

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Interim Consolidated Financial Statements (unaudited)
For the three-month and nine-month
periods ended 30 September 2024
together with the
Independent Auditor's Review Report

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Interim Consolidated Financial Statements and
Independent Auditor's Review Report
For the three-month and nine-month periods ended 30 September 2024

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KPMG Professional Services

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim consolidated financial statements

To the Shareholders of Riyadh Cables Group Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 September 2024 interim condensed consolidated financial statements of **Riyadh Cables Group Company ("the Company") and its subsidiaries ("the Group")** which comprises:

- The condensed consolidated statement of financial position as at 30 September 2024;
- The condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2024;
- The condensed consolidated statement of other comprehensive income for the three and nine-month periods ended 30 September 2024;
- The condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2024;
- The condensed consolidated statement of cash flows for the nine-month period ended 30 September 2024; and
- The notes to the condensed interim consolidated financial statements.

Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 condensed interim consolidated financial statements of **Riyadh Cables Group Company and its subsidiaries** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Fahad Mubark Al Dossari
License No. 469



Riyadh, 5 Jumada Al-Awwal 1446H
Corresponding to: 7 November 2024

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR70,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٧٠.٠٠٠.٠٠٠) ريال سعودي منقوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي للاستشارات المهنية المحدودة، شركة انجليزية محدودة بضمان.

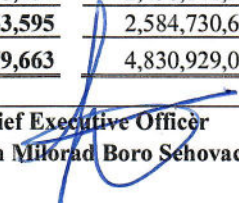
Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net	7	1,257,905,427	1,206,659,875
Investment Properties, net	8	9,020,632	11,510,986
Intangible assets, net		58,564,336	62,766,995
Right of use assets		7,343,842	8,156,317
Investments at fair value through other comprehensive income	9	19,670,231	17,293,564
Investment in equity-accounted investees-joint venture		31,409,377	30,602,500
Deferred tax assets		8,872,589	5,052,658
Total non-current assets		1,392,786,434	1,342,042,895
Current assets			
Inventories	10	2,302,170,543	1,909,111,440
Trade receivables	11	2,020,922,331	1,305,105,319
Contract assets		22,346,971	25,208,489
Advances and other current assets	12	112,433,786	88,607,035
Derivative financial instruments	15	28,459,283	10,802,262
Cash and cash equivalents		332,960,315	150,051,628
Total current assets		4,819,293,229	3,488,886,173
Total assets		6,212,079,663	4,830,929,068
Equity and liabilities			
Equity			
Share capital		1,500,000,000	1,500,000,000
Statutory reserve		288,326,294	288,326,294
Treasury shares		(21,097,836)	(21,097,836)
Retained earnings		786,962,453	448,228,187
Other reserves		91,285,439	31,287,696
Equity attributable to the shareholders of the Company		2,645,476,350	2,246,744,341
Non-controlling interests		(1,850,282)	(545,883)
Total equity		2,643,626,068	2,246,198,458
Non-current liabilities			
End-of-service benefits obligations		123,686,356	117,297,199
Lease liabilities		6,827,607	7,392,489
Deferred tax liabilities		5,543,895	9,898,969
Total non-current liabilities		136,057,858	134,588,657
Current liabilities			
Islamic finance facilities	13	841,410,000	722,123,178
Accrued expenses and other liabilities	14	325,223,021	266,518,283
Contract liabilities		21,123,850	24,977,269
Derivative financial instruments	15	5,654,052	894,858
Trade payables	17	1,795,371,793	1,195,410,422
Provisions	16	384,406,416	197,175,347
Provision for Zakat and income tax		58,367,682	41,946,426
Lease liabilities - current portion		838,923	1,096,170
Total current liabilities		3,432,395,737	2,450,141,953
Total liabilities		3,568,453,595	2,584,730,610
Total equity and liabilities		6,212,079,663	4,830,929,068

Chief Financial Officer
Bahaa Ahmed Bakr Eissa



Chief Executive Officer
Borjan Milorad Boro Sehovac



The accompanying notes (1) to (31) form an integral part of these condensed interim consolidated financial statements.

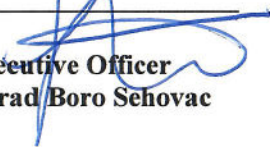
Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Profit or Loss (unaudited)
For the three-month and nine-month periods ended 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Notes	For the three months ended 30 September		For the nine-months ended 30 September	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue	24	2,433,148,689	2,080,716,988	6,510,839,951	5,935,518,886
Cost of revenue	19	(2,031,678,332)	(1,801,509,068)	(5,556,595,238)	(5,200,867,856)
Gross profit		401,470,357	279,207,920	954,224,713	734,651,030
Selling and distribution expenses	20	(35,238,884)	(26,132,330)	(94,396,081)	(82,204,915)
General and administrative expenses	21	(36,426,919)	(39,387,673)	(111,105,996)	(104,158,559)
Provision for expected credit losses	11	(52,957,703)	(40,993,846)	(63,323,261)	(56,463,869)
Impairment losses on investment properties	8	-	-	(2,490,354)	(15,252,413)
Other income / (expenses), net	22	3,398,124	(8,478,091)	(597,839)	228,738
Profit from operations		280,244,975	164,215,980	682,331,182	476,800,012
Finance costs	23	(23,687,337)	(23,185,291)	(65,641,717)	(66,417,767)
Profit before Zakat and income tax		256,557,638	141,030,689	616,689,465	410,382,245
Zakat and income tax		(28,958,613)	(8,327,783)	(61,729,545)	(25,964,216)
Deferred tax		7,158,205	-	8,175,005	114,577
Net profit for the period		234,757,230	132,702,906	563,134,925	384,532,606
Attributable to:					
Shareholders of the Company		234,704,677	132,733,389	564,347,751	384,624,214
Non-controlling interests		52,553	(30,483)	(1,212,826)	(91,608)
Net profit for the period		234,757,230	132,702,906	563,134,925	384,532,606
Earnings per share					
Basic and diluted earnings per share	25	1.57	0.88	3.77	2.56

Chief Financial Officer
Bahaa Ahmed Bakr Eissa



Chief Executive Officer
Borjan Milorad Boro Schovac



The accompanying notes (1) to (31) form an integral part of these condensed interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Other Comprehensive Income (unaudited)
For the three-month and nine-month periods ended 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the three months ended 30 September		For the nine-months ended 30 September	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Net profit for the period		234,757,230	132,702,906	563,134,925	384,532,606
Other comprehensive income					
<u>Items that may be reclassified to profit or loss</u>					
Foreign currency translation reserve		26,624	(508,129)	23,359	(84,245)
Effective portion of hedging contracts	15	4,442,683	15,201,687	51,597,717	(7,201,247)
<u>Items that will not be reclassified to profit or loss</u>					
Investments at fair value through comprehensive income	9	383,340	(4,254,996)	2,376,667	(1,686,661)
Re-measurement of end-of-service benefits obligations		(345,743)	1,477,112	(1,037,235)	4,445,642
Other comprehensive income/(loss) for the period		4,506,904	11,915,674	52,960,508	(4,526,511)
Total comprehensive income for the period		239,264,134	144,618,580	616,095,433	380,006,095
Comprehensive income attributable to:					
Shareholders of the Company		239,211,581	144,649,202	617,308,259	380,067,220
Non-controlling interests		52,553	(30,622)	(1,212,826)	(61,125)
Total comprehensive income		239,264,134	144,618,580	616,095,433	380,006,095



Chief Financial Officer
Bahaa Ahmed Bakr Eissa



Chief Executive Officer
Borjan Milorad Boro Sehovac

The accompanying notes (1) to (31) form an integral part of these condensed interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Changes in Equity (unaudited)
For the nine-month period ended 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Equity attributable to the shareholders of the Company											Non-controlling interests	Total equity
	Other reserves												
	Share capital	Statutory reserve	Retained earnings	Treasury shares	Acquisition reserve of a subsidiary	Reserve for evaluation of investments at fair value through other comprehensive income	Employees' shares reserve plan	Cash flow hedge reserve	Foreign operations translation reserve	Total other reserves			
For the nine-month period ended 30 September 2023													
Balance at 1 January 2023 (Audited)	1,500,000,000	288,326,294	305,811,568	-	22,725,173	19,199,400	-	(14,608,108)	(764,677)	26,551,788	2,120,689,650	(146,950)	2,120,542,700
Net profit for the period	-	-	384,624,214	-	-	-	-	-	-	-	384,624,214	(91,608)	384,532,606
Other comprehensive income for the period	-	-	4,445,642	-	-	(1,686,661)	-	(7,201,247)	(84,245)	(8,972,153)	(4,526,511)	-	(4,526,511)
Total comprehensive income for the period	-	-	389,069,856	-	-	(1,686,661)	-	(7,201,247)	(84,245)	(8,972,153)	380,097,703	(91,608)	380,006,095
share-based payment	-	-	-	(2,204,769)	-	-	-	-	-	-	(2,204,769)	-	(2,204,769)
Dividends	-	-	(225,000,000)	-	-	-	-	-	-	-	(225,000,000)	-	(225,000,000)
Balance at 30 September 2023 (unaudited)	1,500,000,000	288,326,294	469,881,424	(2,204,769)	22,725,173	17,512,739	-	(21,809,355)	(848,922)	17,579,635	2,273,582,584	(238,558)	2,273,344,026
For the nine-month period ended 30 September 2024													
Balance at 1 January 2024 (Audited)	1,500,000,000	288,326,294	448,228,187	(21,097,836)	22,725,173	12,989,410	8,000,000	(11,612,617)	(814,270)	31,287,696	2,246,744,341	(545,883)	2,246,198,458
Net profit for the period	-	-	564,347,751	-	-	-	-	-	-	-	564,347,751	(1,212,826)	563,134,925
Other comprehensive income for the period	-	-	(1,037,235)	-	-	2,376,667	-	51,597,717	23,359	53,997,743	52,960,508	-	52,960,508
Total comprehensive income for the period	-	-	563,310,516	-	-	2,376,667	-	51,597,717	23,359	53,997,743	617,308,259	(1,212,826)	616,095,433
share-based payment	-	-	-	-	-	-	6,000,000	-	-	6,000,000	6,000,000	-	6,000,000
Dividends (note 28)	-	-	(224,576,250)	-	-	-	-	-	-	-	(224,576,250)	(91,573)	(224,667,823)
Balance at 30 September 2024 (unaudited)	1,500,000,000	288,326,294	786,962,453	(21,097,836)	22,725,173	15,366,077	14,000,000	39,985,100	(790,911)	91,285,439	2,645,476,350	(1,850,282)	2,643,626,068


Chief Financial Officer
Bahaa Ahmed Bakr Eissa


Chief Executive Officer
Borjan Milorad Boro Schovac

The accompanying notes (1) to (31) form an integral part of these condensed interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	For nine months period ended	
	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Cash flow from operating activities:		
Profit for the period before zakat and income tax	616,689,465	410,382,245
Adjustments for:		
Depreciation of Property, plant, and equipment	46,634,749	45,893,103
Amortization of intangible assets	4,202,659	4,175,582
Depreciation of right-of-use of assets	812,475	994,632
Interest on lease liabilities	206,345	233,991
Expected adjustments of net realizable value of inventories	87,957,052	13,862,482
Impairment losses charge on trade receivables	63,323,261	56,463,869
Provisions during the period	187,231,069	107,006,691
Income from investment in equity accounted investees- joint venture	(806,877)	-
Impairment losses of investment property	2,490,354	15,252,413
Employees' end-of-service benefits	12,964,736	16,364,809
Loss from disposal of property, plant, and equipment	1,089,076	7,144,821
Share-based payments expenses	6,000,000	-
Evaluation of financial derivatives	38,699,890	(18,482,001)
Finance costs	61,975,820	64,019,738
Changes in:		
Inventories	(481,016,155)	(41,717,298)
Trade receivables	(779,140,273)	(463,681,446)
Contract assets	2,861,518	(13,191,358)
Contract liabilities	(3,853,419)	(11,379,870)
Advances and other current assets	(23,826,751)	(27,367,845)
Accrued expenses and other liabilities	58,704,738	38,753,507
Trade payables	599,961,371	871,173,933
Employees' end-of-service benefits paid	(7,612,814)	(4,025,210)
Net finance cost paid	(61,975,820)	(64,019,738)
Zakat and Income tax paid	(45,308,289)	(29,903,569)
Net cash flows generated from operating activities	388,264,180	977,953,481
Investing activities		
Payment for acquisition of property, plant and equipment	(100,091,784)	(88,025,708)
Proceed from sale of property, plant and equipment	1,122,407	685,678
Payments to purchase investment properties	-	(485,400)
Net cash flows used in investing activities	(98,969,377)	(87,825,430)
Financing activities		
Repayment of Islamic financing facilities during the period	(2,522,723,516)	(2,695,123,409)
Proceeds from Islamic financing facilities during the period	2,642,010,338	2,047,059,892
Lease liabilities under right-of-use assets	(1,028,474)	(1,148,012)
Payment to purchase treasury shares	-	(2,204,769)
Dividends paid	(224,667,823)	(225,000,000)
Net cash flows used in financing activities	(106,409,475)	(876,416,298)
Net change in cash and cash equivalents during the period	182,885,328	13,711,753
Cash and cash equivalents at the beginning of the period	150,051,628	107,119,942
Effect of exchange rate change on cash and cash equivalents	23,359	(230,848)
Cash and cash equivalents at the end of the period	332,960,315	120,600,847
Non-cash transactions		
Re-measurements of employees' retirement benefits	(1,037,235)	4,445,642
Change in the fair value of investments at fair value through other comprehensive income	2,376,667	(1,686,661)
Changes in the value of the hedging instruments recognized in OCI	51,597,717	(7,201,247)

Chief Financial Officer

Bahaa Ahmed Bakr Eissa



Chief Executive Officer

Borjan Milorad Boro Schovac



The accompanying notes (1) to (31) form an integral part of these condensed interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements (Unaudited)
For the nine-month period ended 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

1. REPORTING ENTITY

Riyadh Cables Group Company (“the Company”) was formed as a Saudi Joint Stock Company in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia (KSA). The Company operates under Commercial Registration No. 1010052927 issued on 24 Jumada’ II 1435H (corresponding to 24 April 2014). The Company operates under Industrial License No. 396/R dated 12 Jumada’ II 1416H (corresponding to 25 November 1995) amended by Industrial License No. 36/R dated 5 Muharram 1418H (corresponding to 12 May 1997) amended by Industrial License No. 2572 dated 16 Rajab 1434H (corresponding to 26 May 2013). The Company’s registered office is located at Second Industrial Area, P.O. Box 26862 Riyadh 11496, Kingdom of Saudi Arabia.

The principal activities of the Group includes the production of isolated and non-isolated cables made from copper as well as aluminum.

The fiscal year begins on 1 January and ends on 31 December of each Gregorian year.

The accompanying condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries listed below (collectively referred to as the “Group”).

Subsidiary	Legal form	Country of Incorporation	Shareholding percentage held by the Group (directly or indirectly)	
			2024	2023
1- Saudi Modern Company for Metals, Cables and Plastic Industry and its subsidiaries listed below:	Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
1.1 Qatar Cables Company LLC	Limited Liability Company	Qatar	50%	50%
1.2 Arabian Gulf Company for Electrical Cables LLC	Limited Liability Company	Kuwait	49%	49%
1.3 Gulf Company Electrical Works	Limited Liability Company	Oman	100%	100%
1.4 Riyadh Egyptian Cable for Electrical Works Company	Joint Stock Company (E.S.C)	Egypt	49%	49%
2- Saudi Modern Company for Specialized Wires and Cables Industry	Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
3- Saudi Modern Company for Telephone Cables Industry	Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
4- Riyadh Cables Company and its subsidiaries listed below:	Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
4.1 National Cables Industry Company	A single shareholder limited liability company	UAE	100%	100%
4.2 Alrowad Company for Production of Electrical Cables Limited	A single shareholder limited liability company	Iraq	100%	100%
4.3 Iraqi National Company for Cables Industry	Limited Liability Company	Iraq	100%	100%
5- Saudi Modern Company for Cables Limited	Limited Liability Company	Kingdom of Saudi Arabia	100%	100%

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements (Unaudited)
For the nine-month period ended 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements for the nine-month period ended 30 September 2024 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023 (“Annual Financial Statements”).

These condensed interim consolidated financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia; however, certain accounting policies and selected explanatory notes are included to explain significant events and transactions during the period to understand of the changes in the Group’s financial position and financial performance since the prior year financial statements.

The results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the year ended 31 December 2024.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of Group’s condensed interim consolidated financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by SOCPA require management to make judgments, estimates, and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group’s accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Group’s annual consolidated financial statements as at 31 December 2023.

4. BASIS OF MEASUREMENT

The condensed interim consolidated financial statements have been prepared on the historical cost basis and the going concern concept, except for the following:

- Employees’ defined benefit obligations that have been actuarially evaluated and measured at the present value using the projected unit credit method.
- Investments at FVOCI
- Derivative financial instruments at fair value.

5. PRESENTATIONAL AND FUNCTIONAL CURRENCY

These condensed interim consolidated financial statements are prepared in Saudi Riyals, which is the functional and presentation currency of the Group.

6. MATERIAL ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those adopted in preparing the Group’s annual financial statements for the year ended 31 December 2023. The principal accounting policies have been consistently applied to all periods presented in these condensed interim consolidated financial statements.

New Standards, Amendments to Standards, and Interpretations

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

There are several amendments and interpretations that are applied for the first time in 2024, but do not have an impact on the condensed interim consolidated financial statements of the Group.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements (Unaudited)
For the nine-month period ended 30 September 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT, NET

The total cost of property, plant and equipment amounted to SR 3.1 billion as at 30 September 2024 (31 December 2023: SR 2.98 billion). The accumulated depreciation amounted to SR 1.81 billion (31 December 2023: SR 1,78 billion). During the nine-month period ended 30 September 2024, the Group has added property, plant and equipment amounting to SR 100.1 million (31 December 2023: SR 154,66 million, as of 30 September 2023: SR 88 million) which are mainly represented in new plants for the Group's companies.

8. INVESTMENT PROPERTIES

Investment properties are represented in a land located in the Arab Republic of Egypt. Its net carrying amount as at 30 September 2024 amounted to SR 9 million, and its fair value at 31 December 2023, according to the latest valuation of the land, amounted to SR 13,8 million. The fair value of the investment properties has been determined by "Consultation company for experience and appraisal" an independent external real estate valuer and registered with the Central Bank of Egypt under No. (59).

9. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	% of	30 September	31 December
	shareholding	2024	2023
		(Unaudited)	(Audited)
Natural Gas Distribution Company *	7.67 %	18,399,991	16,023,324
International Company for Insulation Materials **	19.7 %	1,270,240	1,270,240
		19,670,231	17,293,564

*The fair value valuation profits during the period of the Group investment in the aforementioned company amounted to SR 2.38 million on 30 September 2024. (30 September 2023 amounted to SR 1.7 million).

** The Group's investments in International Company for Insulation Materials represent investments in a non- listed company recognized at cost. The management expects no significant difference between the fair value of these investments at 30 September 2024 and their fair value at 31 December 2023.

10. INVENTORIES

	30 September	31 December
	2024	2023
	(Unaudited)	(Audited)
Finished production	1,379,881,029	1,046,045,780
Inventory in progress	550,193,362	375,033,255
Raw materials	381,172,871	388,554,260
Spare parts	73,443,333	74,215,719
Packaging material	44,794,648	44,768,175
Goods in transit	25,970,328	40,630,152
Projects' supplies	2,977,463	8,169,538
	2,458,433,034	1,977,416,879
Less: Expected adjustments of net realizable value	(156,262,491)	(68,305,439)
	2,302,170,543	1,909,111,440

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10. INVENTORIES (CONTINUED)

Movement in expected adjustments of net realizable value of inventories is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Balance at the beginning of the period	68,305,439	50,077,300
Adjustments during the period	87,957,052	13,862,482
Balance at the end of the period	156,262,491	63,939,782

The Group has a variety of future contracts to counter the price fluctuations risks of copper, aluminum and lead, in order to meet the Group's requirements expected from using the same in its manufacturing processes. The effect resulting from closing these contracts - contracts to buy or sell non-financial instruments / or contracts for own-use that are not classified as hedging instruments - is recorded in the cost of production in the consolidated statement of profit or loss, except for the ultra-voltage cables inputs and overhead cables. The nominal value of the unexecuted future contracts for copper, aluminum and lead on 30 September 2024 amounted to US 203.51 million, equivalent to SR 763.15 million. The Group accounts for hedging contracts for fluctuations in the prices of copper, aluminum and lead, which are used in the product of ultra-voltage cables and antenna vector cables.

11. TRADE RECEIVABLES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	2,172,685,364	1,393,545,091
Provision for expected credit losses	(151,763,033)	(88,439,772)
	2,020,922,331	1,305,105,319

The movement in the provision for expected credit losses for trade receivables is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Balance at the beginning of the period	88,439,772	45,525,583
Adjustments during the period	63,323,261	56,463,869
Balance at the end of the period	151,763,033	101,989,452

12. ADVANCES AND OTHER CURRENT ASSETS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Advances to suppliers	75,068,687	41,290,399
Refundable deposits	20,934,210	18,913,210
Prepaid expenses	11,308,982	14,414,693
Discounts receivable from suppliers	-	9,393,325
Employees' receivables	2,402,938	1,384,322
Other	2,718,969	3,211,086
	112,433,786	88,607,035

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13. ISLAMIC FINANCING FACILITIES

The Group entered into credit facilities agreements with several local banks to support the working capital during the year with a total amount of SR 2.5 billion (2023: SR 3 billion). All credit facilities were granted according to promissory notes approved by the Board of Directors. Interest rates on short-term loans are based on Saudi Inter Bank Offer Rate (SIBOR) plus a variable rate during the year.

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	722,123,178	1,468,005,000
Withdrawn during the period / year	2,642,010,338	2,905,914,537
Paid during the period / year	(2,522,723,516)	(3,651,796,359)
Balance at the end of the period / year	841,410,000	722,123,178

14. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Advances from customers	181,018,975	153,033,434
Accrued value added tax	87,903,481	55,983,614
Accrued expenses	29,566,221	36,892,014
Accrued salaries and allowances	26,586,207	14,898,495
Other	148,137	5,710,726
	325,223,021	266,518,283

15. DERIVATIVE FINANCIAL INSTRUMENTS

Forwards and futures

They are contractual agreements to either buy or sell a specified commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts to meet specific needs.

The Group has adopted a comprehensive system for measuring and managing risks. Part of the risk management process is related to managing the Group's exposure to fluctuations in certain inventory raw materials prices to reduce its exposure to variability risks in inventory prices to acceptable levels as determined by the Board of Directors.

The Group uses commodity futures to hedge against certain inventory raw material prices risk on copper, aluminum and lead related to producing ultra-voltage cables. The hedging relationship and objective are documented, including details of the hedged items and the hedging instrument, and the transactions are accounted for as a fair value hedge.

The following table shows the details of nominal value and carrying amount as at the reporting date:

<u>30 September 2024</u>	<u>The nominal value of hedging instruments</u>	<u>Carrying amount of hedging instruments</u>	
	<u>Current</u>	<u>Assets</u>	<u>Liabilities</u>
Commodity derivatives	435,027,779	28,459,283	5,654,052
<u>31 December 2023</u>			
Commodity derivatives	292,850,593	10,802,262	894,858

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15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group purchases copper, aluminum and lead on an ongoing basis as its operating activities require a continuous supply of these materials. The increased fluctuations of these materials prices led the management to decide to enter into forwards for materials related to high voltage cables and overhead cables.

The impact of the cash flow hedge for these items on the statement of financial position is as follows:

	31 December 2023	Change in fair values of hedging instruments	30 September 2024
Copper	347,416	36,368,950	36,716,366
Aluminum	(1,252,693)	4,974,618	3,721,925
Lead	(10,707,340)	10,254,149	(453,191)
	<u>(11,612,617)</u>	<u>51,597,717</u>	<u>39,985,100</u>

16. PROVISIONS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Provision for onerous contracts *	383,886,366	197,175,347
Other provisions	520,050	-
	<u>384,406,416</u>	<u>197,175,347</u>

* This represents provision for contracts that include a current obligation by the Group to supply cables, which may result in a change in the cost and prices of raw materials of these cables after the date of contract. This is for all the Group's products, except for the ultra-voltage cables as well as overhead cables, in which the price of the raw material is hedged.

Movement in provision is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
1 January	197,175,347	61,582,355
Provisions made	186,711,019	107,006,691
	<u>383,886,366</u>	<u>168,589,046</u>

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17. TRADE PAYABLES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Trade payables*	235,091,736	185,909,248
Suppliers facilities- banks **	1,560,280,057	1,009,501,174
	1,795,371,793	1,195,410,422

* Payable amounts includes due to related parties amounting of SR **1,002,932** (2023: SR 747,726).

** Suppliers' facilities are represented in the value of suppliers' balances, which were settled through SABB - Saudi British Bank, Gulf International Bank and Al Rajhi Bank in accordance with the agreements (suppliers financing arrangements) with the aforementioned banks which are included in the total facilities agreement concluded with the aforementioned banks amounting to a total of SR 2 billion.

18. ZAKAT AND INCOME TAX

Zakat and Income Tax Status

Riyadh Cables Group Company obtained the final Zakat and tax assessments up to the financial year ended 31 December 2022.

The Company also submitted the Zakat and tax return and paid all Zakat and tax dues for the financial year ended 31 December 2023.

19. COST OF REVENUE

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Materials consumed	1,928,957,858	1,702,214,708	5,243,686,656	4,906,538,592
Salaries and employees' benefits	53,844,167	53,367,161	179,480,873	166,079,096
Depreciation expense	16,086,591	13,192,250	44,978,828	41,746,507
Repairs and maintenance	9,775,029	11,917,160	28,548,927	33,636,259
Electricity and other utilities	14,967,435	15,892,997	42,707,915	41,189,036
Other	8,047,252	4,924,792	17,192,039	11,678,366
	2,031,678,332	1,801,509,068	5,556,595,238	5,200,867,856

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20. SELLING AND DISTRIBUTION EXPENSES

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and employees' related benefits	11,618,395	10,031,249	35,208,800	31,753,886
Cargo charges	13,816,096	11,005,477	39,012,719	34,124,791
Sales commission	1,356,721	760,057	3,605,527	2,752,522
Inspection and quality testing expenses	315,513	777,316	688,018	1,594,517
Insurance expense	387,963	304,111	1,337,786	1,056,837
Advertising and showrooms expenses	4,731,393	166,671	7,131,249	2,892,575
Depreciation expense	107,217	71,959	304,349	268,614
Communication expenses	158,753	153,635	457,669	391,914
Other expenses	2,746,833	2,861,855	6,649,964	7,369,259
	35,238,884	26,132,330	94,396,081	82,204,915

21. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and employees' related benefits	25,291,545	24,005,444	75,632,355	65,321,452
Depreciation expense	2,121,929	3,420,024	6,366,706	7,737,921
Legal and professional	1,871,251	2,571,215	4,206,961	5,813,642
Maintenance and repair expense	2,782,852	1,746,239	7,286,860	6,678,844
Travel and insurance expense	477,756	236,167	1,476,117	558,747
Communications and network expense	254,377	289,598	700,858	951,990
Offices supplies expense	727,857	197,855	1,193,833	659,296
Bank commissions	1,966,312	4,056,265	8,845,408	10,138,919
Other expenses	933,040	2,864,866	5,396,898	6,297,748
	36,426,919	39,387,673	111,105,996	104,158,559

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22. OTHER REVENUE/(EXPENSES)- NET

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Foreign currency (losses)/ gains	1,149,928	(1,520,016)	(8,216,672)	3,518,672
Loss on sale of property and plant	(688,340)	(7,075,686)	(1,089,076)	(7,144,821)
Sales of scrap	1,108,139	-	4,861,108	2,733,758
Other	1,828,397	117,611	3,846,801	1,121,129
	3,398,124	(8,478,091)	(597,839)	228,738

23. FINANCE COSTS

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interests	22,465,367	22,398,548	61,975,820	64,019,738
Interest on employees' benefits	1,153,187	708,746	3,459,552	2,164,038
Interest on lease liabilities	68,783	77,997	206,345	233,991
	23,687,337	23,185,291	65,641,717	66,417,767

24. SEGMENT REPORTING

The Group's activities include a number of sectors as follows:

Cables and wire segment includes electrical cables

High voltage cables segment includes turnkey projects

Other: includes telephone cables and services

	<u>High voltage</u>			
	<u>(turnkey</u>			
<u>For the period ended 30 September 2024</u>	<u>Cables and wires</u>	<u>projects)</u>	<u>Other</u>	<u>Total</u>
Revenue	6,237,524,451	256,910,127	16,405,373	6,510,839,951
Cost of revenue	(5,329,036,287)	(226,891,235)	(667,716)	(5,556,595,238)
Expenses	(203,621,614)	(699,926)	(1,180,537)	(205,502,077)
Impairment losses on receivables	(48,107,701)	(13,148,822)	(2,066,738)	(63,323,261)
Impairment losses on investment properties	-	-	(2,490,354)	(2,490,354)
Other (expenses)/income, net	(4,262,776)	3,639,702	25,235	(597,839)
Finance costs	(64,594,618)	(457,174)	(589,925)	(65,641,717)
Profit before Zakat and tax	587,901,455	19,352,672	9,435,338	616,689,465
Total assets	5,660,868,220	450,900,713	100,310,730	6,212,079,663
Total liabilities	3,463,063,232	78,757,650	26,632,713	3,568,453,595

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24. SEGMENT REPORTING (CONTINUED)

For the period ended
30 September 2023

	<u>Cables and wires</u>	<u>High voltage</u>	<u>Other</u>	<u>Total</u>
Revenue	5,758,295,706	151,744,751	25,478,429	5,935,518,886
Cost of revenue	(5,058,295,584)	(127,678,108)	(14,894,164)	(5,200,867,856)
Expenses	(184,014,790)	(920,100)	(1,428,584)	(186,363,474)
Impairment losses on receivables	(51,854,942)	(4,676,239)	67,312	(56,463,869)
Impairment losses on investment properties	-	-	(15,252,413)	(15,252,413)
Other (expenses)/income, net	104,111	400,553	(275,926)	228,738
Finance costs	(63,891,459)	(1,622,143)	(904,165)	(66,417,767)
Profit before Zakat and tax	<u>400,343,042</u>	<u>17,248,714</u>	<u>(7,209,511)</u>	<u>410,382,245</u>
As of 31 December 2023,				
Total assets	<u>4,373,765,072</u>	<u>400,673,281</u>	<u>56,490,715</u>	<u>4,830,929,068</u>
Total liabilities	<u>2,333,811,958</u>	<u>227,278,640</u>	<u>23,640,012</u>	<u>2,584,730,610</u>

The information by geographical distribution is as follows:

<u>As at and for period ended</u> <u>30 September 2024</u>	<u>Inside Kingdom of</u> <u>Saudi Arabia</u>	<u>Outside Kingdom of</u> <u>Saudi Arabia</u>	<u>Total</u>
Revenue	<u>5,121,349,886</u>	<u>1,389,490,065</u>	<u>6,510,839,951</u>
Non-current assets	<u>1,208,316,035</u>	<u>184,470,399</u>	<u>1,392,786,434</u>
For the period ended <u>30 September 2023</u>	<u>Inside Kingdom of</u> <u>Saudi Arabia</u>	<u>Outside Kingdom of</u> <u>Saudi Arabia</u>	<u>Total</u>
Revenue	4,631,007,564	1,304,511,322	5,935,518,886
As of 31 December 2023,			
Non-current assets	<u>1,156,824,213</u>	<u>185,218,682</u>	<u>1,342,042,895</u>

*The majority of revenue generated outside Saudi Arabia represents sales in the United Arab Emirates and Iraq.

25. EARNINGS PER SHARE – BASIC AND DILUTED

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

A- Ordinary shares

	<u>For the three months ended 30</u> <u>September</u>		<u>For the nine-months ended 30</u> <u>September</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Outstanding ordinary shares	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Treasury shares held	<u>(282,500)</u>	<u>(1,765)</u>	<u>(282,500)</u>	<u>(1,765)</u>
Weighted-average number of ordinary shares at the end of the period	<u>149,717,500</u>	<u>149,998,235</u>	<u>149,717,500</u>	<u>149,998,235</u>

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25. EARNINGS PER SHARE – BASIC AND DILUTED (CONTINUED)

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	234,704,677	132,733,389	564,347,751	384,624,214
Weighted average number of shares	149,717,500	149,998,235	149,717,500	149,998,235
Basic earnings per share	1.57	0.88	3.77	2.56

B- Diluted shares

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share at the end of the period	149,717,500	150,000,000	149,717,500	150,000,000
Impact of share options	(47,346)	(1,765)	(73,477)	(1,765)
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share at the period end.	149,670,154	149,998,235	149,644,023	149,998,235

	For the three months ended 30 September		For the nine-months ended 30 September	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	234,704,677	132,733,389	564,347,751	384,624,214
Weighted average number of shares	149,670,154	149,998,235	149,644,023	149,998,235
Basic and diluted earnings per share	1.57	0.88	3.77	2.56

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26. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy of financial instruments. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount reasonably approximates the fair value.

	<u>Carrying amount</u>			<u>Fair value</u>			
	<u>Hedging instruments</u>	<u>Investments at Fair Value Through Other Comprehensive Income</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>30 September 2024</u>							
<u>(Unaudited)</u>							
Financial assets							
Derivative financial instruments	28,459,283	-	28,459,283	-	28,459,283	-	28,459,283
Investments at fair value through other comprehensive income	-	19,670,231	19,670,231	18,399,991	-	1,270,240	19,670,231
Financial liabilities							
Derivative financial instruments	5,654,052	-	5,654,052	-	5,654,052	-	5,654,052
<u>31 December 2023 (audited)</u>							
Financial assets							
Derivative financial instruments	10,802,262	-	10,802,262	-	10,802,262	-	10,802,262
Investments at fair value through other comprehensive income	-	17,293,564	17,293,564	16,023,324	-	1,270,240	17,293,564
Financial liabilities							
Derivative financial instruments	894,858	-	894,858	-	894,858	-	894,858

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27. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 September 2024, the Group has commitments of SR 131.6 million (31 December 2023: SR 170 million) relating to capital expenditures for expansion works in the Group's factories.

Contingent Liabilities

As at 30 September 2024, the contingent liabilities amounted to SR 919 million (31 December 2023: SR 798,5 million) against bank facilities in the form of letters of credit and letters of guarantee obtained by the Group from several local banks against a commission for granting facilities without any bank cover.

28. DIVIDENDS

On 21 April 2024, the Ordinary General Assembly of the Company approved the Board of Directors' recommendation to distribute cash dividends of SR 224,57 million to shareholders at SR 1.5 per share. (for the year ended 31 December 20233 amounted to SR 374.97 million at SR 2.5 per share).

29. COMPARATIVE FIGURES

The comparison figures have been reclassified to align with the presentation of the current period. The reclassification did not result in any impact on the profit or loss for the period or on equity."

30. SUBSEQUENT EVENTS

There are no significant events since the period-end that require disclosure or adjustment in the condensed interim consolidated financial statements of the Group.

31. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements have been approved by the Board of Directors on 28 Rabi al-Thani 1446H (corresponding to 31 October 2024).