات المحاسبية للشركة والمصادر الرئيسية لعدم التأكد من التقديرات للفترة الحالية هي نفس الأحكام التي طبقت على القوائم المالية للسنة المنتهية في ٣١ ديسمبر ٢٠١٨.

إيضاح : (٤) ملخص لأهم السياسات المحاسبية :

١-٤ أساس الإعداد

تم إعداد هذه القوائم المالية الأولية المختصرة وفقاً للمعيار المحاسبي الدولي رقم ٣٤ (التقارير المالية الأولية) ، ووفقاً لأساس الإستحقاق المحاسبي ومفهوم الاستمرارية ، ومبدأ التكلفة التاريخية باستثناء الاستثمارات والتي يتم قياسها بالقيمة العادلة من خلال الأرباح أو الخسائر ، والإعتراف بمستحقات التزامات المنافع المحددة بالقيمة الحالية للالتزامات المستقبلية وباستخدام طريقة المبلغ المستحق حسب الوحدة. إن السياسات المحاسبية المتبعة من قبل الشركة موضحة أدناه.

٢-٤ الأدوات المالية - العرض

يتم إثبات الموجودات والمطلوبات المالية في قائمة المركز المالي الأولية المختصرة عندما تصبح الشركة طرفاً في الترتيبات التعاقدية للأداة المالية.

شركة الكثيري القابضة

(شركة مساهمة سعودية)

إيضاحات حول القوائم المالية المجمعة

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

إيضاح : (٤) ملخص لأهم السياسات المحاسبية (تتمة):

الموجودات المالية . التصنيف:

يعتمد تصنيف وقياس الموجودات المالية على نموذج الأعمال والتدفقات النقدية المقدرة. لا يتم فصل أي مشتقات مضمنة في العقود وتؤخذ في الاعتبار ككل في التصنيف. يتم تصنيف الموجودات المالية بشكل أساسي ضمن فئات رئيسية يتم قياسها كما يلي:

- بالتكلفة المطفأة
- بالقيمة العادلة من خلال الدخل الشامل الآخر (FVTOCI)
- بالقيمة العادلة من خلال الأرباح أو الخسائر (FVTPL)

عند الاعتراف الأولي، يتم إثبات جميع الأصول المالية بسعر معاملتها والتي تمثل القيمة العادلة. إلا إذا كان الترتيب يتألف فعلياً من معاملة تمويل. وإذا كان الترتيب يتألف من معاملة تمويل، يتم قياس البند مبدئياً بالقيمة الحالية للتدفقات المستقبلية المخصومة بسعر الفائدة السوقية لأداة دين مماثلة.

بعد الاعتراف الأولي، يتم تطبيق نموذج التكلفة المطفأة (أو في بعض الحالات نموذج التكلفة حسب طبيعة وغرض الأصل المالي) لقياس الأدوات المالية الأساسية، باستثناء الاستثمارات المصنفة لغرض المتاجرة بالقيمة العادلة من خلال الأرباح أو الخسائر.

يتم لاحقاً قياس الموجودات المالية التي يتم الاعتراف بها مبدئياً بالقيمة العادلة بالتكلفة المطفأة على أساس الخسارة الائتمانية المتوقعة كالتالي:

- خسائر الائتمان المتوقعة لمدة ١٢ شهراً - خسائر الائتمان المتوقعة الناتجة عن الأحداث الافتراضية على الأدوات المالية الممكنة خلال ١٢ شهراً بعد تاريخ التقرير.

- خسائر الائتمان المتوقعة مدى عمر الأداة المالية - خسائر الائتمان المتوقعة التي تنتج عن جميع الأحداث الافتراضية المحتملة على مدى عمر الأداة المالية.

يتم تكوين مخصص خسائر الائتمان المتوقعة على مدى عمر الأداة المالية إذا زادت مخاطر الائتمان لتلك الأدوات بشكل كبير منذ الاعتراف المبدئي وكذلك بالنسبة للموجودات التعاقدية أو الذمم المدينة التجارية التي لا تشكل معاملة تمويل وفقاً للمعيار الدولي للتقرير المالي ١٥.

المدينون التجاريون والأرصدة المدينة الأخرى:

تمثل المبالغ المستحقة من العملاء عن البضاعة المباعة أو الخدمات المقدمة في سياق العمل المعتاد. يتم إثبات المدينون بقيمة الفاتورة الأصلية ناقصاً المخصص لأية مبالغ مشكوك في تحصيلها. يتم إجراء تقدير مخصص للديون المشكوك في تحصيلها عندما يكون هناك شكوك جوهرية بعدم إمكانية تحصيل كامل المبلغ. تشطب الديون المعدومة عندما لم يعد هناك إمكانية لتحصيلها.

النقد والنقد المماثل:

تتألف النقدية وشبه النقدية من النقد لدى البنك وودائع المراجعة، وفترة استحقاقها ثلاثة أشهر أو أقل من تاريخ الاقتناء.

شركة الكثيري القابضة

(شركة مساهمة سعودية)

إيضاحات حول القوائم المالية المجمعة

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

إيضاح : (٤) ملخص لأهم السياسات المحاسبية (تتمة):

انخفاض قيمة الموجودات المالية:

في نهاية كل سنة مالية تقوم الشركة بإجراء تقييم لانخفاض القيمة لتحديد ما إذا كان هناك دليل موضوعي على أن أصل مالي أو مجموعة من الموجودات المالية قد تنخفض قيمتها وإذا وجد مثل هذا الدليل ، يتم تحديد القيمة القابلة للاسترداد المقدرة للأصل ويتم الاعتراف بأي خسارة انخفاض في القيمة في قائمة الربح أو الخسارة الأولية المختصرة. يحدد قيمة الانخفاض في القيمة كما يلي:

أ- بالنسبة للموجودات المدرجة بالقيمة العادلة، فإن الانخفاض في القيمة يمثل الفرق ما بين التكلفة والقيمة العادلة، ناقصاً

أية خسائر للانخفاض في القيمة تم إثباتها سابقاً في قائمة الأرباح أو الخسائر؛

ب- بالنسبة للموجودات المدرجة بالتكلفة، فإن الانخفاض في القيمة يمثل الفرق ما بين المبلغ المدرج والقيمة الحالية للتدفقات

التقديمية المستقبلية المخصومة حسب سعر السوق الحالي للعائد من بند موجودات مالي مشابه؛

ج- بالنسبة للموجودات المدرجة بالتكلفة المطفأة، فإن الانخفاض في القيمة يمثل الفرق ما بين المبلغ المدرج والقيمة الحالية

للتدفقات النقدية المستقبلية المخصومة حسب سعر العمولة الفعلية الأصلية.

الالتزامات المالية:

تصنف الالتزامات المالية وفقاً للترتيبات التعاقدية وتشمل الدائنون والمبالغ المستحقة الدفع والقروض، يتم الاعتراف بجميع الالتزامات المالية مبدئياً بالقيمة العادلة، يتم لاحقاً للإثبات الأولى، إثبات تكاليف المعاملات المباشرة بناءً على التكلفة المطفأة باستخدام معدل العمولة الفعلي على مدى عمر الأداة وتدرج في قائمة الأرباح أو الخسائر الأولية المختصرة.

يتم تصنيف القروض ضمن المطلوبات المتداولة إلا إذا كان لدى الشركة حق غير مشروط بتأجيل الدفع مدة ١٢ شهر على الأقل بعد تاريخ قائمة المركز المالي الأولية المختصرة.

دائنون ومبالغ مستحقة:

يتم إثبات الدائنون التجاريون لقاء المبالغ الواجبة الدفع في المستقبل عن البضاعة والخدمات المستلمة، سواء قدمت أم لم تقدم بها فواتير من قبل الموردين.

توزيعات أرباح المساهمين

تسجل توزيعات أرباح المساهمين كدائنون في الفترة التي يتم اعتماد تلك التوزيعات من قبل جمعية المساهمين.

شركة الكثيري القابضة
(شركة مساهمة سعودية)
إيضاحات حول القوائم المالية المجمعة
للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

إيضاح : (٤) ملخص لأهم السياسات المحاسبية (تتمة) :

٣-٤ الممتلكات والألات والمعدات والمشاريع تحت التنفيذ:

تظهر الممتلكات والألات والمعدات بالتكلفة ناقصاً الاستهلاك المتراكم وأي انخفاض في القيمة. تستهلك التكلفة ناقصاً القيمة التقديرية المتبقية للممتلكات والمعدات بطريقة القسط الثابت على مدى الأعمار الانتاجية المقدرة بما يلي:

المباني	٣,٥%
الألات والمعدات	١٠%
أثاث وتجهيزات	١٥%
أجهزة حاسب آلي	١٥%
سيارات	٢٠%

يتم مراجعة القيمة الدفترية للموجودات الثابتة للتأكد من وجود انخفاض في قيمتها وذلك عندما تشير الأحداث أو التغيرات في الظروف إلى عدم إمكانية استرداد القيمة الدفترية. وفي حالة وجود مثل هذا الدليل وزيادة القيمة الدفترية عن القيمة القابلة للاسترداد، تخفض قيمة الموجودات إلى القيمة القابلة للاسترداد والتي تمثل القيمة الأكبر من بين القيمة العادلة للأصل ناقصاً تكاليف البيع أو القيمة الحالية للتدفقات النقدية للمنافع المستقبلية المقدرة لذلك الأصل. تدرج خسائر الانخفاض في قائمة الأرباح أو الخسائر الأولية المختصرة.

يحدد الربح أو الخسارة الناجمة عن الاستبعاد أو التخلص من أحد الأصول على أساس الفرق بين صافي المحصل من الاستبعاد والقيمة الدفترية للأصل ويعترف بها في قائمة الأرباح أو الخسائر الأولية.

تطفاً تحسينات المباني المستأجرة بطريقة القسط الثابت على مدى العمر الانتاجي للتحسينات أو فترة الإيجار، أيهما أقصر.

تحمل مصاريف الإصلاح والصيانة على قائمة الأرباح والخسائر الأولية. يتم رسملة التحسينات التي تزيد بصورة جوهرية من قيمة أو عمر الأصل المعني.

يتم مراجعة القيم المتبقية وأعمار الاستخدام وطريقة الاستهلاك في نهاية كل سنة مالية ويحتسب تأثير أية تغيرات في التقدير على الأساس المستقبلي.

تقيد المشاريع تحت التنفيذ على أساس تكلفة المواد والخدمات الضرورية لإنجاز المشاريع إضافة إلى الرواتب والتكاليف الأخرى التي تعتبر ضرورية بشكل خاص لإعداد المشروع للغرض الذي أنشئ من أجله، والتكاليف غير المباشرة الأخرى المتعلقة بالمشروع.

٤-٤ تكاليف التمويل

يتم رسملة تكاليف التمويل المتعلقة مباشرة بإنشاء الأصول المؤهلة، وهي الأصول التي تتطلب فترة زمنية طويلة لتصبح جاهزة للاستخدام المطلوب، وذلك عند اكتمال كافة الأنشطة الضرورية المتعلقة بإعداد الأصل المؤهل للغرض الذي أنشئ من أجله. إن جميع تكاليف التمويل الأخرى يتم إثباتها كمصرف وتحمل على قائمة الأرباح أو الخسائر في الفترة التي حدثت فيها (معييار المحاسبة الدولي ٢٣). ليس لدى الشركة أي تكاليف من هذا القبيل يتم رسملتها في الفترة الحالية.

- قد أبرمت الشركة عقد قرض برقم (٢٠٠١٩) بتاريخ ٠٣ / ٠٢ / ١٤٤١ هـ الموافق ٠٢ / ١٠ / ٢٠١٩ م مع صندوق التنمية الصناعية السعودي بإسم شركة إلبان للصناعة التابعة للمجموعة شركة ذات مسئولية محدودة "شركة شخص واحد" الحد الأقصى للقرض (٢٣,٢٠٠,٠٠٠ ريال " ثلاثة وعشرون مليون ومائتا ألف ريال سعودي " وتصرف الدفعات حسب أقساط القرض وحسب الشروط واللوائح الموضحة بالعقد المبرم ، وذلك بهدف إنشاء مصنع لإنتاج الواح موحدة ومزدوجة وألواح للجدران والأسقف بطاقة إنتاجية سنوية مركبة تبلغ (١,٠٥٦,٠٠٠ م٢) .

شركة الكثيري القابضة

(شركة مساهمة سعودية)

إيضاحات حول القوائم المالية المجمعة

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

٥-٤ المخزون

يظهر المخزون بالتكلفة أو صافي القيمة الممكن تحقيقها أيهما أقل بعد خصم المخصص لأي مخزون متقادم أو بطيء الحركة، وتستخدم الشركة حالياً طريقة المتوسط المرجح للتكلفة في تقييم المخزون، وهو ما يسمح به المعيار.

إيضاح : (٤) ملخص لأهم السياسات المحاسبية (تتمة) :

٦-٤ احتياطي نظامي

طبقاً للمادة ١٢٥ من نظام الشركات السعودي، يتم تحويل ١٠% من صافي الدخل إلى الاحتياطي النظامي. ويجوز للشركة التوقف عن إجراء مثل هذا التحويل عندما يبلغ مجموع هذا الاحتياطي ٣٠% من رأس المال. إن هذا الاحتياطي غير قابل للتوزيع كأرباح.

٧-٤ منافع الموظفين ومكافأة نهاية الخدمة

من خلال الحسابات الاكتوارية المبدئية لمنافع العاملين لم يتضح وجود تأثير جوهري الحسابات الحالية والحسابات الإكتوارية وعليه لم يتم التأثير بأي فروقات، تقوم الشركة بدفع مكافآت نهاية الخدمة لموظفيها وفقاً لأحكام قانون العمل بالمملكة

٨-٤ مخصص الزكاة

تخضع الشركة للزكاة وفقاً لأنظمة الهيئة العامة للزكاة والدخل في المملكة العربية السعودية.

٩-٤ الاعتراف بالإيرادات

تمثل الإيرادات قيمة فواتير البضاعة الموردة والخدمات المقدمة من قبل الشركة خلال الفترة المالية. يتم الاعتراف بالإيرادات عند أداء الالتزام أي عندما تنتقل السيطرة على السلع أو الخدمات المنوطة بأداء التزام معين إلى العميل، وأنه يمكن قياس مبلغ الإيرادات بصورة موثوق بها.

١٠-٤ المصروفات

تصنف تكاليف الإنتاج والمصاريف المباشرة وغير المباشرة المتعلقة بالإنتاج كتكلفة مبيعات. تصنف كافة المصاريف الأخرى كمصاريف عمومية وإدارية أو مصاريف بيعية وتسويقية.

١١-٤ العملات الأجنبية

يتم تسجيل المعاملات التي تتم بالعملات الأخرى غير الريال السعودي وفقاً لأسعار الصرف السائدة في تواريخ تلك المعاملات. في تاريخ التقرير، يتم تحويل الموجودات والمطلوبات النقدية بالعملات الأجنبية إلى الريال السعودي بأسعار الصرف السائدة في ذلك التاريخ. يتم تحويل الموجودات والمطلوبات غير النقدية المدرجة بالقيمة العادلة والموجودات المالية بالعملات الأجنبية بأسعار الصرف السائدة في تاريخ تحديد القيمة العادلة. لا يتم إعادة تحويل البنود غير النقدية التي تقاس بالتكلفة التاريخية بعملة أجنبية. يتم الاعتراف بأرباح أو خسائر أسعار الصرف الناتجة في قائمة الأرباح أو الخسائر الأولية المختصرة.

١٢-٤ المعلومات القطاعية

لا توجد لدى الشركة تقارير قطاعية تصنيعية أو جغرافية هامة ولا يوجد أي فروع أو أنشطة خارج المملكة العربية السعودية

١٣-٤ قياس القيمة العادلة

يطبق قياس القيمة العادلة على المعايير الدولية للتقارير المالية التي تتطلب أو تسمح بقياس والافصاح عن القيمة العادلة وتوفر إطاراً واحداً للتقارير المالية الدولية لقياس القيمة العادلة. يحدد المعيار القيمة العادلة على أساس مفهوم (سعر الخروج) ويستخدم التسلسل الهرمي للقيمة العادلة والذي ينتج عنه قياس قائم على السوق وليس على أساس كيان على افتراض أن المشاركين في السوق يعملون من أجل مصالحهم الاقتصادية المثلى (المعيار الدولي لإعداد التقارير المالية رقم ١٣). تطبق الشركة في سياق الأعمال الاعتيادية قياسات لها بعض التشابه مع القيمة العادلة ولكنها ليست بالقيمة العادلة (مثل القيمة العادلة للموجودات غير المحققة في معيار المحاسبة الدولي ٢ المخزون والذي يقاس بالتكلفة).

شركة الكاثري التجارية
شركة مساهمة سعودية
إيضاحات حول القوائم المالية المجمعة
كما في ٣١ ديسمبر ٢٠١٩

إيضاح (٥) : ممتلكات وآلات ومعدات:

الإجمالي	أجهزة حاسب آلي	آلات ومعدات	سيارات	مباني	أراضي
ريال سعودي	ريال سعودي	ريال سعودي	ريال سعودي	ريال سعودي	ريال سعودي
٦١٣٢٤,٨٧٦	٢٦٨,٠٣٦	٣٠٨,٠٢٣	٢,٨٣٨,٦٧٤	١١,٢٠٢,٣٨٢	٥,٥٠٠,٠٠٠
٠	٠	٠	٠	٠	٠
٠	٠	٠	٠	٠	٠
٤٢,٣٣٦	١٦,٧٧٥	٩,٦٠٨	١٥,٩٥٢	٠	٠
٦١,٣٦٧,٢١٢	٢٨٤,٨٠٦	٣١٧,٦٣١	٢,٨٣٨,٦٧٤	١١,٢٠٢,٣٨٢	٥,٥٠٠,٠٠٠

الاستهلاك المتراكم:

١٠,٩٤٧,٣٦٠	٦٢,٠٩٤	٨٤,٢٧٧	٨,٩٣٨,٠٠٩	١,١٧١,٤١٥	٦٩,٠٩٥
٠	٠	٠	٠	٠	٠
٥,١٣٩,٨٩٤	٣,٩٨١١	٤٥,٥٣٨	٤,٠٨٢,٥٦٧	٥٦٧,٤١٥	٤,٤٠٦,٠٢٣
١٦,٠٨٧,٢٥٤	١٠٢,٥٠٥	١٢٩,٨١٥	١٣,٠٢٠,٥٣٦	١,٧٣٨,٨٣٠	١,٠٩٥,٥١٨

الممتلكات والآلات والمعدات بالمباقي:

٤٥,١٧٩,٩٥٨	١٨٢,٣٠١	١٨٧,٨١٦	٢,٨٢٠,٦٦٨	١,٠٢٩,٩٦٩	٥,٥٠٠,٠٠٠
٥٠,٣٧٧,٥١٦	٢٥,٣٣٧	٢٢٣,٧٤٦	٣٢,٦٦٩,٧٥٢	١,٦٦٧,٦٤٤	٥,٥٠٠,٠٠٠
٤٢,٢٣٩,٩٠٢	٢٠٦,٣٤٣	٣٢٩,٠٠٤	٣١,٤١٦,٦٣١	٢,١٣٧,١٦٣	٠

إيضاح رقم (٦) : تكلفة أعمال جارية تحت التنفيذ :

تتمثل تكلفة الأعمال الجارية تحت التنفيذ في قيمة المصروف على أعمال تحت التنفيذ لإنشاء خط خرسانة وقد بلغ إجمالي المصروف حتى ٣١ ديسمبر ٢٠١٩ م قيمة ٧,٥٥٧,٦١٧ وكانت الحركة على الرصيد كما يلي :

في ٣١ ديسمبر	
٢٠١٨	٢٠١٩
ريال سعودي	ريال سعودي
٠	٤٥٩,٥٢٤
٤٥٩,٥٢٤	٧,٠٩٨,٠٨٣
٤٥٩,٥٢٤	٧,٥٥٧,٦١٧

الرصيد في ٠١ يناير

الإضافات خلال الفترة

الرصيد في ٣١ ديسمبر

شركة الكثيري القابضة
شركة مساهمة سعودية
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كما في ٣١ ديسمبر ٢٠١٩

إيضاح رقم (٧) : المخزون :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
٩,٥٦٢,٤٩٠	٩,٨٦٤,٨٢٠	مواد أولية . مصنع الخرسانة
٢١٣,٥٧٤	٣٥٠,٤١٨	قطع غيار
<u>٩,٧٧٦,٠٦٤</u>	<u>١٠,٢١٥,٢٣٨</u>	الإجمالي

إيضاح رقم (٨) : ذمم مدينة :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
٢٦,٠٧٣,٨٦١	٢٩,١٩٣,١٦٧	عملاء تجاريون
<u>٢٦,٠٧٣,٨٦١</u>	<u>٢٩,١٩٣,١٦٧</u>	الإجمالي

شركة الكثيري القابضة
شركة مساهمة سعودية
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إيضاح رقم (٩) : أرصدة مدينة أخرى :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
١,٠٣٤,٥٥٨	٣٧٥,٨٨٢	عهد ودمم عاملين
٦٢١,٥٥٩	٣٩٨,١١٢	مصاريف مدفوعة مقدماً
٥٨٨,٣٠٠	٧٨,١٢٠	تأمين خطابات ضمان وإعتمادات مستندية
٢,٧٣٣,٢٢١	٢,٤٩٥,٩١٨	دفعات مقدمة لموردين
٠	٢,٣١٢,٥٠٠	ذمم مشاريع غير منتهية
٠	٧,٥٢١,٩٥٣	تكاليف مشاريع غير منتهية
٠	٣٢,١٠٧	أخرى
٤,٩٧٧,٦٣٨	١٣,٢١٤,٥٩٢	الإجمالي

إيضاح رقم (١٠) : النقد والنقد المماثل :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
٣٢,٥٣٥	٠	النقد بالصندوق
٣٨١,٢٧١	٣,٢٦٧,٥٠١	مصرف الراجحي (الريال السعودي)
٢٣٢,٠٦٩	٥٢١,٦٦٨	بنك الرياض (الريال السعودي)
٦١,١٩٦	٧١,٦٢٤	بنك سامبا (الريال السعودي)
٥١,٠٥٧	٤٣٩,٠٢٦	البنك الأهلي التجاري (الريال السعودي)
١٠,٤٩٢	٣٢,٥٥٩	البنك ساب (الريال السعودي)
٦,٣١٨	٧٩٦	البنك الهولندي (الريال السعودي)
٣,٤٢٢	١٩٩,٣١٠	بنك البلاد (الريال السعودي)
٦,٩٤٠	٧٩,٥٧٠	بنك الاستثمار (الريال السعودي)
٥,٣٧٨	٧٥٥	بنك الفرنسي (الريال السعودي)
٤٦,٥٧٤	١٩٨,٤٠٠	بنك الانماء (الريال السعودي)
٢٧,٨٥١	١١,٧٥٩	بنك العربي (الريال السعودي)
٩,٠٦١	٧٤	بنك الجزيرة (الريال السعودي)
٨٧٤,١٦٤	٤,٨٢٣,٠٤١	الإجمالي

شركة الكثيري القابضة
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إيضاح رقم (١١) : علاوة الإصدار :

خلال العام المالي ٢٠١٧ بلغت المتحصلات من عملية الإكتتاب ١٢,٦٩٤,٥٠٠ ريال سعودي منها مبلغ ٤,٠٩٥,٠٠٠ ريال سعودي أسهم رأس المال والباقي علاوة إصدار بمبلغ ٨,٥٩٩,٥٠٠ ريال سعودي وتم خصم مصاريف الإصدار من علاوة الإصدار على النحو التالي:

ريال سعودي	
٨,٥٩٩,٥٠٠	علاوة الإصدار
(١,٠٤٠,٤١٧)	مصاريف الإصدار
<u>٧,٥٥٩,٠٨٣</u>	صافي علاوة الإصدار

إيضاح رقم (١٢) : مخصص مكافأة نهاية الخدمة :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
١٥٤,٢١٨	٣٠١,٨٩٥	رصيد أول العام/الفترة
١٤٧,٦٧٧	١٣٢,٣٣٣	المحمل على العام
<u>٣٠١,٨٩٥</u>	<u>٤٣٤,٢٢٨</u>	الرصيد في نهاية العام

شركة الكثيري القابضة
شركة مساهمة سعودية
إيضاحات حول القوائم المالية المجمعة
كما في ٣١ ديسمبر ٢٠١٩
إيضاح رقم (١٣): أوراق الدفع :

تتمثل أوراق الدفع في قيمة الأقساط المستحقة على الشركة لشراء معدات ومولدات وسيارات من موردين وكانت الحركة خلال الفترة على النحو التالي :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
١٧,٣٥١,٤٣٩	١٤,٢٥٠,٣٣١	رصيد أول العام / الفترة
٥٣,٣٥٨,٤٦٥	٢٣,٥٥٧	إضافات خلال العام
(٥٦,٤٥٩,٥٧٣)	(٦,٥٢٠,٩٤٤)	مسدد خلال العام / الفترة
١٤,٢٥٠,٣٣١	٧,٧٥٢,٩٤٤	الإجمالي
١٤,٢٥٠,٣٣١	٠	الجزء الغير متداول (أ)
٠	(٧,٧٥٢,٩٤٤)	الجزء المتداول (ب)

إيضاح رقم (١٤): تسهيلات إئتمانية :

أبرمت الشركة إتفاقية تسهيلات إئتمانية تتوافق مع الشريعة الإسلامية مع بنوك محلية مقابل سندات لأمر بمبلغ ١٠,٢٠٤,٣١١ ريال سعودي وكانت الحركة على النحو التالي :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
١,٥١٣,٠١٩	١٠,٤٤١,٠٤١	رصيد أول الفترة
١٨,٧٢٦,٤١٥	٢١,٤٦٩,٦٨٥	إضافات خلال الفترة
(٩,٧٩٨,٣٩٣)	(٢١,٧٠٦,٤١٥)	مسدد خلال الفترة
١٠,٤٤١,٠٤١	١٠,٢٠٤,٣١١	الرصيد في آخر الفترة

شركة الكثيري القابضة
شركة مساهمة سعودية
إيضاحات حول القوائم المالية المجمعة
كما في ٣١ ديسمبر ٢٠١٩

إيضاح رقم (١٥) : ذمم دائنة :

في ٣١ ديسمبر	
٢٠١٨	٢٠١٩
ريال سعودي	ريال سعودي
١٠,٩٧٦,٩٥٢	٩,٧٤٢,٦١٥
٥٥٧,٠٣٦	١,٩٠٩,٧١٢
١١,٥٣٣,٩٨٨	١١,٦٥٢,٣٢٧
موردون	
عملاء دفعات مقدمة	
الإجمالي	

إيضاح رقم (١٦) : أرصدة دائنة أخرى :

في ٣١ ديسمبر	
٢٠١٨	٢٠١٩
ريال سعودي	ريال سعودي
٣٧٦,٦٤٠	٣٩٨,٤٤٥
٢١١,٥٩٠	.
٥٨٨,٢٣٠	٣٩٨,٤٤٥
مصاريف مستحقة	
دائون متنوعون	
الإجمالي	

إيضاح (١٧) المستحق الي أطراف ذات علاقة:

الرصيد في	الحركة خلال الفترة		رصيد أول السنة		نوع المعاملة	طبيعة العلاقة	بيان
	٣١ ديسمبر ٢٠١٩ م	دائن	مدين	مدين			
ريال سعودي					تشغيلية	مساهم	مشعل الكثيري
٣,٧٧٦,٠٧٥	١٦,٤٨٤,٣٩١	١٢,٧٠٨,٣١٦	.	.			
٣,٧٧٦,٠٧٥	١٦,٤٨٤,٣٩١	١٢,٧٠٨,٣١٦	.	.			

شركة الكثيري القابضة
شركة مساهمة سعودية
إيضاحات حول القوائم المالية المجمعة
كما في ٣١ ديسمبر ٢٠١٩

إيضاح (١٨) : الزكاة الشرعية :

للسنة المنتهية في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
٩,٥٤٦,٦٠٥	١٦,٤٧٦,٣٤٨	أ. احتساب الزكاة :
١٤٧,٦٧٧	١٣٢,٣٣٣	صافي الربح الدفترى
٩,٦٩٤,٢٨٢	١٦,٦٠٨,٦٨١	مخصص مكافأة نهاية الخدمة
		صافي الربح المعدل
		ب. وعاء الزكاة :
٩,٦٩٤,٢٨٢	١٦,٦٠٨,٦٨١	صافي الربح المعدل
		يضاف:
٣٧,٦٧٤,٠٠٠	٤٥,٢٠٨,٨٠٠	رأس المال
٦٨٧,٣٨٦	١,٣٢٢,١٩١	الإحتياطي النظامي
٢٥١,٨٣٨	٢٥١,٨٣٨	رأس مال إضافي
٧,٥٥٩,٠٨٣	٧,٥٥٩,٠٨٣	علاوة الإصدار
٣٠١,٨٩٥	٣٠١,٨٩٥	مخصص مكافأة نهاية الخدمة
		يحسم :
(٥٠,٣٧٧,٥١٦)	(٥٢,٨٣٧,٥٧٥)	ممتلكات وآلات ومعدات
٥,٧٩٠,٩٦٨	١٨,٤١٤,٩١٣	وعاء الزكاة
٢٤٢,٣٥٧	٤٦٠,٣٧٣	الزكاة بواقع ٢.٥% من وعاء الزكاة

ج. كانت حركة المخصص على النحو التالي :

في ٣١ ديسمبر		
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
١٧٣,٥٣٣	٢٤٢,٣٥٧	الرصيد في بداية السنة
٢٤٢,٣٥٧	٤٦٠,٣٧٣	المكون خلال السنة
(١٧٣,٥٣٣)	(٢٤٢,٣٥٧)	المسدد خلال السنة
٢٤٢,٣٥٧	٤٦٠,٣٧٣	الرصيد في نهاية السنة

تم تقديم الإقرارات الزكوية وحصلت الشركة على شهادة حتى عام ٢٠١٨

شركة الكثيري القابضة
شركة مساهمة سعودية
إيضاحات حول القوائم المالية المجمعة
كما في ٣١ ديسمبر ٢٠١٩

إيضاح رقم (١٩): الإيرادات :

للسنة المالية المنتهية في ٣١ ديسمبر	للسنة المالية المنتهية في ٣١ ديسمبر	
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
١٨,٠٦٢,١٥٠	٣٩,٤٥٢,٠٢١	مبيعات الاسمنت
٢٨,٦١٤,٠٩٧	٣٦,٠٦٦,٩٦٦	ايراد مصنع الخرسانة
٠	٧,٣٢٣,٣٣٧	ايرادات عقود حكومية
٠	٣,٥٥٢,٥٠٠	إيرادات مشاريع خاصة
٣,٨٠٩,٨٠٤	٣,٠٧٠,٩٩٦	إيرادات البحص والرمل المغسول
٥٠,٤٨٦,٠٥١	٨٩,٤٦٥,٨٢٠	الإجمالي

إيضاح رقم (٢٠): تكلفة الإيرادات :

للسنة المالية المنتهية في ٣١ ديسمبر	للسنة المالية المنتهية في ٣١ ديسمبر	
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
٢٤,٤٠٢,٩٨٢	٥١,٣١٠,٥٦٩	مواد أولية
٦,٣١٦,٠١٩	٦,٤٢٨,٨٨٨	تكلفة رواتب واجور
٣,٩٠١,٤٥٤	٥,١٢١,١١٠	مصاريف تشغيل
٣٤,٦٢٠,٤٥٥	٦٢,٨٦٠,٥٦٧	الإجمالي

شركة الكثيري القايزة
شركة مساهمة سعودية
إيضاحات حول القوائم المالية المجمعة
كما في ٣١ ديسمبر ٢٠١٩

إيضاح رقم (٢١) : مصاريف عمومية وإدارية :

للسنة المالية المنتهية في ٣١ ديسمبر	للسنة المالية المنتهية في ٣١ ديسمبر	
٢٠١٨	٢٠١٩	
ريال سعودي	ريال سعودي	
٢٠٧,٠٩٧	١,٥٥٠,٥٧٨	رواتب وأجور وما في حكمها
١٤٨,٨٤٣	٩٦,٨٢٦	مصاريف صيانة
١٣١,١٥٩	٢٠٩,١٨٥	مصاريف ايجار
١٥٩,٧٤٢	٢١٦,١٥٩	مصاريف قوائم وهيئة سوق المال وايداع
٢٤٥,٧٥٠	٨٦٢,٠٠٠	أتعاب مهنية
١٥٤,٦٧٧	١٣٨,٢٦٢	رسوم حكومية
٩٥,٧٨٧	٨٨,٨٠٢	قرطاسية ومطبوعات
١٥٧,٤٤٠	١,٠٩٨,٨٢٩	مصرفات وعمولات بنكية
٥,٣٢٦	٤٥٤,٣١٢	مصاريف أخرى
١,٣٠٥,٨٢١	٤,٧١٤,٩٥٣	الإجمالي

شركة الكثيري القابضة

(شركة مساهمة سعودية)

إيضاحات حول القوائم المالية المجمعة

للسنة المالية المنتهية في ٣١ ديسمبر ٢٠١٩ م

إيضاح: (٢٢) ربحية السهم:

تم احتساب ربحية السهم للعام الحالي من صافي ربح الفترة وربحية السهم من العمليات الرئيسية على أساس المتوسط المرجح لعدد الأسهم خلال الفترة والبالغ ٤,٢٨٧,٦١١ سهم حيث أنه وفقا للجمعية العامة غير العادية والتي عقدت بتاريخ ٢٣ ابريل ٢٠١٩ م قرر المساهمون زيادة رأس المال الى ٤,٥٢٠,٨٨٠ سهم من خلال اصدار منحة للمساهمين بتاريخ انعقاد الجمعية العمومية غير العادية وتم تعديل ربحية السهم للعام الحالي وفقا لذلك لتعكس أثر الزيادة في رأس المال ، كما تم احتساب ربحية السهم للعام السابق من صافي ربح الفترة وربحية السهم من العمليات الرئيسية على أساس المتوسط المرجح لعدد الأسهم خلال الفترة والبالغة ٣,٣٧٦,٨٩٨ سهم حيث أنه وفقا للجمعية العامة غير العادية والتي عقدت بتاريخ ١٦ أغسطس ٢٠١٨ م قرر المساهمون زيادة رأس المال الى ٣,٧٦٧,٤٠٠ سهم من خلال اصدار منحة للمساهمين بتاريخ انعقاد الجمعية العمومية غير العادية.

إيضاح: (٢٣) إدارة المخاطر:**مخاطر الائتمان:**

تمثل مخاطر الائتمان عدم مقدرة طرف ما على الوفاء بالتزاماته مما يؤدي إلى تكبد الطرف الآخر لخسارة مالية. تسعى الشركة إلى إدارة مخاطر الائتمان فيما يتعلق بالبنوك من خلال التعامل فقط مع البنوك ذات السمعة الطيبة وفيما يتعلق بالملاء من خلال تسوية حدود الائتمان للعملاء الأفراد والحصول على ضمانات بنكية من عملاء مختارين ومراقبة الذمم المدينة القائمة وتأكيد المتابعة الدقيقة لتلك الذمم.

مخاطر أسعار العملات الخاصة:

تتعلق مخاطر أسعار العملات الخاصة في المخاطر الناتجة عن تذبذب قيمة أداة مالية نتيجة للتغير في أسعار العملات السائدة في السوق، وتخضع الشركة لمخاطر أسعار العملات الخاصة بشأن موجوداتها المرتبطة بعملات خاصة المتمثلة بودائع المربحة والتسهيلات الائتمانية.

مخاطر السيولة:

مخاطر السيولة هي مخاطر أن تواجه الشركة صعوبة في جمع الأموال للوفاء بالتزاماتها المرتبطة بالأدوات المالية. قد تنتج مخاطر السيولة عن عدم القدرة على بيع الأصول المالي بسرعة بمبلغ يقارب قيمته العادلة. تقوم الشركة بإدارة مخاطر السيولة من خلال التأكد من توفر التسهيلات البنكية. تتطلب شروط مبيعات الشركة دفع المبالغ خلال ٣٠ إلى ٦٠ يوما من تاريخ البيع. يتم سداد الذمم الدائنة عادة خلال ٣٠ إلى ٦٠ يوما من تاريخ الشراء.

مخاطر العملات:

تمثل مخاطر العملات الناتجة عن تذبذب قيمة الأدوات المالية نتيجة التغيرات في أسعار صرف العملات الأجنبية. تخضع الشركة للتقلبات في أسعار الصرف الأجنبي خلال دورة أعمالها العادية. لم تقم الشركة بأية معاملات هامة بعملات عدا الريال السعودي والدولار الأمريكي واليورو خلال الفترة.

إيضاح: (٢٤) إعادة تبويب:

تم إعادة تبويب بعض أرقام المقارنة لتتوافق مع عرض وتبويب الفترة الحالية.

إيضاح: (٢٥) اعتماد القوائم المالية الأولية

اعتمدت هذه القوائم المالية المجمعة للإصدار بتاريخ الثلاثاء ٠٤ فبراير ٢٠١٩ م الموافق ٠٩ جمادى الآخر ١٤٤١هـ

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**





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Independent Auditor's Report

To the **Shareholders of AL KATHIRI Holding Company**

(A Saudi Joint Stock Company)

Riyadh - Saudi Arabia

Report on the Audit of the Consolidated financial statements

Opinion:

We have audited the consolidated financial statements of **AL KATHIRI Holding Group** (the Company) and its subsidiaries referred to together as the "Group", which comprise the Consolidated statement of financial position as at December 31, 2020, and the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in shareholders' equity and Consolidated statement of cash flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion:

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in our audit
<p>Revenue recognition: During the year ended 31 December 2020, Group's revenue amounted to SAR 104 million (2019: SAR 89 million). The Group continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.</p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Evaluating the design, implementation and testing of the operational effectiveness of the Group's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Group's policy. - Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period.



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

<p>Revenue recognition (continued):</p> <p>Property, machinery, equipment and projects under construction The property, plant and equipment and projects under construction balances are considered of the high relative importance, as the value of property, plant and equipment amounted to SAR 45 million (2019: SAR 45 million) and projects under construction amounted to SAR 44 million (2019: SAR 7 million) as at 31 December 2020. There are also matters that require management to use some important estimates and assumptions that affect its balances by determining the productive ages and periodically reviewing those ages and the consequent assessment of depreciation periods and the impact of that on the result of the activity. Projects under construction balances represented mainly in costs of of the 3D concrete panels factory in Elian Industry Group " subsidiary company" as its cost, up to the reporting date, that exceeded 26% of Group's total assets and the special procedures required to verify the validity of contracts, proof, timing and conditions for their conversion into property, plant and equipment. Accordingly, property, plant, equipment and projects under construction represented a key audit matter.</p>	<ul style="list-style-type: none"> - Testing revenue transactions, on a sample basis, and verify supporting documents, which included receipt notices signed by clients, to ensure the accuracy and validity of revenue recognition. <p>We have performed the following procedures regarding existence and valuation of property, plant, equipment and projects under construction balances:</p> <ul style="list-style-type: none"> - Evaluating the design and effectiveness of internal control procedures over the accounting cycle for property, plant and equipment and projects under construction. We assessed the adequacy of the capitalization policies and undertook sample-based verification procedures and verified the depreciation policy for the year. We discussed with the management their professional judgment about the nature of items that have been capitalized and the appropriateness of useful lives and related policies in this regard. <p>Property, plant and equipment, and projects under construction were disclosed in note no. (8) respectively in the Consolidated financial statements, and the accounting policy for property, plant and equipment of the Group and projects under construction were disclosed in note no. (6) in the Consolidated financial statements .</p>
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Other information included in the Group's annual report for the year ended 31 December 2020

Other information consists of other information included in the Group's annual report for the year ended 31 December 2020, other than the consolidated financial statements and the auditor's report thereon. We obtained the report of Board of Directors, prior to the date of our auditors' report and we expect to obtain the remaining section of the 2020 Annual Report after the date of this auditor's report. The Group's management is responsible for the other information mentioned in its annual report .

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

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

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

Al Kharashi & Co.

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Auditor's Responsibilities for the Audit of the Consolidated financial statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

During our audit of the consolidated financial statements, we did not find the Company's violation of the provisions of the Companies Law or the provisions of the Company's Articles of Association.

For Al-Kharashi Co.

Sulieman A. Al-Kharashi
 License No. (91)



Riyadh: Sha'ban 1,1442H
 March 14, 2021G

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Notes	As at 31 December	
		2020	2019
ASSETS			
Non-current assets:			
Property, plant and equipment, Net	8	89,122,840	52,837,575
Right to use assets	9	1,068,438	-
Total non-current assets		90,191,278	52,837,575
CURRENT ASSETS :			
Trade receivables, Net	10	30,461,672	29,193,167
Raw material stock		13,801,484	9,864,820
Spare parts stock		419,325	350,418
Due from related parties	11	5,094,491	-
Other debit balances	12	3,659,653	13,214,592
Cash at banks	13	22,851,485	4,823,041
Total current assets		76,288,110	57,446,038
Total assets		166,479,388	110,283,613
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share Capital	14	90,417,600	45,208,800
Additional capital		251,838	251,838
Share premium		7,559,083	7,559,083
Statutory Reserve	15	3,889,764	2,923,789
Retained earnings		23,381,957	15,253,400
Total shareholders' equity		125,500,242	71,196,910
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion of the Industrial Development Fund	16	3,363,352	4,408,000
Liabilities against long-term leases		1,088,969	-
Provision for end of service		922,329	434,228
Total non-current liabilities		5,374,650	4,842,228
CURRENT LIABILITIES:			
Trade payables		6,590,955	9,742,615
Short term loans	17	25,838,820	10,204,311
The current portion of the Industrial Development Fund loan	16	480,769	-
Current portion of capital contract obligations		264,280	7,752,944
Due to related parties	11	-	3,776,075
Other credit balances	18	1,603,922	2,308,157
Zakat	19	825,750	460,373
Total current liabilities		35,604,496	34,244,475
Total liabilities		40,979,146	39,086,703
Total Shareholders' Equity And Liabilities		166,479,388	110,283,613

Finance Manager

Chief Executive Officer

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Note	For the year ending December 31	
		2020	2019
Revenue	20	104,438,855	89,465,820
Less:			
Cost of revenue	21	<u>(77,472,448)</u>	<u>(61,565,554)</u>
Gross profit		26,966,407	27,900,266
Less:			
Selling and Marketing expenses		(1,768,703)	(1,295,013)
General and administrative expenses	22	(9,637,238)	(3,616,124)
Depreciation fixed Assets	8	<u>(5,202,197)</u>	<u>(5,139,895)</u>
Net Profit From main operations		10,358,269	17,849,234
Capital Losses		(73,121)	-
Finance cost		(103,320)	(1,458,417)
Other Revenue	23	<u>303,674</u>	<u>85,531</u>
Net Profit before Zakat		10,485,502	16,476,348
Less:			
Zakat	19	<u>(825,750)</u>	<u>(460,373)</u>
Net profit for the year		<u>9,659,752</u>	<u>16,015,975</u>
Other comprehensive income			
Actuarial revaluation of employee benefits		<u>(113,840)</u>	<u>-</u>
Total other comprehensive income		<u>9,545,912</u>	<u>16,015,975</u>
BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR	24		
From profit of main operations		<u>1.98</u>	<u>4.16</u>
from Net profit		<u>1.84</u>	<u>3.74</u>
Weighted average number of shares		<u>5,237,304</u>	<u>4,287,611</u>

Finance Manager



Chief Executive Officer



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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total
Balance at 1 January 2020	45,208,800	251,838	7,559,083	2,923,789	15,253,400	71,196,910
Share capital increase	45,208,800	-	-	-	-	45,208,800
Adjustments	-	-	-	-	(451,380)	(451,380)
Net profit for the year	-	-	-	-	9,659,752	9,659,752
Other comprehensive income	-	-	-	-	(113,840)	(113,840)
Transfer to statutory reserve	-	-	-	965,975	(965,975)	-
Balance at 31 December 2020	90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,506,242
Balance at 1 January 2019	37,674,000	251,838	7,559,083	1,322,191	8,373,823	55,180,935
Share capital increase	7,534,800	-	-	-	(7,534,800)	-
Net profit for the year	-	-	-	-	16,015,975	16,015,975
Transfer to statutory reserve	-	-	-	1,601,598	(1,601,598)	-
Balance at 31 December 2019	45,208,800	251,838	7,559,083	2,923,789	15,253,400	71,196,910

Finance Manager

Chief Executive Officer

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS**

	For the year ending December 31	
	2020	2019
CASH FLOWS FROM OPERATIONS ACTIVITIES:		
Net profit for the year	9,659,752	16,015,975
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM(USED IN)OPERATIONS ACTIVITIES:		
Depreciation	5,202,197	5,139,895
Gains on disposal of fixed assets	73,121	-
zakat provision provided	825,750	460,373
Zakat differences adjustments	(17,184)	-
Amortization of right to use assets	267,109	-
end of service provision provided	385,059	132,333
	<u>16,395,804</u>	<u>21,748,576</u>
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Trade receivables	(1,268,505)	(3,119,306)
Raw material stock	(3,936,664)	(302,330)
Spare parts stock	(68,905)	(136,844)
Other debit balances	9,554,939	(8,236,955)
Right to use assets	(1,335,547)	-
Trade payables	(3,151,660)	118,339
Related parties	(8,870,566)	3,776,075
Other credit balances	(704,235)	(189,785)
Liabilities against long-term leases	1,088,969	-
Zakat paid	(443,189)	(242,357)
Provision for end of service Paid	(10,800)	-
Net cash generated from operating activities	<u>7,249,641</u>	<u>13,415,413</u>
CASH FLOWS FROM INVESTING ACTIVITES:		
Added property and equipment	(6,177,419)	(42,336)
Proceeds from the sale of fixed assets	223,000	-
Adjustments to property and equipment	507,259	-
Projects under process	(36,113,423)	(7,098,083)
Net cash (used in) investing activities	<u>(41,560,583)</u>	<u>(7,140,419)</u>
CASH FLOWS FROM FINANCING ACTIVITES:		
Short term loans	15,634,509	(236,730)
Industrial Development Fund loan	(563,879)	4,408,000
Capital contract obligations	(7,488,664)	(6,497,387)
Adjustments	(451,380)	-
Share capital increase	45,208,800	-
Net cash generated from /(used in) financing activities	<u>52,339,386</u>	<u>(2,326,117)</u>
Net change in cash and cash equivalents	18,028,444	3,948,877
Cash and cash equivalents at the beginning of the year	4,823,041	874,164
Cash and cash equivalents at the end of the year	<u>22,851,485</u>	<u>4,823,041</u>

Finance Manager

Chief Executive Officer

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

1. THE COMPANY AND NATURE OF ITS BUSINESS:

a) The Establishing of The Company

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

b) The Nature of The Company's Activity

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

c) The company's share capital

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

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

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

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

d) Fiscal year

The company'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.

2. THE FOUNDATIONS OF PREPARATION:

2-1 Statement of commitment

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

New standards and new modifications implemented as of January 1, 2019:

International Financial Reporting Standard 16 "Leases":

International Financial Reporting Standard No. (16) leases determine how to recognize, measure the offer and disclose leases. The standard provides a single accounting form, requiring tenants to recognize the assets and liabilities of all leases unless the lease period is 12 months or less or the asset subject to the contract is of low value. Lessors continue to classify leases as operational or financing under the IAS No. (16) concept of accounting for the leasee without fundamentally changing the IAS No.(17). This standard is effective from the beginning of January 1, 2019.

2.2 Accounting basis

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

3. INFORMATION ABOUT THE GROUP:

The consolidated financial statements include of Al Kathiri Holding Company and the Consolidated financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired until 31 December 2020. They are as follows:

<u>Ownership Ratio(%)</u>	<u>Legal entity</u>	<u>Country</u>	<u>Company's name</u>
100 100	Limited liability company	Saudi Arabia	Alian Industry Company
100 100	Limited liability company	Saudi Arabia	Supply Support Company Ltd

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS:

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

- Power over the investee company (that is, the existence of rights that give the group the current ability to direct activities related to the investee company).
- Exposure to risks, or rights to obtain different returns through its relationship with the investee company.
- The ability to use its powers over the investee company to influence its returns.
- In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the investee

company, the group takes into account all the facts and circumstances related to this when ascertaining whether it exercises control over the investee company, and this includes:

- The contractual arrangement (arrangements)with other voting rights holders in the investee company.
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.

AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020
(ALL AMOUNTS ARE IN SAUDI RIYALS)

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED):

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

5. USE OF ESTIMATES:

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

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

The policies used to prepare the consolidated financial statements for the year ended December 31, 2019 are the same as those applied in the consolidated financial statements for the year ended December 31, 2020, in addition to the international financial reporting standards that have become effective.

6-1 Financial assets - recognition and measurement

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

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

Loans and debt

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

Trade Receivables

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Decrease in the value of financial assets

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

- A) For fair-value assets, the depreciation represents the difference between cost and fair value, minus any loss of value previously demonstrated in the consolidated statement of profit or loss and other comprehensive income.
- B) For cost-included assets, the depreciation represents the difference between the amount listed and the present value of future cash flows discounted by the current market rate of return from a similar financial asset line.
- C) For assets listed at the amortized cost, the decrease in value represents the difference between the amount listed and the present value of future cash flows discounted by the original actual commission rate.

6.2 Financial obligations - recognition and measurement

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

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

6.3 Creditors and amounts payable

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

6.4 Cash and cash equivalents

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

6.5 Inventory

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

6.6 Property, machinery and equipment

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

• Buildings	%15
• machinery and equipment	%10
• Vehicles and cars	%20
• Computers	%15
• Furniture and office equipment	%15

AL KATHIRI HOLDING COMPANY
 SAUDI JOINT STOCK COMPANY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS AT 31 DECEMBER 2020
 (ALL AMOUNTS ARE IN SAUDI RIYALS)

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.6 Property, machinery and equipment (continued)

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

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

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

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

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

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

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

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

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.7 Capital works in progress

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

6.8 Borrowing costs

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

6.9 Provision End-of-Service indemnities

The company provides severance pay compensation to its employees in accordance with the provisions of the labor and workers' system in Saudi Arabia, which is entitled on the basis of the employee's final wage, length of service and completion of the minimum period of service. The end-of-service obligation is calculated by estimating the value of future benefits that are due to employees in current and previous periods and the value is deducted to reach the current value.

The Company makes assumptions that are used when determining key elements of costs in order to meet these future liabilities. These assumptions are made after Consulting the company's actuarial expert and include those used to determine the cost of the normal service as well as the financing elements of liabilities. A qualified actuary calculates the commitment to the specified benefits using the amounts due by unit method.

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

6.10 Regular Reserve

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

6.11 Zakat

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.12 Revenue generated

The revenue is measured on the basis of the corresponding that the Company expects to be entitled through the contract with the customer where the amounts collected on behalf of third parties are excluded, the revenue is recognized when control of the goods or service is transferred to the customer.

Selling goods

For the sales of goods to the market, the revenue is recognized when the control of the goods is transferred, and when the goods are shipped to the specified customer's location (delivery) the receivables are recognized by the company when the goods are delivered to the customer where it represents the point of time at which the right to collect the outstanding amounts becomes unconditional, which means that those amounts are due directly when the purchase is made. Revenue is recognized when the control of the goods is transferred, being at the point of purchase of the goods at the point of sale and the agreed value is paid immediately when the customer purchases the goods

Other income

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

6.13 Expenses

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

6.14 Foreign Exchange Translation

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

6.15 Transactions with related parties

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

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

7. MEASURING FAIR VALUE:

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

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

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

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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(ALL AMOUNTS ARE IN SAUDI RIYALS)**

7. MEASURING FAIR VALUE (CONTINUED):

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

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

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

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

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

AL KATHIRI HOLDING COMPANY
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8. PROPERTY, PLANT AND EQUIPMENT,(NET):

	Buildings and constructions	Machines and equipment	Vehicles and cars	Computers	Furniture and office equipment	Rented machinery and equipment	Work in Progress (1/8)	Total
Book Value:								
Balance at 1 January 2020	16,702,382	38,982,003	2,838,680	284,496	317,269	2,289,236	7,557,617	68,971,683
Additions	1,400,000	4,660,320	-	84,967	32,132	-	36,113,423	42,290,842
Disposals	-	(409,344)	-	-	-	-	-	(409,344)
Adjustments	(61,000)	(464,153)	(1,600)	(2,491)	(8,439)	-	-	(537,683)
Balance at 31 December 2020	18,041,382	42,768,826	2,837,080	366,972	340,962	2,289,236	43,671,040	110,315,498
Accumulated depreciation:								
Balance at 1 January 2020	1,095,568	12,686,018	1,738,663	102,505	129,815	381,539	-	16,134,108
Depreciation of the year	408,686	3,912,722	559,989	43,400	48,476	228,924	-	5,202,197
Disposals	-	113,223-	-	-	-	-	-	(113,223)
Adjustments	(4,472)	(25,854)	-	694	(792)	-	-	(30,424)
Balance at 31 December 2020	1,499,782	16,459,663	2,298,652	146,599	177,499	610,463	-	21,192,658
Net book value at 31 December 2020	16,541,600	26,309,163	538,428	220,373	163,463	1,678,773	43,671,040	89,122,840
Net book value at 31 December 2019	15,606,814	26,295,985	1,100,017	181,991	187,454	1,907,697	7,557,617	52,837,575

Projects under process represent the construction works of the 3D concrete panels factory in Elian Industry Company "one of the subsidiary companies".

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8/1. WORK IN PROGRESS

	As at 31 December	
	2020	2019
Elian building panels factory	41,631,844	7,557,617
Ice factory	768,660	-
Fire systems	120,420	-
Paid for capital contracts	1,150,116	-
Total	43,671,040	7,557,617

9. RIGHT TO USE ASSETS

	As at 31 December	
	2020	2019
Long-term leases		
right to use the land of the panels factory	1,335,547	-
Accumulated amortization:		
amortization of the year	(267,109)	-
Net	1,068,438	-

10. TRADE RECEIVABLES , NET:

	As at 31 December	
	2020	2019
Trade receivables	31,874,238	29,193,167
Less: Provision for discontinued credit losses	(1,412,566)	-
Net	30,461,672	29,193,167

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11. TRANSACTIONS WITH RELATED PARTIES

Authority	Relationship type	Nature of relationship	Balance 1/1		Period movement		Balance at 31 December	
			Credit	Debit	Credit	Debit	Credit	Debit
Meshaal AL-kathiri	Shareholder / Managing Director / CEO	inter- company transactions	3,776,075	29,894,669	21,024,103		(5,094,491)	

Transactions with senior executives during the period ending on 31/12/2020 are represented as follows:

			As at 31 December	
			2020	2019
Meshaal AL-kathiri	Shareholder / Managing Director / CEO	Salaries	360,000	360,000
		Provision for end of service	25,000	15,167
		Board of director bonus	48,000	48,000
			433,000	423,167

12. OTHER DEBIT BALANCES:

		As at 31 December	
		2020	2019
Accrued revenue		1,809,289	-
Advances and loans		278,125	375,882
Prepaid expenses		582,628	398,112
Letters of guarantee		78,120	78,120
cost of unfinished projects		-	7,521,953
Accounts receivable of unfinished projects		-	2,312,500
Advanced payments for suppliers		911,491	2,495,918
Others		-	32,107
Total		3,659,653	13,214,592

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13. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	2019
Cash at Bank	22,851,485	4,823,041

14.SHARE CAPITAL:

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

Article (7) has been modified From the company basic system where the company's capital has been set at an amount (90,417,600) riyals divided into (9,041,760) shares, Each one of them worth (10) riyals, all of them are ordinary shares.

15. STATUTORY RESERVE:

In line with the requirements of the Saudi Arabian Company's corporate system and the company's statutes, the company builds a regular reserve of 10% of the annual net profit until this reserve reaches 30% of the capital.

16.THE INDUSTRIAL DEVELOPMENT FUND LOAN:

On 5/24/2018 Elian Company for Industry signed an agreement with the Industrial Development Fund to obtain a loan in the amount of 20,500,000 riyals, from which 1,540,000 riyals will be deducted for studies and the cost of industrial evaluation. The loan was granted in exchange for a bond guarantee for an order and a mortgage of all the company assets for the benefit of the fund. The company has an amount of 9,971,125 riyals from the loan, including the costs of studies and the cost of all evaluation , and the loan is repaid in 11 installments starting from 7/6/2020 AD and ending on 14/4/2025 AD, and on 31/5/2020 AD the loan was restructured to be paid in 10 installments starting From 1/28/2021 and ending on 4/4/14 AD.

The loan was classified as on December 31, 2020, as follows:

	As at 31 December	
	2020	2019
The current portion of Saudi Industrial Development Fund loan	480,769	-
The non-current portion of Saudi Industrial Development Fund loan	3,363,352	4,408,000
Total	3,844,121	4,408,000

**AL KATHIRI HOLDING COMPANY
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17. LOANS AND BANK FACILITIES:

The company has signed several agreements with local banks with a credit ceiling of 12,700,000 riyals, with a guarantee of bonds for an executed Promissory to 15,021,000 riyals, and personal guarantees from the shareholder Meshaal Al-Kathiri for the facility ceiling and a guarantee of the Saudi Industrial Development Fund of 4,000,000 riyals and assignment of dues for supply contracts to customers.

Elia Industry, a "subsidiary company," signed a facility agreement with Riyad Bank on of 18,000,000 riyals and guaranteed from one of the shareholders of Al Kathiri Holding Company,15/12/2019 for a period of one year, with a credit ceiling who holds the position of General Manager and an executed Promissory in the amount of 19,221,000 riyals.

The balance of the facilities used on 31/12/2020 was as follows:

	Company's name	As at December 31	
		2020	2019
Short term loans	Al Kathiri Holding	11,926,687	10,204,311
Short term loans	Alian Industry	13,912,133	-
		25,838,820	10,204,311

18. OTHER CREDIT BALANCES :

	As at December 31	
	2020	2019
Accrued expenses	702,134	398,445
VAT	241,777	-
Advance payments from clients	650,550	1,909,712
Others	9,461	-
Total	1,603,922	2,308,157

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19. Zakat:

	As at 31 December	
	2020	2019
Zakat Calculation:		
Book profit	10,485,502	16,476,348
adjustment	1,423,078	132,333
Adjusted net profit	11,908,580	16,608,681
Additions:		
Share Capital	52,373,036	45,208,800
Retained earnings	14,802,020	-
Reserves	2,923,789	1,322,191
Debts and their equivalents	40,097,926	7,810,921
Provisions	423,428	301,895
Total additions	110,620,199	54,643,807
Discounts		
Property, plant and equipment	(89,122,840)	(52,837,575)
Other	(1,068,438)	-
Total Deductions	(90,191,278)	(52,837,575)
Zakat base	32,337,501	18,414,913
Zakat due	825,750	460,373

The movement in zakat provision was as follows:

	As at 31 December	
	2020	2019
Balance at beginning of the year	460,373	242,357
Adjustments for zakat differences provided	(17,184)	-
Paid	825,750	460,373
	(443,189)	(242,357)
Balance at the end of the year	825,750	460,373

During the year 2020 AD, the Zakat and Income Authority approved the company's request to provide unified accounts for the company and its subsidiaries starting from 2020 AD, provided that an independent information declaration is submitted for each subsidiary separately.

During the year 2020 AD, a link was received from the Zakat and Income Authority in the amount of 648,473 riyals, and the company paid an amount of 279,405 riyals, and the rest of the amount was paid in 2021.

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20.REVENUE:

	For the year ending December 31	
	2020	2019
Cement sales	34,176,305	39,452,021
Concrete sales	39,384,595	36,066,966
Government contracts	38,135	7,323,337
Special projects	-	3,552,500
transportation revenue	1,809,289	-
Sand and white Pebble sales	29,030,531	3,070,996
Total	104,438,855	89,465,820

21. COST OF REVENUE:

	For the year ending December 31	
	2020	2019
Raw materials	66,368,827	51,310,569
Salaries, wages and equivalents	6,241,534	6,428,888
Other operating expenses	4,862,087	3,826,097
Total	77,472,448	61,565,554

22. GENERAL AND ADMINISTRATIVE EXPENSES:

	For the year ending December 31	
	2020	2019
Salaries and wages	2,503,178	1,550,578
Capital Market Authority expenses	1,065,094	216,159
Provision for credit losses expense	1,412,566	-
Professional and consultants fees	2,178,900	862,000
Right to use assets expense	267,109	-
Allowances for attending board and committee meetings	492,000	176,000
Zakat differences	488,387	-
Others	1,230,004	811,387
Total	9,637,238	3,616,124

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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23.: OTHER REVENUES:

	For the year ending December 31	
	2020	2019
Profits from currency differences	234,367	-
Others	69,307	85,531
Total	<u>303,674</u>	<u>85,531</u>

24. EARNING PER SHARE:

Earnings per share from major operations and dividends per share from net profit are calculated by dividing profit from major operations and net profit on the weighted average number of shares at the end of the year.

25. OUTSTANDING CAPITAL CONTRACT COMMITMENTS:

	The purpose of the contract	Contract Value	Paid from the contract	Remaining amount
Ajil Financial Services Company	Supplying trucks	<u>6,242,322</u>	<u>1,150,116</u>	<u>5,092,206</u>

26. CONTINGENT LIABILITIES:

Potential liabilities for a letter of guarantee presented to the Ministry of Defense for supplies as on 31/12/220 AD amounted to 520,800 riyals and the insurance paid for this letter on 31/12/2020 was 78,120 riyals.

27. RECLASSIFICATION:

	Balance at December 2019 Before reclassification	Reclassification	Balance at December 2019 After reclassification
STATEMENT OF FINANCIAL POSITION			
The non-current portion of the Industrial Development Fund loan	-	(4,408,000)	4,408,000
The current portion of the Industrial Development Fund loan	4,408,000	4,408,000	-
	<u>4,408,000</u>	<u>-</u>	<u>4,408,000</u>
Trade payables	11,652,327	1,909,712	9,742,615
Other credit balances	398,445	(1,909,712)	2,308,157
	<u>12,050,772</u>	<u>-</u>	<u>12,050,772</u>
STATEMENT OF PROFIT OR LOSS			
Cost of revenue	62,860,567	1,295,013	61,565,554
Selling and distribution expenses	-	(1,295,013)	1,295,013
	<u>62,860,567</u>	<u>-</u>	<u>62,860,567</u>
General and administrative expenses	4,714,953	1,098,829	3,616,124
Financing expenses	359,588	(1,098,829)	1,458,417
	<u>5,074,541</u>	<u>-</u>	<u>5,074,541</u>

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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28. FAIR VALUE OF FINANCIAL TOOLS:

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities.

The company's financial assets consist of cash and its judgment, commercial debtors and payments to suppliers and other debtor assets due from related parties.

Financial liabilities consist of credit suppositions and receivables to related parties and other credit balances.

The fair value of financial instruments is not fundamentally different from their listed value, unless otherwise indicated.

29. RISK MANAGEMENT:

Credit risk

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

Special commission price risk

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

Liquidity risk

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

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

Currency risk

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

30. MAIN EVENTS:

The outbreak of the new Corona virus (Covid-19) in early 2020 and spread worldwide, including the Kingdom of Saudi Arabia, caused the disruption of many companies and economic activities. The company's management believes that this pandemic has no material impact on the balance sheet as of December 31, 2020. Given the current uncertainty about the future, management will continue to assess the impact based on future developments.

31. APPROVAL THE CONSOLIDATED FINANCIAL STATEMENTS:

These consolidated financial statements were approved by the Company's Board of Directors on 8 March 2021, 24/7/1442H.



**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**





**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
RIYADH - SAUDI ARABIA
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Independent Auditor's Report

To the **Shareholders of AL KATHIRI Holding Company**

(A Saudi Joint Stock Company)

Riyadh - Saudi Arabia

Report on the Audit of the Consolidated financial statements

Opinion:

We have audited the consolidated financial statements of **AL KATHIRI Holding Group** (the Company) and its subsidiaries referred to together as the "Group", which comprise the Consolidated statement of financial position as at December 31, 2021, and the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in shareholders' equity and Consolidated statement of cash flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion:

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in our audit
<p>Revenue recognition: During the year ended 31 December 2021, Group's revenue amounted to SAR 128,8 million (2020: SAR 104,4 million). The Group continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.</p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Evaluating the design, implementation and testing of the operational effectiveness of the Group's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Group's policy. - Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period.


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Report on the Audit of the Consolidated financial statements (continued)
Key Audit Matters (continued)

<p>Revenue recognition (continued):</p> <p>Property, machinery, equipment and projects under construction The balances of property, machinery, equipment and capital work in progress are considered high landscape balances, where the value of property, machinery and equipment amounted to 150 million Saudi riyals (2020 AD: 45 million Saudi riyals), and capital work in progress that closed in 2021 AD amounted to 83 million Saudi riyals and its balance was 43 million on December 31, 2020, productivity clips appear in Productive projects, early in the day, airfare prices, and courier ticket prices.</p>	<p>- Testing revenue transactions, on a sample basis, and verify supporting documents, which included receipt notices signed by clients, to ensure the accuracy and validity of revenue recognition.</p> <p>We have implemented the following procedures in connection with the verification and evaluation of property, plant and equipment and capital work in progress: Evaluate the design and effectiveness of internal control procedures over the accounting cycle of property, plant, equipment and capital work in progress. We also assessed the adequacy of capitalization policies, performed verification procedures on a sample basis, and verified the depreciation policy for the year, when performing these actions. We also discussed with management their professional judgment regarding the nature of the posted items and the appropriate extension of useful lives and related policies in this regard.</p> <p>- Property, machinery, equipment and capital work in progress has been disclosed in Note No. (8) in the financial statements, and the accounting policy for the company's property, machinery and equipment and capital work in progress has been disclosed in Note No. (8). (6) in the financial statements.</p>
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Other information included in the Group's annual report for the year ended 31 December 2021

Other information consists of other information included in the Group's annual report for the year ended 31 December 2021, other than the consolidated financial statements and the auditor's report thereon. We obtained the report of Board of Directors, prior to the date of our auditors' report and we expect to obtain the remaining section of the 2020 Annual Report after the date of this auditor's report. The Group's management is responsible for the other information mentioned in its annual report.

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

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



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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

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

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


Al Kharashi & Co.

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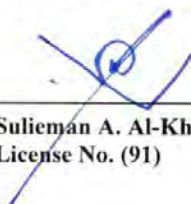
Auditor's Responsibilities for the Audit of the Consolidated financial statements (continued)

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

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

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

For Al-Kharashi Co.



Suliman A. Al-Kharashi
License No. (91)

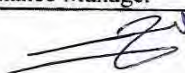


Riyadh:
Sha'ban 04,1443H
March 7, 2022G

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	As at 31 December	
		2021	2020
ASSETS			
Non-current assets:			
Property, plant and equipment, Net	8	150,504,592	89,122,840
Right to use assets	9	1,083,184	1,068,438
Total non-current assets		151,587,776	90,191,278
CURRENT ASSETS :			
Trade receivables, Net	10	8,495,871	30,461,672
Raw material stock		3,171,847	13,801,484
Spare parts stock		538,096	419,325
Due from related parties	11	148,163	5,094,491
Other debit balances	12	7,590,322	3,659,653
Cash at banks	13	9,684,217	22,851,485
Total current assets		29,628,516	76,288,110
Total assets		181,216,292	166,479,388
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share Capital	14	113,022,000	90,417,600
Additional capital	15	-	251,838
Share premium		7,559,083	7,559,083
Statutory Reserve	16	4,756,378	3,889,764
Retained earnings		8,424,759	23,381,957
Equity belonging to the parent company		133,762,220	125,500,242
Non-controlling equity		172,998	-
Total equity		133,935,218	125,500,242
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion of the Industrial Development Fund	17	2,901,074	3,363,352
Non-current portion of Liabilities against capital contracts	18	1,742,248	-
Liabilities against long-term leases		1,119,362	1,088,969
Provision for end of service		1,519,202	922,329
Total non-current liabilities		7,281,886	5,374,650
CURRENT LIABILITIES:			
Trade payables		6,152,378	6,590,955
Short term loans	19	27,850,521	25,838,820
The current portion of the Industrial Development Fund loan	17	943,047	480,769
Current portion of Liabilities against capital contracts	18	1,830,209	264,280
Other credit balances	20	2,254,089	1,603,922
Zakat	21	968,944	825,750
Total current liabilities		39,999,188	35,604,496
Total liabilities		47,281,074	40,979,146
Total Shareholders' Equity And Liabilities		181,216,292	166,479,388

Finance Manager



Chief Executive Officer



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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Note	For the year ending December 31	
		2021	2020
Revenue	22	128,777,194	104,438,855
Less:			
Cost of revenue	23	(88,560,636)	(77,472,448)
Gross profit		40,216,558	26,966,407
Less:			
Selling and Marketing expenses		(2,179,989)	(1,768,703)
General and administrative expenses	24	(18,252,317)	(9,637,238)
Depreciation fixed Assets	8	(8,086,149)	(5,202,197)
Net Profit From main operations		11,698,103	10,358,269
Capital Losses		-	(73,121)
Finance cost		(2,358,114)	(103,320)
Other Revenue	25	365,766	303,674
Net Profit before Zakat		9,705,755	10,485,502
Less:			
Zakat	21	(968,944)	(825,750)
Net profit for the year		8,736,811	9,659,752
Other comprehensive income			
Actuarial revaluation of employee benefits		(149,997)	(113,840)
Total other comprehensive income		8,586,814	9,545,912
Net profit attributable to:			
Company shareholders		8,666,140	9,659,752
Non-controlling equity		70,671	-
Total comprehensive income attributable to:			
Company shareholders		8,517,782	9,545,912
Non-controlling equity		69,032	-
BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR	26		
Net profit attributable to company shareholders		0.77	0.85
Total comprehensive income attributable to company shareholders		0.75	0.84
Weighted average number of shares		11,302,200	11,302,200

Finance Manager


Chief Executive Officer

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

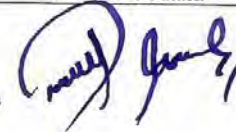
AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total equity belonging to the parent company	Non-controlling equity	Total
For the year ended in 31 Dec. 2021:									
Balance at 1 January 2021		90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242
Share capital increase	1	22,604,400	-	-	-	(22,604,400)	-	-	-
Closing additional capital	15	-	(251,838)	-	-	-	(251,838)	-	(251,838)
Net profit for the year		-	-	-	-	8,666,140	8,666,140	70,671	8,736,811
Other comprehensive income		-	-	-	-	(148,358)	(148,358)	(1,639)	(149,997)
Transfer to statutory reserve		-	-	-	866,614	(866,614)	-	-	-
The share of non-controlling equity in the capital of subsidiaries		-	-	-	-	-	-	100,000	100,000
Share of non-controlling equity in retained earnings of subsidiaries		-	-	-	-	(3,966)	(3,966)	3,966	-
Balance at 31 December 2021		113,022,000	0	7,559,083	4,756,378	8,424,759	133,762,220	172,998	133,935,218
For the year ended in 31 Dec. 2020:									
Balance at 1 January 2020		45,208,800	251,838	7,559,083	2,923,789	15,253,400	71,196,910	-	71,196,910
Share capital increase	1	45,208,800	-	-	-	-	45,208,800	-	45,208,800
Adjustments		-	-	-	-	(451,380)	(451,380)	-	(451,380)
Net profit for the year		-	-	-	-	9,659,752	9,659,752	-	9,659,752
Other comprehensive income		-	-	-	-	(113,840)	(113,840)	-	(113,840)
Transfer to statutory reserve		-	-	-	965,975	(965,975)	-	-	-
Balance at 31 December 2020		90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242

Finance Manager



Chief Executive Officer



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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the year ending December 31	
	2021	2020
CASH FLOWS FROM OPERATIONS ACTIVITIES:		
Net profit for the year	8,736,811	9,659,752
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM(USED IN)OPERATIONS ACTIVITIES:		
Depreciation	8,086,149	5,202,197
Gains on disposal of fixed assets	-	73,121
zakat provision provided	968,944	825,750
Zakat differences adjustments	-	(17,184)
Other losses	100,000	-
Amortization of right to use assets	284,725	267,109
Provision for discontinued credit losses, provided	7,500,000	1,412,566
end of service provision provided	492,686	385,059
Adjusted profit	<u>26,169,315</u>	<u>17,808,370</u>
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Trade receivables	14,465,801	(2,681,071)
Raw material stock	10,629,637	(3,936,664)
Spare parts stock	(118,771)	(68,905)
Other debit balances	(3,930,669)	9,554,939
Right to use assets	(299,471)	(1,335,547)
Trade payables	(438,577)	(3,151,660)
Related parties	4,946,328	(8,870,566)
Other credit balances	650,167	(704,235)
Liabilities against long-term leases	30,393	1,088,969
Zakat paid	(825,750)	(443,189)
Provision for end of service Paid	(45,810)	(10,800)
Net cash generated from operating activities	<u>51,232,593</u>	<u>7,249,641</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Added property and equipment	(68,259,768)	(6,177,419)
Proceeds from the sale of fixed assets	-	223,000
Adjustments to property and equipment	-	507,259
Projects under process	(1,208,133)	(36,113,423)
Net cash (used in) investing activities	<u>(69,467,901)</u>	<u>(41,560,583)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short term loans	2,011,701	15,634,509
Industrial Development Fund loan	-	(563,879)
Capital contract obligations	3,308,177	(7,488,664)
Adjustments	-	(451,380)
Share capital increase	-	45,208,800
Additional capital	(251,838)	-
Net cash generated from /(used in) financing activities	<u>5,068,040</u>	<u>52,339,386</u>
Net change in cash and cash equivalents	(13,167,268)	18,028,444
Cash and cash equivalents at the beginning of the year	22,851,485	4,823,041
Cash and cash equivalents at the end of the year	<u>9,684,217</u>	<u>22,851,485</u>
Non cash flows:		
Property and equipment transfer from projects under process	83,448,651	-
Share capital increase from retained earnings	22,604,400	-
Non-controlling equity	103,966	-

Finance Manager

Chief Executive Officer

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

1. THE COMPANY AND NATURE OF ITS BUSINESS:

a) The Establishing of The Company

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

b) The Nature of The Company's Activity

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

c) The company's share capital

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

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

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

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

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

d) Fiscal year

The company'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.

2. THE FOUNDATIONS OF PREPARATION:

2-1 Statement of commitment

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

New standards and new modifications implemented as of January 1, 2019:

International Financial Reporting Standard 16 "Leases":

International Financial Reporting Standard No. (16) leases determine how to recognize, measure the offer and disclose leases. The standard provides a single accounting form, requiring tenants to recognize the assets and liabilities of all leases unless the lease period is 12 months or less or the asset subject to the contract is of low value. Lessors continue to classify leases as operational or financing under the IAS No. (16) concept of accounting for the leaseper without fundamentally changing the IAS No.(17). This standard is effective from the beginning of January 1, 2019.

2.2 Accounting basis

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

3. INFORMATION A ABOUT THE GROUP:

The consolidated financial statements include of Al Kathiri Holding Company and the Consolidated financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired until 31 December 2020. They are as follows:

<u>Company's name</u>	<u>Country</u>	<u>Legal entity</u>	<u>Ownership Ratio(%)</u>
Alian Industry Company	Saudi Arabia	Closed joint stock	99
Supply Support Company Ltd	Saudi Arabia	Limited liability company	100

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS:

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

- Power over the investee company (that is, the existence of rights that give the group the current ability to direct activities related to the investee company).
- Exposure to risks, or rights to obtain different returns through its relationship with the investee company.
- The ability to use its powers over the investee company to influence its returns.
- In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the investee

company, the group takes into account all the facts and circumstances related to this when ascertaining whether it exercises control over the investee company, and this includes:

- The contractual arrangement (arrangements)with other voting rights holders in the investee company.
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

4. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED):

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

5. USE OF ESTIMATES:

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

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

The policies used to prepare the consolidated financial statements for the year ended December 31, 2019 are the same as those applied in the consolidated financial statements for the year ended December 31, 2020, in addition to the international financial reporting standards that have become effective.

6-1 Financial assets - recognition and measurement

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

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

Loans and debt

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

Trade Receivables

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Decrease in the value of financial assets

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

- A) For fair-value assets, the depreciation represents the difference between cost and fair value, minus any loss of value previously demonstrated in the consolidated statement of profit or loss and other comprehensive income.
- B) For cost-included assets, the depreciation represents the difference between the amount listed and the present value of future cash flows discounted by the current market rate of return from a similar financial asset line.
- C) For assets listed at the amortized cost, the decrease in value represents the difference between the amount listed and the present value of future cash flows discounted by the original actual commission rate.

6.2 Financial obligations - recognition and measurement

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

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

6.3 Creditors and amounts payable

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

6.4 Cash and cash equivalents

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

6.5 Inventory

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

6.6 Property, machinery and equipment

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

- Buildings %15
- machinery and equipment %10
- Vehicles and cars %20
- Computers %15
- Furniture and office equipment %15

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.6 Property, machinery and equipment (continued)

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

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

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

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

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

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

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

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

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.7 Capital works in progress

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

6.8 Borrowing costs

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

6.9 Provision End-of-Service indemnities

The company provides severance pay compensation to its employees in accordance with the provisions of the labor and workers' system in Saudi Arabia, which is entitled on the basis of the employee's final wage, length of service and completion of the minimum period of service. The end-of-service obligation is calculated by estimating the value of future benefits that are due to employees in current and previous periods and the value is deducted to reach the current value.

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

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

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

6.10 Regular Reserve

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

6.11 Zakat

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

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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6. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6.12 Revenue generated

The revenue is measured on the basis of the corresponding that the Company expects to be entitled through the contract with the customer where the amounts collected on behalf of third parties are excluded, the revenue is recognized when control of the goods or service is transferred to the customer.

Selling goods

For the sales of goods to the market, the revenue is recognized when the control of the goods is transferred, and when the goods are shipped to the specified customer's location (delivery) the receivables are recognized by the company when the goods are delivered to the customer where it represents the point of time at which the right to collect the outstanding amounts becomes unconditional, which means that those amounts are due directly when the purchase is made. Revenue is recognized when the control of the goods is transferred, being at the point of purchase of the goods at the point of sale and the agreed value is paid immediately when the customer purchases the goods

Other income

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

6.13 Expenses

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

6.14 Foreign Exchange Translation

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

6.15 Transactions with related parties

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

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

7. MEASURING FAIR VALUE:

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

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

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

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



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7. MEASURING FAIR VALUE (CONTINUED):

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

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

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

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

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

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ALL AMOUNTS ARE IN SAUDI RIVALS**

8. PROPERTY, PLANT AND EQUIPMENT,(NET):

	Land	Buildings and constructions	Machines and equipment	Vehicles and cars	Computers and office equipment	Furniture and office equipment	Rented machinery and equipment	Work in Progress (1/8)	Total
Book Value:									
Balance at 1 January 2021	5,500,000	12,541,382	42,768,826	2,837,080	366,972	340,962	2,289,236	43,671,040	110,315,498
Additions	900,000	12,247,240	6,367,886	1,227,458	152,983	74,527	6,034,900	42,462,907	69,467,901
Transfer	-	66,330,705	17,890,287	915,869	149,899	451,127	(2,289,236)	(83,448,651)	-
Reclassification	-	-	(4,740)	-	4,740	-	-	-	-
Balance at 31 December 2021	6,400,000	91,119,327	67,022,259	4,980,407	674,594	866,616	6,034,900	2,685,296	179,783,399
Accumulated depreciation:									
Balance at 1 January 2021	-	1,499,782	16,459,663	2,298,652	146,599	177,499	610,463	-	21,192,658
Depreciation of the year	-	2,190,259	4,837,623	467,005	67,478	64,502	459,282	-	8,086,149
Disposals	-	-	610,463	-	-	-	(610,463)	-	-
Adjustments	-	-	(344)	-	344	-	-	-	-
Balance at 31 December 2021	-	3,690,041	21,907,405	2,765,657	214,421	242,001	459,282	-	29,278,807
Net book value at 31 December 2021	6,400,000	87,429,286	45,114,854	2,214,750	460,173	624,615	5,575,618	2,685,296	150,504,592
Net book value at 31 December 2020	5,500,000	11,041,600	26,309,163	538,428	220,373	163,463	1,678,773	43,671,040	89,122,840

The trial operation of the concrete panels factory started on 9/29/2021, and the projects under implementation in property and equipment were closed on 1/11/2021 with the actual operation of the factory.

AI KATHIRI HOLDING COMPANY
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8/1. WORK IN PROGRESS

	Notes	As at 31 December	
		2021	2020
Elian building panels factory		-	41,631,844
Ice factory		-	768,660
Fire systems		-	120,420
Paid for capital contracts	27	2,685,296	1,150,116
Total		2,685,296	43,671,040

9. RIGHT TO USE ASSETS

	As at 31 December	
	2021	2020
Long-term leases		
Right of use for Melhem land	1,335,547	1,335,547
Right of use for Sedeer land	299,471	-
	<u>1,635,018</u>	<u>1,335,547</u>
Accumulated amortization:		
Balance at 1 January	(267,109)	-
amortization of the year	(284,725)	(267,109)
Balance at 31 December	<u>(551,834)</u>	<u>(267,109)</u>
Net	<u>1,083,184</u>	<u>1,068,438</u>

10. TRADE RECEIVABLES , NET:

	As at 31 December	
	2021	2020
Trade receivables	17,408,437	31,874,238
Less: Provision for discontinued credit losses	<u>(8,912,566)</u>	<u>(1,412,566)</u>
Net	<u>8,495,871</u>	<u>30,461,672</u>

The movement of the provision was as follows:

	As at 31 December	
	2021	2020
Balance at 1 January	1,412,566	-
Component	7,500,000	1,412,566
Balance at 31 December	<u>8,912,566</u>	<u>1,412,566</u>

AL KATHIRI HOLDING COMPANY
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II. TRANSACTIONS WITH RELATED PARTIES

Authority	Relationship type	Nature of relationship	Balance 1 January		Period movement		Balance at 31 December	
			Debit	Credit	Debit	Credit	Debit	Credit
Meshaal AL-kathiri	Shareholder / Managing Director / CEO	inter-company transactions	5,094,491		38,861,682	43,808,010	148,163	
Transactions with senior executives during the period ending on 31/12/2021 are represented as follows:								
Al Kathiri Holding Company's dealings with subsidiaries:								
		Nature of transactions	Balance 1 January	Year movement	Balance at 31 December			
				Debit	Credit	Debit	Credit	
Msandh alemdad company	owns 100%	inter-company transactions	60,177,763	75,027,672	64,896,928	70,308,507		
Alyan Industry Company	owns 99%	inter-company transactions	21,692,386	57,493,015	31,907,087	47,278,314		
Total			21,692,386	57,493,015	31,907,087	117,586,821		
Transactions between subsidiaries								
Alyan Industry Company with Msandh alemdad company	Al-kathiri holding Co. own 99% of Alyan Industry Co. and 100% of Msandh alemdad Co.	Purchases		29,272,309	19,512,029	23,643,739		51,697,253
Total				29,272,309	19,512,029	41,936,973		51,697,253
Msandh alemdad company with Alyan Industry Company	Al-kathiri holding Co. own 99% of Alyan Industry Co. and 100% of Msandh alemdad Co.	Sales	29,272,309		18,293,234	19,512,029	51,697,253	
Total			29,272,309		18,293,234	19,512,029	51,697,253	
Benefits received by members of the board and committees who occupy executive positions:								
			As at 31 December		As at 31 December			
			2021	2020	2021	2020		
Meshaal AL-kathiri	Shareholder / Managing Director of AL-kathiri holding Co. board / CEO/Member in Alyan board	Salaries Provision for end of service Board of director bonus	360,000	360,000	155,301	25,000	48,000	
			611,301	433,000				
			As at 31 December		As at 31 December			
			2021	2020				
Adel AL-kathiri	Shareholder / Managing Director of Alyan board/Member in AL-kathiri holding Co. board	Board of director bonus	96,000	-	96,000	-	-	
			96,000	-	96,000	-	-	19

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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12. OTHER DEBIT BALANCES:

	As at 31 December	
	2021	2020
Accrued revenue	1,809,289	1,809,289.00
Advances and loans	275,278	278,125
Prepaid expenses	1,713,388	582,628
Letters of guarantee	78,120	78,120
VAT	2,431,204	-
Letters of credit	150,000	-
Advanced payments for suppliers	1,106,793	911,491
Others	26,250	-
Total	7,590,322	3,659,653

13. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2021	2020
Cash at Bank	9,684,217	22,851,485

14.SHARE CAPITAL:

The extraordinary general assembly meeting held on 13/11/ 1442H corresponding to 23/6/2021 was approved on increase the company capital from 90,217,600 riyals to 113,022,000 riyals (note 1-c).

Article (7) has been modified From the company basic system where the company's capital has been set at an amount (113,022,000) riyals divided into (11,302,200) shares, Each one of them worth (10) riyals, all of them are ordinary shares.

15. Additional capital:

The additional capital represents the excess subscription proceeds during the company's offering of its shares for subscription, and in 2021 the company refunded this amount to the eligible shareholders.

16. STATUTORY RESERVE:

In line with the requirements of the Saudi Arabian Company's corporate system and the company's statutes, the company builds a regular reserve of 10% of the annual net profit until this reserve reaches 30% of the capital.

17.THE INDUSTRIAL DEVELOPMENT FUND LOAN:

The company was signed agreementwith Saudi Industrial Development Fund on 2/10/2019 in the amount of 23,200,000 saudi riyals, from which 1,160,000 saudi riyals will be deducted in return for studies and the cost of industrial evaluation. The cost of the evaluation is in full, and the loan is repaid in 12 installments, starting from 5/16/2022 and ending on 9/16/2027.

The loan was classified as on December 31, 2021, as follows:

	As at 31 December	
	2021	2020
The current portion of Saudi Industrial Development Fund loan	943,047	480,769
The non-current portion of Saudi Industrial Development Fund loan	2,901,074	3,363,352
Total	3,844,121	3,844,121

18. Liabilities against capital contracts:

The company signed several agreements with finance lease companies at the prevailing interest rate in the market to finance the purchase of equipment and the balance of December 31 was as follows:

	As at 31 December	
	2021	2020
Balance at 31 December	3,991,549	-
Deduct: Unamortized interest	(419,092)	-
Net	3,572,457	-
Current portion of Liabilities against capital contracts	1,830,209	264,280
Non-current portion of Liabilities against capital contracts	1,742,248	-
Total	3,572,457	264,280

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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19. LOANS AND BANK FACILITIES:

The company has signed several agreements with local banks with a credit ceiling of 14,521,000 riyals, with a guarantee of bonds for an executed Promissory to 15,021,000 riyals, and personal guarantees from the shareholder Meshaal Al-Kathiri for the facility ceiling and a guarantee of the Saudi Industrial Development Fund of 4,000,000 riyals .

The company signed a facility agreement with Riyadh Bank on 06/24/2021 with a credit ceiling of 13,004,000 saudi riyals and a guarantee of a promissory note amounting to 14,200,000 saudi riyals. Managing Director, the total credit ceiling will be 19,004,000 saudi riyals, and the agreement ends on 06/24/2024.

The balance of the facilities used on 31/12/2021 was as follows:

	Company's name	As at December 31	
		2021	2020
Short term loans	Al Kathiri Holding	12,086,835	11,926,687
Short term loans	Alian Industry	15,763,686	13,912,133
		27,850,521	25,838,820

20. OTHER CREDIT BALANCES :

	As at December 31	
	2021	2020
Accrued expenses	1,179,115	702,134
VAT	-	241,777
Advance payments from clients	1,065,513	650,550
Others	9,461	9,461
Total	2,254,089	1,603,922

**AI KATHIRI HOLDING COMPANY
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21. Zakat:

	As at 31 December	
	2021	2020
Zakat Calculation:		
Book profit	9,705,755	10,485,502
adjustment	8,092,686	1,423,078
Adjusted net profit	17,798,441	11,908,580
Additions:		
Share Capital	113,022,000	52,373,036
Retained earnings	777,557	14,802,020
Reserves	3,889,764	2,923,789
Debts and their equivalents	43,727,415	40,097,926
Provisions	2,289,083	423,428
Other	8,203,633	-
Total additions	171,909,452	110,620,199
Discounts		
Property, plant and equipment	(150,504,592)	(89,122,840)
Other	(1,083,184)	(1,068,438)
Total Deductions	(151,587,776)	(90,191,278)
Zakat base	38,120,117	32,337,501
Zakat due	968,944	825,750

The movement in zakat provision was as follows:

	As at 31 December	
	2021	2020
Balance at beginning of the year	825,750	460,373
Adjustments for zakat differences provided	-	(17,184)
Paid	968,944	825,750
	(825,750)	(443,189)
Balance at the end of the year	968,944	825,750

During the year 2020 AD, the Zakat and Income Authority approved the company's request to provide unified accounts for the company and its subsidiaries starting from 2020 AD, provided that an independent information declaration is submitted for each subsidiary separately.

During the year 2021 AD, additional zakat assessments were received for the dates 2019 and 2020 in the amount of 654,080 and 583,622 riyals, respectively, and the company paid the amounts.

The company obtained a final Zakat certificate for the year 2020.

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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FOR THE YEAR ENDING DECEMBER 31,2021
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22.REVENUE:

	For the year ending December 31	
	2021	2020
Concrete sales	64,120,135	39,384,595
Sand and white Pebble sales	38,006,430	29,030,531
Cement sales	23,053,591	34,176,305
Special projects	3,597,038	-
Government contracts	-	38,135
transportation revenue	-	1,809,289
Total	128,777,194	104,438,855

23. COST OF REVENUE:

	For the year ending December 31	
	2021	2020
Raw materials	71,815,008	66,368,827
Salaries, wages and equivalent	8,717,273	6,241,534
Other operating expenses	8,028,355	4,862,087
Total	88,560,636	77,472,448

24. GENERAL AND ADMINISTRATIVE EXPENSES:

	For the year ending December 31	
	2021	2020
Salaries and wages	4,392,585	2,503,178
Capital Market Authority expenses	293,853	1,065,094
Provision for credit losses expense	7,500,000	1,412,566
Professional and consultants fees	1,812,500	2,178,900
Donations	500,000	-
Right to use assets expense	284,725	267,109
Allowances for attending board and committee meetings	764,000	492,000
Zakat differences	1,606,772	488,387
Others	1,097,882	1,230,004
Total	18,252,317	9,637,238

Allowances for attending board and committee meetings The allowances of Al Kathiri Holding Company "a Saudi joint stock company" and Alyaan Industry Company "a closed joint stock company" include one of its subsidiaries, amounting to 423,000 riyals and 341,000 riyals, respectively.

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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25.: OTHER REVENUES:

	For the year ending December 31	
	2021	2020
Profits from currency differences	-	234,367
Others	365,766	69,307
Total	365,766	303,674

Among other income, an amount of 160,000 riyals represents the remuneration to the Board of Directors for the year 2020, and it was rejected by the company's general assembly.

26. EARNING PER SHARE:

The weighted average number of shares for the year ending on December 31, 2021 has been adjusted to be in line with the weighted average number of new shares after increasing it during the year 2021. The calculation of basic / diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share as at December 31, 2021 has been calculated based on the weighted average number of shares outstanding at the end of the year, the adjusted earnings per share is the same as the basic earnings per share as the group has neither convertible securities nor dilutive financial instruments to exercise. The weighted average number of shares on December 31, 2020 has been retrospectively modified to be in line with the weighted average number of new shares after its increase during 2021 (for more details see Note 1) as required in accordance with International Accounting Standard No. 33 (earnings per share).

27. OUTSTANDING CAPITAL CONTRACT COMMITMENTS:

	The purpose of the contract	Contract Value	Paid from the contract	Remaining amount
Ajil Financial Services Company	Supplying mixers and	8,740,230	1,805,546	6,934,684
Rwad El-Ebdaa	Supplying concrete	1,275,000	879,750	395,250
Total		10,015,230	2,685,296	7,329,934

28. LATER EVENTS:

Alyan industry Co. "One of the subsidiaries" obtained conditional approval for the application for listing in the parallel market "Nomu" from the Saudi Tadawul Group on February 21, 2022, provided that the approval is conditional on the issuer obtaining the approval of the Capital Market Authority on the related registration and offering application in accordance with the relevant regulations and laws.

29. CONTINGENT LIABILITIES:

Potential liabilities for a letter of guarantee presented to the Ministry of Defense for supplies as on 31/12/2021 AD amounted to 520,800 riyals and the insurance paid for this letter on 31/12/2021 was 78,120 riyals.

**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
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AS AT 31 DECEMBER 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS)**

30. FAIR VALUE OF FINANCIAL TOOLS:

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities.

The company's financial assets consist of cash and its judgment, commercial debtors and payments to suppliers and other debtor assets due from related parties.

Financial liabilities consist of credit suppositions and receivables to related parties and other credit balances.

The fair value of financial instruments is not fundamentally different from their listed value, unless otherwise indicated.

31. RISK MANAGEMENT:

Credit risk

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

Special commission price risk

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

Liquidity risk

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

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

Currency risk

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

32. APPROVAL THE CONSOLIDATED FINANCIAL STATEMENTS:

These consolidated financial statements were approved by the Company's Board of Directors on 7 March 2022, 4/8/1443H.



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**AI KATHIRI HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**



**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

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

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

Introduction:

We have reviewed the accompanying condensed consolidated interim statement of financial position of **AL KATHIRI Holding Company** (A Saudi joint stock Company) (the "Company") as at 31 MARCH 2022 and its subsidiaries referred to together as the group the condensed consolidated interim statements of profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the three- months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. condensed consolidated interim financial statements Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independents Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries primarily to 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 as 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.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 endorsed in the Kingdom of Saudi Arabia.

AlKharashi & Co.



Sulaiman A. AL-Kharashi
License No. 91



Riyadh at:
May 11, 2022
Shawwal 10, 1443

AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
ALL AMOUNTS ARE IN SAUDI RIYALS

	Notes	As at March 31	As at December 31
		2022	2021
		(Unaudited)	(Audited)
ASSETS			
NON-CURRENT ASSETS :			
Property and equipment (Net)	6	155,119,546	150,504,593
Right to use assets	7	1,012,003	1,083,184
Total non-current assets		156,131,549	151,587,777
CURRENT ASSETS :			
Trade receivables	8	10,263,640	8,495,871
Raw material inventory		3,973,514	3,171,847
Spare parts inventory		493,746	538,096
Due from related parties	9	-	148,163
Other debit balances	10	13,326,576	7,590,322
Cash and Cash Equivalents	11	8,673,775	9,684,217
Total current assets		36,731,251	29,628,516
Total assets		192,862,800	181,216,293
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share Capital		113,022,000	113,022,000
Share premium		7,559,083	7,559,083
Statutory Reserve		4,756,378	4,756,378
Retained earnings		6,363,914	8,424,759
Equity belonging to the parent company		131,701,375	133,762,220
Non-controlling equity		161,759	172,998
Total equity		131,863,134	133,935,218
LIABILITIES			
NON-CURRENT LIABILITIES:			
Non-current portion of the Industrial Development Fund loan	12	19,808,704	2,901,074
Non-current portion of Liabilities against capital contracts		7,271,764	1,742,248
Non-current portion of finance lease obligations		1,119,362	1,119,362
Provision for end of service benefits		1,651,565	1,519,203
Total non-current liabilities		29,851,395	7,281,887
CURRENT LIABILITIES:			
Trade payables		6,911,798	6,152,378
Short term loans	13	14,417,641	27,850,521
The current portion of the Industrial Development Fund loan	12	1,000,000	943,047
Current portion of Liabilities against capital contracts		3,621,941	1,830,209
Other credit balances	14	3,985,711	2,254,089
zakat	15	1,211,180	968,944
Total current liabilities		31,148,271	39,999,188
Total liabilities		60,999,666	47,281,075
Total Shareholders' Equity And Liabilities		192,862,800	181,216,293

Finance Manager

Chief Executive Officer

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



**AL KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Notes	For the period from January 1 to March 31	
		2022	2021
		(Unaudited)	(Unaudited)
Revenue	16	25,274,223	35,209,641
Less: Cost of revenue	17	(20,954,601)	(25,314,141)
Gross profit		4,319,622	9,895,500
:Less			
Selling and Marketing expenses		(579,405)	(423,066)
General and administrative expenses	18	(2,193,484)	(3,532,116)
Depreciation of Property and equipment	6	(3,146,797)	(1,444,359)
(Loss)\ profit From main operations		(1,600,064)	4,495,959
Finance cost		(284,010)	(123,125)
Other Revenue		54,226	32,004
(Loss)\ profit before Zakat		(1,829,848)	4,404,838
Less : Estimated Zakat		(242,236)	(206,438)
Net (loss)\ profit for the period		<u>(2,072,084)</u>	<u>4,198,400</u>
Other comprehensive income		-	-
Total Comprehensive Income for the period		<u>(2,072,084)</u>	<u>4,198,400</u>
Net (loss)\ profit attributable to:			
Company shareholders		(2,060,845)	4,198,400
Non-controlling equity		<u>(11,239)</u>	<u>-</u>
Total comprehensive income attributable to:			
Company shareholders		(2,060,845)	4,198,400
Non-controlling equity		<u>(11,239)</u>	<u>-</u>
BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR	19		
Net profit attributable to company shareholders		(0.18)	0.37
Total comprehensive income attributable to company shareholders		<u>(0.18)</u>	<u>0.37</u>
Weighted average number of shares		<u>11,302,200</u>	<u>11,302,200</u>

Finance Manager

Chief Executive Officer

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
ALL AMOUNTS ARE IN SAUDI RIYALS**

	Share Capital	Additional capital	Share premium	Statutory Reserve	Retained Earnings	Total equity belonging to the parent company	Non-controlling equity	Total
Balance at 1 January 2022 "audited"	113,022,000	-	7,559,083	4,756,378	8,424,759	133,762,220	172,998	133,935,218
Net Profit for the period	-	-	-	-	(2,060,845)	(2,060,845)	(11,239)	(2,072,084)
Balance at 31 March 2022 "Unaudited"	113,022,000	0	7,559,083	4,756,378	6,363,914	131,701,375	161,759	131,863,134
Balance at 1 January 2021 "audited"	90,417,600	251,838	7,559,083	3,889,764	23,381,957	125,500,242	-	125,500,242
Net Profit for the period	-	-	-	-	4,198,400	4,198,400	-	4,198,400
Balance at 31 March 2021 "Unaudited"	90,417,600	251,838	7,559,083	3,889,764	27,580,357	129,698,642	-	129,698,642

Finance Manager

Chief Executive Officer

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

**ALKATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
ALL AMOUNTS ARE IN SAUDI RIYALS**

	For the period from January 1 to March 31	
	2022	2021
	(Unaudited)	(Unaudited)
Net (loss)\ profit for the period	(2,072,084)	4,198,400
<u>ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH GENERATED FROM USED IN OPERATIONS ACTIVITIES:</u>		
Depreciation	3,146,797	1,444,359
Amortization of right to use assets	71,181	66,777
Provision for end of service benefits provided	132,362	98,478
zakat provision provided	242,236	206,438
Trade receivables	(1,767,769)	3,197,941
Raw material inventory	(801,667)	3,992,473
Spare parts inventory	44,350	(37,400)
Other debit balances	(5,736,254)	(4,797,564)
Trade payables	759,420	(262,518)
related parties	148,163	5,186,206
Other credit balances	1,731,622	50,862
Zakat Paid	-	(825,750)
Net cash generated from (used in) operating activities	(4,101,643)	12,518,702
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Additions to Property and equipment	(8,725,556)	(16,454,099)
Projects under progress	963,806	(2,221,854)
Net cash (used in) investing activities	(7,761,750)	(18,675,953)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Industrial Development Fund loan	16,964,583	-
Short term loans	(13,432,880)	(2,367,489)
Capital lease obligations	7,321,248	3,591,541
Net cash generated from financing activities	10,852,951	1,224,052
Net change in cash and cash equivalents	(1,010,442)	(4,933,199)
Cash and cash equivalents at the beginning of the period	9,684,217	22,851,485
Cash and cash equivalents at the end of the period	8,673,775	17,918,286

Finance Manager

Chief Executive Officer

The accompanying notes are 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 2022**

NOTE 1. INFORMATION ABOUT THE COMPANY:

a. Establishment of the Company

Al Kathiri Holding Company (the Company), The Company is a Saudi joint stock Company registered in Riyadh the Kingdom of Saudi Arabia under Commercial Registration number 1010255690 on 29 Shaban 1429 H (30 Aug 2008 G).

b. Company's Activity

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

c. The Company's share capital

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

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

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

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

The Extraordinary General Assembly, held on November 13, 1442 AH corresponding to 06/23/2021 AD, agreed to increase the company's capital from 90,417,600 riyals to 113,022,000 riyals, through retained earnings by granting one free share to each shareholder who owns 4 shares of the company's shares.

D. Fiscal year:

The fiscal year of the Company is 12 months starts from the beginning of January and ends on December of each year.

E. Presentation and activity currency

The financial statements are prepared in Saudi riyals, which is the Company's activity and presentation currency. All numbers have been rounded to the nearest Riyal, unless otherwise indicated.

NOTE 2. INFORMATION ABOUT THE GROUP:

The condensed interim consolidated financial statements include the financial statements of Al Kathiri Holding Company and the condensed interim financial statements of all companies controlled by the Company (its subsidiaries) that were established or acquired until 31 March 2022. They are as follows:

**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 2022**

NOTE 2. INFORMATION ABOUT THE GROUP (CONTINUED):

Company's name	Country	Legal entity	31 March 2022	31 December 2021
Alian Industry Company	Kingdom of Saudi Arabia	Saudi Joint Stock Company	99	99
Msandh Alemdad Company	Kingdom of Saudi Arabia	Limited liability Company	100	100

NOTE 3. BASIS OF PREPARATION FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT:

3.1 Applicable accounting standards:

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard No. (34): the condensed interim financial reports approved in the Kingdom of Saudi Arabia, and the other standards and publications approved by the Saudi Organization for Certified Public Accountants. These interim condensed consolidated financial statements do not include all the information and explanations required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read together with the Group's consolidated financial statements for the year ended 31 December 2021.

2-3 basis of preparation

these condensed consolidated interim financial statements have been prepared on the historical cost basis with the exception of defined benefit plans for employees, which are measured at the present value of future obligation using the method of estimating the amounts Accrued by unit and excluding financing and investment in associates, which are accounted for in accordance with the equity method. In addition, these condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

3-3 Use of estimates

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

3-4 Basis of consolidating the consolidated financial statements

These condensed consolidated interim financial statements, which include the condensed consolidated interim statement of financial position, the condensed consolidated interim profit or loss and comprehensive income statement, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows and the notes to the condensed interim consolidated financial statements of the Group. It includes the assets, liabilities, and results of the operations of the Company and its subsidiaries, as shown in Note (2). Subsidiaries are the entities that the group controls. In particular, the group controls the investee Company only when the group:

- Power over the investee Company (that is, the existence of rights that give the group the current ability to direct activities related to the investee Company).
- Exposure to risks, or rights to obtain different returns through its relationship with the investee Company.
- The ability to use its powers over the investee Company to influence its returns.

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

NOTE 3. PRINCIPLES OF PREPARING THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED):

3-4 Basis of consolidating the consolidated financial statements (continued):

In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the investee Company, the group takes into account all the facts and circumstances related to this when ascertaining whether it exercises control over the investee Company, and this includes:

- The contractual arrangement (arrangements) with other voting rights holders in the investee Company.
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The group accounts for the business combination using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as is the case for the net identifiable assets acquired. The excess of the cost of acquisition plus the fair value of the non-controlling interests over the fair value of the net identifiable assets acquired is recorded as goodwill in the consolidated statement of financial position. Non-controlling interest is measured by the proportion of its share of the net identifiable assets of the acquiree at the date of the acquisition. The share in profit or loss and net assets not controlled by the Group are presented as a separate item in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statement of financial position. Both transactions as well as unrealized balances and profits and losses resulting from inter-Company transactions are eliminated. Accounting policies of subsidiaries are modified when necessary, to ensure compliance with the policies followed by the Group. The internal financial statements for the period ending on 31 March 2022 were approved by the management of the subsidiaries and are not approved due to the legal entity of the subsidiaries

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies applied to these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements of past financial periods.

NOTE 5. SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES:

5-1 Impairment in the value of non-current assets

An evaluation is performed to ensure that there is any objective evidence of impairment in the value of any class or group of non-current assets. In the case of such evidence, the recoverable value of that asset is determined, and the decrease in the loss is recognized as the difference between the recoverable value and the recorded value in the books. The impairment losses are included in the income statement (if any).

5-2 Provision for end of service benefits

The service reward provision is calculated according to the Saudi Labor Law for the periods of service of the employees from the time they join the Company until the date of the Financial position, and the entitlement of the employees is monitored for the estimated obligation of their entitlements from annual leave and travel tickets as a result of their services provided.

State-administered pension plan payments are treated as defined contribution plan payments where the Company's obligations under these plans are equal to those resulting under the defined contribution plans. Thus, the cost accrued for the contributions is charged to the statement of comprehensive income as incurred.

**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 2022**

NOTE 5. SUMMARY OF THE MOST IMPORTANT ACCOUNTING POLICIES (CONTINUED)

5-3 Provision of Zakat:

The Zakat and tax provision is measured and recognized in the income statement and for each financial period in accordance with the regulations of the General Authority for Zakat and Income Tax in the Kingdom of Saudi Arabia.

Any difference between the provision and the final assessment is recorded when the final assessment is issued by the Authority, and differences are made over the period of time the linkage was issued.

5-4 Cash and cash equivalent:

For the purposes of preparing the interim condensed cash flow statement, the item of cash and cash equivalents consists of cash balances in current accounts, whether in local currency or foreign currencies that are not listed with local banks, and short-term deposits with a maturity period of less than three months.

5-5 transactions in foreign currencies

Financial transactions in foreign currencies during the period are recorded in Saudi riyals according to the exchange rate prevailing at the date of the transaction occurring, monetary assets and liabilities at the end of the financial period called foreign currencies are recorded in Saudi riyals according to the exchange rates prevailing on the date of the Financial position, as for the differences resulting from the change in exchange rates Foreign currencies are included in the income statement in the period in which these differences arose.

5-6 measuring fair value:

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

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

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

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

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

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

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

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

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

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

NOTE 6. PROPERTY AND EQUIPMENT (NET):

	Lands	Buildings and constructions	Machinery and equipment	Vehicles and cars	Computers	Furniture and office equipment	Rented machinery and equipment	projects under progress	Total
Book value:									
Balance at 1 January 2022 "audited"	6,400,000	91,119,327	67,022,259	4,980,407	674,594	866,616	6,034,900	2,685,296	179,783,399
Additions	-	138,700	795,249	95,600	13,600	82,207	4,914,904	1,721,490	7,761,750
Transfer	-	-	-	-	-	-	2,685,296	(2,685,296)	-
Balance at 31 March 2022 "Unaudited"	6,400,000	91,258,027	67,817,508	5,076,007	688,194	948,823	13,635,100	1,721,490	187,545,149
Accumulated depreciation:									
Balance at 1 January 2022 "audited"	-	3,690,041	21,907,237	2,765,824	207,223	249,199	459,282	-	29,278,806
Depreciation of the Period	-	1,132,293	1,562,056	118,268	20,781	35,857	277,542	-	3,146,797
Balance at 31 March 2022 "Unaudited"	-	4,822,334	23,469,293	2,884,092	228,004	285,056	736,824	-	32,425,603
Net book value at 31 March 2022	6,400,000	86,435,693	44,348,215	2,191,915	460,190	663,767	12,898,276	1,721,490	155,119,546
Net book value at 31 Dec 2021	6,400,000	87,429,286	45,115,022	2,214,583	467,371	617,417	5,575,618	2,685,296	150,504,593

SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

NOTE 7. RIGHT TO USE ASSETS

	<u>As at March 31</u>	<u>As at Decemeber 31</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Long-term leases		
right to use Melhem land	1,335,547	1,335,547
right to use Seder land	299,471	299,471
Total	<u>1,635,018</u>	<u>1,635,018</u>
Accumulated amortization:		
1 Jan. Balance	(551,834)	(267,109)
amortization of the Period	<u>(71,181)</u>	<u>(284,725)</u>
Total	<u>(623,015)</u>	<u>(551,834)</u>
Net	<u>1,012,003</u>	<u>1,083,184</u>

NOTE 8. TRADE RECEIVABLES , NET:

	<u>As at March 31</u>	<u>As at Decemeber 31</u>
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Trade receivables	19,176,206	17,408,437
Less: Provision for credit losses	<u>(8,912,566)</u>	<u>(8,912,566)</u>
Total	<u>10,263,640</u>	<u>8,495,871</u>

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 2022

NOTE 9. TRANSACTIONS WITH RELATED PARTIES :

Related party	Relationship type	Nature of relationship	Balance at 1 January		Period movement		Balance at 31 March	
			2022 Debit	2022 Credit	2022 Debit	2022 Credit	2022 Debit	2022 Credit
Meshaal AL-kathiri	shareholder	funding	148,163		2,100	150,263		
Transactions with senior executives during the period ended on 31/3/2022 are represented as follows:								
Meshaal AL-kathiri	Managing Director / CEO	Salaries						From January 1 to March 31
		Provision for end of service benefit						2021
								(Unaudited)
				82,034				90,000
				7,500				7,417
				89,534				97,417

NOTE 10. OTHER DEBIT BALANCES:

Accrued revenue	1,809,289	1809289
Advances and loans	475,691	275278
Prepaid expenses	4,454,151	1713388
Letters of guarantee	78,120	78120
Letters of credit	0	150000
VAT - debit	3,215,738	2431204
Advanced payments for suppliers	3,267,337	1106793
Others	26,250	26250
Total	13,326,576	7,590,322

Letters of guarantee are withdrawn from the Al Kathiri Holding Company agreement and the full value of the liability for the insurance paid is against the insurance paid will be 520,800 riyals.

NOTE 11. CASH AND CASH EQUIVALENTS

	As at March 31 2022	As at December 31 2021
Cash in hand		-
Cash at Bank	8,617,071	9,684,217
Total	8,673,775	9,684,217

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**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

NOTE 12. THE INDUSTRIAL DEVELOPMENT FUND LOAN:

Alian Industry Company "One of the subsidiaries" signed the loan agreement of the Unified Industrial Development Fund in 2019/10/2m for 23,200,000 riyals, of which 1,160,000 riyals will be deducted for studies and the cost of industrial evaluation, and the loan was granted in exchange for the guarantee of a bond For the order and mortgage of all the assets of the factory for the benefit of the fund, the company has obtained 20,808,704 riyals of the loan, as 31 march 2022 including the costs of studies and the cost of evaluation in full, and the loan is repaid on 12 installments starting from 16/05/2022 and ending in 16/09/2027 .

The loan was classified as on March 31, 2022, as follows:

	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
The current portion of Saudi Industrial Development Fund loan	1,000,000	943,047
The non-current portion of Saudi Industrial Development Fund loan	19,808,704	2,901,074
Total	<u>20,808,704</u>	<u>3,844,121</u>

NOTE 13. LOANS AND BANK FACILITIES:

The company has signed several agreements with local banks with a credit ceiling of 14,521,000 riyals, with a guarantee of bonds for an executed Promissory to 15,021,000 riyals, and personal guarantees from the shareholder Meshaal Al-Kathiri for the facility ceiling and a guarantee of the Saudi Industrial Development Fund of 4,000,000 riyals .

Alian industry Co. signed a facility agreement with Riyad Bank on 24/06/2021 with a credit ceiling of 13,004,000 saudi riyals and a guarantee of a promissory note amounting to 14,200,000 saudi riyals. the Agreement was amendeed on 28/07/2021 by increasing the credit ceiling by 6.000.000 saudi riyals with guaranted payment from one of the shareholders of Al-Kathiri Holding Co. not that the signed facilities agreement or shariah-comtliant, Managing Director, the total credit ceiling will be 19,004,000 saudi riyals, and the agreement ends on 24/06/2024 .

The balance of the facilities used on 31/3/2022 was as follows:

	<u>Company's name</u>	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
Short term loans	Al Kathiri Holding	9,185,397	12,086,835
Short term loans	Alian Industry	5,232,244	15,763,686
		<u>14,417,641</u>	<u>27,850,521</u>

**AI KATHIRI HOLDING COMPANY
SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

NOTE 14. OTHER CREDIT BALANCES :

	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
Accrued expenses	736,708	1,179,115
Advance payments from clients	3,011,816	1,065,513
Others	237,187	9,461
Total	<u>3,985,711</u>	<u>2,254,089</u>

NOTE 15. PROVISION FOR ZAKAT :

The movement in zakat provision was as follows:

	<u>As at March 31</u> <u>2022</u> <u>(Unaudited)</u>	<u>As at Decmeber 31</u> <u>2021</u> <u>(Audited)</u>
Balance at 1 January	968,944	825,750
provided	242,236	968,944
Paid	-	(825,750)
Balance at the end of the period	<u>1,211,180</u>	<u>968,944</u>

NOTE 16. REVENUE:

	<u>For the period from January 1 to March 31</u>	
	<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Unaudited)</u>
Cement sales	6,357,543	12,503,329
Concrete sales	17,433,926	13,664,270
Special projects	1,482,754	1,522,500.00
Sand and white Pebble sales	-	7,519,542
Total	<u>25,274,223</u>	<u>35,209,641</u>

All revenues for the subsidiary companies according to the following:

concrete sales for alian industry company.

cement sales government contracts, sand and white pebble sales and spesial projects are for Msandh

NOTE 17. COST OF REVENUE:

	<u>For the period from January 1 to March 31</u>	
	<u>2022</u> <u>(Unaudited)</u>	<u>2021</u> <u>(Unaudited)</u>
Raw materials	15,737,671	22,382,751
Salaries, wages and equivalentents	3,094,722	1,723,153
Other operating expenses	2,122,208	1,208,237
Total	<u>20,954,601</u>	<u>25,314,141</u>

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FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

NOTE 18. GENERAL AND ADMINISTRATIVE EXPENSES:

	For the period from January 1 to March 31	
	2022	2021
	(Unaudited)	(Unaudited)
Salaries and wages	1,399,540	1,017,209
Provision for credit losses expense	-	1,500,000
Zakat differences	-	369,069
Professional and consultants fees	296,250	238,750
Right to use assets expense	71,181	66,777
CMA expense	69,076	56,325
Others	357,437	283,986
Total	2,193,484	3,532,116

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NOTE 19. EARNINGS PER SHARE:

The weighted average number of shares for the year ending on March 31, 2021 has been adjusted to be in line with the weighted average number of new shares after increasing it during the year 2021. The calculation of basic / diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share as at March 31, 2022 has been calculated based on the weighted average number of shares outstanding at the end of the year, the adjusted earnings per share is the same as the basic earnings per share as the group has neither convertible securities nor dilutive financial instruments to exercise. The weighted average number of shares on March 31, 2021 has been retrospectively modified to be in line with the weighted average number of new shares after its increase during 2021 (for more details see Note 1) as required in accordance with International Accounting Standard No. 33 (earnings per share).

NOTE 20. RISK MANAGEMENT:

Credit risk

Credit risk represents the inability of a counterparty to meet its obligations, causing the other party to incur a financial loss. The Company is committed to manage customer credit risk by setting credit limits for each customer and monitoring existing receivables.

Interest rate risk

Interest rate risk relates to changes in current interest rates when negotiating renegotiation of financial instruments that are affected by current financial conditions in the domestic and global markets. The Company did not have assets of significant value bearing interest during the current and comparative periods.

Liquidity risk

Liquidity risk represents the difficulties faced by the Company in providing the necessary funds to meet the financial instrument commitments. Liquidity risk arises from the inability to sell a financial asset quickly in an amount equal to its fair value. The Company manages liquidity risks by maintaining cash balances with banks and ensuring that adequate facilities are available, if necessary, to cover their short-term liabilities on an ongoing basis.

Currency risk

Currency risk arising from fluctuations in the value of financial instruments is the result of reserve changes in exchange rates. The Corporation is subject to fluctuations in foreign exchange rates during its normal course of business.

NOTE 21. BUSINESS RESULTS FOR THE INTERIM PERIOD:

The business results for the initial financial period may not be an accurate indication of the actual results of the whole year's business.

NOTE 22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on 09/10/1443 corresponding to (10/05/2022)



Warranties (22)



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22- Warranties

with the exception of the warranties provided by the Sponsor as Obligor pursuant to the Master Declaration of Agency Agreement, they are as follows:

a. Incorporation, capacity and authorization: (1) the Issuer is duly incorporated and validly existing under the laws of the Kingdom of Saudi Arabia with full power and capacity to own, lease, sell, transfer or otherwise dispose of its property and assets and to conduct its business as described in the Base Prospectus and is lawfully qualified to do business in those jurisdictions in which business is conducted by it; (2) the Issuer has full power and capacity to establish the Program, to create and issue the Sukuk, to execute this Agreement and the Sukuk Documents to which it is a party and to undertake and perform the obligations expressed to be assumed by it herein and therein, and the Issuer has taken all necessary;

b. No breach: the establishment of the Program, the creation, issue and sale of the Sukuk, the execution of this Agreement and the Sukuk Documents to which it is a party and the undertaking and performance by the Obligor of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of, or default under, the laws of the Kingdom of Saudi Arabia, any agreement or instrument to which it is a party or by which it is bound or in respect of indebtedness in relation to which it is a surety or any provision of the constitutive documents of the Obligor;

c. Legal, valid, binding and enforceable: subject to the Legal Reservations, this Agreement constitutes and, upon due execution by or on behalf of the parties thereto, the Sukuk Documents to which the Obligor is a party will constitute and, upon due execution of each Global Sak by or on behalf of the Obligor and due authentication, issuance and delivery of each Global Sak, the Sukuk will constitute, legal, valid, binding and enforceable obligations of the Obligor;

d. Approvals: all authorizations, consents, licenses, approvals, orders, filings, registrations or qualifications of or with any court or governmental authority (including, without limitation, the payment of any stamp or other similar tax or duty) required in respect of the Issuer for or in connection with:

1. the establishment of the Programme;
2. the creation, issue, offer and sale of the Sukuk;
3. the execution of this Agreement, the Sukuk Documents and any other agreement(s) related to the issue of the Sukuk;
4. the performance by the Obligor of the obligations expressed to be undertaken by it herein and in the Sukuk Documents; and
5. the distribution of the Base Prospectus, each Applicable Final Terms in accordance with the provisions contained Programme Agreement;

have been (or, prior to the Issue Date, will have been) obtained, given, fulfilled or done by the Obligor and all such consents, authorisations and approvals are (or will on the relevant Issue Date, be) in full force and effect.

e. Admissibility: it is not necessary in order to ensure the enforceability or admissibility in evidence of the Sukuk or the Sukuk Documents that the Sukuk or any Sukuk Documents be filed or recorded in the Kingdom of Saudi Arabia or that any tax or duty be paid on or in respect of the offer of Sukuk or the execution of the Sukuk Documents;

f. Status: the payment obligations of the Obligor under the Sukuk Documents to which it is a party are, and will be, its direct, unsubordinated and unsecured obligations and will rank at all times at least pari passu with all other present and future unsubordinated obligations of the Obligor, save for obligations as may be preferred by provisions of law that are both mandatory and of general application.

g. No Event of Default: no event or circumstance has occurred which is, or (with the passing of time, the giving of notice or the making of any determination) would become, an Event of Default;

h. Bankruptcy and liquidation: the Issuer: (1) The Issuer is able to pay its debts as they fall due; (2) is not, and will not be as a result of the issue of the Sukuk or the execution of the Sukuk Documents to which it is a party, insolvent; and (3) is not subject to any bankruptcy or insolvency proceedings; and

i. Legal and beneficial ownership: the Issuer is the sole legal and beneficial owner of the assets necessary to carry on its business as presently conducted;

j. No material litigation: there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware including any claims, actions, suits or investigations against the directors of the Obligor) which may have or have had during the 12 months prior to the date of the Base Prospectus a material effect on the financial position, results of operations or profitability of the Obligor which is material in the context of the Programme and/or the issue of Sukuk.

The Sponsor confirms that it does not intend to provide any warranties, pledges or other similar obligations in connection with the Sukuk.



Schedule/Annex (1)



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Schedule/Annex (1)

1- Redemption - Sukuk Dissolution

1-1 Scheduled Dissolution

Unless previously redeemed, or purchased and cancelled in full, the Sukuk shall be redeemed on the Expiry Date and each Sukukholder shall receive its proportional share of the Dissolution Distribution Amount due to the Sukukholders from the proceeds of the Sukuk Assets.

1-2 Scheduled Redemption in Part

Unless previously redeemed, or purchased and cancelled in full, and if this Condition (13) (b) "**Scheduled Redemption in part**" is expressed to be applicable in the Applicable Final Terms, the Issuer will redeem the Sukuk in instalments on each Periodic Distribution Date in an aggregate amount equal to the amount (each an Instalment Amount) set out opposite the relevant Periodic Distribution Date in the Applicable Final Terms. If any partial redemption of the Sukuk is made at any time otherwise than in accordance with this Condition (13) (b) "**Scheduled Redemption in part**", then each Instalment Amount which falls to be paid after the date of such partial redemption shall be reduced by a proportion of such Instalment Amount which is the same proportion as the amount by which the Aggregate Nominal Amount of the Sukuk which was current was reduced as a result of such partial redemption bore to the Aggregate Nominal Amount of the Sukuk which was current of such Sukuk immediately prior to such partial redemption being made but after deducting any Instalment Amount to be paid on that date.

1-3 Dissolution at the Option of the Issuer

If the Optional Dissolution (Call) option is specified in the Applicable Final Terms as being applicable, and subject to the value of the Sukuk Assets not being below the Aggregate Nominal Amount, the Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part, on an optional dissolution date (the Optional Dissolution Date) which may be:

- (1) at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or
- (2) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition (19) "**Notices**" (which notice shall be irrevocable), at the Dissolution Distribution Amount.

1-4 Early Dissolution for Tax Reasons

The Sukuk may be redeemed at the option of the Issuer (upon receipt of a notice from the Obligor) in whole, but not in part on a tax redemption date (the Tax Redemption Date) which may be:

- (1) at any time (if the Floating Periodic Distribution Provisions are not specified in the Applicable Final Terms as being applicable); or
- (2) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the Applicable Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition 19(Notices) (which notice shall be irrevocable), at the Dissolution Distribution Amount (Tax), together with Periodic Distribution Amounts accrued and due (if any) to the Dissolution Date if a Tax Event occurs, where Tax Event means:

- (1) the Issuer or the Obligor has or will become obliged to pay additional amounts as provided or referred to in Condition (17) "**Taxation**" as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Saudi Arabia or any political subdivision or authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date (as specified in the Applicable Final Terms); and
- (2) such obligation cannot be avoided by the Issuer and/or the Obligor (as the case may be) taking reasonable measures available to it, then, provided, however, that no such notice of dissolution shall be given earlier than:
 - a. where the Sukuk may be dissolved at any time, 90 days prior to the earliest date on which the Issuer and/or the Obligor (as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Sukuk were then due; or

- b. where the Sukuk may be dissolved only on a Periodic Distribution Date, 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Issuer and/or the Obligor (as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Sukuk were then due.

Prior to the publication of any notice of dissolution pursuant to this paragraph, the Issuer shall obtain and make available to the Sukukholders for inspection at its principal office during business hours: (a) a certificate signed by two directors of the Issuer, or the Obligor (as the case may be) which shall be binding on the Sukukholders, stating that the Issuer is entitled to effect such dissolution and setting forth a statement of facts showing that the conditions precedent in (1) or (2) and (A) and (B) above to the right of the Issuer to so redeem have occurred; and (b) an opinion of independent tax adviser of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon such redemption, the Issuer shall be bound to redeem the Sukuk in accordance with this Condition 13 (d).

1-5 Dissolution Following an Event of Default

Upon the occurrence of an Event of Default (as defined in Condition (14) "**Events of Default**"), which is continuing, the Sukuk may be redeemed at the Dissolution Distribution Amount pursuant to Condition 14 "**Events of Default**".

1-6 No Other Dissolution

The Issuer shall not be entitled to redeem the Sukuk otherwise than as provided in this Condition (13) and Condition (11) "**Purchase and Cancellation of Sukuk**".

1-7 Liquidation of the Mudaraba and Distribution of Remaining Sukuk Assets

The Mudareb shall liquidate the Mudaraba Assets on the Business Day prior to the Dissolution Date. The proceeds of such liquidation (being the then current value of the Sukukholders' share of the Mudaraba Assets including the Available Amount) shall be used to pay any shortfall in the amounts due to the Sukukholders on the Dissolution Date under the Sukuk (after taking into account any other amounts due to the Sukukholders under the Sukuk Documents) by payment of such amounts into the Transaction Account. Any surplus liquidation proceeds, after payment of the amounts (if any) described in this Condition 13(g), may be granted by the Sukukholders to the Mudareb as an incentive fee for its own account.

1-8 Cancellations

All Sukuk which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.



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AI KATHIRI HOLDING COMPANY

**Sukuk Offering Prospectus
Through a Special Purposes Entity
“SUKUK ALKATHIRI”**



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