الكثيري القابضة
AL KATHIRI HOLDING

# Shareholders' Circular

## Al Kathiri Holding Company

Regarding the reduction of the share capital of Al Kathiri Holding Company by (103,372,295) Saudi Riyals, from (113,022,000) Saudi Riyals to (9,649,705) Saudi Riyals, which will result in a decrease in the number of shares from (226,044,000) ordinary shares to (19,299,410) ordinary shares, representing a reduction of (91.46%) of the Company's share capital.

Submitted to

**the Extraordinary General Assembly**

**dated ××/××/××××H (corresponding to ××/××/××××G)**

# Important Notice

This Circular has been prepared by Al Kathiri Holding Company (the "Company") pursuant to Article (61) of the Rules on the Offer of Securities and Continuing Obligations in order to provide the Company's Shareholders with the information necessary to enable them to vote, on an informed basis, on the proposed capital reduction at the Extraordinary General Assembly meeting. Each Shareholder should read this Circular carefully and in its entirety, and review the attached External Auditor's report, before making a decision on how to vote.

The figures and financial information contained in this Circular have been rounded. Adding up the figures in the tables may therefore result in minor rounding differences compared with the amounts stated in the Company's audited financial statements.

This Circular contains certain forecasts and forward-looking statements. Such forecasts and forward-looking statements may be identified by the use of forward-looking words and expressions, including, without limitation, "expects", "aims", "estimates", "intends", "plans", "will", "believes", "seeks", "may", "would", "could" or "should", or the negative forms of these words or other words or expressions of similar or comparable meaning. The forward-looking statements in this Circular include, without limitation, the effects of the capital reduction, its expected dates and other matters. However, these statements are subject to change after the date of publication of this Circular as a result of a number of factors that cannot be accurately estimated, such as future market conditions and the conduct of other market participants. Accordingly, the publication of this Circular does not necessarily mean that none of the facts and information relating to the Company will change, and recipients of this Circular should therefore read these forecasts and statements in that light and should not rely on them as predictions of the Company's future financial performance.

The information contained in this Circular is of a general nature and has been prepared without taking into account the individual investment objectives, financial position or particular investment needs of any Shareholder. Accordingly, this Circular does not constitute, and may not be considered as, legal, financial, Zakat or tax advice. Recipients of this Circular should obtain specialist advice on these matters from their legal and tax advisors licensed by the relevant authorities and from financial advisors licensed by the Authority. The Company and the members of its Board of Directors therefore stress the need for the Company's Shareholders to read and carefully study all the information contained in this Circular.

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# 1

# Corporate Directory

الكثيري القابضة
AL KATHIRI HOLDING

# 1 Corporate Directory

## The Company

### Al Kathiri Holding Company

3158 Prince Yazid bin Abdullah bin Abdulrahman – Al Malqa District
Unit No. 19, Riyadh 13523 - 6695
Kingdom of Saudi Arabia
Tel: +966 (11) 416 7900
Fax: +966 (11) 416 7909
Email: Info@alkathiriholding.com.sa
Website: www.alkathiriholding.com

## Financial Advisor

### Estidamah Capital Company

7313 Prince Mohammed bin Saad Road, 2301 Al Malqa District,
Riyadh 13524
Kingdom of Saudi Arabia
Tel: +966 11 2267576
Email: info@estidamahcapital.com
Website: www.estidamahcapital.com

## Certified Public Accountant for the reviewed condensed interim financial statements for the six-month period ended 30 June 2026G, and preparer of the limited assurance report on the proposed capital reduction based on the date of the reviewed condensed interim financial statements for the six-month period ended 30 June 2026G

### Al-Zoman, Al-Fahad & Al-Hajjaj Professional Consulting Company

Riyadh – Al Yasmin District – Anas bin Malik Road, Al Samel
Commercial Complex
Second Floor, Office No. 1
Kingdom of Saudi Arabia
Tel: +966 418 040411
Email: info@ay-cpa.sa
Website: www.ay-cpa.sa

**Disclaimer:**

The Financial Advisor, the Certified Public Accountant and the preparer of the limited assurance report on the capital reduction, whose names appear above, have given their written consent to the reference to their names and logos and to the inclusion of their statements in the form and context in which they appear in this Circular, and none of them has withdrawn such consent as at the date of this Circular.

# 2

# Terms and Definitions

الكثيري القابضة
AL KATHIRI HOLDING

# 2 Terms and Definitions

| Term | Definition |
|---|---|
| **"Company" or "Issuer"** | Al Kathiri Holding Company, a listed Saudi joint stock company. |
| **Group** | The Company and its Subsidiaries. |
| **Extraordinary General Assembly** | The meeting of the Extraordinary General Assembly of the Company's Shareholders proposed to be held to vote on the capital reduction. |
| **Board or Board of Directors** | The Company's Board of Directors. |
| **Shareholders** | Holders of the Company's shares. |
| **Eligible Shareholders** | All Shareholders of the Company registered in the Company's records with Edaa at the close of trading on the second trading day following the day of the Extraordinary General Assembly meeting, including Shareholders who did not attend the Extraordinary General Assembly meeting and Shareholders who attended the meeting but did not vote or voted against the capital reduction resolution, and who are registered in the Company's shareholder register with Edaa at the end of the second trading day following the day of the Extraordinary General Assembly meeting relating to the capital reduction, dated ××/××/××××H (corresponding to ××/××/××××G) |
| **Capital Market Authority or Authority** | The Capital Market Authority of the Kingdom of Saudi Arabia. |
| **Saudi Exchange Company** | Saudi Exchange Company (formerly the Saudi Stock Exchange Company), one of the companies of Saudi Tadawul Group Holding Company, established pursuant to the Council of Ministers Resolution dated 29/02/1428H (corresponding to 19/03/2007G) in implementation of the Capital Market Law. It is a Saudi closed joint stock company and the sole entity authorised to act as a securities exchange in the Kingdom of Saudi Arabia, where it lists and trades securities. |
| **Saudi Stock Exchange, Market or Saudi Exchange** | The Saudi Stock Exchange (for trading shares in the Kingdom of Saudi Arabia). |
| **Edaa** | Securities Depository Center Company (Edaa). |
| **Ministry of Commerce** | The Ministry of Commerce of the Kingdom of Saudi Arabia. |
| **Companies Law** | The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and any amendments thereto. |
| **Rules on the Offer of Securities and Continuing Obligations** | The Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to 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 (corresponding to 31/07/2003G), as amended by Resolution of the Board of the Authority No. (3-6-2026) dated 30/07/1447H (corresponding to 19/01/2026G), and any amendments thereto. |
| **Listing Rules** | The Listing Rules issued by Saudi Exchange Company (the Saudi Exchange) and approved by Resolution of the Board of the Capital Market Authority No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by its Resolution No. (1-104-2019) dated (01/02/1441H) corresponding to (30/09/2019G), as amended by its Resolution No. (1-22-2021) dated 12/07/1442H corresponding to 24/2/2021G, as amended by its Resolution No. (1-19-2022) dated 12/07/1443H corresponding to 13/02/2022G, as amended by its Resolution No. (1-52-2022) dated 12/09/1443H corresponding to 13/04/2022G, as amended by its Resolution No. (03-96-2022) dated 10/02/1444H corresponding to 06/09/2022G, as amended by Resolution No. (1-108-2022) dated 23/03/1444H corresponding to 19/10/2022G, as amended by its Resolution No. (4-114-2024) dated 04/04/1446H (07/10/2024G), as amended by its Resolution No. (1-48-2025) dated 02/11/1446H corresponding to 30/04/2025G, as amended by its Resolution No. (2-53-2025) dated 21/11/1446H corresponding to 19/05/2025G, as amended by its Resolution No. (2-135-2025) dated 03/06/1447H corresponding to 24/11/2025G, as amended by its Resolution No. (1-46-2026) dated 13/10/1447H (corresponding to 01/04/2026G), and any amendments thereto. |

| Term | Definition |
|---|---|
| **Capital Reduction / Reduction** | The reduction of the Company's share capital from one hundred and thirteen million and twenty-two thousand (113,022,000) Saudi Riyals to nine million, six hundred and forty-nine thousand, seven hundred and five (9,649,705) Saudi Riyals, and accordingly the reduction of the number of the Company's shares from two hundred and twenty-six million and forty-four thousand (226,044,000) ordinary shares to nineteen million, two hundred and ninety-nine thousand, four hundred and ten (19,299,410) ordinary shares, through the cancellation of two hundred and six million, seven hundred and forty-four thousand, five hundred and ninety (206,744,590) ordinary shares, representing a reduction rate of (91.46%), i.e. at a rate of cancellation of (0.91462) ordinary share for every one (1) ordinary share. |
| **Certified Public Accountant's Report on the Capital Reduction** | The limited assurance report on the capital reduction proposed by the Board of Directors, included in Appendix No. (1) to this Circular, which sets out the reasons for the capital reduction and its effect on the Company's liabilities and total equity, based on the date of the reviewed condensed interim financial statements for the six-month period ended 30 June 2026G. |
| **Circular / Shareholders' Circular** | This Circular prepared by the Company and submitted to the Extraordinary General Assembly in respect of the reduction of the Company's share capital. |
| **The Company's External Auditor and Preparer of the Report on the Company's Capital Reduction** | Al-Zoman, Al-Fahad & Al-Hajjaj Professional Consulting Company, in its capacity as the Company's External Auditor and the preparer of the report on the reduction of the Company's share capital. |
| **Financial Advisor** | Estidamah Capital Company ("Estidamah Capital"), in its capacity as the Company's Financial Advisor in respect of the reduction of the Company's share capital. |
| **Riyal / Saudi Riyal** | The Saudi Riyal, the official currency of the Kingdom of Saudi Arabia. |
| **Accumulated Losses** | The Company's net accumulated losses as recorded within equity in the financial statements. |
| **Day** | A calendar day, whether or not it is a Business Day. |
| **H** | Hijri calendar date |
| **G** | Gregorian calendar date |
| **Electronic Voting** | A free electronic service for companies listed on the Saudi Stock Exchange that gives Shareholders the opportunity to exercise their rights to vote on the items of the agenda of general assemblies without attending in person, through the Tadawulaty platform of the Securities Depository Center Company (Edaa). |

# 3

# Purpose of this Circular

الكثيري القابضة
AL KATHIRI HOLDING

# 3 Purpose of this Circular

This Circular has been prepared by the Company pursuant to Article (61) of the Rules on the Offer of Securities and Continuing Obligations in order to provide the Company's Shareholders with the information necessary to enable them to vote on an informed basis on the proposed capital reduction at the Extraordinary General Assembly meeting. Shareholders must read the Circular carefully and in full before making a decision on how to vote.

# 4

# Background of the Company

الكثيري القابضة
AL KATHIRI HOLDING

# 4 Background of the Company

## 4.1 Overview of the Company and its Activities

Al Kathiri Holding Company (hereinafter referred to as the "Company" or the "Issuer") is a Saudi joint stock company registered in the city of Riyadh under Commercial Registration No. (1010255690) and Unified National Number (7001842223) issued on 29/08/1429H (corresponding to 30/08/2008G). The Company's share capital amounts to one hundred and thirteen million and twenty-two thousand (113,022,000) Saudi Riyals, divided into two hundred and twenty-six million and forty-four thousand (226,044,000) ordinary shares with a nominal value of half (0.5) a Saudi Riyal per share.

According to its Commercial Registration, the Company's activities comprise the following: management of subsidiaries of holding companies; investment of the funds of subsidiaries of holding companies; ownership of the real estate and movable property required by holding companies; provision of loans, guarantees and financing to subsidiaries of holding companies; ownership of industrial property rights for subsidiaries of holding companies; and leasing of industrial property rights to subsidiaries of holding companies.

According to the Bylaws, the Company's activities consist of carrying out the following purposes, after obtaining the necessary licences from the competent authorities, if any:

| Section | Category |
|---|---|
| **Agriculture, Forestry and Fishing** | Growing of cereals (except rice), leguminous crops and oil seeds; growing of rice; growing of vegetables and melons, roots and tubers; growing of sugar cane; growing of fibre crops, including cotton, jute, flax, linen and others; growing of other non-perennial crops; growing of grapes; growing of tropical and subtropical fruits; growing of citrus fruits; growing of pome fruits and stone fruits, including apples, apricots, cherries, peaches, pears, plums and others; growing of oleaginous fruits; growing of beverage crops, including coffee, tea, mate, cocoa and others; growing of spices, aromatic, drug and pharmaceutical crops; plant propagation; raising of cattle and buffaloes; raising of camels and camelids; raising of sheep and goats; raising of poultry; raising of other animals; mixed farming (mixed production of crops and animals without specialised production of crops or animals); support activities for crop production; support activities for animal production; post-harvest crop activities; seed processing for propagation; hunting, trapping and related service activities; logging; gathering of non-wood forest products; support services to forestry; marine fishing; freshwater fishing; marine aquaculture; freshwater aquaculture. |
| **Mining and Quarrying** | Mining of hard coal (anthracite); mining of lignite; extraction of crude petroleum; extraction of natural gas; mining of uranium and thorium ores; mining of other non-ferrous metal ores; quarrying of stone, sand and clay; mining of chemical and fertiliser minerals; extraction of peat (a type of coal formed from carbonised plants underground); extraction of salt; other mining and quarrying activities not elsewhere classified; support activities for petroleum and natural gas extraction; support activities for other mining and quarrying. |

| Section | Category |
|---|---|
| **Manufacturing** | Processing and preserving of meat; processing and preserving of fish, crustaceans and molluscs; processing and preserving of fruit and vegetables; manufacture of vegetable and animal oils and fats; manufacture of dairy products; manufacture of grain mill products; manufacture of starches and starch products; manufacture of bakery products; manufacture of sugar; manufacture of cocoa, chocolate and sugar confectionery; manufacture of macaroni, noodles, couscous and similar farinaceous products; manufacture of prepared meals and dishes; manufacture of other food products not elsewhere classified; manufacture of prepared animal feeds; manufacture of malt liquors, including non-alcoholic beer; manufacture of soft drinks and production of mineral waters and other bottled waters; preparation and spinning of textile fibres; weaving of textiles; manufacture of knitted and crocheted fabrics; manufacture of made-up textile articles, except apparel; manufacture of carpets and rugs; manufacture of other textiles not elsewhere classified; manufacture of wearing apparel, except fur apparel; manufacture of articles of fur; manufacture of knitted and crocheted apparel; tanning and dressing of leather and dressing and dyeing of fur; manufacture of luggage, handbags and the like, saddlery and harness; manufacture of footwear; sawmilling and planing of wood; manufacture of veneer sheets and wood-based panels; manufacture of builders' carpentry and joinery; manufacture of wooden containers; manufacture of other products of wood and articles of cork, straw and plaiting materials; manufacture of pulp, paper and paperboard; manufacture of corrugated paper and paperboard and of containers of paper and paperboard; manufacture of other articles of paper and paperboard; printing; service activities related to printing; reproduction of recorded media; manufacture of coke oven products; manufacture of refined petroleum products; manufacture of basic chemicals; manufacture of fertilisers and nitrogen compounds; manufacture of plastics and synthetic rubber in primary forms; manufacture of pesticides and other agrochemical products; manufacture of paints, varnishes and similar coatings, printing ink and mastics; manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations; manufacture of other chemical products not elsewhere classified; manufacture of man-made fibres; manufacture of pharmaceuticals and medicinal chemical and botanical products; manufacture of rubber tyres and tubes and retreading and rebuilding of rubber tyres; manufacture of other rubber products; manufacture of plastics products; manufacture of glass and glass products; manufacture of refractory products; manufacture of clay building materials; manufacture of other porcelain and ceramic products; manufacture of cement, lime and plaster; manufacture of articles of concrete, cement and plaster; manufacture of other non-metallic mineral products not elsewhere classified; manufacture of basic iron and steel; manufacture of basic precious and other non-ferrous metals; casting of iron and steel; casting of non-ferrous metals; manufacture of structural metal products; manufacture of tanks, reservoirs and containers of metal; manufacture of steam generators, except central heating hot water boilers; manufacture of weapons and ammunition; forging, pressing, stamping and roll-forming of metal and powder metallurgy; treatment and coating of metals and machining; manufacture of cutlery, hand tools and general hardware; manufacture of other fabricated metal products not elsewhere classified; manufacture of electronic components and boards; manufacture of computers and peripheral equipment; manufacture of communication equipment; manufacture of consumer electronics; manufacture of measuring, testing, navigating and control equipment; manufacture of watches and clocks of all kinds and timekeeping mechanisms; manufacture of irradiation, electromedical and electrotherapeutic equipment; manufacture of optical instruments and photographic equipment; manufacture of magnetic and optical media; manufacture of electric motors, generators, transformers and electricity distribution and control apparatus; manufacture of batteries and accumulators; manufacture of wiring networks and wiring network devices; manufacture of other electronic and electric wires and cables; manufacture of wiring devices; manufacture of electric lighting equipment; manufacture of domestic appliances; manufacture of other electrical equipment; manufacture of engines and turbines, except aircraft, vehicle and motorcycle engines; manufacture of fluid power equipment; manufacture of other pumps, compressors, taps and valves; manufacture of bearings, gears, gearing and driving elements; manufacture of ovens, furnaces and furnace burners; manufacture of lifting and handling equipment; manufacture of office machinery and equipment, except computers and peripheral equipment; manufacture of power-driven hand tools; manufacture of other general-purpose machinery; manufacture of agricultural and forestry machinery; manufacture of metal-forming machinery and machine tools; manufacture of machinery for metallurgy; manufacture of machinery for mining, quarrying and construction; manufacture of machinery for food, beverage and tobacco processing; manufacture of machinery for textile, apparel and leather production; manufacture of other special-purpose machinery; manufacture of motor vehicles; manufacture of bodies and fittings for motor vehicles and manufacture of trailers and semi-trailers; manufacture of parts, accessories and engines for motor vehicles; building of ships and floating structures; building of pleasure and sporting boats; manufacture of railway locomotives and rolling stock; manufacture of air and spacecraft and related machinery; manufacture of military fighting vehicles; manufacture of motorcycles; manufacture of bicycles and invalid carriages; manufacture of other transport equipment not elsewhere classified; manufacture of furniture; manufacture of jewellery and related articles; manufacture of imitation jewellery and related articles; manufacture of musical instruments; manufacture of sports goods; manufacture of games and toys; manufacture of medical and dental instruments and supplies; manufacture of other products not elsewhere classified; repair of fabricated metal products; repair of machinery; repair of electronic and optical equipment; repair of electrical equipment; repair of transport equipment, except motor vehicles; repair of other equipment; installation of industrial machinery and equipment. |
| **Electricity, Gas, Steam and Air Conditioning Supply** | Electric power generation, transmission and distribution; manufacture of gas and distribution of gaseous fuels through mains; steam and air conditioning supply |
| **Water Supply; Sewerage, Waste Management and Remediation Activities** | Water collection, treatment and supply; sewerage; collection of non-hazardous waste; collection of hazardous waste; treatment and disposal of non-hazardous waste; treatment and disposal of hazardous waste; materials recovery; remediation activities and other waste management services |

| Section | Category |
|---|---|
| **Construction** | Construction of buildings; construction of roads and railways; construction of utility projects; construction of other civil engineering projects; demolition; site preparation; electrical installation; plumbing, heating and air-conditioning installation; other construction installation; building completion and finishing; other specialised construction activities |
| **Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles** | Sale of motor vehicles; maintenance and repair of motor vehicles; sale of motor vehicle parts and accessories; sale, maintenance and repair of motorcycles and related parts and accessories; wholesale on a fee or contract basis; wholesale of agricultural raw materials and live animals; wholesale of food, beverages and tobacco; wholesale of textiles, clothing and footwear; wholesale of other household goods; wholesale of computers, computer peripheral equipment and software; wholesale of electronic and telecommunications equipment and parts; wholesale of agricultural machinery, equipment and supplies; wholesale of other machinery and equipment; wholesale of solid, liquid and gaseous fuels and related products; wholesale of metals and metal ores; wholesale of waste and scrap and other products not elsewhere classified; non-specialised wholesale trade; retail sale in non-specialised stores with food, beverages or tobacco predominating; other retail sale in non-specialised stores; retail sale of food in specialised stores; retail sale of beverages in specialised stores; retail sale of tobacco products in specialised stores; retail sale of automotive fuel in specialised stores; retail sale of computers, computer peripheral equipment, software and telecommunications equipment in specialised stores; retail sale of audio and video equipment in specialised stores; retail sale of textiles in specialised stores; retail sale of hardware, paints and glass in specialised stores; retail sale of carpets, rugs, wall and floor coverings in specialised stores; retail sale of electrical household appliances, furniture, lighting equipment and other household articles in specialised stores; retail sale of books, newspapers and stationery in specialised stores; retail sale of music and video recordings in specialised stores; retail sale of sporting equipment in specialised stores; retail sale of clothing, footwear and leather articles in specialised stores; retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialised stores; other retail sale of new goods in specialised stores; retail sale of second-hand goods; retail sale via stalls and markets of food, beverages and tobacco products; retail sale via stalls and markets of textiles, clothing and footwear; other retail sale not in stores, stalls or markets. |
| **Transportation and Storage** | Passenger rail transport, interurban; freight rail transport; urban and suburban passenger land transport; freight transport by road; transport via pipeline; sea and coastal passenger water transport; sea and coastal freight water transport; inland passenger water transport; inland freight water transport; passenger air transport; freight air transport; warehousing and storage; service activities incidental to land transportation; service activities incidental to water transportation; service activities incidental to air transportation; cargo handling; other transportation support activities; activities of private courier companies |
| **Accommodation and Food Service Activities** | Short-term accommodation activities; camping grounds, recreational vehicle parks and trailer parks; other accommodation; restaurants and mobile food service activities; event catering; other food service activities; beverage serving activities |
| **Information and Communication** | Publishing of directories and mailing lists; publishing of newspapers, journals and periodicals; other publishing activities; software publishing; motion picture, video and television programme production activities; motion picture, video and television programme post-production activities; motion picture, video and television programme distribution activities; motion picture projection activities; sound recording and music publishing activities; radio broadcasting; television programming and broadcasting activities; wired telecommunications activities; wireless telecommunications activities; satellite telecommunications activities; other telecommunications activities; computer programming activities; computer consultancy and computer facilities management activities; data processing, hosting and related activities; news agency activities, including the activities of news companies and agencies that supply news, pictures and news features to the media; other information service activities not elsewhere classified; other monetary intermediation; activities of holding companies, being units that hold the assets of, or own a controlling stake in the capital of, a group of subsidiary companies and whose principal activity is owning that group. |
| **Financial and Insurance Activities** | Trusts, funds and similar financial entities; financial leasing; other credit granting<br>Other financial service activities, except insurance and pension funding activities, not elsewhere classified; life insurance; non-life insurance; reinsurance; administration of financial markets; security and commodity contracts brokerage activities; other activities auxiliary to financial service activities; risk and damage evaluation; activities of insurance agents and brokers; other activities auxiliary to insurance and pension funding; fund management activities |
| **Real Estate Activities** | Real estate activities with own or leased property; real estate activities on a fee or contract basis |

| Section | Category |
|---|---|
| **Professional, Scientific and Technical Activities** | Legal activities; activities of head offices and supervision and management of other units of the company or enterprise; management consultancy activities; architectural and engineering activities and related technical consultancy; technical testing and analysis; research and experimental development on natural sciences and engineering; research and experimental development on social sciences and humanities; advertising; market research and public opinion polling; specialised design activities; photographic activities; other professional, scientific and technical activities not elsewhere classified; veterinary activities. |
| **Administrative and Support Service Activities** | Renting of motor vehicles; renting of recreational and sports goods; renting of other personal and household goods; renting of other machinery, equipment and tangible goods; leasing of intellectual property and similar products, except copyrighted works; activities of employment placement agencies; temporary employment agency activities; other human resources provision; travel agency activities; tour operator activities; other reservation service and related activities; private security activities; security systems service activities; combined facilities support activities; general cleaning of buildings; other building and industrial cleaning activities; landscape care and maintenance service activities; combined office administrative service activities; photocopying, document preparation and other specialised office support activities; organisation of conventions and trade shows; activities of collection agencies and credit bureaus; packaging activities; other business support service activities not elsewhere classified. |
| **Public Administration and Defence; Compulsory Social Security** | Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security; regulation of and contribution to more efficient operation of businesses; compulsory social security activities |
| **Education** | Pre-primary and primary education; general secondary education; technical and vocational secondary education; higher education; sports and recreation education; other education not elsewhere classified; educational support activities |
| **Human Health and Social Work Activities** | Hospital activities; medical and dental practice activities; other human health activities; residential care activities for persons with intellectual disabilities, mental illness and substance abuse; residential care activities for the elderly and persons with disabilities; social work activities without accommodation for the elderly and persons with disabilities; other social work activities without accommodation |
| **Arts, Entertainment and Recreation** | Creative, arts and entertainment activities; library and archives activities; museum activities and operation of historical sites and buildings; botanical and zoological gardens and nature reserves activities; activities of sports clubs; other sports activities; activities of amusement parks and theme parks; other amusement and recreation activities not elsewhere classified |
| **Other Service Activities** | Activities of professional membership organisations; activities of religious organisations; activities of other membership organisations not elsewhere classified; repair of computers and peripheral equipment; repair of communication equipment; repair of consumer electronics; repair of household appliances and home and garden equipment; repair of footwear and leather goods; repair of furniture and home furnishings; repair of other personal and household goods; washing and (dry-) cleaning of textile and fur products; hairdressing and other beauty treatment; funeral and related activities; other personal service activities not elsewhere classified. The Company shall carry out its purposes in accordance with the applicable laws and regulations and after obtaining the necessary licences from the competent authorities, if any |

The Company carries out its activities in accordance with the applicable laws and regulations and after obtaining all necessary licences from the competent authorities.

## 4.2 Subsidiaries

**Table No. (1): Subsidiaries**

| Name of Subsidiary | Ownership Percentage | Principal Activity | Place of Operations | Place of Incorporation |
|---|---|---|---|---|
| Musanadah Al-Imdad Limited Company | 100.00% | Provision of logistics services and transport sector support to the Company | Riyadh - Al Malqa | Kingdom of Saudi Arabia |
| Alyan Industrial Company (Closed Joint Stock Company) | 99.00% | Production, manufacture and sale of ready-mix concrete - and modern construction technologies | Riyadh - Al Malqa | Kingdom of Saudi Arabia |
| Luxury Yacht Industrial Company | 100.00% | Production, building and manufacture of yachts and boats | Rabigh | Kingdom of Saudi Arabia |
| Terrace Town Real Estate Company | 100.00% | Purchase, sale and subdivision of land and real estate, off-plan sales activities and leasing of owned or leased real estate | Riyadh – Al Malqa | Kingdom of Saudi Arabia |
| Saraya Al Diyar Investment Company | 100.00% | Specialised investments in the hospitality and hotel sector | Asir – Abha | Kingdom of Saudi Arabia |

Source: The Company

## 4.3 Contact Information

**Table No. (2): Contact Information**

| | |
|---|---|
| **Name of Liaison Officer** | Sobhi Jamal Ibrahim Ibrahim |
| **Address** | 3158 Prince Yazid bin Abdullah bin Abdulrahman – Al Malqa District, Unit No. 19, Riyadh 13523 - 6695 |
| **Contact** | Investor Relations |
| **Telephone** | +966 (11) 416 7900 |
| **Fax** | +966 (11) 416 7909 |
| **Email** | ir@alkathiriholding.com |
| **Company Website** | www.alkathiriholding.com |

Source: The Company

## 4.4 The Company's Share Capital and its Development

The Company's current share capital amounts to one hundred and thirteen million and twenty-two thousand (113,022,000) Saudi Riyals, divided into two hundred and twenty-six million and forty-four thousand (226,044,000) shares with a nominal value of half (0.5) a Saudi Riyal per share, fully paid. The following are the most significant events and changes in the Company's share capital since its incorporation:

**Table No. (3): The Company's Share Capital and Key Developments**

| Date | Event |
|---|---|
| **29/08/1429H (corresponding to 30/08/2008G)** | Al Kathiri Holding Company was established as a sole proprietorship under the name of Mohammed Nasser Mohammed Al Kathiri Contracting Establishment, owned by Mr. Mohammed Nasser Mohammed Al Kathiri, with a capital of (100,000) Saudi Riyals, and was entered in the Commercial Registration under No. (1010255690) dated 29/08/1429H (corresponding to 2008/08/30G). |
| **25/05/1435H (corresponding to 26/03/2014G)** | The establishment was converted into a limited liability company upon the admission of a new partner, Mr. Mishal Mohammed Nasser Al Kathiri, pursuant to the memorandum of association (conversion of the establishment into a company) notarised before the notary public assigned to the Ministry of Commerce in Riyadh under No. (35734552) dated 08/06/1435H (corresponding to 08/04/2014G), with a capital of (5,000,000) Saudi Riyals. |
| **08/06/1438H (corresponding to 07/03/2017G)** | The partners' resolution notarised before the notary public assigned to the Ministry of Commerce under No. (38895739) for the year (1438H) was issued, providing for the admission of new partners, the increase of the Company's capital from (5,000,000) Saudi Riyals to (27,300,000) Saudi Riyals, and the conversion of the Company from a limited liability company into a closed joint stock company, while retaining the same name and Commercial Registration number of the Company. |
| **09/06/1438H (corresponding to 08/03/2017G)** | Ministerial Resolution No. (Q/171) was issued approving the conversion of the Company from a limited liability company into a closed joint stock company. |
| **14/06/1438H (corresponding to 13/03/2017G)** | The Company's constituent assembly approved the conversion of the Company from a limited liability company into a closed joint stock company, adopted the first Bylaws and appointed the Company's first Board of Directors for a term of five (5) years. |
| **15/06/1438H (corresponding to 14/03/2017G)** | Ministerial Resolution No. (181) was issued approving the announcement of the conversion of the Company from a limited liability company into a closed joint stock company. |
| **28/08/1438H (corresponding to 24/05/2017G)** | The Extraordinary General Assembly approved the increase of the capital from (27,300,000) Saudi Riyals to (31,395,000) Saudi Riyals; the increase was paid up through the issuance of (409,500) shares offered on the Parallel Market to Qualified Investors. |
| **15/10/1438H (corresponding to 09/07/2017G)** | The Company's shares were listed on the Saudi Stock Exchange and the Company became a Saudi public joint stock company. |
| **05/12/1439H (corresponding to 16/08/2018G)** | The Extraordinary General Assembly approved the increase of the Company's capital from (31,395,000) Saudi Riyals to (37,674,000) Saudi Riyals and the increase of the number of shares from (3,139,500) shares to (3,767,400) shares, representing an increase of (20%), by way of bonus shares through the capitalisation of an amount of (6,279,000) Saudi Riyals from the retained earnings and statutory reserve accounts. |
| **18/08/1440H (corresponding to 23/04/2019G)** | The Extraordinary General Assembly approved the increase of the Company's capital from (37,674,000) Saudi Riyals to (45,208,800) Saudi Riyals and the increase of the number of shares from (3,767,400) shares to (4,520,880) shares through the capitalisation of an amount of (7,534,800) Saudi Riyals from the retained earnings account, by granting one bonus share for every five shares held. |
| **29/02/1441H (corresponding to 28/10/2019G)** | The Exchange approved the Company's application to move from the Parallel Market to the Main Market. |
| **06/03/1441H (corresponding to 03/11/2019G)** | The Company's move was completed and trading of its shares commenced on the Main Market of the Saudi Stock Exchange. |
| **18/02/1442H (corresponding to 05/10/2020G)** | The Extraordinary General Assembly of the Shareholders approved the increase of the Company's capital from (45,208,800) Saudi Riyals to (90,417,600) Saudi Riyals through the offering and listing of (4,520,880) rights issue shares. |
| **13/11/1442H (corresponding to 23/06/2021G)** | The Extraordinary General Assembly approved the increase of the Company's capital from (90,417,600) Saudi Riyals to (113,022,000), representing an increase of (25%), and the increase of the number of shares from (9,041,760) shares to (11,302,200) shares by granting bonus shares (1 share for every 4 shares), through the capitalisation of an amount of (22,604,400) Saudi Riyals. |
| **21/09/1444H (corresponding to 12/04/2023G)** | The Extraordinary General Assembly approved the split of the Company's shares from (11,302,200) shares to (226,044,000) shares by amending the nominal value per share from (10) Saudi Riyals to (0.5) Saudi Riyal. |
| **16/01/1448H (corresponding to 01/07/2026G)** | Board of Directors' resolution recommending to the Extraordinary General Assembly the reduction of the Company's capital from (113,022,000) to (43,777,776) Saudi Riyals, i.e. a reduction rate of (61.27%) of the capital, to absorb the accumulated losses. |

| Date | Event |
|---|---|
| **24/03/1448H (corresponding to 06/09/2026G)** | Board of Directors' resolution amending the recommendation relating to the reduction of the Company's capital (to recommend to the Extraordinary General Assembly of the Company's Shareholders the reduction of the Company's capital followed by an increase of the Company's capital through a rights issue), by reducing the Company's capital from (113,022,000) to (9,649,705) Saudi Riyals, i.e. a reduction rate of (91.46%) of the Company's capital; upon completion of the capital reduction, the Company will proceed to increase the Company's capital through a rights issue in the amount of (150,000,000) Saudi Riyals. |
| **10/05/1448H (corresponding to 21/10/2026G)** | The Capital Market Authority approved the reduction of the Company's capital from (113,022,000) to (9,649,705) Saudi Riyals, i.e. a reduction rate of (91.46%) of the Company's capital, through the cancellation of (206,744,590) ordinary shares of the Company's issued shares with a nominal value of (0.5) Saudi Riyal per share. This approval was announced on the website of the Capital Market Authority and the website of the Saudi Stock Exchange (the Exchange). |
| **××/××/××××** **(corresponding to ××/××/××××G)** | The Extraordinary General Assembly approved the reduction of the Company's capital from (113,022,000) to (9,649,705) Saudi Riyals, i.e. a reduction rate of (91.46%) of the Company's capital, through the cancellation of (206,744,590) ordinary shares of the Company's issued shares with a nominal value of (0.5) Saudi Riyal per share. This approval was announced on the Company's page on the website of the Saudi Stock Exchange (the Exchange). |

Source: The Company

## 4.5 Board of Directors

The following table sets out the Directors of the Company and the ownership of each of them in the Company's shares as at the date of this Circular.

### Table No. (4): The Company's Board of Directors

| Board Members [1] | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Position | Membership Status | Nationality | Age (Years) | Shares Owned Before the Reduction | | | | Membership Start Date |
| | | | | | Direct | | Indirect | | |
| | | | | | Number (Shares) | Ownership Percentage (Percentage) | Number (Shares) | Ownership Percentage (Percentage) | |
| Khalid Abdulmohsen Abdulrahman Al-Khayyal | Chairman of the Board of Directors | Non-Executive | Saudi | 67 | 10 | 0.0000044% | None | None | 20/11/1447H (corresponding to 07/05/2026G) |
| Abdullah Abdulrahman Abdullah Al-Sheikh | Vice Chairman of the Board of Directors | Independent | Saudi | 61 | 1,000 | 0.00044% | None | None | 20/11/1447H (corresponding to 07/05/2026G) |
| Mishal Mohammed Nasser Al Kathiri | Managing Director and Chief Executive Officer | Executive | Saudi | 42 | 63,468,762 | 28.078% | None | None | 20/11/1447H (corresponding to 07/05/2026G) |
| Rawan Mohammed Abdullah Al-Dawood [2] | Board Member | Independent | Saudi | 34 | 3,592 | 0.001589% | None | None | 03/04/1448H (corresponding to 14/09/2026G) |

Source: The Company and the Exchange

[1] On 23/11/1447H (corresponding to 10/05/2026G), the Company announced the resolution of the Ordinary General Assembly held on 20/11/1447H (corresponding to 07/05/2026G) approving the election of the Board of Directors for its current term, which commenced on 20/11/1447H (corresponding to 07/05/2026G) and ends on 04/01/1452H (corresponding to 06/05/2030G), for a period of four years.

[2] On 03/04/1448H (corresponding to 14/09/2026G), the Company announced the resignation of Board member Mr. Hussain Masoud Buraik Al-Dosari and the appointment of Ms. Rawan Mohammed Abdullah Al-Dawood in his place, pursuant to the Board of Directors' resolution passed by circulation on 02/04/1448H (corresponding to 13/09/2026G). The Board's approval is not considered final, and this appointment will be presented to the first General Assembly meeting for ratification. Furthermore, on 24/04/1448H (corresponding to 05/10/2026G), the Company announced the invitation to the Ordinary General Assembly to be held on 18/05/1448H (29/10/2026G), among the items to be voted on at which is the appointment of the new Board member.

## 4.6 Executive Management

The following table sets out the members of the Company's Executive Management and the ownership of each of them in the Company's shares as at the date of this Circular:

**Table No. (5): The Company's Executive Management**

| Name | Position | Nationality | Date of Appointment | Shares Owned Before the Reduction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Direct | | Indirect | |
| | | | | Number (Shares) | Ownership Percentage (Percentage) | Number (Shares) | Ownership Percentage (Percentage) |
| Mishal Mohammed Nasser Al Kathiri | Chief Executive Officer(1) | Saudi | 21/06/1438H (corresponding to 20/03/2017G) | 63,468,762 | 28.078% | None | None |
| Mohammed Ibrahim Kamel Mohammed | Chief Financial Officer | Egyptian | 26/07/1447H (corresponding to 15/01/2026G) | None | None | None | None |
| Mohammed Hassan Al-Ashour | Human Resources Director | Saudi | 09/11/1447H (corresponding to 26/04/2026G) | None | None | None | None |
| Sobhi Jamal Ibrahim Ibrahim | Governance and Compliance Director | Egyptian | 10/05/1436H (corresponding to 01/03/2015G) | None | None | None | None |
| Samia Nina Clou Hajou | Strategy Director | French | 24/04/1446H (corresponding to 27/10/2024G) | 1,653 | 0.00073% | None | None |
| Issa Mohammed Alayan Abdulrahim | Operations and Maintenance Director | Jordanian | 12/06/1443H (corresponding to 15/01/2022G) | None | None | None | None |
| Mohab El-Sayed Rashad El-Sayed | Maintenance Director | Egyptian | 23/12/1447H (corresponding to 09/06/2026G) | None | None | None | None |
| Hany Ahmed Gadallah Osman | Sales Director | Egyptian | 29/12/1444H (corresponding to 17/07/2023G) | None | None | None | None |

Source: The Company

## 4.7 Shareholding Structure of the Company Before and After the Capital Reduction

**Table No. (6): The Company's Shareholding Structure Before and After the Capital Reduction**

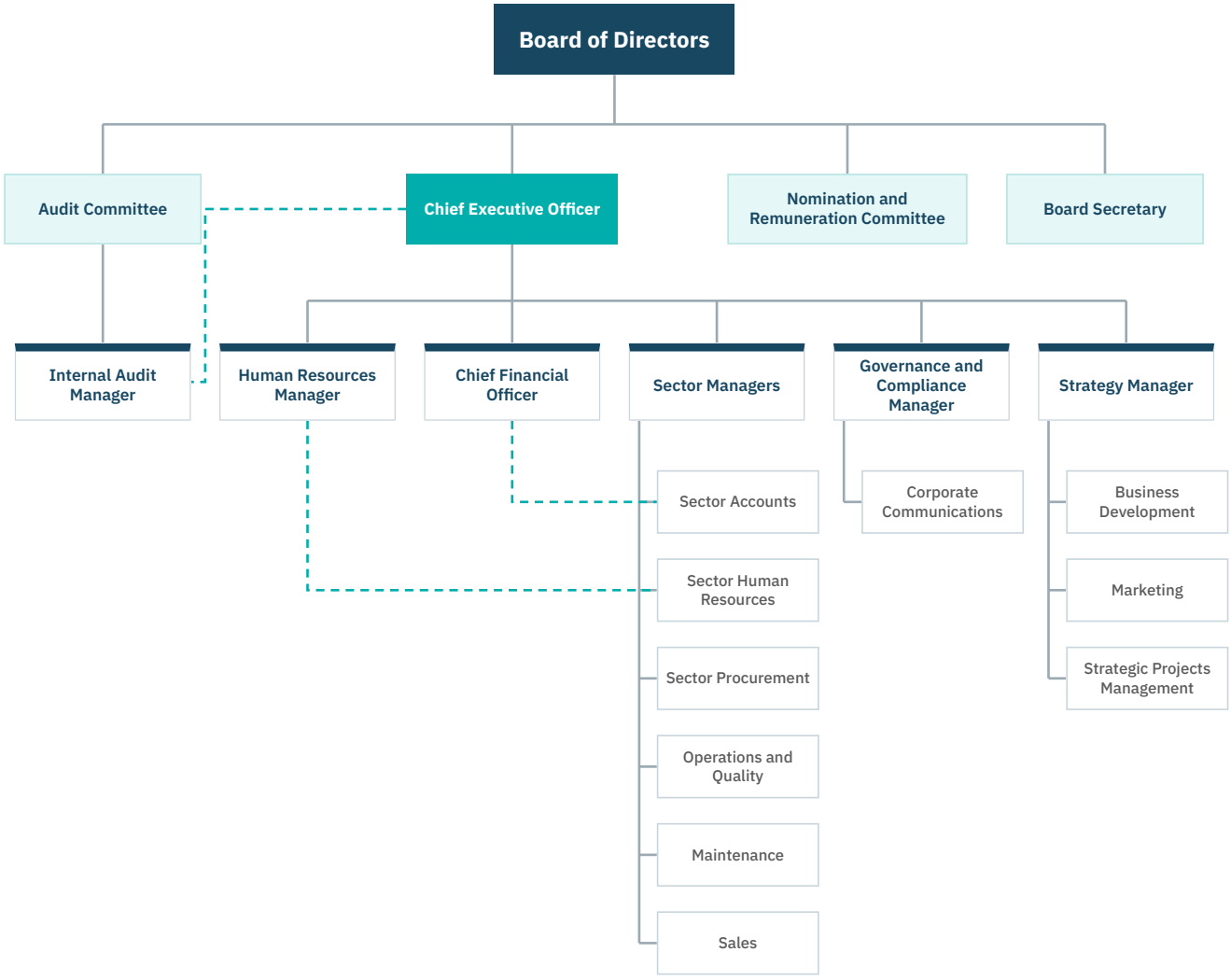
| Name | Before the Capital Reduction | | | After the Capital Reduction | | |
|---|---|---|---|---|---|---|
| | Direct Ownership | | | Direct Ownership | | |
| | Number of Shares (Shares) | Value (Saudi Riyals) | Ownership Before the Capital Reduction (Percentage) * | Number of Shares (Shares) | Value (Saudi Riyals) | Ownership After the Capital Reduction (Percentage) * |
| Mishal Mohammed Nasser Al Kathiri (Substantial Shareholder) | 63,468,762 | 31,734,381 | 28.078% | 5,418,899 | 2,709,449.5 | 28.078% |
| Board Members | 4,602 | 2,301 | 0.002% | 393 | 196.5 | 0.002% |
| Senior Executives | 1,653 | 826.5 | 0.001% | 141 | 70.5 | 0.001% |
| Public | 162,568,983 | 81,284,491.5 | 71.92% | 13,879,977 | 6,939,988.5 | 71.92% |
| **Total** | **226,044,000** | **113,022,000** | **100.00%** | **19,299,410** | **9,649,705** | **100.00%** |

Source: The Company

* There is no indirect ownership as at the date of this Circular.

## 4.8 The Company's Organisational Structure

**Figure No. (1): The Company's Organisational Structure**




Source: The Company

# 5

# Capital Reduction

الكثيري القابضة
AL KATHIRI HOLDING

# 5 Capital Reduction

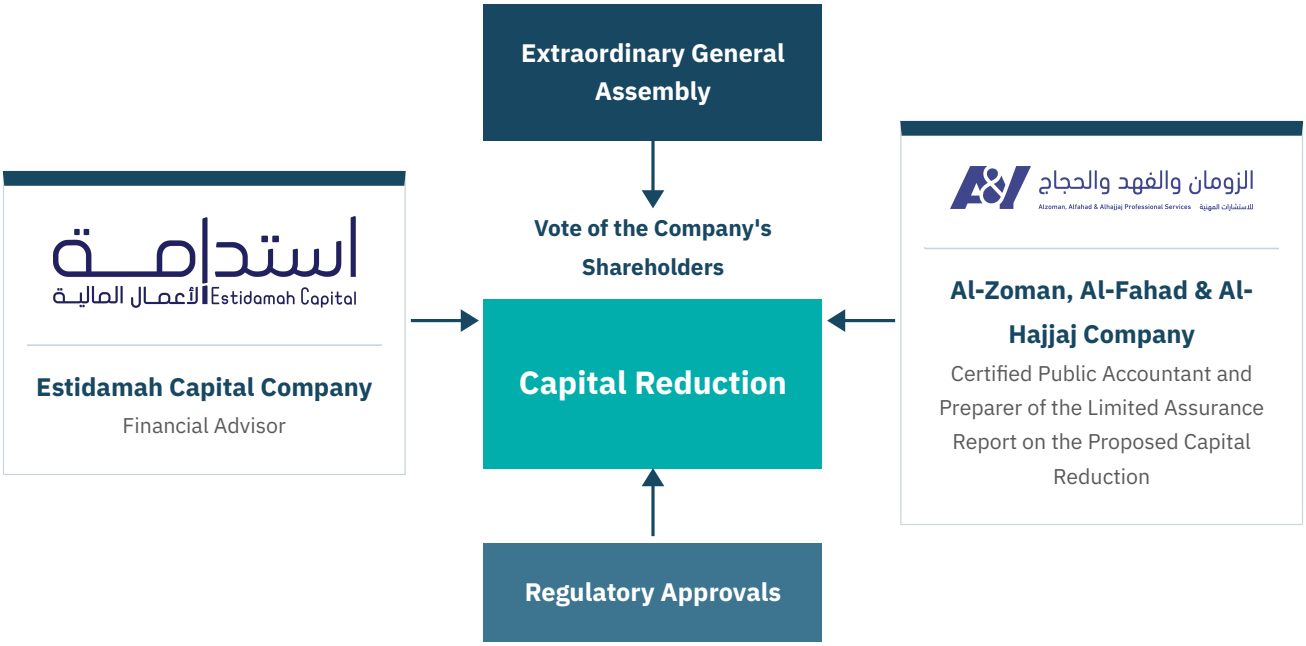
## 5.1 Capital Reduction Procedures

The capital reduction is subject to the following procedures:

- Recommendation of the Board of Directors to reduce the capital.
- Appointment of a Financial Advisor for the capital reduction.
- Appointment of a Certified Public Accountant to prepare the Certified Public Accountant's report relating to the proposed capital reduction.
- Preparation and submission of the capital reduction application to the Capital Market Authority in accordance with the requirements of Article (61) of the Rules on the Offer of Securities and Continuing Obligations relating to the conditions for capital reduction.
- Obtaining the Capital Market Authority's approval of the application to reduce the Company's capital.
- Submission of a notification to the Exchange in the form set out in Annex (5) of the Listing Rules.
- Approval of the Extraordinary General Assembly of the reduction of the Company's capital. As the capital reduction is conditional upon the approval of the Extraordinary General Assembly, Shareholders should be aware that, if the approval of the Extraordinary General Assembly of this capital reduction is not obtained, the capital reduction will cease entirely.
- If the Extraordinary General Assembly approves the reduction of the Company's capital, the Saudi Stock Exchange (the Exchange) will suspend trading in the Company's shares for two consecutive trading sessions, starting from the day following the approval of the Extraordinary General Assembly of the capital reduction, after which trading will resume at the adjusted price. The capital reduction resolution will become effective such that the number of shares of the Shareholders owning shares on the day the Extraordinary General Assembly is held, and who appear in the Company's register with Edaa at the close of trading on the second day following the Extraordinary General Assembly relating to the capital reduction, will be adjusted.
- If the approval of the Extraordinary General Assembly of the capital reduction is obtained, the Company will approach the Ministry of Commerce to obtain its approval of the amendment of the Company's Commercial Registration and Bylaws.
- Depositing the proceeds from the sale of fractional shares (if any) within thirty (30) days from the date of the Extraordinary General Assembly's approval of the reduction of the Company's capital.
- If the Board of Directors' recommendation to reduce the capital does not obtain the approval of the Extraordinary General Assembly, the Company will continue in its current position without a reduction, and consequently the Company will remain subject to the provisions of Article (132) of the Companies Law without remedy, which increases the risks relating to the continuity of the Company's business and activities.

## 5.2 Structure of the Parties Involved in the Capital Reduction

**Figure No. (2): Structure of the Parties Involved in the Capital Reduction**



## 5.3 Development of the Company's Accumulated Losses and Their Causes

The following table summarises, in chronological order, the historical development of the accumulated losses from the end of 2024G until the end of the financial period ended 30 June 2026G:

**Table No. (7): Development of the Accumulated Losses and Their Causes**

| Financial Year / Period Ended * | Net Profit / (Loss) (Saudi Riyals) | Accumulated Losses (Saudi Riyals) | Share Capital (Saudi Riyals) | Accumulated Losses as a Percentage of Share Capital (%) | Main Reasons for the Increase in Accumulated Losses |
|---|---|---|---|---|---|
| 31 December 2024G (Restated) | (18,976,522) | (18,716,536) | 113,022,000 | 16.56% | During 2024G, the Company achieved revenue growth of 42.3% to SAR 183.87 million, compared with SAR 129.18 million in 2023G, driven by higher revenue from the concrete segment as a result of increased demand and new projects, and higher revenue from the contracting segment through the execution of new contracts and the expansion of the scope of business.<br>However, gross profit decreased to SAR 20.82 million compared with SAR 22.75 million, and operating results turned from an operating profit of SAR 3.32 million to an operating loss of SAR 9.21 million. This was mainly due to the increase in the provision for expected credit losses to SAR 8.69 million compared with SAR 3.34 million, which affected operating profits, and the increase in general and administrative expenses to SAR 15.91 million compared with SAR 12.75 million as a result of the costs of establishing the "Al-Yakht Al-Fakher" factory and "Saraya Al-Diyar" company, in addition to the increase in finance costs to SAR 11.48 million compared with SAR 9.80 million, and the decrease in income from deposits to SAR 1.54 million compared with SAR 3.16 million.<br>Net loss attributable to the Company's Shareholders increased to SAR 19.00 million compared with SAR 4.14 million in 2023G. |
| 31 December 2025G (Restated) | (41,036,941) | (70,095,769) | 113,022,000 | 62.02% | The Company's revenue increased during 2025G by 49.03% to SAR 274.03 million compared with SAR 183.87 million in 2024G, as a result of growth in revenue from the contracting segment through the execution of new contracts and the expansion of the scope of business, and higher sales of sand and gravel.<br>However, cost of revenue increased by 60.0% to SAR 260.93 million as a result of the expansion of projects, which led to a decrease in gross profit of 37.09% to SAR 13.10 million compared with SAR 20.82 million. Results were also affected by the recognition of a provision for inventory write-down of SAR 7.53 million, the recording of asset impairment losses of SAR 4.96 million, a provision for expected credit losses of SAR 1.97 million, and the increase in general and administrative expenses to SAR 18.35 million, bringing the operating loss up to SAR 24.29 million compared with SAR 9.21 million. In addition, finance costs increased to SAR 12.90 million, and a Zakat expense of SAR 4.50 million was recorded, of which SAR 2.49 million related to Zakat differences for 2023G under the final assessment received from the Zakat, Tax and Customs Authority.<br>Consequently, net loss attributable to the Company's Shareholders increased to SAR 40.84 million compared with SAR 19.00 million in 2024G, an increase of 114.89%, with the greatest impact concentrated in the fourth quarter, in which the Company recorded a net loss of SAR 32.82 million. |
| 30 June 2026G | (33,436,803) | (103,372,295) | 113,022,000 | 91.46% | The Company's revenue during the first half of 2026G decreased by 54.34% to SAR 53.75 million compared with SAR 117.71 million for the corresponding period of the previous year (restated), owing to the decline in business volume and the slower pace of execution and delivery of certain projects in the contracting segment, in addition to lower sales of a number of products in the building materials segment.<br>Cost of revenue did not decrease at the same pace as revenue, amounting to SAR 62.97 million, which turned the gross profit of SAR 2.27 million into a gross loss of SAR 9.22 million. Results were also affected by the increase in general and administrative expenses to SAR 9.37 million, the recognition of a provision for expected credit losses of SAR 3.71 million and a provision for obsolete and slow-moving inventory of SAR 0.75 million, bringing the operating loss up to SAR 24.20 million compared with SAR 8.14 million, together with the increase in finance costs to SAR 5.81 million and the increase in Zakat expense to SAR 3.76 million.<br>Consequently, net loss attributable to the Company's Shareholders increased to SAR 33.28 million compared with SAR 13.08 million for the corresponding period, an increase of 154.42%, of which SAR 22.78 million was recorded in the second quarter, in which revenue decreased by 67.05% compared with the corresponding quarter. |

Source: The Company and the reviewed condensed consolidated interim financial statements for the period ended 30 June 2026G.

* The restated financial information for the financial years 2024G and 2025G has been extracted from the reviewed condensed consolidated interim financial statements for the period ended 30 June 2026G.

## 5.4 The Company's Plan and Corrective Steps to Stop the Losses

**The Company incurred losses during the financial years ended 31 December 2024G and 2025G and during the period ended 30 June 2026G, with accumulated losses amounting to (91.46%) of the share capital as at 30 June 2026G. This resulted from a number of operational and financial factors, most notably cost of revenue rising at a faster pace than revenue growth, the decline in business volume and the slower pace of execution and delivery of certain contracting segment projects. The Company is currently addressing these challenges by implementing an integrated plan to address its loss position and strengthen its financial position in support of the going concern assumption, as follows:**

### First: Capital Restructuring

On 17/01/1448H (corresponding to 02/07/2026G), the Company announced on the website of the Saudi Stock Exchange (the Exchange) the recommendation of its Board of Directors, at its meeting held on 16/01/1448H (corresponding to 01/07/2026G), to recommend to the Extraordinary General Assembly the reduction of the Company's capital from (113,022,000) to (43,777,776) Saudi Riyals, i.e. a reduction rate of (61.27%) of the capital, to absorb the accumulated losses. On 25/03/1448H (corresponding to 07/09/2026G), it announced on the website of the Saudi Stock Exchange (the Exchange) the resolution of the Board of Directors, at its meeting held on 24/03/1448H (corresponding to 06/09/2026G), to amend the recommendation relating to the reduction of the Company's capital of one hundred and thirteen million twenty-two thousand (113,022,000) Saudi Riyals to nine million six hundred and forty-nine thousand seven hundred and five (9,649,705) Saudi Riyals, i.e. a reduction of one hundred and three million three hundred and seventy-two thousand two hundred and ninety-five (103,372,295) Saudi Riyals, representing the entire accumulated losses as at 30 June 2026G.

Upon completion of the capital reduction procedures, the Company will proceed with a capital increase of (150,000,000) Saudi Riyals through the issuance of rights issue shares. The Company aims, through the capital increase, to support its financial position, provide the financing required to implement its operational and strategic plan, and repay its sukuk listed on the Exchange.

The Company also seeks to use the proceeds of the capital increase for the following:

- Financing the Group's strategic initiatives and growth plans (including supporting industrial activities).
- Real estate development.
- Hospitality.
- Other operating segments.
- Enhancing liquidity and working capital.

Management has adopted a timetable for implementing the capital reduction and capital increase procedures in accordance with the regulatory requirements of the Capital Market Authority and the Ministry of Commerce.

## Second: Supporting Liquidity and Working Capital

Furthermore, on 13/03/1448H (corresponding to 26/08/2026G), the Group obtained an undertaking and commitment from Mr. Mishal Mohammed Nasser Al Kathiri (a Substantial Shareholder, Managing Director and Chief Executive Officer) to provide financial support and financing to the Group in a total amount of up to (15,000,000) Saudi Riyals, with the aim of supporting liquidity and working capital and enabling the Group to meet its financial obligations as they fall due. This undertaking remains valid for a period of twelve (12) months from its date of issue. The procedures required to conclude the detailed financing agreement are to be completed within a period not exceeding ninety (90) days from the date of issue of the undertaking, and the financing is to be executed in accordance with the regulatory requirements and the necessary approvals. It should be noted that, as at the date of this Circular, the procedures have not been completed and no amount has been disbursed.

This support shall be provided under a Sharia-compliant financing structure, and the terms of the financing, including any returns or profit margins, the repayment mechanism and the security, shall be determined under a detailed financing agreement. The financing shall be provided in instalments according to the Company's actual needs and in line with the cash flow plan, within the stated maximum limit during the validity period. Any security in kind, if decided upon, shall be subject to an independent valuation and review by the legal advisor and in accordance with the Company's policies. This financing is also considered a transaction with a Related Party, and its execution is subject to the completion of the necessary regulatory requirements and approvals.

In addition, management has prepared a monthly plan of expected cash flows for the foreseeable future covering a period of 12 months from the financial reporting date, in order to enable management to monitor the Group's cash flow position on an ongoing basis and take appropriate financing and operational measures in a timely manner.

## Third: Addressing the Decline in Revenue and Improving Gross Profit

The Company is addressing the decline in revenue and the increase in cost of revenue through the following measures:

- Accelerating the pace of execution and delivery of existing projects in the contracting segment, and accelerating the issuance and collection of progress billings.
- Increasing participation in tenders and new projects, with a focus on projects with appropriate profit margins and cash flows.
- Reviewing contract pricing and the costs of subcontractors, procurement and materials, and negotiating more competitive terms and prices.
- Improving the utilisation of production capacity in the building materials segment and growing sales of its products, and aligning fixed costs with the actual level of demand.
- Monitoring profit margins at the segment, project and customer levels on a periodic basis.

## Fourth: Collection of Receivables and Inventory Management

The Company is working to limit the impact of provisions for expected credit losses and inventory by intensifying efforts to collect overdue receivables, reviewing credit policies and customer dealing limits, and addressing and disposing of stagnant and slow-moving inventory, in a manner that improves liquidity and limits the build-up of additional provisions in the future.

## Fifth: Rationalising General and Administrative Expenses and Finance Costs

The Company is working to control general and administrative expenses by preparing detailed budgets, monitoring actual variances against approved amounts, and reviewing contracts and recurring expenses, in addition to reducing the finance burden by allocating part of the proceeds of the capital increase to the repayment of the listed sukuk.

## Sixth: Review of the Strategy and Capital Allocation

On 13/04/1448H (corresponding to 24/09/2026G), the Company announced that it had signed a framework agreement on 12/04/1448H (corresponding to 23/09/2026G) with Saaf Capital Company to provide advisory services aimed at reviewing the Company's strategy, enhancing the efficiency of capital allocation and improving the performance of its investment portfolio, for a term of twenty-four (24) months from the date of its signing. The agreement covers the provision of advisory services in two phases: the first, a strategic assessment and diagnosis of the Company's business and investment portfolio; and the second, the preparation of the strategy and the capital allocation strategy.

## Seventh: Strengthening Controls over Financial Reporting

In light of the restatements of prior-year figures and the observations of the External Auditor, the Board of Directors, at its meeting held on 06/09/2026G, directed Executive Management to take the necessary corrective actions to address the causes of the observations and qualifications and to work to close them out during 2026G, with periodic updates to be submitted to the Board. Within this framework, the Company is working to strengthen its procedures for recognising revenue on contracting contracts in accordance with the percentage of completion and to review estimated project costs periodically, and to review the expected credit loss calculation model, in a manner that limits the need for future restatements.

**The Company's management believes that the capital reduction to absorb the accumulated losses, the capital increase to support liquidity and the financial position after the necessary approvals have been obtained, and the implementation of operational measures to increase revenue, improve margins and reduce costs, would support the Company's ability to limit losses and improve its financial and operational performance.**

**However, there is no guarantee that these measures will achieve the targeted results within the expected periods, as the success of the plan depends on several factors, including obtaining the regulatory approvals, completing the proposed capital increase, market conditions and levels of demand in the contracting and building materials sectors, and the Company's ability to implement its operational and investment plans in accordance with the approved timetables and budgets.**

## 5.5 General Structure of the Proposed Capital Reduction

**Table No. (8): General Structure of the Proposed Capital Reduction**

| | |
|---|---|
| **Current Share Capital** | The Company's current share capital is one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals, divided into two hundred and twenty-six million, forty-four thousand (226,044,000) fully paid ordinary shares with a nominal value of one half (0.5) Saudi Riyal per share. |
| **Board of Directors' Recommendation to Reduce the Share Capital** | On 17/01/1448H (corresponding to 02/07/2026G), the Company announced, through the website of the Saudi Stock Exchange (the Exchange), the recommendation of its Board of Directors, at its meeting held on 16/01/1448H (corresponding to 01/07/2026G), to recommend to the Extraordinary General Assembly that the Company's share capital be reduced from (113,022,000) to (43,777,776) Saudi Riyals, i.e. a reduction of (61.27%) of the share capital, in order to absorb the accumulated losses. On 25/03/1448H (corresponding to 07/09/2026G), it announced, through the website of the Saudi Stock Exchange (the Exchange), the resolution of the Board of Directors, at its meeting held on 24/03/1448H (corresponding to 06/09/2026G), to amend the recommendation relating to the reduction of the Company's share capital of one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals to nine million, six hundred and forty-nine thousand, seven hundred and five (9,649,705) Saudi Riyals, i.e. a reduction of one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals, representing the entire accumulated losses as at 30 June 2026G. |
| **Reduction Percentage and Absorption of Capital Losses as at 30 June 2026G** | The capital reduction percentage is (91.46%). The reduction will be effected by cancelling two hundred and six million, seven hundred and forty-four thousand, five hundred and ninety (206,744,590) ordinary shares (i.e. (0.91462) ordinary shares will be cancelled for every one (1) ordinary share), in order to absorb an amount of one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals of the Company's accumulated losses, representing (100%) of the total accumulated losses as per the reviewed condensed consolidated interim statements for the six-month period ended 30 June 2026G. As a result, the accumulated losses will be reduced to zero (0) Saudi Riyals, i.e. (0.00%) of the Company's share capital after the reduction, as per the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2026G. |
| **Suspension of Trading after Approval** | Following the approval of the Extraordinary General Assembly of the capital reduction, the reduction resolution shall be deemed effective and trading in the Company's shares on the Exchange will be suspended for two Trading Days, commencing on the day following the approval of the Extraordinary General Assembly of the capital reduction, after which trading will resume at the adjusted price. |
| **Fractional Shares** | The Company will aggregate the fractional shares (if any) resulting from the reduction of the Company's share capital into a single portfolio to be sold on the Exchange at the prevailing market price at that time, and the proceeds of their sale will then be distributed to the Eligible Shareholders, each in proportion to their ownership, within thirty (30) days from the date of the approval of the Extraordinary General Assembly of the reduction of the Company's share capital. |
| **Date of the Financial Statements Relied Upon** | The financial statements relied upon for the purposes of the capital reduction are the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2026G. |

Source: The Company

## 5.6 Reasons for the Capital Reduction and Management's Discussion and Analysis

- The Company's management has developed a strategy to improve the current position and support the Company's future growth and financial performance, and has reached a decision to restructure the Company's share capital by initiating a capital reduction to absorb the total accumulated losses, which amounted to one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals, representing (100%) of the Company's total accumulated losses as per the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2026G. Absorbing the accumulated losses is one of the most important decisions in light of the circumstances the Company is going through, and the Company is also working to rectify its position in order to stop the losses and achieve profits.
- On 17/01/1448H (corresponding to 02/07/2026G), the Company announced, through the website of the Saudi Stock Exchange (the Exchange), the recommendation of its Board of Directors, at its meeting held on 16/01/1448H (corresponding to 01/07/2026G), to reduce the Company's share capital from one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals to forty-three million, seven hundred and seventy-seven thousand, seven hundred and seventy-six (43,777,776) Saudi Riyals, by cancelling one hundred and thirty-eight million, four hundred and eighty-eight thousand, four hundred and forty-eight (138,488,448) of the Company's issued shares, in order to restructure the Company's share capital to absorb the accumulated losses.
- On 25/03/1448H (corresponding to 07/09/2026G), the Company announced, through the website of the Saudi Stock Exchange (the Exchange), the resolution of the Board of Directors, at its meeting held on 24/03/1448H (corresponding to 06/09/2026G), to amend the recommendation such that the Company's share capital is reduced from one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals to nine million, six hundred and forty-nine thousand, seven hundred and five (9,649,705) Saudi Riyals, by cancelling two hundred and six million, seven hundred and forty-four thousand, five hundred and ninety (206,744,590) of the Company's issued shares, in order to restructure the Company's share capital to absorb the accumulated losses.
- The Company's accumulated losses amounted to one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals as per the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2026G. These losses will be absorbed by reducing the Company's share capital by one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals. As a result, the accumulated losses will be reduced to zero (0) Saudi Riyals, i.e. (0.00%) of the Company's share capital after the reduction, as per the reviewed condensed interim financial statements for the six-month period ended 30 June 2026G.
- The Company's accumulated losses amounted to 16.56%, 62.02% and 91.46% of the Company's share capital as at the years 2024G and 2025G and the six-month period ended 30 June 2026G, respectively, which requires the Company's Board of Directors to take action in accordance with Article (132) of the Companies Law.
- The Company's Board of Directors also recommended to the Extraordinary General Assembly, at its meeting held on 24/03/1448H (corresponding to 06/09/2026G), that, following completion of the capital reduction, the Company's share capital be increased through a rights issue of 150,000,000 Saudi Riyals. Through the capital increase, the Company aims to support its financial position, provide the financing required to implement its operational and strategic plan, and repay its sukuk listed on the Exchange.

## 5.7 Impact of the Capital Reduction on the Company's Liabilities

The Company has appointed Al-Zoman, Al-Fahad & Al-Hajjaj Professional Consulting Company to prepare the limited assurance report on the proposed capital reduction, which sets out the reasons for the capital reduction and the impact of such reduction on the Company's liabilities and on shareholders' equity.

The reduction of the Company's share capital will have no impact on the Company's liabilities, according to the report of the Certified Public Accountant as set out in (Appendix 1) to this Circular.

## 5.8 Impact of the Capital Reduction on the Company's Shareholders' Equity

The Company's accumulated losses amounted to one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals as per the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2026G. Reducing the share capital by one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals will absorb (100%) of the total accumulated losses as per the reviewed condensed interim financial statements for the six-month period ended 30 June 2026G.

There will be no negative impact on the Company's liabilities or shareholders' equity. The following table shows the impact on shareholders' equity based on the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2026G.

**Table No. (9): Impact of the Capital Reduction on the Company's Shareholders' Equity**

| Shareholders' Equity As at 30 June 2026G | Before Capital Reduction (Saudi Riyals) | After Capital Reduction (Saudi Riyals) | Impact (Saudi Riyals) |
|---|---|---|---|
| Share capital | 113,022,000 | 9,649,705 | (103,372,295) |
| Share premium | 7,559,083 | 7,559,083 | - |
| Statutory reserve | 4,927,354 | 4,927,354 | - |
| Accumulated losses | (103,372,295) | 0 | 103,372,295 |
| **Total shareholders' equity** | **22,136,142** | **22,136,142** | **-** |

Source: The limited assurance report on the proposed capital reduction and the condensed consolidated interim financial statements (reviewed) for the six-month period ended 30 June 2026G.

The Company intends to reduce its share capital by one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals, from one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals to nine million, six hundred and forty-nine thousand, seven hundred and five (9,649,705) Saudi Riyals, by cancelling two hundred and six million, seven hundred and forty-four thousand, five hundred and ninety (206,744,590) of the Company's issued ordinary shares, at a cancellation ratio of (0.91462) shares for every (1) share.

The Company will aggregate any fractional shares (if any) resulting from the capital reduction into a single portfolio and then sell them on the Exchange at the prevailing price at that time, and the proceeds of their sale will then be distributed to the Company's Eligible Shareholders, each in proportion to their ownership, within thirty (30) days from the date of the Shareholders' approval at the Extraordinary General Assembly of the reduction of the Company's share capital.

The reduction of the Company's share capital will not affect the market value of the Shareholders' portfolios, as illustrated by the hypothetical example below, which is based on a Shareholder holding (1,000) of the Company's shares in their portfolio.

**Table No. (10): Impact of the Capital Reduction on a Shareholder Holding 1,000 Shares:**

| Item (Estimated) [1] | With the Capital Reduction | Without the Capital Reduction |
|---|---|---|
| Number of shares held before the capital reduction (shares) | 1,000 | 1,000 |
| Share price before the capital reduction (Saudi Riyals)[2] | 1.10 | 1.10 |
| Cancelled shares | 915 | Not applicable |
| Number of shares held after the reduction (shares) | 85 | Not applicable |
| Share price after the reduction (estimated) (Saudi Riyals) | 12.88 | Not applicable |
| Market value of the shares before the reduction (estimated) (Saudi Riyals) | 1,100 | 1,100 |
| Market value of the shares after the reduction (estimated) (Saudi Riyals) | 1,095.12 | Not applicable |
| Compensation value resulting from the capital reduction (estimated) (Saudi Riyals) | 4.88 | Not applicable |

1) The example in the table above contains estimated values and is for guidance purposes only; no investment decision should be made on the basis of the information contained therein, and the actual value of the shares will depend on market conditions at that time.

2) Based on the closing price on 13/04/1448H (corresponding to 24/09/2026G)

**Note**: The table above has been prepared on the basis of the share closing price of 1.10 Saudi Riyals as at the close of trading on 13/04/1448H (corresponding to 24/09/2026G). The actual market value of the Company's shares after the capital reduction will depend on the Company's share price as at the close of trading on the day of the Extraordinary General Assembly relating to the reduction. The presentation to Shareholders will also be updated by adding the share closing price on the day the Extraordinary General Assembly is held.

The table below sets out examples of the impact of the reduction on Shareholders holding different numbers of shares. It should be noted that a Shareholder holding eleven (11) shares or fewer before the capital reduction will not hold any shares thereafter, will no longer be a Shareholder and will receive only the compensation value for the fractional shares.

**Table No. (11): Examples of the Impact of the Reduction on Shareholders Holding Different Numbers of Shares:**

| Shares held before the reduction | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Item[1] | 1 | 5 | 10 | 11 | 12 | 15 | 30 | 50 | 100 |
| Share price before the reduction[2] | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 |
| Market value of the shares before the reduction (Saudi Riyals) | 1.10 | 5.50 | 11.00 | 12.10 | 13.20 | 16.50 | 33.00 | 55.00 | 110.00 |
| Reduction percentage (%) | 91.46 | 91.46 | 91.46 | 91.46 | 91.46 | 91.46 | 91.46 | 91.46 | 91.46 |
| Number of cancelled shares (shares) | 1 | 5 | 10 | 11 | 11 | 14 | 28 | 46 | 92 |
| Number of shares held after the reduction (shares) | 0 | 0 | 0 | 0 | 1 | 1 | 2 | 4 | 8 |
| Number of fractional shares entitled (estimated) | 0.09 | 0.43 | 0.85 | 0.94 | 0.02 | 0.28 | 0.56 | 0.27 | 0.54 |
| Share price after the reduction (estimated) | 12.88 | 12.88 | 12.88 | 12.88 | 12.88 | 12.88 | 12.88 | 12.88 | 12.88 |
| Market value of the shares after the reduction (estimated) | 0.00 | 0.00 | 0.00 | 0.00 | 12.88 | 12.88 | 25.77 | 51.53 | 103.07 |
| Compensation for fractional shares (estimated) | 1.10 | 5.50 | 11.00 | 12.10 | 0.32 | 3.62 | 7.23 | 3.47 | 6.93 |

1) The example in the table above contains estimated values and is for guidance purposes only; no investment decision should be made on the basis of the information contained therein, and the actual value of the shares will depend on market conditions at that time.

2) Based on the closing price on 13/04/1448H (corresponding to 24/09/2026G)

**Note**: The table above has been prepared on the basis of the share closing price of 1.10 Saudi Riyals as at the close of trading on 13/04/1448H (corresponding to 24/09/2026G). The actual market value of the Company's shares after the capital reduction will depend on the Company's share price as at the close of trading on the day of the Extraordinary General Assembly relating to the reduction. The presentation to Shareholders will also be updated by adding the share closing price on the day the Extraordinary General Assembly is held.

## 5.9 Method of Calculating the Share Price after the Capital Reduction

The share price before the reduction has been taken to be the closing price of the share of Al Kathiri Holding Company on 24/09/2026G, being (1.10) Saudi Riyals. The following table shows how the share price after the capital reduction is calculated:

**Table No. (12): Method of Calculating the Share Price after the Reduction**

| Item (Estimated) | Value |
|---|---|
| (a) Company share price before the capital reduction (Saudi Riyals) ** | 1.10 |
| (b) Number of outstanding and issued shares before the capital reduction (shares) | 226,044,000 |
| (c) Market value of the Company's shares before the reduction (Saudi Riyals) = (a) × (b) | 248,648,400 |
| (d) Number of outstanding and issued shares after the capital reduction (shares) | 19,299,410 |
| Share price after the capital reduction (Saudi Riyals) = (c) ÷ (d) | 12.88 |

* The table above has been prepared on the basis of the share closing price of 1.10 Saudi Riyals as at the close of trading on 13/04/1448H (corresponding to 24/09/2026G). The actual market value of the Company's shares after the capital reduction will depend on the Company's share price as at the close of trading on the day of the Extraordinary General Assembly relating to the reduction. The presentation to Shareholders will also be updated by adding the share closing price on the day the Extraordinary General Assembly is held.

6

# Directors' Declaration

الكثيري القابضة
AL KATHIRI HOLDING

# 6 Directors' Declaration

The Directors confirm, to the best of their knowledge and belief, that the capital reduction is in the interest of the Company and its Shareholders.

# 7

# Potential Risks Resulting from the Capital Reduction

الكثيري القابضة
AL KATHIRI HOLDING

# 7 Potential Risks Resulting from the Capital Reduction

Each Shareholder of the Company should read this section and study all of the information set out herein carefully and thoroughly before taking any decision at the Company's Extraordinary General Assembly meeting relating to the capital reduction. Each Shareholder of the Company should also read and study all of the other information contained in this Circular, and not only the potential risks referred to in this section, as the Risk Factors mentioned in this Circular may not include all of the risks that the Company may currently face or that were identified before or on the date of this Circular. It should be noted that additional risk factors other than those set out in this section may arise, and such risks may adversely affect the Company because they are unknown to the Company's Board of Directors as at the date of this Circular – to the best of their knowledge and belief – or because they are not considered to be factors that may affect the capital reduction as at the date of this Circular. Furthermore, the potential risks and uncertainties set out below are presented in an order that does not reflect their degree of importance. (For further information, please refer to Section (5.6) "Reasons for the Capital Reduction and Management's Discussion and Analysis" of this Circular).

## 7.1 Risks Related to Forward-Looking Statements

Certain statements contained in this Circular may constitute forward-looking expectations and statements and involve known and unknown risks and uncertainties that may affect the Company's financial results. These statements include, without limitation, the Company's future plans, the effects of the capital reduction, the capital restructuring plan and other matters. The Company's future results and performance data cannot actually be predicted and may differ from what is set out in this Circular, as the Company's performance and its ability to develop are among the determinants of actual results. The inaccuracy of these expectations and statements is one of the risks borne by the Shareholders upon approving the capital reduction. Should the Company's forward-looking expectations differ from the actual results, this may adversely affect the share price.

## 7.2 Risks Related to Accumulated Losses

The Company's accumulated losses amounted to (16.56%), (62.02%) and (91.46%) of the share capital as at the financial years ended 31 December 2024G and 2025G and the period ended 30 June 2026G, respectively. Pursuant to the Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital, issued by the Board of the Capital Market Authority under Resolution No. 4-48-2013 dated 15/01/1435H corresponding to 18/11/2013G based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, and amended by Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H corresponding to 18/01/2023G, Article Five (Accumulated Losses Reaching 50% or More of Share Capital) provides that the company must disclose to the public immediately and without delay, by way of a separate announcement, when its accumulated losses reach 50% or more of its share capital; the announcement shall include the amount of the accumulated losses and their percentage of the share capital, and the main reasons that led to such losses, and shall state that the Procedures and Instructions will apply to it. Where the required disclosure coincides with the announcement of the interim or annual financial results, the company shall be exempted from making a separate announcement if it includes the disclosure in the announcement of the interim or annual financial results.

Should the Company continue to incur losses in the future, which may require it to be subject to the Procedures and Instructions Related to Listed Companies whose accumulated losses have reached 50% or more of their share capital, this would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

## 7.3 Risks Related to the Reduction in Share Capital

The Company will reduce its share capital from one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals to nine million, six hundred and forty-nine thousand, seven hundred and five (9,649,705) Saudi Riyals, representing a reduction of (91.46%) in the share capital; accordingly, the Company's share capital will be lower. Although the Board of Directors has recommended, following completion of the capital reduction, that the share capital be increased by 150 million Riyals, should the capital increase not be completed and should the Company incur further accumulated losses in the future, such losses will represent a larger percentage of the share capital than if they were incurred now. Accordingly, the Company may reach the 50% threshold more quickly, comparing the current share capital with the share capital after the reduction, which may adversely affect the Company's business, financial position, results of operations and prospects. In addition, the capital reduction reduces the Company's ability to reduce its share capital in the future and limits the percentage by which the Company may reduce it, and it may also adversely affect the perception of other parties, including financiers, of the Company's financial solvency, which may adversely affect the Company's business, financial position, results of operations and prospects.

## 7.4 Risks Related to Share Price Volatility on the Exchange and the Consequent Impact on Compensation for Fractional Shares (If Any)

The Company's share price may be subject to a significant degree of volatility and instability as a result of several factors, including stock market conditions, regulatory changes in the sector and the entry of new competitors. Should the market price of the share decline after the capital reduction, Shareholders will lose part of the value of their investments in the Company's shares. In addition, the impact on the compensation value for fractional shares is similar to the impact of volatility in the Company's share price, as such fractions will be sold at the prevailing market price at that time.

## 7.5 Risks Related to a Shareholder Owning Eleven (11) Shares or Fewer

If a Shareholder owns eleven (11) or fewer shares of the Company, such shares will be cancelled and the Shareholder will accordingly be compensated through the fractional shares that will be sold at the time. It should be noted that trading in the Company's shares will be suspended for two (2) Trading Days following the day on which the Extraordinary General Assembly approves the capital reduction, during which the Securities Depository Center Company (Edaa) will apply the reduction to the Shareholders' investment portfolios, pursuant to sub-paragraph (6) of paragraph (c) of Article (38) of the Listing Rules (for further details, please refer to Section (5.8) "Impact of the Capital Reduction on the Rights of the Company's Shareholders" of this Circular).

## 7.6 Risks Related to Liquidity

Liquidity risk is the risk that the Company will be unable to meet its obligations relating to current financial liabilities as they fall due. The Company's current liabilities include, without limitation, short-term bank facilities, the Saudi Industrial Development Fund loan – current portion, trade payables, contract liabilities – subcontractors, lease liabilities – current portion, accrued expenses and other credit balances, and the Zakat provision.

The Company's liquidity ratio amounted to approximately (2.29) times, (1.11) times and (0.87) times as at 31 December 2024G and 2025G and for the six-month period ended 30 June 2026G, respectively. These ratios reflect a marked decline in the ability to cover current liabilities using the Company's current assets, and where the liquidity ratio is below (1), this indicates that the Company may not have sufficient ability to settle its current liabilities using its current assets. Working capital amounted to (74,638,129) Saudi Riyals and (14,042,865) Saudi Riyals, while the working capital deficit amounted to (17,976,628) Saudi Riyals, as at 31 December 2024G and 2025G and for the six-month period ended 30 June 2026G, respectively. This indicates that the Company's current liabilities exceeded its current assets as at the period ended 30 June 2026G, reflecting a liquidity shortfall which may result in the Company being unable to meet its short-term obligations using its current assets. There is no guarantee that the Company will be able to meet its current or future obligations when they fall due, particularly its short-term obligations. Accordingly, the Company is required to work on improving its level of liquidity in order to be able to meet its future short-term obligations; otherwise, it will face additional liquidity problems that would have a material adverse effect on the Company's business and, consequently, on the results of its operations, its financial results and its future prospects.

## 7.7 Risks Related to the Company's Reputation

A reduction by companies of their share capital tends to be interpreted negatively by the market in general, and numerous assumptions and expectations may be formed regarding the Company's financial and commercial position, which may not be correct or accurate. This may affect the share price and trading behaviour in the Company's shares, and may adversely affect the Company's business, financial position, results of operations and future prospects.

## 7.8 Risks Related to Going Concern

The External Auditor's report as at 30 June 2026G indicates the existence of a material uncertainty related to going concern, stating that the Group incurred a loss of thirty-three million, four hundred and thirty-six thousand, eight hundred and three (33,436,803) Saudi Riyals for the period ended 30 June 2026G, and that the Group's accumulated losses as at 30 June 2026G amounted to one hundred and three million, three hundred and seventy-two thousand, two hundred and ninety-five (103,372,295) Saudi Riyals, representing (91.46%) of the Company's share capital, and that current liabilities exceeded current assets by seventeen million, nine hundred and seventy-six thousand, six hundred and twenty-eight (17,976,628) Saudi Riyals as at 30 June 2026G. Accordingly, the events referred to above indicate the existence of a material uncertainty related to the Company's ability to continue as a going concern. Although the reduction of the Company's share capital will absorb (100%) of the accumulated losses, the Company cannot guarantee that it will not incur additional losses in the future. Furthermore, the rapid pace of market changes and the failure to implement plans effectively and efficiently may weaken the Company's ability to compete and, consequently, have a material adverse effect on its growth opportunities, results of operations, financial position, future prospects and continuity as a going concern.

## 7.9 Risks Related to the External Auditor's Qualified Opinion on the Financial Statements for the Financial Period Ended 30 June 2026G

The External Auditor's report for the financial period ended 30 June 2026G indicates a qualified conclusion, as follows:

- As described in Note (29) to the condensed consolidated interim financial statements, the Group's property, plant and equipment as at 30 June 2026G include assets belonging to Alyan Industrial Company (a "Subsidiary") with a net book value of 104,185,144 Saudi Riyals. Given the existence of indicators of impairment, management performed a test to determine their recoverable amount. The results of our examination of the impairment assessment showed that the value in use of these assets is lower than their carrying amount. However, sufficient information was not available to us to assess the fair value less costs of disposal, and consequently we were unable to determine the recoverable amount.

Accordingly, we were unable to determine whether any adjustments are required to the carrying amount of these assets, and the related effects on the loss for the period, equity and the related disclosures.

- As described in Note (16) to the condensed consolidated interim financial statements, the Group breached certain financial covenants relating to the sukuk issued, the balance of which amounted to (100,000,000) Saudi Riyals as at 30 June 2026G 31 December 2025G, and the Group did not obtain a waiver of the breach. Accordingly, the sukuk should have been classified within current liabilities in accordance with the requirements of International Accounting Standard No. (1) "Presentation of Financial Statements". However, the Group's management classified them within non-current liabilities, resulting in an overstatement of non-current liabilities and an understatement of current liabilities by (100,000,000) Saudi Riyals as at 30 June 2026G and 31 December 2025G.

Based on the foregoing, the Company may be exposed to potential effects that would adversely affect its financial results, financial position and future prospects.

## 7.10 Risks Related to the Company's Zakat Position

The Company has submitted its Zakat returns to the Zakat, Tax and Customs Authority for all prior years since the Company's incorporation up to the financial year ended 31 December 2025G, and the Company has received a Zakat certificate from the Zakat, Tax and Customs Authority for all prior years since its incorporation up to 2025G.

During 2025G, the Group received a final assessment from the Zakat, Tax and Customs Authority for 2023G, which included a claim for payment of Zakat differences in the amount of (2,491,703) Saudi Riyals. The Group submitted its objection within the statutory period; however, no decision has been made on it to date. As management expects the objection to be rejected, it has recognised a provision for Zakat claims for the full amount of the assessment.

During 2026G, the Group received a preliminary Zakat assessment from the Zakat, Tax and Customs Authority for 2024G, which included a claim for payment of Zakat differences in the amount of (2,946,169) Saudi Riyals, and the Group has recognised a provision for the full amount of the assessment.

The Company cannot predict whether the Zakat, Tax and Customs Authority will accept its Zakat estimates for the years referred to above, for which the Zakat, Tax and Customs Authority has not issued final Zakat assessments as at the date of this Circular, or whether it will require the Company to pay any Zakat differences in the future. Should the Zakat, Tax and Customs Authority in fact require the Company to pay such differences, and accordingly, in the event that any claims are issued by the Zakat, Tax and Customs Authority for the payment of Zakat differences in respect of the Zakat returns submitted, this would have a material adverse effect on the Company's profits, results of operations, financial position and future prospects.

## 7.11 Risks Related to Unexpected Incidents

The Company's business and results depend entirely on its continuity. Accordingly, should any matter arise that would adversely affect its business, or should the Company be exposed to any incident or emergency that affects the continuity of its business, whether temporarily or permanently, this would have a material adverse effect on the Company's operating and financial results and, consequently, on its working capital.

## 7.12 Risks Related to the Suspension of Trading in the Company's Shares as a Result of Failure to Publish Its Financial Statements

The Company did not disclose its financial results for the period ended 30 June 2026G within the statutory period (30 days from the end of the financial period for the semi-annual financial statements, which ends on 11/08/2026G). Accordingly, the Company's shares were suspended in accordance with the procedures for the suspension of listed securities under the Listing Rules, which provide that the Exchange shall suspend trading in the securities for one trading session following the expiry of the statutory deadline, and, if the financial information is not published within twenty trading sessions following the first suspended trading session, Saudi Exchange Company shall announce the re-suspension of the Company's securities until the Company announces its financial results. It should be noted that the Company announced its financial results on 07 September 2026G. The main reason for this delay was that the final audit work on the financial statements had not been completed. Should this recur in the future, the Company would be exposed to the suspension of its shares, which would have a material adverse effect on the interests of the Company's Shareholders and on the Company's reputation, results of operations and future prospects.

## 7.13 Risks Related to Non-Compliance with Current Laws and Regulations and the Issuance of New Laws and Regulations

The Company is subject to the supervision of a number of government authorities in the Kingdom of Saudi Arabia and is therefore exposed to the risk of changes in laws, regulations, circulars and policies in the Kingdom, and the costs of compliance with such laws are high. Should changes be introduced to existing laws or regulations, or new laws or regulations be issued, this would cause the Company to incur additional, unexpected financial expenses for purposes related to compliance with such regulations and meeting the requirements of such laws, or the Company may be subject to penalties and fines imposed by the competent supervisory authorities in the event of its failure to comply with such regulations and laws on an ongoing basis, which may have a material adverse effect on the Company, its results of operations and its future prospects.

8

# Expected Timeline for the Capital Reduction

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# 8 Expected Timeline for the Capital Reduction

### Table No. (13): Expected Timeline for the Capital Reduction

| Expected Timetable for the Capital Reduction | Date |
|---|---|
| **Procedures Relating to Obtaining the Authority's Approval of the Capital Reduction** | |
| Announcement of the Board of Directors' recommendation to reduce the share capital from one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals to forty-three million, seven hundred and seventy-seven thousand, seven hundred and seventy-six (43,777,776) Saudi Riyals | 17/01/1448H (corresponding to 02/07/2026G) |
| Announcement by Al Kathiri Holding Company of the amendment of the recommendation, such that the Company's share capital is to be reduced from one hundred and thirteen million, twenty-two thousand (113,022,000) Saudi Riyals to nine million, six hundred and forty-nine thousand, seven hundred and five (9,649,705) Saudi Riyals. | 25/03/1448H (corresponding to 07/09/2026G) |
| Announcement of the appointment of the Financial Advisor for the Company's capital reduction. | 02/04/1448H (corresponding to 13/09/2026G) |
| Submission of the application file for approval of the capital reduction to the Capital Market Authority. | 16/04/1448H (corresponding to 27/09/2026G) |
| Obtaining the Capital Market Authority's approval of the Company's capital reduction application, as announced on the website of the Capital Market Authority and the website of the Saudi Stock Exchange (Tadawul). | 10/05/1448H (corresponding to 21/10/2026G) |
| **Procedures Relating to the Extraordinary General Assembly for the Capital Reduction** | |
| Invitation to attend the Extraordinary General Assembly relating to the capital reduction, and its announcement on the Exchange's website. | ××/××/××××H (corresponding to ××/××/××××G) |
| Making the Documents Available for Inspection relating to the capital reduction available at the Company's head office during working hours (provided that the period is not less than fourteen (14) Business Days prior to the date of the Extraordinary General Assembly including the reduction of the Company's share capital, commencing from the date of publication of the invitation to convene the Extraordinary General Assembly). | ××/××/××××H (corresponding to ××/××/××××G) |
| Announcement of the commencement of electronic voting on the items of the Extraordinary General Assembly meeting relating to the capital reduction | ××/××/××××H (corresponding to ××/××/××××G) |
| Convening of the Extraordinary General Assembly relating to the capital reduction (first meeting) – the quorum for the Assembly is met by the attendance of a number of Shareholders representing at least one half of the Company's shares carrying voting rights. | ××/××/××××H (corresponding to ××/××/××××G) |
| Convening of the Extraordinary General Assembly relating to the capital reduction (second meeting) – the quorum for the Assembly is met by the attendance of a number of Shareholders representing at least one quarter of the Company's shares carrying voting rights. | One hour after the end of the period specified for convening the Extraordinary General Assembly meeting (first meeting) for which the required quorum was not met. |
| Announcement by the Company of the results of the Extraordinary General Assembly relating to the capital reduction (first meeting or second meeting), or announcement that the Extraordinary General Assembly was not convened if its quorum is not met. | ××/××/××××H (corresponding to ××/××/××××G) |
| **Procedures in the Event the Quorum Is Not Met for the First and Second Meetings of the Extraordinary General Assembly** | |
| Announcement on the Exchange's website of the invitation to the third meeting of the Extraordinary General Assembly at least (21) days prior to the date scheduled for it. | ××/××/××××H (corresponding to ××/××/××××G) |
| Announcement on the Exchange's website of the commencement of electronic voting for Shareholders on the third meeting of the Extraordinary General Assembly. | ××/××/××××H (corresponding to ××/××/××××G) |
| Convening of the Extraordinary General Assembly relating to the capital reduction (third meeting) – the quorum for convening the third meeting of the Extraordinary General Assembly is met irrespective of the number of shares carrying voting rights. | ××/××/××××H (corresponding to ××/××/××××G) |
| Announcement by the Company of the results of the Extraordinary General Assembly relating to the capital reduction (third meeting). | ××/××/××××H (corresponding to ××/××/××××G) |
| **Procedures Relating to the Completion of the Capital Reduction** | |
| Entry into effect of the capital reduction resolution and its announcement as part of the resolutions of the Extraordinary General Assembly. | ××/××/××××H (corresponding to ××/××/××××G) |
| Suspension of trading in the shares on the Saudi Exchange website for two Trading Days, commencing from the day following the Extraordinary General Assembly's approval of the capital reduction. | ××/××/××××H (corresponding to ××/××/××××G) |
| Adjustment of the share price following the capital reduction, which takes place on the day following the suspension of trading in the shares. | ××/××/××××H (corresponding to ××/××/××××G) |
| Announcement of the deposit of the proceeds from the sale of fractional shares resulting from the reduction of the Company's share capital into the accounts of the Eligible Shareholders. | Within (30) days from the date of the Shareholders' approval of the reduction of the Company's share capital at the Extraordinary General Assembly. |

9

# Regulatory Approvals Required for the Capital Reduction

الكثيري القابضة
AL KATHIRI HOLDING

# 9 Regulatory Approvals Required for the Capital Reduction

- Approval of the Capital Market Authority of the capital reduction application on 10/05/1448H (corresponding to 21/10/2026G), which was announced on the websites of the Capital Market Authority and the Saudi Exchange on 10/05/1448H (corresponding to 21/10/2026G).
- The Company submitted a notification to the Saudi Exchange in respect of the capital reduction on 11/05/1448H (corresponding to 22/10/2026G).
- Approval of the Shareholders at the Extraordinary General Assembly relating to the capital reduction, to be held on ××/××/××××H (corresponding to ××/××/××××G). It should be noted that the capital reduction is conditional upon the approval of the Shareholders at the Extraordinary General Assembly relating to the capital reduction, and if their approval of this capital reduction is not obtained, the capital reduction procedures will not be completed.
- If the Shareholders' approval of the capital reduction is obtained at the Extraordinary General Assembly, the Company will write to the Ministry of Commerce to obtain its approval to amend the Company's Commercial Registration and Bylaws.
- Other than the foregoing, there are no other regulatory approvals that the Company is required to obtain in connection with the completion of the capital reduction.

# 10

# Relevant Laws and Regulations

الكثيري القابضة
AL KATHIRI HOLDING

# 10 Relevant Laws and Regulations

- The Companies Law in the Kingdom of Saudi Arabia, issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and any amendments thereto.
- The Implementing Regulation of the Companies Law for Listed Joint Stock Companies, issued by the Capital Market Authority pursuant to Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by Resolution of the Board of the Authority No. (3-44-2026) dated 11/10/1447H (corresponding to 30/03/2026G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and any amendments thereto.
- The Capital Market Law, issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and any amendments thereto.
- The Rules on the Offer of Securities and Continuing Obligations, issued by the Board of the Authority pursuant to 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 (corresponding to 31/07/2003G), as amended by Resolution of the Board of the Authority No. (3-6-2026) dated 30/07/1447H (corresponding to 19/01/2026G), and any amendments thereto.
- The Listing Rules issued by the Exchange and approved by Resolution of the Board of the Capital Market Authority No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), as amended by Resolution No. (1-46-2026) dated 13/10/1447H (corresponding to 01/04/2026G), and any amendments thereto.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (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 (corresponding to 10/11/2015G), as amended by Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and any amendments thereto.
- The Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-48-2013) dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended by Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and any amendments thereto.
- The Company's Bylaws and any amendments thereto.

# 11

# Important Information

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AL KATHIRI HOLDING

# 11 Important Information

- Pursuant to the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443H, corresponding to (30/06/2022G), and any amendments thereto, and in particular Article (133) of the Companies Law, which provides that the share capital shall be reduced by one of the following methods:

a. Cancelling a number of shares equivalent to the amount to be reduced.

b. Reducing the nominal value of the share by cancelling a part thereof equivalent to the loss incurred by the Company.

c. Reducing the nominal value of the share by returning a part thereof to the Shareholder, or by releasing the Shareholder from all or part of the unpaid amount of the share value.

d. The Company purchasing a number of its shares equivalent to the amount to be reduced, and subsequently cancelling them.

- With reference to the Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-48-2013) dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, as amended by Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and any amendments thereto, the Company must:

– Disclose to the public immediately and without delay, by way of a separate announcement, when its accumulated losses reach (20%) or more, but less than (35%), of its share capital. The announcement shall include the amount of the accumulated losses, their percentage of the share capital and the main reasons that led to such losses, and shall state that these procedures and instructions will apply to the Company. Where the disclosure required under this paragraph coincides with the announcement of the interim or annual financial results, the Company shall be exempt from making a separate announcement if it includes such disclosure in the announcement of the interim or annual financial results.

– Disclose to the public immediately and without delay, by way of a separate announcement, when its accumulated losses reach (35%) or more, but less than (50%), of its share capital. The announcement shall include the amount of the accumulated losses, their percentage of the share capital and the main reasons that led to such losses, and shall state that these procedures and instructions will apply to the Company. Where the disclosure required under this paragraph coincides with the announcement of the interim or annual financial results, the Company shall be exempt from making a separate announcement if it includes such disclosure in the announcement of the interim or annual financial results.

– Disclose to the public immediately and without delay, by way of a separate announcement, when its accumulated losses reach (50%) or more of its share capital. The announcement shall include the amount of the accumulated losses, their percentage of the share capital and the main reasons that led to such losses, and shall state that these procedures and instructions will apply to the Company. Where the disclosure required under this paragraph coincides with the announcement of the interim or annual financial results, the Company shall be exempt from making a separate announcement if it includes such disclosure in the announcement of the interim or annual financial results.

– In accordance with Article (134) of the Companies Law, the Company's share capital may be reduced by a resolution of the Extraordinary General Assembly if the Company has incurred losses, and in that case alone the share capital may be reduced below the limit stipulated in Article (59) of the Companies Law, i.e. (500,000) Saudi Riyals. Such resolution shall not be issued until after a statement prepared by the Board of Directors has been read at the General Assembly on the reasons for the reduction, the Company's obligations and the effect of the reduction on the fulfilment thereof, and a report from the Company's External Auditor shall be attached to such statement.

- In accordance with Article (93) of the Companies Law, a meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least (one half) of the Company's shares carrying voting rights, unless the Company's Bylaws provide for a higher percentage, provided that it does not exceed (two thirds). If the quorum required to hold the Extraordinary General Assembly meeting is not met, an invitation shall be sent for a second meeting to be held under the same conditions as stipulated in Article (91) of the Companies Law. However, the second meeting may be held one hour after the end of the period specified for holding the first meeting, provided that the invitation to the first meeting indicates the possibility of holding such meeting. In all cases, the meeting shall be valid if attended by Shareholders representing at least (one quarter) of the Company's shares carrying voting rights. If the quorum required to hold the second meeting is not met, an invitation shall be sent for a third meeting, and the third meeting shall be valid irrespective of the number of shares carrying voting rights represented thereat.
- In accordance with Article (93) of the Companies Law, a resolution of the Extraordinary General Assembly to reduce the Company's share capital shall be passed with the approval of (three quarters) of the voting rights represented at the meeting.
- If the Company's Shareholders approve the capital reduction, the resolution shall be effective on all Shareholders of the Company who own shares at the close of trading on the day of the Extraordinary General Assembly relating to the capital reduction and who are registered in the Company's shareholders' register at Edaa at the end of the second Trading Day following the day of the Extraordinary General Assembly for the capital reduction, including Shareholders who did not attend the Extraordinary General Assembly meeting, as well as Shareholders who attended the meeting and did not vote or voted against the reduction resolution.
- Companies with accumulated losses are classified, according to the Saudi Exchange website, as follows:
  - The Company's accumulated losses reaching 20% or more, but less than 35%, of its share capital.
  - The Company's accumulated losses reaching 35% or more, but less than 50%, of its share capital.
  - The Company's accumulated losses reaching 50% or more of share capital.

# 12

# Report of the Certified Public Accountant on the Reasons for the Capital Reduction and Its Impact

الكثيري القابضة
AL KATHIRI HOLDING

# 12 Report of the Certified Public Accountant on the Reasons for the Capital Reduction and Its Impact

The Company has appointed Al-Zoman, Al-Fahad & Al-Hajjaj Professional Consulting Company to prepare the limited assurance report on the proposed capital reduction of the Company, which sets out the reasons for the capital reduction and the impact of such reduction on the Company's obligations and on shareholders' equity, for the purpose of obtaining the Capital Market Authority's approval of the capital reduction application (for further details, please refer to the limited assurance report on the proposed capital reduction in Appendix No. "1" to this Circular).

Pursuant to Article (134) of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H, corresponding to (30/06/2022G), which entered into force on 26/06/1444H (corresponding to 19/01/2023G), and any amendments thereto, the reduction resolution shall not be issued until after a statement prepared by the Board of Directors has been read at the General Assembly on the reasons for the reduction, the Company's obligations and the effect of the reduction on the fulfilment thereof, and a report from the Company's External Auditor shall be attached to such statement.

A copy of the limited assurance report on the proposed capital reduction of the Company prepared by the Certified Public Accountant was included in the announcement of the invitation to this Extraordinary General Assembly on the website of the Saudi Stock Exchange (Saudi Exchange) on ××/××/××××H (corresponding to ××/××/××××G).

# 13

# Documents Available for Inspection

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AL KATHIRI HOLDING

# 13 Documents Available for Inspection

The Shareholders' Circular will be published and made available to the public for a period of not less than (14) Business Days prior to the convening of the Extraordinary General Assembly relating to the reduction of the Company's share capital.

The Company will make the following documents available for inspection by Shareholders during official working hours from 9:00 a.m. to 4:30 p.m. at the Company's head office at Prince Yazid bin Abdullah bin Abdulrahman Street, Al Malqa District, Unit No. 19, Riyadh 13523 – 6695, commencing from the first Business Day after the invitation to convene the Extraordinary General Assembly relating to the capital reduction, and the documents will remain available for inspection until the convening of the Extraordinary General Assembly relating to the reduction of the Company's share capital on ××/××/××××H (corresponding to ××/××/××××G):

- A copy of the Board of Directors' recommendation to reduce the Company's share capital.
- A copy of the Financial Advisor's appointment letter.
- A copy of the limited assurance report on the proposed capital reduction.
- A copy of the announcement of the Capital Market Authority's approval of the reduction of the Company's share capital, as published on the Capital Market Authority's website and the website of the Saudi Stock Exchange (Saudi Exchange) on 10/05/1448H (corresponding to 21/10/2026G).
- A copy of the Shareholders' Circular submitted to the Extraordinary General Assembly.

# 14

# Appendices

الكثيري القابضة
AL KATHIRI HOLDING

# 14 Appendices

## 14.1 Appendix No. (1): A copy of the limited assurance report on the proposed capital reduction.

## Limited Assurance Report on Share Capital Reduction

**To the Shareholders of Al Kathiri Holding Company**
A Saudi Joint Stock Company
Riyadh - Kingdom of Saudi Arabia

**Scope**
We have performed a limited assurance engagement to report whether anything has come to our attention that causes us to believe that the matter described in the "Subject Matter" section below has not been fairly presented, in all material respects, in accordance with the applicable criteria referred to below.

**Subject Matter**
The subject of this limited assurance engagement is the accompanying report of the Company's management regarding the reasons for the proposed reduction of the share capital of Al Kathiri Holding Company ("the Company"), as recommended by the Board of Directors to the Extraordinary General Assembly, and the effect of this reduction on the Company's net assets.

The Board of Directors, at its meeting held on 24 Rabi' al-Awwal 1448 AH corresponding to (6 September 2026) recommended reducing the Company's share capital from ﷼ 113,022,000 to ﷼ 9,649,705, representing a reduction of 91.46% of the share capital, through the cancellation of 206,744,590 ordinary shares issued by the Company with a nominal value of ﷼ 0.5 per share. The purpose of the reduction is to eliminate accumulated losses amounting to ﷼ 103,372,295, resulting in accumulated losses after the reduction of ﷼ Nil, as disclosed in the interim consolidated condensed financial statements (unaudited) for the three and six-month periods ended 30 June 2026.

**Applicable Criteria**
Articles 132 (Company Losses), 133 (Methods of Capital Reduction), and 134 (Issuance of Capital Reduction Resolution) of the Companies Law issued by the Ministry of Commerce.

Article 61 of Chapter Two (Part Six) of the Capital Market Authority's Rules on the Offering of Securities and Continuing Obligations.

Article 14 of the Company's Articles of Association.

**Management's Responsibility**
Management is responsible for the preparation and fair presentation of the information included in the above-mentioned Subject Matter paragraph in accordance with the applicable criteria and is also responsible for selecting the methods of applying those criteria. Management is also responsible for implementing such internal controls as it determines necessary for the preparation and fair presentation of the information included in the above-mentioned Subject Matter paragraph, and for ensuring that such information is free from material misstatement, whether due to fraud or error. This includes selecting and applying appropriate criteria, maintaining adequate records, and making reasonable estimates in accordance with the relevant circumstances and events.

**Our Responsibility**
Our responsibility is to express a limited assurance conclusion on the subject matter based on the work performed in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" as endorsed in Saudi Arabia, and the terms and conditions of the engagement agreed with the Company's management.

We designed our procedures to obtain a limited level of assurance sufficient to provide a basis for expressing our conclusion. Accordingly, we did not obtain all the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on our professional judgment, including our assessment of the risks of material misstatement of the subject matter, whether due to fraud or error. We also considered the effectiveness of internal controls when determining the nature and extent of our procedures; however, our engagement was not designed to provide assurance on the effectiveness of those controls.

**Independence and Quality Management**
We complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "International Code") and adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia.

Our firm applies International Standard on Quality Management (ISQM 1), as adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive quality management system, including documented policies and procedures to ensure compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## Limited Assurance Report on Share Capital Reduction (Continued)

**To the Shareholders of Al Kathiri Holding Company**
A Saudi Joint Stock Company
Riyadh - Kingdom of Saudi Arabia

**Summary of Procedures Performed**
The procedures applied in a limited assurance engagement differ in nature and timing from, and are less extensive than, those applied in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

A limited assurance engagement primarily involves making inquiries of the persons responsible for the preparation of the subject matter and the related information and applying analytical procedures and other appropriate procedures. Our procedures included the following:

- Reviewing the Board resolution dated 24 Rabi' al-Awwal 1448 H corresponding to (6 September 2026), in which the Board recommended to the Extraordinary General Assembly the reduction of the Company's share capital from 113,022,000 ﷼ to 9,649,705 ﷼, a reduction of 91.46%.
- Examining the accompanying information provided by the Company's management, "Management Report on the Proposed Share Capital Reduction," which sets out the reasons for the proposed capital reduction and the impact of the reduction on the Company's obligations.
- Reviewing Articles 132, 133, and 134 of the Saudi Companies Law issued by the Ministry of Commerce, Article 61 of Chapter Two (Part Six) of the Capital Market Authority's Rules on the Offering of Securities and Continuing Obligations, and Article 14 of the Company's Articles of Association.

**Conclusion**
Based on the limited assurance procedures we performed and the evidence obtained, nothing has come to our attention that causes us to believe that the information disclosed in the above-mentioned Subject Matter paragraph has not been reported and presented fairly, in all material respects, in accordance with the applicable criteria.

**Other Matter**
Annex (1) has been stamped by us for identification purposes only.

**Restriction on Use**
This report has been prepared solely at the request of the Company's management to assist the Company in fulfilling its reporting obligations to the Extraordinary General Assembly in accordance with the applicable criteria. This report may not be used for any other purpose, distributed to any other parties other than the Ministry of Commerce and the Capital Market Authority, quoted from, or referred to without our prior written consent.

For Alzoman, Alfahad & Alhajjaj Professional Services

شركة الزومان والفهد والحجاج للاستشارات المهنية
Alzoman, Alfahad & Alhajjaj Professional Services
CR 1010461402

Zaher Abdullah Alhajjaj
Certified Public Accountant
License No (562)

Riyadh, Kingdom of Saudi Arabia

Date: 11 Rabi Thani 1448H
Corresponding to: 22 September 2026

الكثيري القابضة
AL KATHIRI HOLDING

**Al Kathiri Holding Company**
**(Saudi Joint Stock Company)**

# Management Report on the Proposed Share Capital Reduction

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شركة الزومان والفهد والحجاج للاستشارات المهنية
Alzoman, Alfahad & Alhajjaj Professional Services
CR 1010461402

ختم الأعراض التعريفي فقط

شركة مساهمة سعودية راس المال ١١٣,٠٢٢,٠٠٠ ريال سعودي مدفوع بالكامل
Saudi Joint Stock Co. Capital paid 113.022.000 SR
920004192 Tel.: 011 4167900 - Fax : 011 4167909 - 106
Riyadh - SPL[RRMB3158]C.R. 1010255690
info@alkathiriholding.com - www.alkathiriholding.com

**1. Reasons for the Proposed Share Capital Reduction and Its Impact on the Company's Obligations**

**1-1 Reasons that Make the Reduction Necessary**

Restructuring the Company's capital by reducing it by 103,372,295 ﷼ through the cancellation of 206,744,590 shares due to the accumulated losses amounting to approximately 91.46% of the Company's capital and extinguishing the balance of accumulated losses so that the balance after the reduction will be nil, based on the interim condensed consolidated financial statements (unaudited) for the three- and six-month periods ended 30 June 2026. There will be no material impact from the capital reduction on the Company's liabilities, operations, financial, operational, or regulatory performance, and the capital reduction will not affect the market value of the Company's shareholders' portfolios. It should be noted that a shareholder who holds eleven shares or fewer of the Company's shares in their portfolio will have their shares cancelled and will be compensated for the fractional shares to which they are entitled. The Company will consolidate any fractional shares (if any) resulting from the capital reduction into one portfolio and then sell them in the market at the prevailing price at the time, and the proceeds from their sale will then be distributed to the eligible shareholders of the Company, each according to their respective ownership, within thirty (30) days from the date of the shareholders' approval at the Extraordinary General Assembly of the Company's capital reduction.

**1-2 Applicable Criteria**

**1-2-1 Company's Articles of Association**

**Article 14: Capital Reduction**

1 - The Extraordinary General Assembly may resolve to reduce the Company's capital if it exceeds the Company's needs or if the Company incurs losses. In the latter case only, the capital may be reduced below the limit stipulated in Article Fifty-Nine of Companies Law. The reduction resolution shall not be issued until a statement prepared by the Board of Directors is read at a General Assembly meeting, setting out the reasons for the reduction, the Company's obligations, and the effect of the reduction on the Company's ability to fulfill such obligations. A report from the Company's auditor shall be attached to such statement.

2 - If the capital reduction is due to the capital exceeding the Company's needs, the creditors shall be invited to submit their objections, if any, to the reduction at least forty-five days prior to the date scheduled for the Extraordinary General Assembly meeting to adopt the reduction resolution. The invitation shall be accompanied by a statement specifying the amount of capital before and after the reduction, the date of the meeting, and the effective date of the reduction. If any creditor objects to the reduction and submits supporting documentation to the Company within the aforementioned period, the Company shall pay the creditor's debt if it is due, or provide sufficient security for settlement if the debt is not yet due.

3 - Equality among shareholders holding shares of the same type and class shall be observed when reducing the capital.

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ختم الأغراض التعريفية

**1. Reasons for the Proposed Capital Reduction and Its Impact on the Company's Obligations (continued)**

**1-2 Applicable Criteria (Continued)**

**1-2-2 Saudi Companies Law Issued by the Ministry of Commerce**

**Article 132: Company Losses**

If losses of a joint stock company reach 50% of the issued capital, the Board of Directors must disclose this fact and its recommendations regarding such losses within 60 days from the date it becomes aware of reaching this amount, and must call an Extraordinary General Assembly to convene within 180 days from the date of becoming aware thereof to consider the continuation of the Company while taking any necessary measures to address such losses, or to dissolve the Company.

**Article 133: Methods of Capital Reduction**

Capital may be reduced through one of the following methods:
a. Cancelling a number of shares equal to the amount of the required reduction.
b. Reducing the nominal value of the share by cancelling part thereof equal to the loss incurred by the Company.
c. Reducing the nominal value of the share by returning part thereof to the shareholder or releasing the shareholder from all or part of the unpaid amount of the share value.
d. The Company purchasing a number of its shares equal to the amount of the required reduction and subsequently cancelling them.

**Article 134: Issuance of a Capital Reduction Decision**

The Extraordinary General Assembly may resolve to reduce the capital if it exceeds the Company's needs or if the Company incurs losses. In the latter case only, the capital may be reduced below the limit stipulated in Article Fifty-Nine of the Law. The reduction resolution shall not be issued until a statement prepared by the Board of Directors setting out the reasons for the reduction, the Company's obligations, and the effect of the reduction on fulfilling such obligations is read at the General Assembly meeting. The auditor's report shall be attached to such statement. The said statement may be presented to the shareholders in cases where the General Assembly resolution is passed by circulation.

شركة الزومان والفهد والحجاج للاستشارات المهنية
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**1. Reasons for the Proposed Capital Reduction and Its Impact on the Company's Obligations (continued)**

**1-2 Applicable Criteria (Continued)**

**1-2-3 Chapter Two (Part Six) of the Rules on the Offering of Securities and Continuing Obligations Issued by the Capital Market Authority**

**Article 61: Conditions and Requirements Relating to the Reduction of an Issuer's Capital**

(a) An issuer wishing to reduce its capital must submit a request to the Capital Market Authority (CMA) containing, at a minimum, the information specified in Annex 25 of these Rules, in order to obtain its approval prior to obtaining the approval of the Extraordinary General Assembly for the capital reduction. The request must be accompanied by the following:

1. A letter appointing the financial adviser.
2. A letter appointing the legal adviser (if any).
3. A report from an external certified public accountant on the reasons for the capital reduction and the impact of such reduction on the issuer's obligations.
4. The proposed method of capital reduction and the expected effects of such reduction.
5. A copy of the shareholder circular referred to in paragraph (b) of this Article.
6. Any other documents required by the Authority.

(b) The issuer must issue a circular to its shareholders containing the information necessary to enable shareholders to vote at the Extraordinary General Assembly meeting based on informed consideration. The circular must include, at a minimum, the following information:

1. The general structure of the proposed capital reduction.
2. The reasons for the capital reduction, including management's discussion and analysis in this regard.
3. The risk factors related to the capital reduction.
4. The timetable for the transaction.
5. A statement by the members of the issuer's Board of Directors confirming their belief that the capital reduction is in the best interests of the issuer and its shareholders.

(c) The shareholder circular submitted to the Authority in connection with a request to reduce the issuer's capital must be prepared in the Arabic language. The margins of the circular must reference the relevant provisions of these Rules, identify any changes from previous drafts, and each draft circular must include on its first page the draft number and the date of submission.

| Mohammed Kamel | Mishaal Al Kathiri | Khalid Al-Khayyal |
|---|---|---|
| **Chief Financial Officer** | **Chief Executive Officer and Managing Director** | **Chairman of the board** |

شركة الزومان والفهد والحجاج للاستشارات المهنية
Alzoman, Alfahad & Alhajjaj Professional Services
CR 1010461402

ختم لأغراض التعريف فقط

**1. Reasons for the Capital Reduction and Its Impact on the Company's Obligations (Continued)**

**1-3 Impact of Capital Reduction**

**(a) The impact on the Company's share capital and accumulated losses as per the interim condensed consolidated statement of financial position (unaudited) as of 30 June 2026 will be as follows:**

| Description | Before reduction | After reduction | Impact |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 135,422,544 | 135,422,544 | - |
| Right of use assets | 14,385,882 | 14,385,882 | - |
| Intangible assets | 1,651,976 | 1,651,976 | - |
| **Total Non-Current Assets** | 151,460,402 | 151,460,402 | - |
| **Current assets** | | | |
| Inventory | 4,206,848 | 4,206,848 | - |
| Trade receivables | 44,630,636 | 44,630,636 | - |
| Contract assets | 20,432,536 | 20,432,536 | - |
| Prepaid expenses and other debit balances | 48,589,897 | 48,589,897 | - |
| Cash and cash equivalents | 4,063,437 | 4,063,437 | - |
| **Total Current Assets** | 121,923,354 | 121,923,354 | - |
| **Total assets** | 273,383,756 | 273,383,756 | - |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Capital | 113,022,000 | 9,649,705 | **(103,372,295)** |
| Share premium | 7,559,083 | 7,559,083 | - |
| Statutory reserve | 4,927,354 | 4,927,354 | - |
| Accumulated losses | **(103,372,295)** | - | 103,372,295 |
| **Equity attributable to the shareholders of the Parent Company** | 22,136,142 | 22,136,142 | - |
| Non-controlling interest | **(65,636)** | **(65,636)** | - |
| **Total Equity** | 22,070,506 | 22,070,506 | - |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Sukuk at amortized cost | 100,000,000 | 100,000,000 | - |
| Lease liabilities – non-current portion | 7,212,739 | 7,212,739 | - |
| Provision for removal and rehabilitation | 284,370 | 284,370 | - |
| Employees defined benefit obligations | 3,916,159 | 3,916,159 | - |
| **Total non-current liabilities** | 111,413,268 | 111,413,268 | - |
| **Current liabilities** | | | |
| Short-term bank facilities | 16,760,526 | 16,760,526 | - |
| Saudi Industrial Development Fund loan - current portion | 12,112,671 | 12,112,671 | - |
| Trade Payables | 64,072,322 | 64,072,322 | - |
| Contract liabilities – Subcontractors | 21,496,807 | 21,496,807 | - |
| Lease liabilities – Current portion | 4,536,495 | 4,536,495 | - |
| Accrued expenses and other credit balances | 12,994,613 | 12,994,613 | - |
| Zakat provision | 7,926,548 | 7,926,548 | - |
| **Total current liabilities** | 139,899,982 | 139,899,982 | - |
| **Total Liabilities** | 251,313,250 | 251,313,250 | - |
| **Total equity and liabilities** | 273,383,756 | 273,383,756 | - |

Mohammed Kamel
**Chief Financial Officer**

Mishaal Al Kathiri
**Chief Executive Officer and Managing Director**

Khalid Al-Khayyal
**Chairman of the board**

## 14.2 Appendix No. (2): Proxy form for attending the Extraordinary General Assembly meeting.

# نموذج التوكيل

# Power of Attorney Form



**نموذج التوكيل**

غير متاح
السادة المساهمين الكرام
السلام عليكم ورحمة الله وبركاته.
وبعد.
نموذج التوكيل غير متاح حيث سيتم الاكتفاء بعقد الجمعية العامة غير العادية عبر وسائل التقنية الحديثة.
ويحق فقط للمساهمين المسجلين في خدمة تداولاتي www.tadawulaty.com.sa التصويت الكترونياً على بنود جدول أعمال اجتماع الجمعية العامة غير العادية.
علماً بأن التسجيل في خدمة تداولاتي والتصويت متاح لجميع المساهمين
ولمزيد من المعلومات يمكن التواصل مع إدارة علاقات المساهمين على رقم الهاتف (0114167900 أو الرقم الموحد 920004192 تحويلة رقم 104 - فاكس 0114167909 تحويلة رقم 106) - أو على البريد الالكتروني **ir@alkathiriholding.com**
وتقبلوا وافر التحية والتقدير.

**Power of Attorney Form**

(Not Available)
Dear shareholders,
Greetings
The Proxy Form is not available as the Extraordinary General Assembly meeting will be conducted by means of modern technology.
Only shareholders registered in the Tadawulaty (http://www.tadawulaty.com) can electronically vote the agenda items of the Extraordinary General Assembly Meeting.
Registration in the Tadawulaty is available to all shareholders.
For more information, please contact Shareholders Affairs during the working timing on 920004192/011-4167900, Fax no. 011-4167909 EXT 106, or through email: **ir@alkathiriholding.com**
Please accept the most salutations and appreciation.