

Mayar Holding Company

(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

AND INDEPENDENT AUDITOR'S REPORT

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAYAR HOLDING COMPANY
(A Saudi Closed Joint Stock Company)**

Opinion

We have audited the consolidated financial statements of Mayar Holding Company, A Saudi Closed Joint Stock Company (the "Company") and its Subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the SOCPA and the provisions of Companies' Law and the Company's By-Laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF MAYAR HOLDING COMPANY
(A Saudi Closed Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Alluhaid & Alyahya Chartered Accountants


Saleh A. Al-Yahya
Certified Public Accountant
License No. 473



Riyadh: 4 Dhul Hijjah 1444H
(22 June 2023)

Mayar Holding Company
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 SR	2021 SR
ASSETS			
CURRENT ASSETS			
Inventories	9	89,381,561	73,586,305
Trade receivables	10	70,713,856	86,546,205
Contract assets	11	25,439,677	20,191,767
Prepayment and other current assets	12	38,590,239	30,700,978
Amounts due from related parties	13	17,707,696	16,586,911
Cash and bank balances	14	9,651,693	16,134,317
TOTAL CURRENT ASSETS		251,484,722	243,746,483
NON-CURRENT ASSETS			
Property, plant and equipment	6	226,121,264	212,066,703
Right-of-use assets	7	9,409,697	8,514,906
TOTAL NON-CURRENT ASSETS		235,530,961	220,581,609
TOTAL ASSETS		487,015,683	464,328,092
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Current portion of lease liabilities	7	4,438,681	1,480,190
Bank overdrafts and short-term borrowings	19	178,832,450	184,084,471
Current portion of long-term borrowings	18	28,898,387	38,909,100
Trade payables, accruals and others	20	81,338,601	119,245,044
Contract liabilities	21	27,783,851	33,027,059
Amounts due to related parties	13	21,516,599	24,550,538
Amounts due to shareholders	13	1,334,465	16,153,543
Zakat and income tax payable	22	1,433,114	1,070,942
TOTAL CURRENT LIABILITIES		345,576,148	418,520,887
NON-CURRENT LIABILITIES			
Lease liabilities	7	4,511,251	5,994,320
Long-term borrowings	18	31,404,033	4,795,053
Employee benefit obligations	17	13,039,555	15,208,667
TOTAL NON-CURRENT LIABILITIES		48,954,839	25,998,040
TOTAL LIABILITIES		394,530,987	444,518,927
EQUITY			
Share capital	15	60,000,000	5,000,000
Statutory reserve	16	1,580,638	1,500,000
Asset revaluation surplus	34	34,933,797	-
Retained earnings		8,413,203	6,895,649
Foreign currency translation reserve		(29,989,081)	1,536,495
Share based payment reserve	34	3,461,511	-
Treasury shares	15	(1,283,933)	(121,364)
Equity attributable to equity holders of the parent		77,116,135	14,810,780
Non-controlling interest	30	15,368,561	4,998,385
TOTAL EQUITY		92,484,696	19,809,165
TOTAL LIABILITIES AND EQUITY		487,015,683	464,328,092

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer

Ahmed E. El-Sayed

Chief Executive Officer

Eng. Abdulmajed A. AlShaikh

Chairman

Eng. Thamer A. Bin Rayes

Mayar Holding Company
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2022

	Notes	2022 SR	2021 SR
Revenue	23	413,786,811	286,242,996
Cost of sales	24	(358,072,397)	(242,136,589)
GROSS PROFIT		55,714,414	44,106,407
Selling and distribution expenses	25	(10,705,146)	(7,837,266)
General and administrative expenses	26	(36,617,646)	(25,035,979)
Share in results of an associate	8	-	(1,459,665)
(Charge for) reversal of expected credit losses on trade receivables and contract assets	10, 11	(733,671)	3,696,468
OPERATING INCOME		7,657,951	13,469,965
Financial charges	27	(12,614,313)	(5,711,101)
Other income, net	28	7,142,764	10,477,231
INCOME BEFORE ZAKAT AND INCOME TAX		2,186,402	18,236,095
Zakat	22	(346,907)	500,575
Income tax	22	(1,033,114)	-
NET INCOME FOR THE YEAR		806,381	18,736,670
Attributable to:			
Equity holders of the parent		1,381,023	18,217,335
Non-controlling interests		(574,642)	519,335
		806,381	18,736,670
Earnings per share (Saudi Riyal)			
Basic and diluted attributable to equity holders of the parent	29	0.27	66.10

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Chief Financial Officer

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Mayar Holding Company
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 SR	2021 SR
NET INCOME FOR THE YEAR		806,381	18,736,670
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to the consolidated statement of income:			
Foreign currency translation		(44,748,353)	491,860
		(44,748,353)	491,860
Items that will not be reclassified subsequently to the consolidated statement of income:			
Gain on remeasurement of defined benefit obligation	17	2,100,825	90,803
Revaluation of freehold land	34	46,497,609	-
Share of other comprehensive income of an associate		-	63,520
		48,598,434	154,323
Net movement of other comprehensive income for the year		3,850,081	646,183
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,656,462	19,382,853
Attributable to:			
Equity holders of the parent		6,890,069	18,863,518
Non-controlling interests		(2,233,607)	519,335
		4,656,462	19,382,853

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer

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Chairman

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Mayar Holding Company
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity holders of the Parent																					
	Share capital		Share premium		Share based payment reserve		Statutory reserve		(Accumulated loss) retained earnings		Treasury shares		Foreign currency translation reserve		Asset revaluation surplus		Total		Non-controlling interest		Total equity	
	SR		SR		SR		SR		SR		SR		SR		SR		SR		SR		SR	
Balance as at 1 January 2021	2,000,000		-		-		1,000,000		(40,937,495)		-		1,044,635		-		(36,892,860)		1,332,822		(35,560,038)	
Net income for the year	-		-		-		-		18,217,335		-		-		-		18,217,335		519,335		18,736,670	
Other comprehensive income for the year	-		-		-		-		154,323		-		491,860		-		646,183		-		646,183	
Total comprehensive income for the year	-		-		-		-		18,371,658		-		491,860		-		18,863,518		519,335		19,382,853	
Increase in capital	3,000,000		-		-		-		-		-		-		-		3,000,000		-		3,000,000	
Non-controlling interest share in capital increase of a subsidiary (note 30)	-		-		-		-		-		-		-		-		-		3,146,228		3,146,228	
Absorption of losses (note 13)	-		-		-		-		29,961,486		-		-		-		29,961,486		-		29,961,486	
Transfer to statutory reserve	-		-		-		500,000		(500,000)		-		-		-		-		-		-	
Shares bought back	-		-		-		-		-		(4,776,400)		-		-		(4,776,400)		-		(4,776,400)	
Treasury shares issued against share based payment	-		-		-		-		-		4,655,036		-		-		4,655,036		-		4,655,036	
Balance as at 31 December 2021	5,000,000		-		-		1,500,000		6,895,649		(121,364)		1,536,495		-		14,810,780		4,998,385		19,809,165	
Balance as at 1 January 2022	5,000,000		-		-		1,500,000		6,895,649		(121,364)		1,536,495		-		14,810,780		4,998,385		19,809,165	
Net income for the year	-		-		-		-		1,381,023		-		-		-		1,381,023		(574,642)		806,381	
Other comprehensive income for the year	-		-		-		-		2,100,825		-		(31,525,576)		34,933,797		5,509,046		(1,658,965)		3,850,081	
Total comprehensive income for the year	-		-		-		-		3,481,848		-		(31,525,576)		34,933,797		6,890,069		(2,233,607)		4,656,462	
Non-controlling interest share in capital increase of a subsidiary (note 30)	-		-		-		-		-		-		-		-		-		12,603,783		12,603,783	
Transfer to statutory reserve	-		-		-		80,638		(80,638)		-		-		-		-		-		-	
Share-based payments (note 35)	-		-		-		3,461,511		-		-		-		-		3,461,511		-		3,461,511	
Increase in capital (note 15a)	670,000		55,007,000		-		-		-		-		-		-		55,677,000		-		55,677,000	
Transfer to share capital (note 15a)	54,330,000		(54,330,000)		-		-		-		-		-		-		-		-		-	
Transaction cost (note 15a)	-		(677,000)		-		-		(1,883,656)		-		-		-		(2,560,656)		-		(2,560,656)	
Increase in treasury shares (note 15b)	-		-		-		-		-		(1,162,569)		-		-		(1,162,569)		-		(1,162,569)	
Balance as at 31 December 2022	60,000,000		-		3,461,511		1,580,638		8,413,203		(1,283,933)		(29,989,081)		34,933,797		77,116,135		15,368,561		92,484,696	

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Ahmed E. El-Sayed

Eng. Abdulmajed A. AlShaikh

Eng. Thamer A. Bin Rayes

Mayar Holding Company
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 SR	2021 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat and income tax		2,186,402	18,236,095
<i>Adjustments:</i>			
Depreciation of property, plant and equipment	6	10,823,562	5,270,511
Depreciation of right-of-use assets	7	3,889,239	3,104,296
Provision for (reversal of) expected credit losses on trade receivables and contract assets	10,11	733,671	(3,696,468)
Reversal of provision for slow-moving and obsolete inventories	9	(685,393)	(118,395)
Provision for employees defined benefit obligation	17	2,171,889	1,524,231
Share in results of an associate	8	-	1,459,665
Financial charges	27	12,614,313	5,711,101
Share-based payment expense	33	3,461,511	4,655,036
(Gain) loss on termination of lease		(108,985)	143,194
Gain on disposal of property, plant and equipment		(537,799)	(107,228)
Net foreign exchange differences		(13,400,222)	1,132,954
Gain on bargain purchase		-	(3,339,390)
		<u>21,148,188</u>	<u>33,975,602</u>
<i>Changes in operating assets and liabilities:</i>			
Inventories		(15,109,863)	2,044,851
Trade receivables		15,579,784	(6,879,572)
Prepayments and other current assets		(7,889,261)	(3,052,622)
Related parties, net		(4,154,724)	10,163,623
Trade payables, accruals and others		(37,906,443)	27,567,389
Contract assets		(5,729,016)	(5,982,247)
Contract liabilities		(5,243,208)	(2,588,910)
Cash (used in) from operating activities		<u>(39,304,543)</u>	<u>55,248,114</u>
Zakat and income tax paid	22	(1,017,849)	(154,619)
Finance charges paid		(11,908,012)	(5,318,339)
Employee defined benefit obligations paid	17	(2,240,176)	(3,075,197)
Net cash (used in) from operating activities		<u>(54,470,580)</u>	<u>46,699,959</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,295,935)	(25,150,844)
Proceeds from the disposal of property, plant and equipment		1,102,819	443,245
Acquisition of subsidiary, net of cash acquired		-	15,828,685
Net cash used in investing activities		<u>(10,193,116)</u>	<u>(8,878,914)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in borrowings		11,081,097	(50,964,823)
Proceeds from issuance of shares		55,677,000	-
Transaction cost		(2,560,656)	-
Amounts due to shareholders		(14,819,078)	1,253,625
Repayment of principal portion of lease liabilities	7	(2,638,505)	(4,568,918)
Payment against shares buy back		-	(4,776,400)
Increase in treasury shares		(1,162,569)	-
Non-controlling interest share in capital increase of a subsidiary	30	12,603,783	3,146,228
Net cash from (used in) financing activities		<u>58,181,072</u>	<u>(55,910,288)</u>
Net increase (decrease) in cash and cash equivalents		<u>(6,482,624)</u>	<u>(18,089,243)</u>
Cash and cash equivalents at beginning of the year		16,134,317	34,223,560
Cash and cash equivalents at end of the year		<u>9,651,693</u>	<u>16,134,317</u>

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Chief Financial Officer

Ahmed E. El-Sayed

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Mayar Holding Company
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 SR	2021 SR
NON-CASH TRANSACTIONS			
Share in other comprehensive income of an associate		-	63,520
Remeasurement gain or loss of employee benefits	17	2,100,825	90,803
Land revaluation surplus	34	46,497,609	-
Absorption of losses		-	29,961,486
Increase in capital through conversion of shareholder balance		-	3,000,000
Right of use assets and lease liabilities	7	6,335,482	5,390,533

The attached notes 1 to 38 form an integral part of these consolidated financial statements.

8

Chief Financial Officer

Ahmed E. El-Sayed

Chief Executive Officer

Eng. Abdulmajed A. AlShaikh

Chairman

Eng. Thamer A. Bin Rayes

Mayar Holding Company
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2022

1 CORPORATE INFORMATION

Mayar Holding Company (the “Company”) is a Saudi closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia with Commercial Registration No. 1010398836 dated 20 Safar 1435H (corresponding to 23 December 2013). The Company is licensed to engage in managing subsidiaries of holding companies, owning real estate and movables necessary for holding companies, providing loans, guarantees, and financing for subsidiaries of holding companies, owning and leasing industrial property rights to subsidiaries of holding companies.

During the year ended 31 December 2021, the Company’s board of directors approved the plan to list the Company’s ordinary shares in Nomu – Parallel Market which was performed by way of private placement. The offering did not constitute an offer to the public in any jurisdiction outside Kingdom of Saudi Arabia. Trading in listed shares on the parallel market is limited to existing shareholders (excluding the Company’s major shareholders who own (5%) or more of share capital and to whom the prohibition period is applicable), as well as categories of qualified investors. On 22 Shaban 1444H (corresponding to 14 March 2023), Capital Market Authority (CMA) approved the Company’s application to register its shares for direct listing on Nomu – Parallel Market. The Company’s shares were listed on Normal – Parallel Market on 20 Ramadan 1444H (corresponding to 11 April 2023). From the date of listing, the Company has started trading as a Joint Stock Company.

The financial statements of following subsidiaries are included in these consolidated financial statements:

<i>Directly and indirectly owned subsidiary</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Gulf Elevators & Escalators Company Limited	Manufacturing Elevators & Escalators	Saudi Arabia	100%	100%
Fuji Saudi Arabia for Elevators & Escalators Company Limited.	Trading Elevators & Escalators	Saudi Arabia	100%	100%
Elevators Solutions for Operation & Maintenance Company	Trading Elevators & Escalators	Saudi Arabia	100%	100%
Egypt Gulf Elevators & Escalators Company Limited. (i)	Manufacturing Elevators & Escalators	Arab Republic of Egypt	60%	60%
Jedaya Agriculture Company	Trading in feed and agriculture	Saudi Arabia	100%	100%
Saudi Drip Irrigation Company Limited	Trading in Irrigation systems	Saudi Arabia	100%	100%
Misr Gulf for Modern Industries Company	Manufacturing rubber soles for shoes	Arab Republic of Egypt	100%	100%
Creative Performance Co. for Elevators (Formerly known as Hitachi Elevator Saudi Arabia Limited)	Trading Elevators & Escalators	Saudi Arabia	100%	100%
Ajda Trading Company (i)	Trading and Manufacturing food products	Saudi Arabia	74%	74%
Food Development Trading Co. (Alnamiah) (i)	Trading in Poultry products	Saudi Arabia	55.76%	55.76%

(i) These are indirectly owned subsidiaries.

Mayar Holding Company
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2022

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), collectively hereafter referred to as “IFRS”

The consolidated financial statements have been prepared under the historical cost convention, except for land which has been measured at fair value. The consolidated financial statements are presented in Saudi Riyals (“SR”), which is the Group’s functional and presentation currency. All financial information has been rounded off to the nearest currency unit (Saudi Riyal), unless otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Certain prior period figures have been reclassified to conform to the current period’s presentation.

3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries listed in note 1 as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Mayar Holding Company
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2022

4 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

Business combination

Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Subsequently, for the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed off in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

For business combinations involving entities under common control the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of income and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification of assets & liabilities

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities are classified as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the below-mentioned fair value hierarchy and based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects, if the recognition criteria are met. If significant parts of property, plant and equipment are required to be replaced in stages, the Group depreciates them independently over their specified useful lives. Conversely, when conducting a major examination, its cost is recognized with the carrying amount of property, plant and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of income when incurred. The present value of the expected cost of disposing an asset after its use is included in the cost of the relevant asset if the recognition criteria related to the provision are met. Work in progress is stated at cost, less accumulated impairment losses, if any.

On commissioning, work in progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Group's policies.

Lands and construction work in progress are not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

<i>Category</i>	<i>No. of years</i>
Buildings	15-30
Irrigation systems and wells	5-30
Leased hold improvements	Lease term or 4 years, whichever is less
Machinery and equipment	4-20
Furniture & office equipment	4-10
Motor vehicles	4-6
Computer equipment	4-5
Tools	4

Any item of property, plant and equipment and any significant part that was originally recognized is derecognized upon disposal; (i.e., on the date the recipient obtains control) or when no future benefits are expected from the use or disposal. Any gain or loss arising on derecognition of an asset (which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The residual value, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each financial year, and adjusted prospectively, if appropriate.

Inventories

Inventory is stated at cost or at net realizable value (i.e. estimated selling price minus completion and selling costs), whichever is lower. The costs incurred in bringing each product to its present location and condition are calculated as follows:

- Raw materials: purchase cost on weighted average cost basis.
- Finished Goods and Work in progress: The cost of materials, direct labor and a share of manufacturing overheads based on normal operating capacity, excluding borrowing costs.

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories (continued)

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

Financial instruments

A financial instrument is any contract that gives rise to the Group's financial assets and financial liabilities or equity instrument of another party.

Recognition

A financial asset or a financial liability is recognized when the Group is a party to the contractual provisions of the instrument, which is usually on the trade date.

Classification

The Group classifies its financial assets according to the following classification categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

This classification depends on the contractual terms of the cash flows of the financial asset. Financial liabilities are classified as measured at amortized cost unless they are classified as liabilities to be measured subsequently at fair value through profit or loss. For assets and liabilities measured at fair value, gains and losses are recorded either in the consolidated statement of income or the consolidated statement of comprehensive income. Financial liabilities are not reclassified.

Measurement

All financial instruments shall be measured at fair value on initial recognition, in addition to , in the case of financial assets or financial liabilities not stated at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or liabilities. Transaction costs relating to financial assets and financial liabilities stated at fair value through profit or loss are expensed in the consolidated statement of income.

Financial assets that are held within a business model and whose objective is achieved by collecting contractual cash flows, which are cash flows that are solely payments of principal amount and interest on the outstanding principal amount, are generally measured at amortized cost at the end of the subsequent accounting period.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognized a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position consists of bank balances and cash in hand, which are subject to an insignificant risk of changes in value. Cash and cash equivalents that are subject to bank restrictions and are not available for use are excluded from cash and cash equivalents for the purpose of preparing the cash flow statement.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

Employee benefits

The Group implements defined benefit programs under the applicable Saudi Labor Law on the basis of the employees' cumulative periods of service as at the date of the consolidated statement of financial position. The cost of providing benefits under defined benefits programs is determined individually for each program using the projected unit credit method.

Re-measurements, which include actuarial gains and losses, are recognized immediately in the consolidated statement of income in the period in which they occur. Re-measurements are not reclassified to the consolidated statement of income in subsequent periods.

Past service costs are recognized in the consolidated statement of income on the earlier date between:

- Date of plan modification or downsizing, and
- Date on which the Group recognizes related restructuring costs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Net interest is calculated by applying the discount rate to the net identifiable liabilities or assets. The Group recognizes the following changes in the net defined benefits obligation under “cost of sales”, “general and administrative expenses” and “selling and distribution” item in the consolidated statement of income:

- Service costs which include current service costs, past service costs, and gains and losses from non-routine reductions and adjustments
- Net interest expense or income.

Zakat and income tax

Zakat is provided for in accordance with the Zakat, Tax and Customs Authority (“ZATCA”) regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final zakat and income tax assessments are recorded in the period in which such assessments are made.

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that a use of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the Group is able to recover some or all of the provisions, for example, under an insurance contract, the recoveries are recognized as a separate asset only when the recovery process is actually confirmed. The expense related to the provision is recognized in the consolidated statement of comprehensive income after deducting any recoveries.

If the effect of the time value of money is material, provisions are discounted using the current rate that reflects, when appropriate, the risks associated with that obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost.

Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements, but are disclosed when it is probable that economic benefits will be acquired. An assessment is made at each reporting date to recognize contingent liabilities, which represent contingent liabilities arising from past events that can only occur with the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group.

Revenue from contracts with customers

The Group is in the business of manufacturing and installation of elevators and escalators. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Sales of goods

The Group recognizes revenue when control of the products sold is transferred to the customer, which is taken into consideration in the context of the five-step revenue recognition method and the application of applicable shipping conditions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers(continued)

Allocation of performance obligations

In some cases, the Group identifies delivery services as a distinct and identifiable item separately from the sale of the goods. Revenue from such services is recognized when the Group transfers control of the goods at the Group's loading site and delivers delivery services to the buyer's site. The Group allocates a portion of the total transaction price to delivery services based on its best estimate of similar independent services.

Contract revenue

Revenue from fixed-price contracts is recognized based on the percentage of completion method, which is determined using the ratio of the costs incurred so far to the total costs related to fulfilling the contracts at the discretion of management. No contract profits are recognized until management believes that the outcome of that contract can be evaluated with reasonable certainty. In the case of contracts that are expected to incur losses, a provision is made in full for estimated future losses. The value of work completed in excess of billed amounts is included in current assets, less provision for any losses incurred or foreseen on completion of contracts, advances for completed works and received or receivable progress claims. In cases where the progress amounts received or receivable exceed the value of the completed works, the increase is included within the current liabilities as claims for the increase in the value of the executed works.

Contract modifications, i.e. change orders, are accounted for as part of existing contracts, with a cumulative preemptive adjustment to revenue.

For significant contract modifications, separate contract recognition may be done, at the discretion of management for the following factors:

An increase in the scope of the contract business due to the addition of promised goods or services that are self-distinguishable, an increase in the contract price by an amount that reflects the company's independent selling prices for additional promised goods or services, and any appropriate adjustments to that price to reflect the circumstances surrounding the contract in question.

Contract balances

Contract Assets

Contract assets represent the right to receive consideration for the goods or services transferred to the customer. In the event that the Group transfers the goods or services to the customer before the customer pays the consideration or before it is due, the value of the executed works in excess of the billing is recognized for the consideration earned which is conditional on successful completion.

Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liability

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Retention receivable

Retention receivable represents the portion of invoices retained by customers in accordance with the contractual terms and can be recovered either upon completion of some phases of the contract or at the end of the contract term.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

In principle, foreign currency transactions are converted by the Group at the spot rates of the designated functional currency on the date on which the transaction first becomes eligible for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rates for the functional currency on the date of preparing the consolidated financial statements. Differences arising from the settlement or transfer of monetary items are recognized in the consolidated statement of income.

Non-monetary items that are measured at historical cost, stated in a foreign currency, are translated at the prevalent exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated at the prevalent exchange rates at the date when the fair value was determined. Gains or losses resulting from translating non-monetary items that were measured at fair value are treated in accordance with the recognition of gains or losses resulting from the change in the fair value of the item (i.e., the translation differences are recognized on the items for which fair value gains or losses are measured in other comprehensive income or profit or loss item, and is also recognized in statement of income or in other comprehensive income, respectively).

To determine the spot exchange rate used on initial recognition of the related assets, expenses and revenue (or any part thereof) upon discontinuation of initial recognition of a non-monetary asset or non-monetary liability relating to the advance consideration, the date of the transaction is the date on which the entity originally recognized the non-monetary asset or liability arising from the advance consideration. If there are multiple payments paid or received in advance, the Group determines the date of the transaction on which the consideration was received or paid in advance.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is the fair value of the asset or cash-generating unit less costs of disposal and value in use, whichever is higher. The recoverable amount of an individual asset is determined separately, unless the asset does not generate cash flows that are largely independent of the cash flows from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the present value, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions are specified, an appropriate valuation form is used. These calculations are recognized by valuation multiples, listed share prices for publicly traded companies or other available fair value indicators.

Impairment losses from continuing operations are recognized in the consolidated statement of income in the categories of expenses that correspond to the function of impairment assets, except for any previously revalued properties and the revaluation was added to other comprehensive income. In this case, the fair value decrease is recognized in other comprehensive income until it reaches the amount of a previous revaluation.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If any such indication exists, the group estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Expenses

Selling and distribution expenses are those that relate specifically to sales representatives and delivery vehicles in addition to advertising and promotional expenses. All other operating expenses are classified as general and administrative expenses.

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease obligations

Leases

At inception of the contract, the Group assesses whether the contract is, or contains a lease. For all leases, the Group recognizes right-of-use assets and lease liabilities except for short-term leases and leases of low-value assets as follows:

Right to use assets

The Group recognizes the right to use the assets on the commencement date of the lease (i.e., the date the underlying asset becomes available for use). The right to use asset is measured at cost, less any accumulated impairment losses and depreciation, and adjusted for any re-measurement of the lease liability. The cost of the right-to-use asset comprises the amount of the lease liability recognized, the initial direct costs incurred, and lease payments made on or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use value is amortized on a straight-line basis over its estimated useful life or the lease term. The right-of-use asset is also subject to impairment.

At the commencement date of the lease, the Group recognizes the lease liability measured at the present value of the lease payments to be paid over the lease term. Lease payments include fixed payments (including embedded fixed payments) less lease incentives receivable and variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the price of exercising the purchase option that the group is certain to exercise and the penalty payments for terminating the lease, if the lease term reflects that the group exercises the termination option. Variable lease payments, which are not dependent on an index or rate, are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accrual of interest and a reduction by the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there is an adjustment, a change in the lease term, a change in the guaranteed fixed lease payments, or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of commercial premises, places of residence and offices (i.e. leases that have a term of 12 months or less from the start date and do not include a purchase option)

The Group also applies the low value asset lease exemption to lease contracts of commercial buildings, places of residence and offices that are considered low value (i.e. less than SAR 18,175). Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

Value-added tax

Revenues, expenses and assets are recognized after deducting value-added tax ("VAT"), except for:

- where VAT incurred in connection with the purchase of assets or services is not recoverable from the tax authority, in which case VAT is recognized as part of the cost of purchasing the asset or as part of an expense item, where applicable; and
- receivables and payables that have been included with the VAT amount.

The net amount of VAT that is recoverable from, or payable to, the tax authority is presented as part of accounts receivable or payable in the consolidated statement of financial position.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and that all related conditions will be complied with. When a government grant relates to an item of expenditure, it is recognized as revenue over the period to regularly match the grant with the costs to be compensated. When the grant relates to an asset, it is recognized as revenue in equal amounts over the expected useful life of the underlying asset.

When the Group receives non-cash grants, the assets and the grant are recognized in the total nominal amounts and recognized as profits or losses over the expected useful life of the asset, according to the method of exhausting the benefits of the relevant asset in equal annual installments.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Other disclosures related to the uncertainties and risks to which the Group is exposed are as follows:

- Financial Instruments and Risk Management – Note 31
- Disclosures Related to Sensitivity Analyses of employee benefits – Note 17

5.1 Judgments

While applying the Group's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

Property, plant and equipment components

The Group's assets, classified under property, plant and equipment, are depreciated on a straight-line basis over their useful lives. When determining the useful life of an asset, it is broken down into significant components so that each significant component is depreciated separately. Judgment is required when ascertaining significant components of a major asset. While determining the significance of a component, management considers the quantitative significance of that component as well as qualitative factors such as the difference in the useful life compared to the related asset, depreciation method and replacement cycle/maintenance schedule.

5.2 Estimates and assumptions

Below are the key assumptions related to the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements that have a material impact that leads to a material adjustment to the carrying amount of assets and liabilities during the next financial year. The Group has made assumptions and estimates based on the indicators available at the date of preparing the consolidated financial statements. However, existing conditions and assumptions regarding future developments may change due to changes in the market or circumstances outside the Group's control. These changes in the assumptions are reversed when they occur.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. Loss rates are determined based on days past due for different groups of customer segments with similar loss patterns (i.e. in terms of geographic region, product type, customer type, price, coverage with letters of credit and other forms of credit guarantee).

The provision matrix is originally determined on the basis of previously observed default rates. The Group calibrates the matrix to adjust for past credit losses with forward-looking information.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

5.2 Estimates and assumptions (continued)

An evaluation of the interrelationship between observed past default rates, expected economic conditions and expected credit losses is an important estimation. The amount of expected credit losses is affected by changes in expected economic conditions and circumstances. Also, the Group's past credit losses and expected economic conditions may not be indicative of the customer's potential actual default in the future.

Employees defined benefits

The provision for employees' end of service benefits is calculated according to the projected unit cost method taking into account the labour laws in the investee countries. The Group is required to make assumptions regarding variables such as discount rates, rate of salary increase, longevity and employee turnover, if applicable. Changes in key assumptions can have a significant impact on the projected benefit obligations and employee defined benefit costs. The assumptions are reviewed at each reporting date.

Defined benefit obligations are discounted at a rate set by reference to relevant market yields at the end of the reporting period on high quality corporate or government bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the bonds, quality of the corporate bonds and the identification of outliers which are excluded, if any.

Useful lives of property, plant and equipment

The useful life of each component of the group's property, plant and equipment is estimated based on the period during which the asset is expected to be available for use. This estimate is based on a collective evaluation of practices in similar businesses, internal technical evaluation, prior experience with similar assets and application of judgments when the asset becomes available for use and starting the depreciation charge.

The estimated useful life of each asset is periodically reviewed and updated in the event that expectations differ from previous estimates as a result of normal depreciation of the asset, technical and commercial obsolescence, legal restrictions or other restrictions on the use of the asset. However, it is possible that future results of operations will be materially affected by changes in the amounts and timing of recorded expenses resulting from changes in the factors mentioned above. Reducing the estimated useful life of any item of property, plant and equipment will increase the recorded operation net expenses and reduce the non-current assets.

Measuring the fair value of financial instruments

In the event that the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured on the basis of quoted prices in active markets, the fair value is determined using valuation methods, including the discounted cash flow method. Inputs to these methods are through observable markets where possible, and when this is not feasible, a degree of judgment is required to determine fair value. Judgments are made on input-specific considerations such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of the financial instruments.

Revaluation of land

The Group measures its land at revalued amounts, with changes in fair value being recognized in OCI. Land was valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 30 September 2022 for the land. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 35.

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31 December 2022

6 PROPERTY, PLANT AND EQUIPMENT

	<i>Lands</i> SR	<i>Building and leasehold improvements</i> SR	<i>Irrigation system</i> SR	<i>Machinery and equipment</i> SR	<i>Furniture and office equipment</i> SR	<i>Motor vehicles</i> SR	<i>Computer equipment</i> SR	<i>Tools</i> SR	<i>Work in progress</i> SR	<i>Total</i> SR
Cost										
1 January 2022	43,376,058	70,164,801	21,135,453	108,291,353	7,560,827	17,198,602	9,674,174	5,707,837	61,614,473	344,723,578
Additions	231,549	12,475	-	1,658,435	347,912	4,144,602	303,163	452,246	4,145,554	11,295,936
Disposals	-	-	-	(333,484)	(48,753)	(1,535,919)	(18,004)	(828,213)	-	(2,764,384)
Transfers	-	-	-	-	-	-	50,000	-	(50,000)	-
Foreign exchange difference	(6,813,952)	(1,280,871)	-	(1,730,780)	(562,912)	(307,450)	(296,819)	(1,381,307)	(22,368,637)	(34,742,727)
Revaluation surplus	46,497,609	-	-	-	-	-	-	-	-	46,497,609
31 December 2022	83,291,264	68,896,405	21,135,453	107,885,524	7,297,074	19,499,835	9,712,514	3,950,563	43,341,390	365,010,022
Accumulated depreciation										
1 January 2022	-	23,790,006	14,621,149	65,187,802	5,727,128	11,732,941	7,706,415	3,891,434	-	132,656,875
Charge for the year	-	2,210,912	769,534	5,221,843	541,019	1,212,397	467,239	400,618	-	10,823,562
Disposals	-	-	-	(183,355)	(43,377)	(1,535,891)	(11,378)	(425,352)	-	(2,199,353)
Foreign exchange difference	-	(119,365)	(964,914)	-	(217,608)	(192,879)	(145,746)	(751,814)	-	(2,392,326)
31 December 2022	-	25,881,553	14,425,769	70,226,290	6,007,162	11,216,568	8,016,530	3,114,886	-	138,888,758
Net book value as at										
31 December 2022	83,291,264	43,014,852	6,709,684	37,659,234	1,289,912	8,283,267	1,695,984	835,677	43,341,390	226,121,264

As at 31 December 2022, property, plant and equipment includes machinery and equipment with a value of SR 27,700,000 pledged as a security against financing facility.

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Lands</i> SR	<i>Building and Leasehold improvements</i> SR	<i>Irrigation system</i> SR	<i>Machinery and equipment</i> SR	<i>Furniture and office equipment</i> SR	<i>Motor Vehicles</i> SR	<i>Computer equipment</i> SR	<i>Tools</i> SR	<i>Work in progress</i> SR	<i>Total</i> SR
Cost										
1 January 2021	17,497,500	17,057,511	-	17,059,473	3,913,030	9,995,322	7,458,580	2,179,733	42,617,109	117,778,258
Relating to acquisition of subsidiaries	25,987,873	49,717,477	21,135,453	90,010,393	2,410,935	9,286,706	2,072,111	1,991,057	2,965,171	205,577,176
Additions	-	479,738	-	1,224,873	1,272,092	110,060	198,001	2,020,481	19,845,599	25,150,844
Disposals	-	(286,822)	-	-	(75,013)	(2,190,248)	(127,278)	-	(367,168)	(3,046,529)
Transfers	-	3,446,238	-	-	-	-	-	-	(3,446,238)	-
Foreign exchange difference	(109,315)	(249,341)	-	(3,386)	39,783	(3,238)	72,760	(483,434)	-	(736,171)
31 December 2021	<u>43,376,058</u>	<u>70,164,801</u>	<u>21,135,453</u>	<u>108,291,353</u>	<u>7,560,827</u>	<u>17,198,602</u>	<u>9,674,174</u>	<u>5,707,837</u>	<u>61,614,473</u>	<u>344,723,578</u>
Accumulated depreciation										
1 January 2021	-	10,188,405	-	10,324,789	3,657,028	9,514,696	6,985,663	1,849,009	-	42,519,590
Relating to acquisition of subsidiaries	-	12,808,610	14,319,328	52,579,613	1,755,826	4,003,193	482,176	1,723,617	-	87,672,363
Charge for the year	-	1,022,080	301,821	2,317,674	456,120	388,197	321,717	462,902	-	5,270,511
Disposals	-	(267,602)	-	(34,086)	(146,701)	(2,172,001)	(82,318)	(7,804)	-	(2,710,512)
Foreign exchange difference	-	38,513	-	(188)	4,855	(1,144)	(823)	(136,290)	-	(95,077)
31 December 2021	<u>-</u>	<u>23,790,006</u>	<u>14,621,149</u>	<u>65,187,802</u>	<u>5,727,128</u>	<u>11,732,941</u>	<u>7,706,415</u>	<u>3,891,434</u>	<u>-</u>	<u>132,656,875</u>
Net book value as at										
31 December 2021	<u>43,376,058</u>	<u>46,374,795</u>	<u>6,514,304</u>	<u>43,103,551</u>	<u>1,833,699</u>	<u>5,465,661</u>	<u>1,967,759</u>	<u>1,816,403</u>	<u>61,614,473</u>	<u>212,066,703</u>

The factory buildings are built on a leased land from Jeddah Industrial City for a period of 25 years against a nominal annual rent, which started on 13 Safar 1419H (corresponding to 8 June 1998). The lease agreement is renewable by consent of both the parties, and the Group expects that the agreement will be renewed at the end of its term

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

	2022 SR	2021 SR
Cost of sales (note 24)	9,905,780	4,401,905
General and administrative expenses (note 26)	892,036	853,497
Selling and distribution expenses (note 25)	25,746	15,109
	10,823,562	5,270,511

7 RIGHT-OF-USE ASSETS

The Group leases land, buildings and vehicles. The information about the assets leased by the Group is as follows:

2022

	Land SR	Buildings SR	Motor vehicles SR	Total SR
Cost				
As at 1 January 2022	1,007,032	8,570,289	4,989,917	14,567,238
Additions during the year	-	1,471,261	4,864,221	6,335,482
Write-off and termination	-	(2,533,613)	(153,468)	(2,687,081)
Foreign exchange difference	-	-	(1,508,562)	(1,508,562)
As at 31 December 2022	1,007,032	7,507,937	8,192,108	16,707,077
Accumulated depreciation				
As at 1 January 2022	338,453	4,321,925	1,391,954	6,052,332
Charged during the year	108,431	2,231,362	1,549,446	3,889,239
Write-off and termination	-	(2,135,609)	(132,156)	(2,267,765)
Foreign exchange difference	-	-	(376,426)	(376,426)
As at 31 December 2022	446,884	4,417,678	2,432,818	7,297,380
Net book value				
At 31 December 2022	560,148	3,090,259	5,759,290	9,409,697

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31 December 2022

7 RIGHT-OF-USE ASSETS (continued)

	<i>Land</i>	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Total</i>
	SR	SR	SR	SR
As at 1 January 2021	574,935	7,574,385	2,056,991	10,206,311
Relating to acquisition of subsidiaries	432,097	1,435,893	153,468	2,021,458
Additions during the year	-	2,611,075	2,779,458	5,390,533
Write-off	-	(3,051,064)	-	(3,051,064)
As at 31 December 2021	1,007,032	8,570,289	4,989,917	14,567,238
<i>Accumulated depreciation</i>				
As at 1 January 2021	180,595	3,814,219	426,250	4,421,064
Relating to acquisition of subsidiaries	61,657	1,270,870	102,315	1,434,842
Charged during the year	90,545	2,150,361	863,390	3,104,296
Write-off	-	(2,907,870)	-	(2,907,870)
As at 31 December 2021	332,797	4,327,580	1,391,955	6,052,332
<i>Net book value</i>				
At 31 December 2021	674,235	4,242,709	3,597,962	8,514,906

The term of the land lease contract is 25 years, while the average lease term for the building is 8 years, and for vehicles is 4 years.

	2022 SR	2021 SR
Cost of sales (note 24)	2,738,596	2,180,102
General and administrative expenses (note 26)	778,816	838,413
Selling and distribution expenses (note 25)	371,827	85,781
	3,889,239	3,104,296

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 SR	2021 SR
As at 1 January	7,474,510	5,488,193
Relating to acquisition of subsidiaries	-	771,940
Additions during the year	6,335,482	5,390,533
Accretion of interest	441,152	392,762
Payment during the year	(2,638,505)	(4,568,918)
Termination	(528,301)	-
Foreign exchange difference	(2,134,406)	-
As at 31 December	8,949,932	7,474,510
Current portion of the lease liabilities	4,438,681	1,480,190
Non-current portion of lease liabilities	4,511,251	5,994,320

The maturity analysis of lease liabilities is disclosed in note 31.

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8 INVESTMENT IN AN ASSOCIATE

The Group had 25% equity holding in Creative Performance Company for Elevators (“CPCE”), an entity registered in the Kingdom of Saudi Arabia. CPCE is engaged in trading of elevators and escalators. On 30 December 2021 (the “acquisition date”), the Group acquired additional 75% ownership making it a subsidiary from an associate.

9 INVENTORIES

	2022 SR	2021 SR
Raw materials	50,380,800	51,985,080
Finished goods	32,895,878	15,423,179
Consumables	9,467,347	9,655,425
Work in progress	2,978,476	3,548,954
	<u>95,722,501</u>	<u>80,612,638</u>
Less: provision for obsolete and slow-moving inventories	<u>(6,340,940)</u>	<u>(7,026,333)</u>
	<u>89,381,561</u>	<u>73,586,305</u>

Movement in provision for obsolete and slow-moving inventories was as follows:

	2022 SR	2021 SR
As at 1 January	7,026,333	5,584,221
Relating to acquisition of subsidiaries	-	1,560,507
Reversal for the year	<u>(685,393)</u>	<u>(118,395)</u>
As at 31 December	<u>6,340,940</u>	<u>7,026,333</u>

10 TRADE RECEIVABLES

	2022 SR	2021 SR
Trade receivables	97,867,210	114,602,055
Less: Allowance for expected credit losses	<u>(27,153,354)</u>	<u>(28,055,850)</u>
	<u>70,713,856</u>	<u>86,546,205</u>

Trade receivables are non-interest bearing and generally with collection term between 30 – 180 days.

Movement in the allowance for expected credit losses during the year is as follows:

	2022 SR	2021 SR
As at 1 January	28,055,850	31,091,691
Relating to acquisition of subsidiaries	-	9,758,927
Write-off	<u>(1,155,061)</u>	<u>(11,128,318)</u>
Charge (reversal) for the year	<u>252,565</u>	<u>(1,666,450)</u>
As at 31 December	<u>27,153,354</u>	<u>28,055,850</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2022

10 TRADE RECEIVABLES (continued)

The aging analysis of trade receivables and provision for expected credit losses is as follows:

	<i>Not overdue</i> SR	<i>91-120 days</i> SR	<i>121-360 days</i>	<i>More than</i> <i>360 days</i> SR	<i>Total</i> SR
31 December 2022					
Gross carrying amount	40,261,578	5,339,445	17,674,121	34,592,066	97,867,210
Expected credit loss	183,721	243,878	2,555,121	24,170,634	27,153,354
Expected credit loss rate	0.5%	5%	14%	70%	
31 December 2021					
Gross carrying amount	57,213,652	7,342,681	16,615,958	33,429,765	114,602,056
Expected credit loss	395,519	832,153	3,807,504	23,020,674	28,055,850
Expected credit loss rate	1%	11%	23%	69%	

11 CONTRACT ASSETS

	2022 SR	2021 SR
Contract assets	26,656,860	20,927,844
Less: Allowance for expected credit losses	(1,217,183)	(736,077)
	25,439,677	20,191,767

Movement in the allowance for expected credit losses during the year is as follows:

	2022 SR	2021 SR
As at 1 January	736,077	2,766,095
Charge (reversal) during the year	481,106	(2,030,018)
As at 31 December	1,217,183	736,077

12 PREPAYMENTS AND OTHER CURRENT ASSETS

	2022 SR	2021 SR
Advance to suppliers	18,462,607	4,643,903
Government subsidy	7,562,787	-
Retention receivable	3,022,645	1,217,758
Margin deposits on letters of guarantee and documentary credit	2,980,350	18,397,976
Prepaid expenses	2,749,198	1,615,132
Value added tax receivable	2,485,652	885,183
Employees' receivables	523,421	673,805
Others	803,579	3,267,221
	38,590,239	30,700,978

The management has conducted an ECL impairment assessment on margin deposits, advance to suppliers and other receivables and has concluded that the ECL impairment loss is not significant against the related balances.

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13 RELATED PARTIES TRANSACTIONS AND BALANCES

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The outstanding balance with related parties is unsecured and without interest and is payable on demand unless otherwise stated.

Following are the details of the significant transactions with related parties during the year:

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>	
			2022	2021
			SR	SR
Helwan Machinery & Equipment Company	Affiliate	Contract revenue	49,001,451	37,427,708
		Sale of elevators	-	138,085,059
		Contribution	5,843,891	9,572,949
		Fines (note 28)	2,193,054	-
		Equipment rent	1,024,549	-
National Authority for Military Production	Affiliate	Contribution	5,843,891	4,223,270
Aklina Trading Company	Affiliate	Advance payment for investment	3,500,000	-
Taya Holding Company	Shareholder	Employee cost recharged	-	4,599,036
		End of service benefits	21,984	-
		Expenses paid on behalf of	-	672,796
		Absorption of losses	-	29,721,003
		Acquisition of subsidiaries	-	32,696,924
Clarity of Vision Information Technology	Affiliate	IT services charges	1,726,000	800,000
Arabian Gulf for Contracting and Maintenance Company	Affiliate	Expenses paid on behalf of affiliate	(2,500,000)	-
Mr. Ali Alhumaid	Affiliate	Payment on behalf of Group Affiliate	279,953	-
Misr Polymers Company	Affiliate	Expenses paid on behalf of the Company	65,735	-
Eng. Abdullah Bin Rayes	Shareholder	Payments on behalf of Group	-	13,515,577
		Rent charges	-	306,009
Mr. Hatem Alharthy	Shareholder	Expenses paid on behalf of shareholder	-	869,986
		Treasury Shares	-	4,776,400
Sadric Egypt for Industries	Affiliate	Expenses paid on behalf of the Company	-	3,968,565
Taya Investment Company	Shareholder	Acquisition of subsidiaries	-	264,562
		Absorption of losses	-	240,483
Taya Real Estate Company	Affiliate	Absorption of losses on behalf of shareholder	1,911,710	1,730,043

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13 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Following is a summary of balances with related parties, which are shown in the consolidated statement of financial position:

Amounts due from related parties

	2022 SR	2021 SR
Sadric Egypt for Industries	8,313,031	8,448,315
Arabian Gulf for Contracting and Maintenance Company	4,161,459	-
Aklina Trading Company	3,531,292	142,772
Misr Gulf for Contracting Company	962,353	1,312,154
Adeeb Alfadil	393,873	400,000
Ali Alhumaid	279,953	-
Misr Polymers Company	65,735	-
Helwan Company for Machinery and Equipment	-	6,087,550
Live Stock Breeding Project	-	123,014
Food Developing Company	-	73,106
	<u>17,707,696</u>	<u>16,586,911</u>

Amounts due to related parties

	2022 SR	2021 SR
Helwan Company for Machinery and Equipment	11,138,356	11,894,858
National Authority for Military Production	10,378,037	11,969,208
Abdullah Al Rayes and Sons Company	-	310,324
Taya Real Estate Company	206	48,293
Clarity of Vision Information Technology Company	-	327,855
	<u>21,516,599</u>	<u>24,550,538</u>

Amounts due to shareholders

	2022 SR	2021 SR
Mr. Hatem Elharthy	1,300,000	2,200,000
Mr. Fahad Al Ajlan	34,465	34,465
Eng. Abdullah Bin Rayes	-	13,692,346
Taya Holding Company	-	226,732
	<u>1,334,465</u>	<u>16,153,543</u>

Compensations for the key management personnel of the Group

The key management personnel of the Group consist of the Board of Directors and senior management members who have the authority and responsibility for planning, directing and controlling the activities of the Group.

	2022 SR	2021 SR
Salaries and benefits	7,840,899	6,796,436
Long term benefits	141,900	106,650

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14 CASH AND BANK BALANCES

	2022 SR	2021 SR
Cash at banks	9,254,609	15,709,020
Cash in hand	397,084	425,297
	<u>9,651,693</u>	<u>16,134,317</u>

15. SHARE CAPITAL, TREASURY SHARES AND EARNINGS PER SHARE

a. Share capital

As at 31 December 2022, the share capital of the Company consists of 6,000,000 share (2021: 500,000 shares) of par value of SR 10 each. Pursuant to the shareholder resolution, dated 6 December 2021, the share capital of the Company has been increased from SR 5,000,000 (500,000 shares) to SR 60,000,000 (6,000,000 shares) as follows:

- through issuance of new 67,000 shares (par value SR 10 each) for cash at a share price of SR 831 each and recognized share premium of SR 55,007,000.
- through issuance of 5,433,000 shares by capitalizing share premium amounting to SR 54,330,000.

All the legal formalities related to issuance of the above new shares were completed during the current period. The transaction cost attributable to issuance of shares amounting to SR 2,560,656 was charged directly to equity as a reduction in share premium and retained earnings.

b. Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Company. As at 31 December 2022, the Company held 1,545 shares (31 December 2021: 146 shares) amounting to SR 1,283,933 (31 December 2021: SR 121,364).

16 STATUTORY RESERVES

In accordance with the Company's By-laws and the provisions of the Saudi Companies' Law, the Company shall set aside at least 10% of the net income for each year until it has built up statutory reserve equal to 30% of the share capital. This reserve shall not be available for distribution.

17 EMPLOYEE BENEFIT OBLIGATIONS

The Group provides end of service benefits to its employees taking into consideration the local labor laws, employment market and tax laws of the countries where the companies are located.

End of service benefits are mandatory for all employees who are based in the Kingdom of Saudi Arabia under the Saudi Arabian labor law and the Group's employment policies. End of service is based on employees' compensation and accumulated period of service and is payable upon termination, resignation or retirement. The Defined Benefit Obligation ("DBO") in respect of employees' end of service benefits is calculated by estimating the future benefits payments that employees have earned in return for their service. An appropriate discount rate is then applied to determine the present value of the Group's obligation. The DBO is an unfunded plan.

Re-measurements are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

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17 EMPLOYEE BENEFIT OBLIGATIONS (continued)

	2022 SR	2021 SR
As at 1 January	15,208,667	10,577,436
Relating to acquisition of subsidiaries	-	6,273,000
Current services cost	1,750,438	1,199,231
Finance cost	421,451	325,000
Benefits paid during the year	(2,240,176)	(3,075,197)
Gain on remeasurement of defined benefits obligations	(2,100,825)	(90,803)
As at 31 December	13,039,555	15,208,667

The significant assumptions used in determining the defined benefit obligations are set out below:

	2022	2021
Discount rate	4.2% – 4.5%	2.6% – 2.8%
Average salary increases	2% – 3%	2% - 3%

The table below illustrates the approximate DBO if the Group were to change one key assumption, while the other actuarial assumptions remain unchanged. The sensitivity analysis is intended to illustrate the inherent uncertainty in the valuation of the DBO under market conditions at the measurement date. These results cannot be extrapolated due to non-linear effects that changes in key actuarial assumptions may have on the total DBO. The sensitivities only apply to the DBO and not to the net amounts recognized in the consolidated statement of financial position. The quantitative sensitivity analysis of significant assumptions on defined benefits obligation is as follows:

	2022 SR	2021 SR
Discount rate		
Increase by 1%	12,167,000	13,855,000
Decrease by 1%	14,004,000	12,641,000
Average salary increases		
Increase by 1%	13,378,000	16,227,000
Decrease by 1%	12,783,000	13,845,000

18 LONG-TERM BORROWINGS

The Group has a loan from a local bank amounting to SR 64.5 million (31 December 2021: 4.8 million). The loan is to be repaid through quarterly installments starting from 30 June 2022 over 5 years. The markup on the loan is 2.75% per annum plus SIBOR. The installments paid during the year amounted to SR 8.7 million and SR 24 million is payable in 2023.

19 BANK OVERDRAFTS AND SHORT-TERM BORROWINGS

The Group has obtained overdraft facilities and short-term loans from local banks to finance working capital requirements and purchase of fixed assets. These facilities are secured by personal guarantees, promissory notes from certain shareholders of the parent company and the proceeds from certain projects. These facilities carry a commission based on the prevailing market commercial rates.

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20 TRADE PAYABLES, ACCRUALS AND OTHERS

	2022 SR	2021 SR
Trade payables	56,116,867	93,747,867
Accrued liabilities	17,380,861	16,839,154
Value added tax payable	3,063,446	2,794,012
Employees payable	2,447,335	1,819,057
Professional fees payable	523,501	375,460
Others	1,806,591	3,669,494
	<u>81,338,601</u>	<u>119,245,044</u>

21 CONTRACT LIABILITIES

	2022 SR	2021 SR
Advance payments from customers	27,783,851	33,027,059
	<u>27,783,851</u>	<u>33,027,059</u>

22 ZAKAT AND INCOME TAX

22.1 Zakat

The zakat charge for the year consists of current year charge amounting to SR 346,907 (2021 reversal of provision: SR 500,575).

The zakat base for the year was calculated according to the following basis:

	2022 SR	2021 SR
Shareholders' equity	12,402,413	3,000,000
Opening provisions and other adjustments	104,099,412	60,855,276
Carrying amount of long-term assets	(228,262,442)	(261,678,469)
	<u>(111,760,617)</u>	<u>(197,823,193)</u>
Adjusted income for the year	8,190,641	20,422,981
Zakat base	<u>(103,569,976)</u>	<u>(177,400,212)</u>

The difference between the financial and the results subject to zakat are mainly due to provisions which are not allowed in the calculation of adjusted income for the year.

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22 ZAKAT (continued)

22.2 Movement of zakat provision

The movement of the zakat provision during the year was as follows:

	2022 SR	2021 SR
At the beginning of the year	875,206	670,043
Relating to acquisition of subsidiaries	-	860,354
Charge (reversal) for the year	346,907	(500,575)
Paid during the year	(822,113)	(154,616)
	<u>400,000</u>	<u>875,206</u>

22.3 Zakat assessments

The zakat liability of the Company and its wholly owned subsidiaries is calculated on a consolidated basis as part of the consolidated zakat return. Consolidated zakat returns for all years until 2020 have been filed with Zakat, Tax and Customs Authority ("ZATCA") and are still under review of ZATCA.

22.4 Income Tax

The tax expense and income tax provision included in these consolidated financial statements relates to the operations of our subsidiary in Egypt and is calculated based on the tax laws and regulations of Egypt.

	2022 SR	2021 SR
At the beginning of the year	195,736	-
Charge for the year	1,033,114	195,736
Paid during the year	(195,736)	-
	<u>1,033,114</u>	<u>195,736</u>

23 REVENUE

	2022 SR	2021 SR
Sale of feed and agriculture products	209,121,556	53,199,593
Sale of plastic products	91,486,835	4,423,309
Contracts revenue	89,160,207	63,987,656
Maintenance services	17,506,531	15,804,738
Sale of spare parts	6,188,807	5,644,604
Sale of elevators and escalators	322,875	143,183,096
	<u>413,786,811</u>	<u>286,242,996</u>

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24 COST OF SALES

	2022 SR	2021 SR
Direct material cost	272,653,659	155,653,837
Employee-related cost	39,571,672	30,440,729
Installation costs	13,916,923	24,744,890
Depreciation of property, plant and equipment (note 6)	9,905,780	4,401,905
Utilities	3,822,566	5,099,751
Maintenance cost	2,679,029	2,844,625
Depreciation of right-of-use assets (note 7)	2,738,596	2,180,102
Others	12,784,172	16,770,750
	<u>358,072,397</u>	<u>242,136,589</u>

25 SELLING AND DISTRIBUTION EXPENSES

	2022 SR	2021 SR
Employee-related expenses	6,881,928	3,905,982
Sales commission	1,555,195	2,525,133
Depreciation of right-of-use assets (note 7)	371,827	85,781
Depreciation of property, plant and equipment (note 6)	25,746	15,109
Others	1,870,450	1,305,261
	<u>10,705,146</u>	<u>7,837,266</u>

26 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SR	2021 SR
Employee related expenses	23,002,864	18,241,061
Professional fees	3,346,610	1,978,289
Freight expenses	1,050,741	640,384
Repairs and maintenance	1,045,174	696,237
Utilities	925,171	597,878
Depreciation (note 6)	892,036	853,497
Travel expenses	857,756	324,470
Depreciation of right-of-use assets (note 7)	778,816	838,413
Others	4,718,478	865,750
	<u>36,617,646</u>	<u>25,035,979</u>

27 FINANCIAL CHARGES

	2022 SR	2021 SR
Financial charges on borrowings	12,173,160	5,318,339
Financial charges on the lease liabilities	441,153	392,762
	<u>12,614,313</u>	<u>5,711,101</u>

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31 December 2022

28 OTHER INCOME, NET

	2022 SR	2021 SR
Rental income	2,935,239	590,652
Income from fines on customers (note 13)	2,193,054	-
Governmental support	556,664	215,710
Gain on disposal of property, plant and equipment	537,799	107,228
Income from scrap sales	484,323	826,289
Gain on bargain purchase (note 8a)	-	3,339,390
Employee cost recharged	-	4,599,036
Miscellaneous	435,685	798,926
	<u>7,142,764</u>	<u>10,477,231</u>

29 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares during the year.

Diluted earnings per share amounts are calculated by dividing the net income for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table shows income and shares data used to calculate the basic and diluted earnings per share:

	2022 SR	2021 SR
Net income attributable to the equity holders of the Parent	1,381,023	18,217,335
Weighted average number ordinary shares	5,123,335	275,616
Earnings per share from net income attributable to equity holders of the Parent	0.27	66.10

There are no items that have diluted the weighted average number of ordinary shares.

30 NON-CONTROLLING INTEREST

	2022 SR	2021 SR
As at 1 January	4,998,385	1,332,822
Contribution	12,603,783	3,146,228
Share of (income)/loss	(574,642)	519,335
Share of comprehensive income	(1,658,965)	-
As at 31 December	<u>15,368,561</u>	<u>4,998,385</u>

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31 FINANCIAL INSTRUMENTS

31.1 Financial assets

	2022 SR	2021 SR
Financial assets carried at amortized cost		
Trade receivables (note 10)	70,713,856	86,546,205
Other current assets	35,841,042	29,085,846
Contract assets (note 11)	25,439,677	20,191,767
Amounts due from related parties (note 13)	17,707,696	16,586,911
Cash and bank balances (note 14)	9,651,693	16,134,317
Total financial assets carried at amortized cost	159,353,964	168,545,046

31.2 Financial liabilities

	2022 SR	2021 SR
Financial liabilities carried at amortized cost		
Bank overdrafts and short-term loans (note 19)	207,730,837	222,993,571
Trade and other payables (note 20)	81,338,601	119,245,044
Long-term borrowings (note 18)	31,404,033	4,795,053
Amounts due to related parties (note 13)	21,516,599	24,550,538
Lease liabilities (note 7)	8,949,932	7,474,510
Amounts due to shareholders (note 13)	1,334,465	16,153,543
Total financial liabilities carried at amortized cost	352,274,467	395,212,259

31.3 Fair value measurement

Financial assets consist of cash and cash equivalents, trade receivables, contract assets, other current assets and amounts due from related parties. Financial liabilities consist of trade and other liabilities, lease liabilities, bank borrowing and amount due to related parties and shareholders. The fair values of financial assets and financial liabilities approximate their carrying values at the reporting date mainly due to the short-term maturities and frequent repricing of these instruments and are classified as level 2.

As at 31 December 2022 and 2021, there were no financial instruments measured at fair value.

31.4 Financial risk management

The Group's activities expose it to various financial risks, including market risk (which includes currency risk and commission rate risk), credit risk and liquidity risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplinary and constructive control environment in which all employees understand their roles and obligations.

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31 December 2022

31 FINANCIAL INSTRUMENTS (continued)

31.4 Financial risk management (continued)

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

The Group's policies limit the amount of credit exposure to any individual peers based on their credit rating as well as other factors. Moreover, the Group's policies require that cash and cash equivalents are invested with a diversified group of financial institutions, in the majority of cases with investment grade credit ratings. The Group ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third party rating models. The expected credit losses details are given in note 10.

With respect to the credit risk exposure of other financial assets, namely, due from related parties, bank deposits and other current assets, the maximum credit risk of the Group is limited to their carrying values, in case there is a failure of the other party to meet its obligation.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group approach to managing liquidity risk is to maintain sufficient cash and cash equivalents, ensuring the availability of incremental funding through credit facilities. The Group invests excess cash in current accounts and time deposits ensuring instruments with appropriate maturities or sufficient liquidity to meet forecast cash flow requirements.

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

As at 31 December 2022

	<i>Within 1 year SR</i>	<i>Between 1 to 5 years SR</i>	<i>No specified maturity SR</i>	<i>Total SR</i>
Long term borrowings	-	31,404,033	-	31,404,033
Bank overdrafts and short-term borrowings	207,730,837	-	-	207,730,837
Lease liabilities	3,446,634	4,127,431	-	7,574,065
Trade payables, accruals and others	81,338,601	-	-	81,338,601
Amounts due to related parties	-	-	21,516,599	21,516,599
Amounts due to shareholders	-	-	1,334,464	1,334,464
Total	<u>292,516,072</u>	<u>35,531,464</u>	<u>22,851,063</u>	<u>350,898,599</u>

As at 31 December 2021

	<i>Within 1 year SR</i>	<i>Between 1 to 5 years SR</i>	<i>No specified maturity SR</i>	<i>Total SR</i>
Long term borrowings	-	4,500,000	-	4,500,000
Bank overdrafts and short-term borrowings	227,038,552	-	-	227,038,552
Lease liabilities	1,153,259	6,346,846	-	7,500,105
Trade payables, accruals and others	119,245,044	-	-	119,245,044
Amounts due to related parties	-	-	24,550,538	24,550,538
Amounts due to shareholders	-	-	16,153,543	16,153,543
Total	<u>347,436,855</u>	<u>10,846,846</u>	<u>40,704,081</u>	<u>398,987,782</u>

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31 December 2022

31 FINANCIAL INSTRUMENTS (continued)

31.4 Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commission rates will affect fair value or future cash flows of financial instruments of the Group. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk consists of currency risk and commission rate risk as follows:

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries.

The possible impact of +5% and -5% change in EGP exchange rate on Group's net investments in foreign subsidiaries is SR 305,154 (2021: 859,552) and SR (337,275) (2021: (950,031))

The Group's management believes that the currency risk is not significant for all other foreign currencies as the Saudi Riyal exchange rate is almost fixed against those currencies.

b) Commission rate risk

Commission rate risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in special commission rates prevailing in the market. The Group is subject to commission rate risk on its commission bearing assets and liabilities, including bank deposits and loans. The Group manages commission rate risk by constantly monitoring changes in commission rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change in commission rates, with all other variables held constant, of the Group's income before zakat and income tax (through the impact on floating rate borrowings) for the year ended 31 December:

	<i>Gains (losses) through income and equity</i>	
	<i>2022</i> <i>SR</i>	<i>2021</i> <i>SR</i>
+100 bps	(2,391,350)	(2,315,386)
-100 bps	2,391,350	2,315,386

31.5 Capital management

The primary objective of the Group's capital management is to support its business and maximize shareholders value.

For the purpose of the Group's capital management, capital comprises issued share capital and all other equity reserves attributable to equity holders. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its operations and maximize shareholder's benefits. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

Neither the subsidiaries nor the Company are subject to externally imposed capital requirements.

No changes were made to the objectives, policies and procedures for capital management during the years ending on 31 December 2022 and 31 December 2021.

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32 COMMITMENT AND CONTINGENCIES

The Group's bankers have issued on its behalf bank guarantees amounting to SR 4,549,532 (31 December 2021: SR 11,762,269) in the normal course of business.

33 SHARE-BASED PAYMENTS

Senior Executive Plan

Under the Senior Executive Plan (SEP), share of the Parent are granted to certain senior executives of the Parent provided the said executive must remain in service for a period of two years from the date of grant.

During the year ended 31 December 2022, the Company had the following share-based payment arrangements:

<i>Plan</i>	<i>Grant Date</i>	<i>Number of shares</i>	<i>Vesting date</i>	<i>Vesting conditions</i>
Senior Executive plan	12 December 2021	5,600	12 December 2021	Vested immediately
	12 December 2021	2,800	12 December 2022	Remain in service
	12 December 2021	2,800	12 December 2023	Remain in service
		11,200		

The senior executives will be entitled for shares on above mentioned vesting date. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share-based plan. The Group accounts for the SEP as an equity-settled plan.

The estimated fair value of each share granted in the SEP is SAR 831 which was based on the valuation performed by the management at the date of grant.

During the year ended 31 December 2022, the Company recognized expenses amounting to SR 3,461,511 for employees' services against equity-settled share-based payments.

There were no cancellations or modifications to the awards in 2022.

34 REVALUATION OF FREEHOLD LANDS

Management determined that land constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

On 30 September 2022, the Group has changed its accounting policy to measure the freehold land at the revalued amount in accordance with IAS 16 as endorsed in the Kingdom of Saudi Arabia. Previously, the Group followed the policy to keep land at cost.

The Group changed the accounting policy with respect to the measurement of freehold land as at 30 September 2022 on a prospective basis. Therefore, the fair value of the land was not measured at 30 September 2021.

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on prices of transactions for properties of similar nature, location and condition. As at the date of revaluation on 30 September 2022, the properties' fair values are based on valuations performed by "Comfort360.net", "Estnad" and "Art of Value Real Estate Valuation", accredited independent valuers who have valuation experience for similar properties. A net gain from the revaluation of the land of SR 46,497,609 in 2022 is recognised in statement of other comprehensive income. The amount attributable to equity holders of the Parent was SR 34,933,797.

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31 December 2022

34 REVALUATION OF FREEHOLD LANDS (continued)

As at 30 September 2022, the impact of the change in the accounting policy from the cost model to the revaluation model is as follows:

	<i>According to cost model (before adjustment) SAR</i>	<i>Adjustment SAR</i>	<i>According to revaluation model (after adjustment) SAR</i>
Land	36,793,655	46,497,609	83,291,264
Revaluation surplus – OCI	-	46,497,609	46,497,609
Total assets	440,518,074	46,497,609	498,487,790

Significant unobservable valuation input:

Range

Price per square meter

SR 609 – 737

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis. Fair value measurement is classified as level 3 in fair value hierarchy.

The above change does not have any impact on net income.

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35 SEGMENT INFORMATION

For management purposes, the Group is organized into three business segments and holding company. The business segments are determined based on the Group's products.

Elevators and escalators segment

The Group conducts several activities including under this segment which includes manufacturing, selling, installing and maintaining elevators and escalators and their spare parts.

Feed and agriculture

The Group produces compound feed for poultry and livestock.

Plastic segment

The Group produces various plastic products such as drip irrigation systems plastic products, semi-finished plastic compounds, high-quality PVC compounds, EVA products, shoes and sandals products.

Below is an analysis of revenue, gross profit, net income for the year, property and equipment, total assets and total liabilities for each business segment and holding company:

	<i>Elevators and escalators</i>	<i>Feed and agriculture</i>	<i>Plastic</i>	<i>Mayar Holding Company</i>	<i>Eliminations</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR
<u>31 December 2022</u>						
Revenues	173,770,533	208,652,012	95,396,798	-	(64,032,532)	413,786,811
Gross profit	33,267,855	14,880,159	11,288,186	-	(3,721,786)	55,714,414
Net income (loss) for the year	3,786,992	(399,026)	1,964,629	179,972	(4,726,186)	806,381
Property, plant and equipment	95,788,962	109,478,244	20,819,236	34,822	-	226,121,264
Total assets	338,580,902	183,548,028	64,684,809	111,238,024	(211,036,080)	487,015,683
Total liabilities	300,190,837	161,726,788	46,267,795	35,322,938	(148,977,371)	394,530,987
<u>31 December 2021</u>						
Revenues	251,344,835	41,410,848	15,805,332	-	(22,318,019)	286,242,996
Gross profit	45,592,422	(1,064,301)	(421,714)	-	-	44,106,407
Net income for the year	21,491,103	(1,389,576)	(1,708,028)	18,871,561	(18,528,390)	18,736,670
Property, plant and equipment	96,385,948	101,999,287	13,657,036	24,432	-	212,066,703
Total assets	339,739,718	170,434,256	59,026,988	96,993,058	(201,865,928)	464,328,092
Total liabilities	308,967,900	157,853,248	41,338,900	82,182,280	(145,823,401)	444,518,927

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36 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards and interpretations effective in the current year

In the current year, the Group has adopted all amendments to standards issued by the International Accounting Standards Board ("IASB") that are mandatory for adoption in the annual periods beginning on or after 1 January 2022.

IFRS 9	Amendment	- Amendment regarding Fees in the '10 percent' test for derecognition of financial liabilities.
IFRS 16	Amendment	- The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives.
IAS 16	Amendment	- It prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
IAS 37	Amendment	- The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract.' - Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.
IFRS 3	Amendment	- The IASB issued 'Reference to the Conceptual Framework' that update an outdated reference without significantly changing its requirements.

Generally, the adoption of these amendments to standards has not led to any changes in the Group's accounting policies and disclosures provided in the consolidated financial statements.

Standards, amendments and interpretations in issue but not yet adopted

The following standards, amendments and interpretations were in issue at the date of authorisation of these consolidated financial statements, but not yet effective, and therefore were not applied in these consolidated financial statements.

The impact of the adoption of these standards is currently being assessed; however, the directors anticipate that the adoption of these standards, amendments and interpretations in future periods will not have a significant impact on the consolidated financial statements of the Group.

IAS 1	Amendment	<ul style="list-style-type: none"> - Applicable annual periods beginning on or after 1 January 2023. - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) require entities to disclose material accounting policy information rather than significant accounting policies. - Applicable annual periods beginning on or after 1 January 2024: - The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendments clarify that: <ul style="list-style-type: none"> - the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; - classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and - settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. - Amendments to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
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36 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

IFRS 17	New standard	- Insurance Contract applicable annual periods beginning on or after 1 January 2023.
IAS 8	Amendment	- Amendments regarding the definition of accounting estimates applicable annual periods beginning on or after 1 January 2023.
IAS 12	Amendment	- Amendments regarding deferred tax on leases and decommissioning obligations applicable annual periods beginning on or after 1 January 2023.
IFRS 10 and IAS 28	Amendment	- Amendments related to the sale or contribution of assets between an investor and its associate or joint venture.
IFRS 4	Amendment	- Amendments change the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 (financial instrument) until 1 January 2023.
IFRS 16	Amendment	- Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions applicable annual periods beginning on or after 1 January 2024.

37 SUBSEQUENT EVENTS

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred to as “the Law”) came into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Bye-laws for any changes to align the Articles to the provisions of the Law. Consequently, the Group shall present the amended By-laws to the shareholders in their Annual General Meeting for their ratification.

No other matter has occurred up to and including the date of the approval of consolidated financial statements by the Board of Directors of the Group which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 December 2022.

38 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements, for the year ended on 31 December 2022, were approved by the Company's Board of Directors during its meeting held on 3 Dhul Hijjah 1444 H (corresponding to 21 June 2023).