

<u>Attachment of Item No. (3)</u>	<u>مرفقات البند رقم (3)</u>
Voting on the Board of Directors Report for the fiscal year ended on 31/12/2021.	التصويت على تقرير مجلس إدارة الشركة عن العام المالي المنتهي في 31 ديسمبر 2021م.

Al Kathiri Holding Company  
**Board of Directors Report**

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FY Year

**2021**



الكثيري القابضة

AL KATHIRI HOLDING COMPANY







### His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al Saud  
Crown Prince, Deputy Premier, and Minister of Defense



### The Custodian of the Two Holy Mosques

King Salman Ibn Abdulaziz Al Saud

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## Chairman's Statement

Dear Respectful Shareholders of Al Kathiri Holding Company  
Peace, mercy, and blessings of God

First of all, I am pleased to present to you the company's annual report for the fiscal year ended on December 31, 2021, on behalf of the Board of Directors of Al Kathiri Holding Company, which was prepared in accordance with the company's Article of Association, the requirements of the Companies Law of the Kingdom of Saudi Arabia, the requirements of the Corporate Governance Regulations and the rules on the offer of securities and continuing obligations issued by the Capital Market Authority. The report sheds light on the company's performance, achievements, results, the significant events that occurred, and its efforts during the year 2021.

Undoubtedly, the whole world has faced difficult circumstances in various economic fields during the past two years due to the Corona Virus (Covid-19) pandemic, which posed the biggest challenges that cast a shadow over various basic sectors and on the local and global economy alike since the pandemic began in 2020. Despite the existence of these out-of-control challenges, the company has developed many plans and proactive measures to evaluate all expected possibilities to reduce the negative effects that may be reflected in one way or another on the results of our current and future business and to overcome obstacles. We also renew our commitment to make all possible efforts aimed at achieving our goals and strategy in order to reach the satisfaction of shareholders and investors.

We are also pleased to extend our sincere thanks, gratitude, and praise to all the company's employees for their sincerity, dedication, and tireless efforts to achieve the company's goals and endeavors. We would like to express our deep thanks to our valued shareholders for their continuous support and confidence in the company, and we would like to inform you that we are ready to meet you in the annual General Assembly during the current year 2022

and that we are ready to respond to any inquiries about the information included in this report.

May Allah Almighty help us.

**Rayed Mohammed Alkathiri**

Chairman

## CEO's Statement

The year 2021 began with many challenges and obstacles that faced our company, but we continued to work with dedication to overcome all obstacles in order to achieve the desired success to implement and realize our vision. Thanks to God and then the dedicated efforts of our employees, the company has achieved many successes in various fields.

Whereas, Alian Industry Company, a subsidiary of Al Kathiri Holding Company, inaugurated Alian building methods plant in Sudair City for Industry and Business in September 2021 under the patronage and honor of His Excellency the Minister of Municipal, and Rural Affairs and Housing Mr. Majed Al-Hogail, Minister of Industry and Mineral Resources Mr. Bandar Al-Khorayef, and the CEO of the National Housing Company, and CEO of Saudi Authority for Industrial Cities and Technology Zones (Modon).

Furthermore, Alian Industry Company, which is a subsidiary of Al Kathiri Company, has completed the construction of a ready-mix concrete production plant in the Narges View project in Al-Gwan suburb. Al Kathiri Company announced the conversion of Alian Industry Company from a limited liability company to a closed joint-stock company, which serves the company's future orientations, which aspire to achieve sustainability, and the company's desire to increase investment opportunities and prepare the company for listing in "Nomu" market.

In this regard, Msandh Al-Emdad Limited Company -which is a subsidiary of Al Kathiri Company- has expanded and entered into several fields including information technology, real estate development and contracting, mining, transportation and logistical support. The company also seeks to build real estate units using Emmedue building panels that are used in modern construction; And because sustainability is regarded as one of the criteria for success in Al Kathiri Holding Company, the company adopts new technologies that help reduce CO<sub>2</sub> emissions, as our goal is to develop traditional technologies into modern and up-to-date technologies and rely on them in production systems in order to achieve our goals in reducing pollution in

line with Vision 2030.

With regard to building technologies, we seek to adopt the latest technologies in the field of construction, which will allow customers to build real estate units in a short period of time, with lower costs and higher quality.

Also, in support of the Kingdom's 2030 vision, Al Kathiri Holding Company is committed to providing additional job opportunities, nurturing talent, and training Saudi engineering cadres on a monthly basis, without any fees, this move comes in line with supporting the social initiatives provided by Alian Industry and supporting distinguished national cadres.

As for the future challenges and goals in various fields of work, Al Kathiri Holding has set major goals to support development operations and enhance its business throughout the country. We look forward to seizing the opportunities that will be available to us in the coming period to develop and enhance the company's performance in line with our plans.

In the end, I would like to express my thanks and appreciation to the members of the Board of Directors for their continuous and unlimited support to the company in all fields, and I would also like to extend my thanks and gratitude to all the company's employees for their efforts and their continuous dedication to achieving the company's goals.

I ask Allah to grant success to all.

**Meshal Muhammed Alkathiri**

CEO



Chapter One  
**Who We Are**

► **1st: About the company**

Al Kathiri Holding is a joint-stock company that works in the raw material sector and is specialized in managing its subsidiaries and investing its funds to provide the necessary support for these companies, owning industrial property rights such as patents, trademarks, industrial rights, franchises, and other intangible rights, and exploiting and leasing them to companies. affiliate or other, Its subsidiaries operate in the basic materials sector through cement transportation and supply, ready-mix concrete industry, modern construction solutions, real estate development, and general construction.



► 2nd: A brief of the company's transformation.

Al Kathiri Holding Company was established in 2008, and its head office is in Riyadh city, with a capital of 100,000 riyals as a sole proprietorship under the name of the Mohammed Nasser Al-Kathiri Foundation. Its scope of work is to sell and transport building materials (cement and plaster).

2008  
August

The company transformed from a limited liability company to a closed joint-stock company with increasing the capital to 27,300,000 Riyals.

March  
2017

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

2018  
March

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

2018  
August

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

2019  
April

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

2020  
October

The Extraordinary General Assembly agreed to increase the company's capital by granting free shares, so the capital after the increase became 113,022,000 Saudi riyals.

2021  
June

Mohammed Nasser Al Kathiri Contracting Establishment transformed into a limited liability company under the name of Al Kathiri Holding Company by increasing the company's capital to 5,000,000 Riyals.

April  
2014

In July, the company was listed on the parallel market, and the capital after listing increased to 31,395,000 Riyals.

July  
2017

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

August  
2018

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

November  
2019

A ministerial decision was issued approving the transformation of the company's subsidiary Alian Industry Company into a closed joint-stock company in order to prepare it for listing in the parallel market (Nomu)

April  
2021

Under the patronage of Their Excellencies the Minister of Municipal and Rural Affairs and Housing and the Minister of Industry and Mineral Resources, Alian Industry Company inaugurated its Modern building Plant in Sudair industrial city for Industry and Business under the name of (Alian Plant for Modern Building Methods).

September  
2021



### 3rd: The Company's Vision



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

### 4th: The company's mission



- Building mutual trust between the company and its customers to achieve a sustainable society.
- Developing the workforce to provide innovative products and solutions.
- Paying attention to global standards, quality and satisfaction of producers and consumers.
- Striving to leave make a difference on the success and development of society, and to reflect this on the company's clients.
- To be the leader in providing future construction solutions and technologies in all aspects and to grow the company by providing what is required to serve customers.

### 5th: The company's objectives



- The building is our future, growth is our motto, and achieving the 2030 vision is our goal.
- We look beyond the year 2030 with an ambitious plan that covers not only our country but our neighboring countries as well.
- Gaining appropriate investment returns that allow the company to grow and expand its current activities and add new activities.

### 6th: Company values



- Client: Focusing on serving the customer and achieving the highest benefit for him by providing high quality products at competitive prices and by providing a competent technical support.
- Supplier: Creating a long-term business relationship between the company and the supplier based on trust and balance of interests.
- Employee: Providing a safe and highly professional work environment that contributes to attracting and maintaining competencies.
- Investors: Maintaining shareholder's rights and maximizing investment returns.
- Environment: working within the highest environmental standards and developing work systems that contribute to reducing damage to the environment.

### 7th: Company strategy



- Constant pursuit of a position that places it among the leading companies in the Kingdom of Saudi Arabia.
- strengthen the relationship with current customers by meeting their requests and maintaining the highest quality standards through the constant endeavor to develop products.
- Increasing the production capacities of the company's products as well as adding new products.
- Continuing to improve operational processes by rationalizing costs and raising operations efficiency.

### 8th: Competitive aspects of the company (advantages)



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

### 9th: Competitive aspects of the company (advantages)



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

Company Name	Legal Entity	Main Activity	Incorporation Date	Capital	Company Ownership Percentage	State of incorporation and operations
Msandh Al-Emdad Limited Co.	Limited Liability	Providing logistical services and support the company's transportation sector.	11/03/2018	1,000,000	100%	KSA
Alian Industry Co.	Closed Joint-Stock	Production, manufacture, and sale of ready-mix concrete and precast panels.	6/08/2018	10,000,000	99%	KSA



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

01



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

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

03



#### • Real estate development sector.

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

05



#### • 3D concrete panels production sector.

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

The construction of the 3D concrete panels production factory began in the fourth quarter of 2019. Where all the construction work of the factory has been completed and machinery and equipment imported from Italy have been received; However, the operation of the factory requires the representatives of the Italian company, (Emmadue) to come to the Kingdom to oversee the installation and assembly of equipment and machinery and train the group's employees, which has become difficult to happen due to the outbreak of the Coronavirus "Covid-19", and therefore we will not be able to identify The date of the actual operation of the factory, noting that it was expected to start operating in the third quarter of 2020.

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

02



#### • The sector of producing and selling ready-mix concrete

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

04



#### • ICT sector

The company recently entered the telecommunications sector through its subsidiary Msandh Al-Emdad LLC. to implement some ICT projects after obtaining the necessary licenses to carry out its activities.





## Chapter Two

# The Board of Directors and its Committees

### ► 1st: The Board of Directors

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

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

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



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

1-Board of Directors



Rayed Mohammed Nasser Alkathiri



Meshal Muhammed Nasser Alkathiri



Adel Ibrahim Mohammed Alkathiri



Saud Muhammed Abdullah Al-Shuraim

Membership	Non-Executive
Current Job	Alkathiri Holding Company Chairman
Previous Job	Commercial Director of Al Kathiri Holding Company
Qualification	Diploma in Computer from King Saud University
Experience	<div>-Commercial Director of Al Kathiri Holding Company from 2015 until 2017.</div> <div>-Working at the General Administration of Security Missions, Project Management and Development in the Ministry of Interior.</div> <div>-Participation in the works of Najmat Al Khayal Company in public schools construction projects</div>

Membership	Executive
Current Job	CEO & Managing Director
Previous Job	General Manager of Alkathiri Holding Company
Qualification	Bachelor's degree in Marine Science
Experience	<div>- General Manager of Al Kathiri Holding Company from 2014 until 2017 promoted from the rank of a liaison officer to a platoon commander of the Fifth Battalion of the Eastern Fleet.</div> <div>-Membership of the Board of Directors of Lynn Al-Khair Trading Company and Al-Mansa Agricultural Company and Chairman of the Nominations and Remuneration Committee of Lynn Al-Khair Trading Company</div>

Membership	Independent
Current Job	Board Member
Previous Job	Director of the Planning and Support Department of the Saudi Telecom Company
Qualification	Bachelor's in management and Information Systems
Experience	<div>- Executive Assistant and Regulatory Vice President for Corporate Affairs of STC</div> <div>- Director of STC Organizational Knowledge Department</div> <div>- Support and Worker Team Leader and Business Support System Manager for STC</div> <div>- Supervisor of the Equity Loans Unit and credit analyst at Al-Rajhi Bank</div> <div>- Associate administrator in the credit department of the Saudi American Bank</div>

Membership	Independent
Current Job	Board Member
Previous Job	CEO of ZKTeco
Qualification	Electricity Diploma
Experience	<div>- Establishing Takadum company, in partnership with the Chinese company ZKTeco</div> <div>- Establishing the Integrated Protection Company for Trade and Financial Systems, and the Al Shuraim Spare Parts Corporation</div> <div>- Chairman of the Board of Directors of Lynn Al-Khair Trading Company and AL-Menasa Agricultural Company</div> <div>- General Manager of Distinguished Food Company, Innovation Consortium Company, Waad Progress for Industry Company, and Masayef Company Ltd.</div>

2-Audit Committee Members

Name	Membership	Current Job	Previous Job	Qualification
Maheer Nitham Albargothi	Chairman	General Manager of Sorouh Financial Consulting.	Director of Corporate Consulting Sector – Dubai for Financial Consulting	Master of Accounting Advanced Diploma in Insurance.
Ashwag Muhammed Alkathiri	Member	Director of the global trade and supply finance chain at Al-Rajhi Bank.	Primary specialist for commercial guarantees services at Al-Rajhi Bank.	Bachelor's degree in Social Work
Saud Muhammed Abdullah Al-Shuraim	Member	Board Member	Banking assistant for Chinese trade and supply services. CEO of ZKTeco.	Electricity Diploma
Ahmed Nasser Ahmed Al-Sayegh	Member	Director of the individual's sector in the Riyadh region at SNB.	Samba Financial Group Operations Manager	Bachelor's degree in Business Administration from King Abdulaziz University

• On 13/07/2021, the Board of Directors decided to accept the resignation of Ms. Ashwag Muhammed Alkathiri from the membership of the Audit Committee and to appoint an independent member of the Board of Directors, Ms. Ahmed Nasser Ahmed Al-Sayegh in her place, and to offer the appointment to the first upcoming General Assembly to approve his appointment.

3-Members of the Nomination, Remuneration Committee

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



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

Member Name	Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current or previous boards of directors or of its managers	Inside /Outside KSA	Legal Entity (Listed Share-holding / Unlisted Shareholding / Limited Liability / ....)	Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current or previous boards of directors or of its managers.	Inside/Outside KSA	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability / ....)
Meshal Muhammed Nasser Alkathiri	Alkathiri Holding Company	Inside KSA	Listed joint-stock co.			
	Leen Alkhair Trading Company	Inside KSA	Closed joint-stock co.			
	Almanasah Agricultural Company	Inside KSA	Closed joint-stock co.			
	Msandh Al-Emdad	Inside KSA	Limited liability Co.			
	Alian Industry Company (One Person Company)	Inside KSA	Limited liability Co.			
	Taqadum global company for Communication and Information Technology	Inside KSA	Closed joint-stock co.			
Saud Muhammed Abdullah Al-Shuraim	Al Kathiri Sukuk Facility	Inside KSA	Private-purpose			
	Alkathiri Holding Company	Inside KSA	Listed joint-stock co.			
	Leen Alkhair Trading Company	Inside KSA	Closed joint-stock co.			
	Almanasah Agricultural Company	Inside KSA	Closed joint-stock co.			
	Algheta Almumaiz Company	Inside KSA	Closed joint-stock co.			
	Taqadum global company for Communication and Information Technology	Inside KSA	Limited liability Co.			
	EtiHAD Alebtikar Company	Inside KSA	Limited liability Co.			
	Waad Altaqadum for Industry	Inside KSA	Limited liability Co.			
	Msaif Limited Company	Inside KSA	Limited liability Co.			
	Alanthema Almutaheda Company	Inside KSA	Limited liability Co.			
Adel Ibrahim Muhammed Alkathiri	Al Kathiri Sukuk Facility	Inside KSA	Private-purpose			
	Alkathiri Holding Company	Inside KSA	Listed joint-stock co.			
	Alian Industry Company (Closed Joint-Stock Company)	Inside KSA	Closed joint-stock co.			
	Al Kathiri Sukuk Facility	Inside KSA	Private-purpose			

D) Number of convened Board meetings during the last fiscal year, the dates of the meetings, and the attendance record for each meeting indicating the names of the attendees

During the fiscal year, the Board of Directors Convened (4) meetings during 2021.

Board of Directors meetings during 2021						
Number and date of meetings and attendance record						
No.	Name	First meeting 08/03/2021	Second meeting 08/04/2021	Third meeting 15/08/2021	Fourth meeting 22/12/2021	Total
1	Rayed Mohammed Nasser Alkathiri	✓	✓	✓	✓	4
2	Meshal Muhammed Nasser Alkathiri	✓	✓	✓	✓	4
3	Adel Ibrahim Muhammed Alkathiri	✓	✓	✓	✓	4
4	Saud Muhammed Abdullah Al-Shuraim	✓	✓	✓	✓	4

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

Meetings of the Board of Directors from the date of the last meeting of the General Assembly convened on 23/06/2021

		Number and date of meetings and attendance record		
	Name	First meeting 15/08/2021	Second meeting 22/12/2021	Total
1	Rayed Mohammed Nasser Alkathiri	✓	✓	2
2	Meshal Muhammed Nasser Alkathiri	✓	✓	2
3	Adel Ibrahim Muhammed Alkathiri	✓	✓	2
4	Saud Muhammed Abdullah Al-Shuraim	✓	✓	2



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

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

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

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

2nd: Board committees

with efficiency and effectiveness is a goal that the company's management seeks to achieve because of their positive impact. In order to reach decisions with absolute transparency, the Board of Directors forms an appropriate number of committees according to the company's needs and circumstances, and a sufficient number of non-executive board members must be appointed in the relevant committees. Therefore, the following committees were formed

The company's Board of Directors is primarily responsible for the company's business and the supervision of the management of its affairs, and considering the terms of reference of the General Assembly, the Board of Directors has the broadest powers in managing the company. The sub-committees emanating from the Board of Directors are considered as appointed by the Board of Directors to carry out on behalf of the Board some specific tasks and to submit periodic reports of what it finds to the Board. The existence of committees emanating from the Board of Directors of a consultative nature

A-Audit Committee:

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

Name	Position
Maher Nitham Albargothi	Chairman
Ashwag Muhammed Alkathiri*	Member
Saud Muhammed Abdullah Al-Shuraim	Member
Ahmed Nasser Ahmed Al-Sayegh**	Member

- On 13/07/2021, the Board of Directors decided to accept the resignation of Ms. Ashwag Muhammed Alkathiri from the membership of the Audit Committee, and appointed in her place Mr. Ahmed Nasser Ahmed Al-Sayegh, as an independent member of the Board of Directors. The appointment of Mr. Ahmed Al-Sayegh shall be presented to the first upcoming General Assembly to obtain approval on his appointment.
- \* The membership of the committee member expired on (2021/07/13)
- \*\* The membership of the committee member began on (2021/07/13)

Duties and Responsibilities of the Audit Committee:

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



The attendance record of the Audit Committee.

During the fiscal year 2021, the committee convened six meetings for the period from 01-01-2021 to 31-12-2021, as shown in the following table:

Attendance Record									
No.	Name		First Meeting 06/03/2021	Second Meeting 10/05/2021	Third Meeting 05/08/2021	Fourth Meeting 15/08/2021	Fifth Meeting 31/10/2021	Sixth Meeting 05/12/2021	Total
1	Mr. Maher Nitham Albargothi	Chairman	✓	✓	✓	✓	✓	✓	6
2	Mr.Saud Muhammed Abdullah Al-Shuraim	Member	✓	✓	✓	✓	✓	✓	6
3	Ms. Ashwag Muhammed Alkathiri *	Member	✓	✓	0	0	0	0	2
4	Ahmed Nasser Ahmed Al-Sayegh**	Member	0	0	✓	✓	✓	✓	4

\* The membership of the committee member expired on (2021/07/13)

\*\* The membership of the committee member began on (2021/07/13)

B - Nominations, Remuneration Committee:

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

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

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





Duties and responsibilities of the Nomination, Remuneration Committee

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

Attendance Record for the Nomination, Remuneration Committee:

The Nominations and Remuneration Committee convened (2) meetings during 2021, and the following table shows the formation of the Nomination, Remuneration Committee, including the name of the member and the nature of the membership, in addition to the number of times he attended the committee’s meetings and the date of the meeting:

	Name	Membership Nature	Attendance Record		Total
			First Meeting 04/03/2021	Second Meeting 02/12/2021	
1	Mr. Saud Muhammed Abdullah Al-Shuraim	Chairman	✓	✓	2
2	Mr. Rayed Mohammed Nasser Alkathiri	Member	✓	✓	2
3	Mr. Khaled Abdulmuhsen Abdulrahman Alkhayal	Member	✓	✓	2



3rd: Executive Management

The Executive Management is comprised of:

Name	Membership	Current Job	Previous Job	Qualification
Meshal Muhammed Nasser Alkathiri	CEO	CEO & Managing Director	General Manager - Alkathiri Holding Company	Bachelor's degree in Marine Science
Basel Abdulsamee Yousef Aloud-Allah	CFO	CFO	Chief Accountant – Al Kathiri Holding Company	Bachelor's degree in Management Sciences -Accounting

Executive Management Functions:

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

4th: Board members and Senior Executives own shares of the company.

1 - Members Ownership: -

Member Name	Position	Remarks	Beginning of the year		End of the Year		Net Change	
			Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
Mr. Rayed Mohammed Nasser Alkathiri	Chairman	Shares	12,028	0.1330 %	15,035	0.1330%	6,014	0 %
Mr. Meshal Muhammed Nasser Alkathiri	CEO - Board Member	Shares	2,927,637	50.1674 %	4,909,953	43.4424 %	(373,931)	(6.7250)%

2-Ownership of Board Members relatives: -

Member Name	Relative Relation	Beginning of the year		End of the Year		Net Change	
		Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
Ashwag Muhammed Nasser Alkathiri	Chairman's Sister	2,670	0.02953 %	3,337	0.02953 %	667	0 %
Hanan Muhammed Nasser Alkathiri	Chairman's Sister	2,418	0.0267 %	3,022	0.0267 %	604	0 %

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

Member Name	Position	Remarks	Beginning of the year		End of the Year		Net Change	
			Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
Mr. Meshal Muhammed Nasser Alkathiri	-	Shares	4,536,022	50.1674 %	4,909,953	43.4424 %	(373,931)	(6.7250) %





► **5th: Disclosure of the remuneration of the Board of Directors members and the Executive Management in accordance with what is stipulated in Article 93 of the Corporate Governance Regulations.**

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

B) - The Nominations and Remunerations Committee, in accordance with the policy of remunerations for members of the Board of Directors and its committees, and the Executive Management of the Board of Directors, recommended remunerations and allowances for members of the Board and its affiliated committees to be submitted to the General Assembly for approval as follows:

Name	Position	Certain Amount	Salaries	Allowances	Total member earnings	EOS Reward	Attendance Record in 2021
Rayed Mohammed Nasser Alkathiri	Board of Directors Chairman - Member of the Nomination and Remuneration Committee	65,000	0	12,000	77,000		Attended (4) Board of Directors meetings + (2) Nomination Committee meeting
Adel Ibrahim Muhammed Alkathiri	Vice Chairman of the Board of Directors - Member of the Board of Directors	40,000	0	8,000	48,000		Attended (4) Board of Directors meetings
Saud Muhammed Abdullah Al-Shuraim	Board Member - Chairman of the Nomination and Remuneration Committee	90,000	0	24,000	114,000		Attended (4) Board of Directors meetings + (2) Nomination Committee meeting + (6) Audit Committee meeting
Maher Nitham Albargothi	Audit Committee Chairman	25,000	0	12,000	37,000		Attended (6) audit committee meetings
Ashwag Muhammed Alkathiri	Audit Committee Member	8,333	0	4,000	12,333		Attended (2) audit committee meetings
Ahmed Nasser Al-Sayegh	Audit Committee Member	16,667	0	8,000	24,667		Attended (4) audit committee meetings
Khaled Abdulmuhsen Abdulrahman Alkhayal	Member of the Nomination and Remuneration Committee - Secretary of the Board of Directors	50,000	0	12,000	62,000		Attended (4) Board of Directors meetings + (2) Nomination Committee meeting
Meshal Muhammed Nasser Alkathiri	CEO - Member of the Board of Directors	40,000	360,000	8,000	408,000	155,301	Attended (4) Board of Directors meetings
<b>Total</b>		<b>260,000</b>	<b>360,000</b>	<b>88,000</b>	<b>938,301</b>	<b>155,301</b>	

**4- Payments to Board Members, Committee Members and Senior Executives: -**

**A) Board remuneration policy**

The company's system states the method of remuneration for members of the Board of Directors, and these rewards may be a specific salary, attendance allowance for sessions, benefits in kind, or a certain percentage of profits, and it can combine two or more of these benefits. As the company approaches in determining this remuneration according to the volume of business and responsibilities that the member bears, in addition to these remunerations being within the limits of the company's basic system and not exceeding 500,000 Saudi Riyals for each member of the company.  
- The granted bonuses have been implemented in accordance with this policy, and There is no material deviation from this policy

B) Details of the policies related to remuneration and the mechanisms for determining them and the financial and in-kind benefits amounts paid to each member of the Board of Directors for any business, executive, technical, administrative or advisory positions. This has been clarified in the policy of remuneration for members of the Board of Directors, its committees, and the executive management.

C) A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration. There is no arrangement or agreement by which a member of the Board of Directors waived any remuneration.

D) A statement of what Board members have received as workers or administrators, or what they have received in return for technical or administrative work or consultations. No Statement.

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

**A) Board members 'remuneration**

		Fixed Rewards						Variable Rewards								
Member Name	A Certain Amount	Allowance to attend sessions	Total allowance for attending committee sessions	Benefits in Kind	A statement of what Board members have received as workers or administrators, or what they have received in return for technical or administrative work or consultations	Remuneration for the Board Chair- man the Managing Director or the Secretary, if he is a member	Total	Profit Percentage	Periodic Bonuses	Short-term incentive plans	Long-term incentive plans	Granted Shares	Total	EOS Reward	Grand Total	Expenses Allowance
First: Independent Members																
Adel Ibrahim Muhammed Alkathiri	40,000	8,000	0	0	0	0	48,000	0	0	0	0	0	0	0	48,000	0
Saud Muhammed Abdullah Al-Shuraim	40,000	8,000	16,000	0	0	0	64,000	0	0	0	0	0	0	0	64,000	0
Total	80,000	16,000	16,000	0	0	0	112,000	0	0	0	0	0	0	0	112,000	0
Second: Non-executive members																
Rayed Mohammed Nasser Alkathiri	40,000	8,000	4,000	0	0	0	52,000	0	0	0	0	0	0	0	52,000	0
Total	40,000	8,000	4,000	0	0	0	52,000	0	0	0	0	0	0	0	52,000	0
Third: Executive members																
Meshal Muhammed Nasser Alkathiri	40,000	8,000	0	0	0	0	48,000	0	0	0	0	0	0	155,301	203,301	0
Total	40,000	8,000	0	0	0	0	48,000	0	0	0	0	0	0	155,301	203,301	0



B) Senior Executive Remuneration:

Member Name	Fixed Rewards				Variable Rewards						EOS Reward	Total execu- tive remuneration for the Board, if any.	Grand Total
	Salaries	Allowances	Benefits in Kind	Total	Profit Per-centage	Periodic Bonuses	Short-term incentive plans	Long-term incentive plans	Granted Shares	Total			
CEO	360,000	0	0	0	0	0	0	0	0	360,000	155,301	48,000	563,301
CFO	155,000		0	0	0	0	0	0	0	155,000	30,884	0	185,884
Total	515,000		0	0	0	0	0	0	0	515,000	186,185	48,000	749,185

1- Members of the Audit Committee

C) Remuneration of members of committees

Member Name	Fixed remuneration (except fees for attending meetings)	fees for attending meetings	Total
Maher Nitham Albargothi	25,000	12,000	37,000
Ashwag Muhammed Nasser Alkathiri	8,333	4,000	12,333
Ahmed Nasser Al-Sayegh	16,667	8,000	24,667
Saud Muhammed Abdullah Al-Shuraim	25,000	12,000	37,000
Total	75,000	36,000	111,000

2- Members of the Nomination and Remuneration Committee

Member Name	Fixed remuneration (except fees for attending meetings)	fees for attending meetings	Total
Saud Muhammed Abdullah Al-Shuraim	25,000	4,000	29,000
Rayed Mohammed Nasser Alkathiri	25,000	4,000	29,000
Khaled Abdulmuhsen Abdulrahman Alkhayal	25,000	4,000	29,000
Total	75,000	12,000	87,000

► 6th: A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them.

During 2021, the company convened two extraordinary General Assembly meetings. The following are the dates of these assemblies and the attendance record:

Attendance record			
	Name	First meeting 23-06-2021	Total
1	Rayed Mohammed Nasser Alkathiri	✓	1
2	Meshal Muhammed Nasser Alkathiri	✓	1
3	Adel Ibrahim Muhammed Alkathiri	✓	1
4	Saud Muhammed Abdullah Al-Shuraim	✓	1

► 7th: Numbers of company's requests of shareholders records, dates and reasons thereof

Shareholders records

Corporate Number	Request date	Date of the equity ownership files	Request reasons
3008	13-01-2021	31-12-2020	Company's Procedures
3008	30-05-2021	23-06-2021	General assembly
3008	13-12-2021	12-12-2021	Company's Procedures



► **8th: The Board of Directors declarations:**

The Board of Directors acknowledges the following:

- Account records are properly prepared.
- the internal control system is sound in design and has been effectively implemented.
- There are no significant doubts concerning the company's ability to continue its activity.

► **9th: The recommendations of the Audit Committee, which conflict with the decisions of the Board of Directors, or which the Board refused to accept regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance or appointing the internal auditor, justifications for those recommendations, and the reasons for not taking them into consideration.**

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

► **10th: The Board of Directors Confirmations:**

The Board of Directors hereby confirms the following:

- The company is always endeavoring to fulfil and implement the regulatory requirements stipulated in the Corporate Governance Regulations, including policies and procedures related to disclosure and transparency.
- The company did not receive any request from the legal auditor to convene the general assembly during the ended financial year.
- The Chairman of the Board of Directors did not receive any written request to hold emergency meetings from two or more members during the ended financial year.
- The company did not receive a request from shareholders who own 5% of the capital or more to convene the general assembly during the ended fiscal year.
- Shareholders owning 5% or more of the company's shares did not request to add one or more topics to the general assembly's agenda when preparing it.
- The Board of Directors did not absolve any of the company's debtors from their liabilities towards the company during the year 2020.
- No procedures or restrictions that may impede the shareholder's use of his rights guaranteed by the regulations including his right to vote have been put in place.
- The financial position and the company's business results confirm the company's ability to continue its activity.
- There are no constraints that may affect the company's ability to prepare its financial statements in accordance with international standards.
- The company did not grant any cash loan of any kind to members of the board of directors, nor did it guarantee any loan given by one of them to another.
- The company does not have preference or priority shares related to voting (whether for the shareholders, members of the board of directors, or its employees). All the company's shares are common shares all of which are of equal nominal value, equal voting rights and other rights according to the system.
- The auditor did not provide any services of an advisory nature to the company and did not receive any fees in this regard during the financial year 2019.

Chapter Three

**Planning and performance**



► **1st: A description of the main scope of business of the company and its affiliates. If there are two or more, a statement showing each activity and how it affects the company businesses and results shall be attached.**

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

These primary activities are:

**1) Supplying, Transportation, Distribution and selling of Cement**

This sector deals with the sale, transport, distribution of cement and basic construction material (gravel and various sand types) for local markets in all regions of Saudi, with a core focus on markets in both central and western regions. As the company has its own transportation fleet that works on the transport and distribution of cement. The sector is run by Msandh Al-Emdad LLC: an affiliate wholly owned by Al Kathiri Holding Company.

**2) Production & Sale of Ready-mix Concrete**

This sector is responsible for the production and sale of ready-made concrete through Al Kathiri Holding Concrete plant. The sector is run by Alian Industry Co: an affiliate owned by Al Kathiri Holding company by 99%.

**3) Production of Three-dimensional concrete panels**

Since Alian Industry Co has obtained The Ministry of Housing approval for the 3D concrete panels production technology, it is currently in cooperation with the Italian company Emmedue to establish a plant in Sudair Industrial and Business City with a production capacity of one million square meters of concrete panels annually.

**4) Real Estate Development**

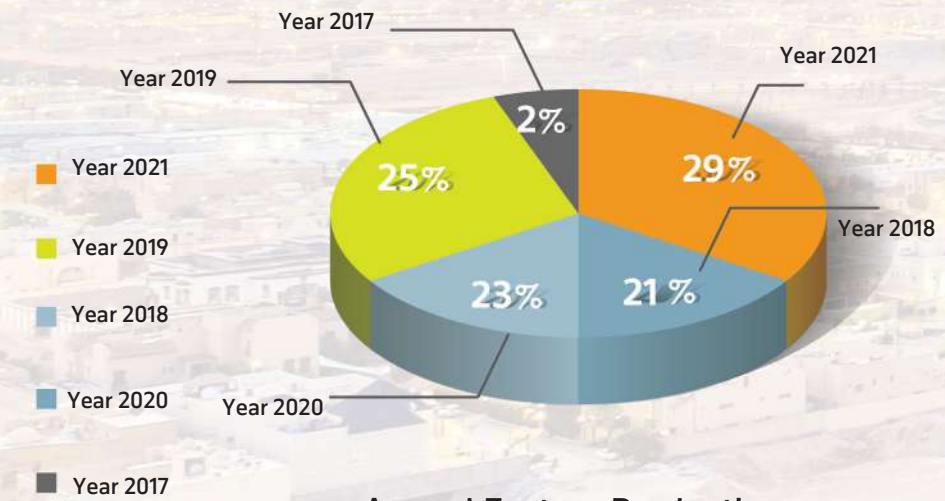
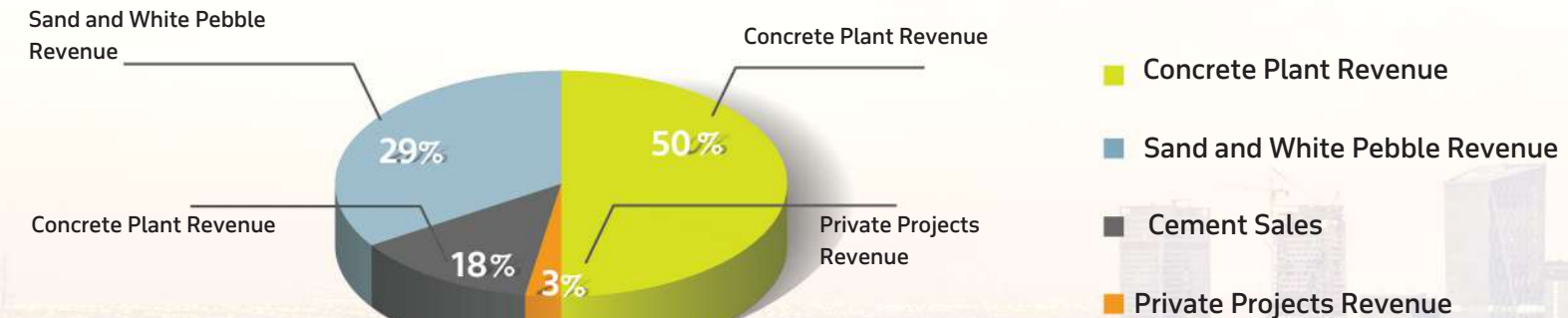
Msandh Al-Emdad LLC has passed the qualification criteria approved by the Wafi program: one of the Ministry of Housing programs.



The company's revenues generated by the primary activities during the year 2021

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

Description	Cement Sales	Concrete Sales	Private Projects	Sand and White Pebble Sales	Total
Total	23,053,591	64,120,135	3,597,038	38,006,430	128,777,194



Annual Factory Production

B) Production Capacity of the ready-mix concrete plant since the operation





► **2nd: A description of the company's significant plans and decisions (including changes to the structure, expanding the company's operations, or halting them) and the future expectations.**



On 2021/04/01, Alian Industry was converted from a limited liability company into a closed joint-stock company.



The Extraordinary General Assembly approved increasing the company's capital by granting free shares on 06/23/2021, so the company's capital after the increase became 113,022,000 Saudi riyals.



The actual operation of the company's plant in Sudair City for Industry and Business (the inauguration and opening ceremony under the patronage of His Excellency the Minister of Municipal and Rural Affairs and Housing, and His Excellency the Minister of Industry and Mineral Resources).



Sukuk Issuance (The Board of Directors of Al Kathiri Holding Company on 4/10/2021 approved the issuance of a local Sharia-compliant Sukuk program with a value of 500 million Saudi riyals, for the company's general commercial purposes and to meet its financial and strategic objectives.

► **3rd: Financial performance**

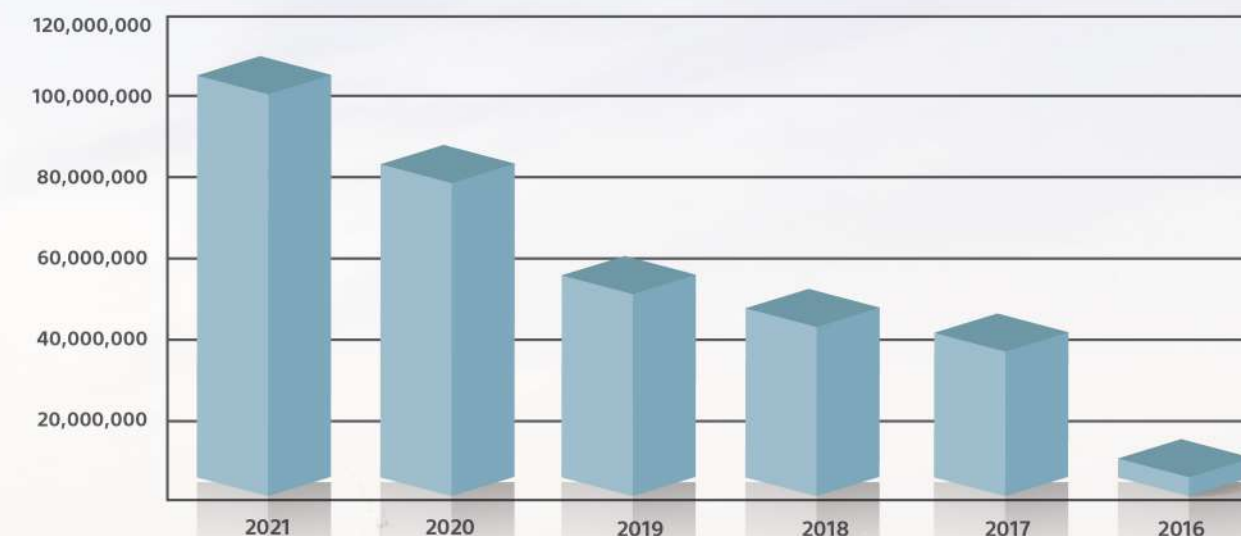
By reviewing the company's financial statements for the year ended 12/31/2021; which were audited and refined by "Al Kharashi & Co. Certified Accountants and Auditors", we have the following:

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

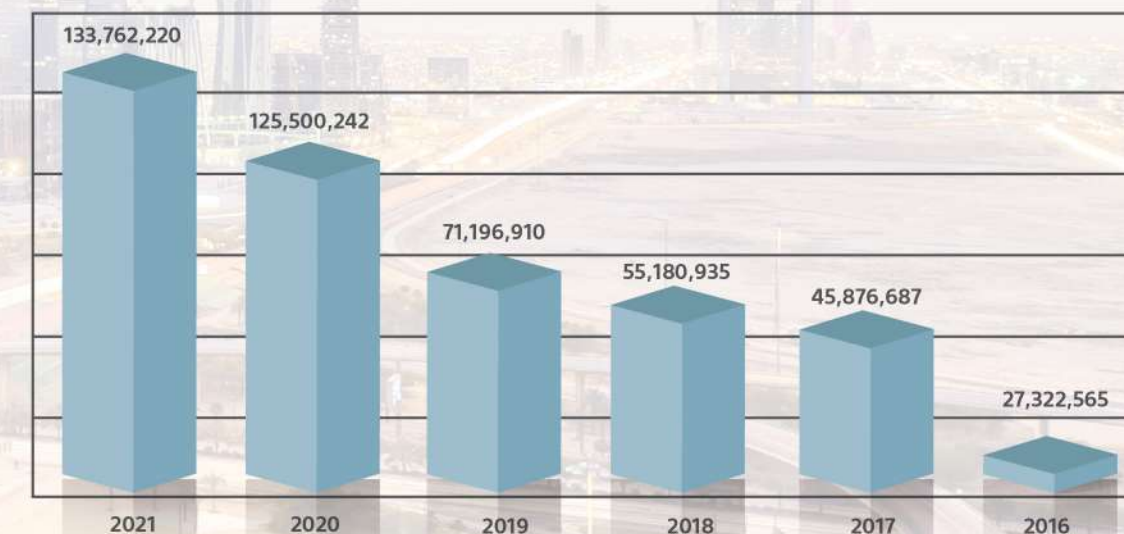
Statement	2021	2020	2019	2018	2017
Current assets	29,628,516	76,288,108	57,446,038	41,701,727	32,495,528
Current liabilities	39,999,188	35,604,496	34,244,475	22,805,616	18,101,198
Working capital	-10,370,672	40,683,612	23,201,563	18,896,111	14,394,330
Non-current assets	151,587,776	90,191,278	52,837,575	50,837,050	42,239,902
<b>Total assets</b>	<b>181,216,292</b>	<b>166,479,386</b>	<b>110,283,613</b>	<b>92,538,777</b>	<b>74,735,430</b>
Other liabilities – non-current	7,281,886	5,374,650	4,842,228	14,552,226	10,757,545
<b>Total liabilities</b>	<b>47,281,074</b>	<b>40,979,146</b>	<b>39,086,703</b>	<b>37,357,842</b>	<b>28,858,743</b>
Paid-in capital	113,022,000	90,417,600	45,208,800	37,674,000	31,395,000
Reserves and retained earnings	13,181,137	27,271,721	18,177,189	9,696,014	6,670,766
<b>Stockholders' equity (no minority rights)</b>	<b>133,762,220</b>	<b>125,500,242</b>	<b>71,196,910</b>	<b>55,180,935</b>	<b>45,876,687</b>
<b>Total liabilities and stockholders' equity</b>	<b>181,043,294</b>	<b>166,479,388</b>	<b>110,283,613</b>	<b>92,538,777</b>	<b>74,735,430</b>



**Capital Development**



**Stakeholders Equity**

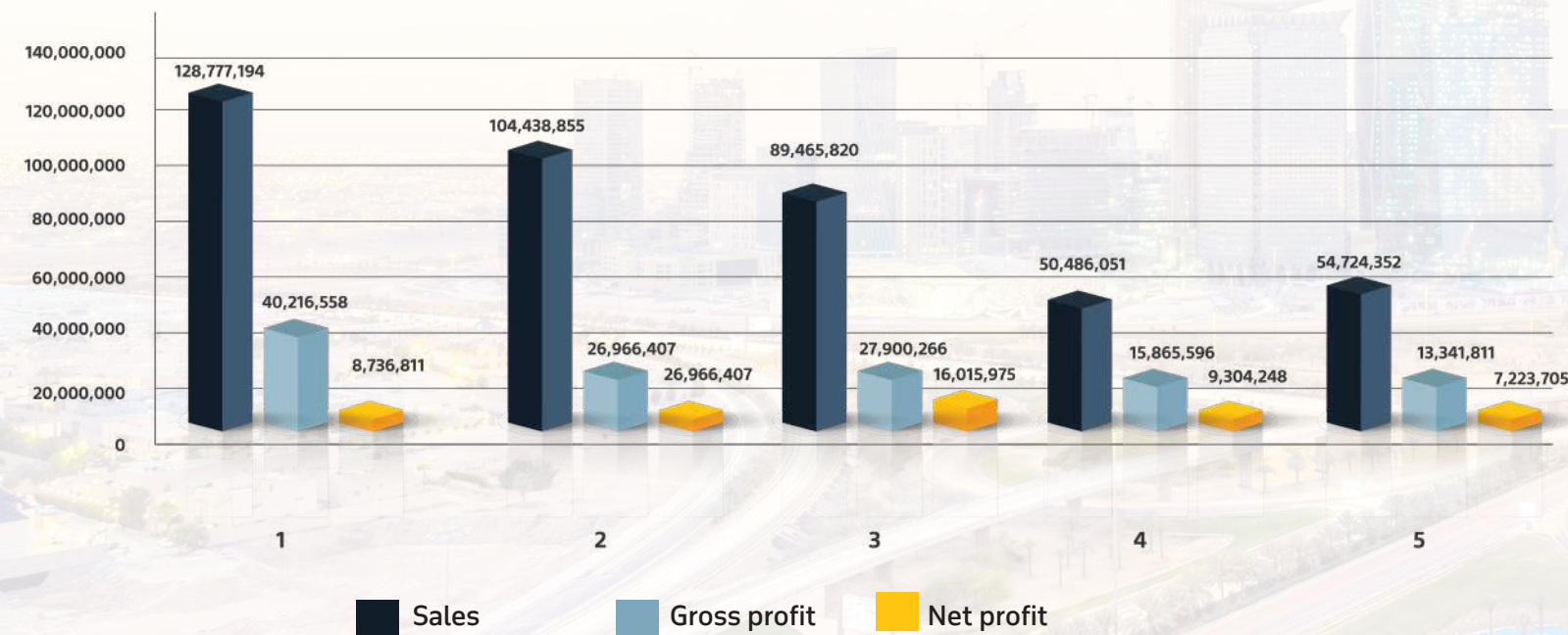




## 2- business results during the last 5 years

Statement	2021	2020	2019	2018	2017
sales	128,777,194	104,438,855	89,465,820	50,486,051	54,724,352
Cost of sales	88,560,636	77,472,448	61,565,554	34,620,455	41,382,541
Gross profit of the business	40,216,558	26,966,407	27,900,266	15,865,596	13,341,811
Finance expenses, general and administrative expenses, and selling and marketing expenses	30,976,569	16,608,138	10,051,032	6,626,583	5,947,557
Other income	465,766	127,233	-1,372,886	307,592	2,984
Zakat and income tax	968,944	825,750	460,373	242,357	173,533
Net profit	8,736,811	9,659,752	16,015,975	9,304,248	7,223,705

Graph showing sales and net profit over the last five years



## 3- Operational results of the year 2021 compared to the year 2020.

statement	2021	2020	change	% of change
revenues	128,777,194	104,438,855	24,338,339	23.30%
revenues cost	-88,560,636	-77,472,448	-11,088,188	14.31%
Gross profit	40,216,558	26,966,407	13,250,151	49.14%
Selling and marketing expenses	-2,179,989	-1,768,703	-411,286	23.25%
General and administrative expenses	-18,252,317	-9,637,238	-8,615,079	89.39%
Depreciation of fixed assets	-8,086,149	-5,202,197	-2,883,952	55.44%
Main operations net profit	11,698,103	10,358,269	1,339,834	12.93%
Capital losses	0	-73,121	73,121	-100.00%
Financial burden	-2,358,114	-103,320	-2,254,794	2182.34%
Other revenues	365,766	303,674	62,092	20.45%
Net profit before zakat	9,705,755	10,485,502	-779,747	-7.44%
zakat	-968,944	-825,750	-143,194	17.34%
Net profit of the year	8,736,811	9,659,752	-922,941	-9.55%
Actuarial re-evaluation of employee benefits	-149,997	-113,840	-36,157	31.76%
Gross Comprehensive Income	8,586,814	9,545,912	-959,098	-10.05%
Weighted average number of shares	11,302,200	11,302,200	0	0.00%
Earnings per share from main operations	1.04	0.92	0	12.93%
Earnings per share from net profit	0.77	0.85	0	-9.55%



► **4th: A statement of the value of the regular payments paid and due to pay for zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description of them and their reasons.**

Statement	2021		Brief Description	Reason Statement
	Paid Amount	Due until the end of the annual financial period and has not been paid		
Zakat	825,750	968,944	Regular payments made and due in compliance with the provisions and rules of Zakat obligation and the instructions of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia	Regulatory Requirement
Zakat assessment	1,237,702	0	Regular payments made and due in compliance with the provisions and rules of Zakat obligation and the instructions of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia	Regulatory Requirement
VAT	0	2,431,204	The company is subject to the value-added tax system issued under Cabinet Resolution No. 654 dated 01/11/1438 AH, whereby the company prepares monthly returns since the beginning of the year 2018, and pays them monthly during the statutory period on the basis of the due from the previous month	Regulatory Requirement
General Organization for Social Insurance	435,664	63,716	Regular payments made and due in compliance with the provisions and rules of the General Organization for Social Insurance in the Kingdom of Saudi Arabia	Regulatory Requirement
Costs of visas, passports, and residencies	1,046,034	0	Regular payments made and due in accordance with the provisions and rules of the Ministry of Interior and the Ministry of Labor	Regulatory Requirement

► **5th: Provision for Legal Zakat**

- The company allocated an amount of (825,750) Riyals for Islamic Zakat for the zakat due for the year 2021.
- In 2020, the Zakat, Tax, and Customs Authority approved the company's request to provide unified accounts for the company and its subsidiaries starting from 2020, provided that an independent information declaration is submitted for each subsidiary separately.
- In 2021, additional zakat assessments were received for 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 financial statements for the fiscal year 2020.



► **6th: A Description of the value of any investments or reserves established for the benefit of the company's employees**

The company has allocated an amount of 1,519,2029 riyals as a provision for leaving the service bonus, and the company has not set aside any investments or other reserves for its employees.

► **7th: Details of the company's social contributions, if any**

There is none

► **8th: Details of shares and debt instruments issued for each subsidiary.**

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

► **9th: loans and bank facilities:**

- The company entered into credit facility agreements compatible with the provisions of Islamic Sharia with local banks that include a checking account facility, a short-term loan, financing participation, and Murabaha contracts, documentary credit facilities and letters of guarantee, in order to finance the purchase of raw materials during the period at variable Islamic Murabaha rates agreed with the bank.
- The company signed a loan agreement from the Industrial Development Fund on 02/10/2019 for an amount of 23,200,000 riyals, deducting 1,160,000 riyals in return for guaranteeing the order and mortgaging all the factory assets in favor of the fund. In 12 installments, starting from 16/05/2022 and ending on 16/09/2027.

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

A	Creditor Name	Amount or limits (facilities - loans)	Facilities Duration - Loan	Used Amounts	The amounts paid in repayment of the loan during the year	Loan Remaining Amount	Total indebtedness of the company and its subsidiaries
A - Short-term credit facilities							
1	Riyadh Bank	4,521,000	Facilities to be paid every 6 months	2,550,000	2,550,000	2,380,000	2,380,000
2	SNB – Saudi National Bank	5,000,000	Facilities to be paid every 6 months	5,000,000	5,000,000	5,007,812.5	5,007,812.5
3	Arab National Bank - ANB	5,000,000	Facilities to be paid every 6 months	5,000,000	5,000,000	4,699,022.5	4,699,022.5
	Riyadh Bank – Alian Industry Company	19,004,000	Facilities to be paid every 6 months	18,131,147	2,367,488	15,763,686	15,763,686
B- Long-Term Loans							
1	Saudi Industrial Development Fund	23,200,000	Installments to be paid within 7 years	4,408,000	0	23,200,000	23,200,000





► **10th: Human Resources**

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

Name of The Company	Nitaqat Category	Saudization Percentage	Number of Employees
Al Kathiri Holding Company	Low Green	31.5%	19
Msansh Al-Emdad Limited Company	High Green	20.96%	62
Alian Industry Company	High Green	29.58%	169
Total number of employees including its subsidiaries			250

► **11th: Information Technology**

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



► **1st: Governance Regulations**

The company has set written policies approved by the Board of Directors and the General Assembly of shareholders that ensure compliance with sound corporate governance rules and practices and include the company's readiness for development and targeted growth.

The company applies all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority, except for the guiding provisions below:

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

► **2nd: Risk Management**

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

**Credit risk:**

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

**Special commission risk:**

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

**Liquidity risk:**

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

**Currency risk:**

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

► **3rd: Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the authority or from any supervisory, regulatory or judicial authority, with an explanation of the causes of the violation, the authority which imposed the decision, and the means of remedying it and avoiding its occurrence in the future.**

No penalty, sanction, precautionary measure, or precautionary restriction was imposed on the company by the Authority or from any other supervisory, regulatory or judicial authority during the year 2021.

► **4th: The results of the annual review of the effectiveness and procedures of the company's internal control system, in addition to the audit committee's opinion on the adequacy of the company's internal control system.**

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

The Audit Committee conclude that the internal control procedures applied in the company during the fiscal year 2021 are highly effective and efficient, and in light of the work carried out by the committee, which does not have any fundamental observations or deficiencies in the internal control procedures that require any kind of alert or disclosure.

► **5th: Details of the treasury shares held by the company and details of the uses of these shares**

There are no treasury shares held by the company.

► **6th: A description of any interest in the voting-eligible shares category belonging to persons (other than the members of the company's board of directors, senior Executives, and their relatives) who informed the company of those rights under Article forty-five of the Registration and Listing Rules, and any change in those rights during the last fiscal year.**

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

► **7th: A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year with an explanation of any compensation obtained by the company for that.**

Not Available.

► **8th: A description of any transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.**

Not Available.

► **9th: A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year.**

Not Available.

► **10th: A description of any refund, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.**

There is none



► **11th: A description of any transaction between the company and a related party.**

There is none.

► **12th: Information related to any business or contracts in which the company is a party, and in which or in which there was an interest for a member of the company's board of directors or for its senior executives or for any person related to any of them, including the names of those involved in business or contracts, the nature of these business or contracts and their terms and conditions. - If there are no such works or contracts, the company must submit a declaration of this, and its duration and amount.**

Contracting Party Co.	Related Parties	Transaction Nature	Amounts due to related parties (in Saudi riyals)
Alian Industry Company	Mr. Meshal Al Kathiri and Mr. Adel Al Kathiri are members of the Board of Directors of the two companies (Al Kathiri Holding and Alian Industry).	Mutual transactions, Distributing dividends	25,585,928
Msandh Al-Emdad LLC	A subsidiary of the parent company " (Al Kathiri Holding Company)	Procurement and mutual transactions	23,643,739

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

Not applicable: The company has appointed an internal audit department

► **Fourteenth: Company announcements on the Tadawul website during the year 2021 (Company symbol 3008)**

A	Announcement date	Announcement details
1	06-01-2021	Al Kathiri Holding Company announces that the Ready-Mix Concrete Factory has secured the "SASO" Quality Mark from the Saudi Standards, Metrology and Quality Organization
2	09-03-2021	Al Kathiri Holding Co. announces its Annual Financial Results for the Period Ending on 2020-12-31
3	09-03-2021	Al Kathiri Holding Co. Announces the Board's Recommendation to Increase the Capital by Granting Bonus Shares
4	04-04-2021	Al Kathiri Holding Company announces the conversion of its subsidiary, Alian Industry Company, from a limited liability company to a closed joint-stock company
5	18-05-2021	Al Kathiri Holding Co. announces its Interim Financial Results for the Period Ending on 2021-03-31 ( Three Months )
6	26-05-2021	Al Kathiri Holding Company invites shareholders to attend the extraordinary General assembly meeting which includes increasing the company's capital (first meeting) through modern technology (remotely)
7	24-06-2021	Al Kathiri Holding Co. Announces the Results of the Extra Ordinary General Assembly's Meeting Approving Increase ( Second Meeting )
8	14-07-2021	Al Kathiri Holding Co. Announces Resignation and Appointment Audit Committee Member
9	28-06-2021	Al Kathiri Holding Co. Announces the Deposit of Sums Resulting from Selling Fractional Stocks Following Increase of the Company's Capital in the Accounts of Eligible Shareholders
10	08-08-2021	Al Kathiri Holding Co. Announces an update on The establishment of Alian Industry Company plant in Sudair city for industry and business
11	11-08-2021	Al Kathiri Holding Company announces that Alian Industry Company, a subsidiary of Al Kathiri Holding Company, has signed an agreement with Riyadh bank to provide credit facilities (compliant with the provisions of Islamic law)
12	18-08-2021	Al Kathiri Holding Co. announces its Interim Financial Results for the Period Ending on 2021-06-30 ( Six Months )
13	19-08-2021	Correction announcement from Al Kathiri Holding Co. in regards to Al Kathiri Holding Co. announces its Interim Financial Results for the Period Ending on 2021-06-30 ( Six Months )
14	22-09-2021	Al Kathiri Holding Co. Announces that one of its subsidiaries has obtained the real-estate developer certificate
15	29-09-2021	Al Kathiri Holding Co. Announces an update on The establishment of Alian Industry Co. plant in Sudair City for Industry and Business (the inauguration and opening ceremony under the patronage of His Excellency the Minister of Municipal and Rural Affairs and Housing, and His Excellency the Minister of Industry and Mineral Resources).
16	05-10-2021	Al Kathiri Holding Co. announces intention to issue Local Sukuk Issuance Programme denominated in Saudi Riyals that is Compliant with the provisions of Islamic law
17	12-10-2021	Al Kathiri Holding Co. Announces that it has obtained a long-term entity rating of "BBB-" (Triple B minus). The outlook on the rating is "Stable" from Simah Rating (Tassnief)
18	17-10-2021	Al Kathiri Holding Co. Announces that one of its subsidiaries has received a land allocated for the construction of a concrete manufacturing plant in Al-Narges View Project in Al-Jawan Suburb from Abdul Rahman Saad Al Rashed & Sons Co.
19	03-11-2021	Al Kathiri Holding Co. announces its primary Financial Results for the Period Ending on 2021-09-30 (Nine Months)
20	03-11-2021	Al Kathiri Holding Co. Announces that one of its subsidiaries agreed a Contract with Abdul Rahman Saad Al Rashed & Sons Co.
21	18-11-2021	Correction announcement from Al Kathiri Holding Co. in regards to Al Kathiri Holding Co. announces its primary Financial Results for the Period Ending on 2021-09-30 (Nine Months)
22	28-11-2021	Al Kathiri Holding Co. Announces an update regarding one of its subsidiaries receiving a land allocated for the construction of a concrete manufacturing plant in AlNarges View Project in Al-Jawan Suburb from Abdul Rahman Saad Al Rashed & Sons Co.



## Chapter Five

# Profit Distribution and The Board of Directors Recommendations

### ► 1st: profit distribution policy

In accordance with the provisions of the Company's Articles of Association (Article 47), the company's annual net profit distribution policy shall be as follows:

01

Sparing (10%) of the net profit to form the statutory reserve of the company. The Ordinary General Assembly may decide to discontinue such reserve when the said reserve reaches (30%) of the paid-up share capital.

02

The Ordinary General Assembly may, upon the proposal of the Board of Directors, spare (5%) of the annual profits to form a statutory reserve for a purpose or purposes determined by the General Assembly.

03

The Ordinary General Assembly may decide to form additional reserves, to serve the interest of the Company, or to ensure the distribution of fixed profits as much as possible to the shareholders. The Assembly may also to deduct from the net profits amounts to establish social institutions for the company's employees or to help the existing ones.

04

The remainder shall be distributed to shareholders at the rate of 5% of the paid-up capital of the Company

05

Subject to the provisions of article (22) of this Statute and Article (76) of the Companies Law, (10%) per cent of the remainder shall be allocated to the Board of Directors, provided that the remuneration is commensurate with the number of meetings attended by the Member.



► **2nd: profit entitlement**

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

► **3rd: Profit Distribution of the year 2022**

No arrangements were made regarding dividends during 2022.

► **4th: A description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.**

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

► **5th: Profit distribution for the financial year ended 31-12-2021**

The Extraordinary General Assembly approved the decision of the company's board of directors to increase the company's capital by granting free shares to shareholders, one free share for each holder of four owned shares, and thus, the increase is 25% to the number of shares before the issuance, where the capital amounted to (113,022,000 Saudi riyals) The number of the company's issued shares amounted to 11,302,200 sharesshareholders, one free share for each holder of four owned shares, and thus, the increase is 25% to the number of shares before the issuance, where the capital amounted to (113,022,000 Saudi riyals) The number of the company's issued shares amounted to 11,302,200 shares

► **6th: The Board of Director's recommendations to the General Assembly**

In accordance with the provisions of the Company's Articles of Association (Article 32), the Board of Directors, after reviewing the company's achievements during the year ended 31-12-2021, as well as the financial statements, proposes the following:

01

Voting on the auditor's report for the financial year ended 31/12/2021.

02

Voting on the company's financial statements for the financial year ended 31/12/2021.

03

Voting on the Board of Directors' report for the fiscal year ended 31/12/2021.

04

Voting on the appointment of the company's auditor among candidates based on the recommendation of the audit committee, to review and audit the financial statements for the second, third, and annual quarters of the current year 2022 and the first quarter of the year 2023 and determine their fees.

05

Voting on absolving the members of the Board of Directors from responsibility for the year ended 31/12/2021.

06

Voting on the disbursement of (160,000) Saudi riyals as a reward for the members of the Board of Directors for the fiscal year ended 31/12/2021.

07

Voting on the Board of Directors' decision to appoint Mr. Ahmed Nasser Al-Sayegh as a member of the Audit Committee (independent) as of 13/07/2021 until the end of the current session on 12/3/2023; to replace the resigned member of the Audit Committee, Ms. Ashwag Mohammed Nasser Al Kathiri (Not a Board Member), with effect as on 13/07/2021. This appointment is in accordance with The Audit committee charter (Resume Attached).



## Chapter Six

# The chartered accountant's report and the financial statements and supplementary information for the year 2021

### ► 1st: Auditors' report and financial statements

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

### ► 2nd: Any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountant

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

### ► 3rd: If the auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information.

The auditor's report on annual financial statements for the fiscal year 2021 contains no reservations or substantive remarks.

### ► 4th: If the Board recommended replacing the auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation.

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





## ► Closing Address



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

