

**RIYADII CABLES GROUP COMPANY**  
(A Saudi Joint Stock Company)  
**CONSOLIDATED FINANCIAL STATEMENTS**  
together with  
**INDEPENDENT AUDITOR'S REPORT**  
For the year ended 31 December 2025

**RIYADII CABLES GROUP COMPANY**  
(A Saudi Joint Stock Company)  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**And Independent Auditor's Report**  
**For the year ended 31 December 2025**  
(All Amounts Are Expressed In Saudi Riyals unless otherwise stated)

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# Independent Auditor's Report

To the Shareholders of Riyadh Cables Group Company

(a Saudi Joint Stock Company) (continued)

## Key audit matters

### Revenue recognition

Refer to Note 7 for the accounting policy related to revenue recognition and Note 33 for the related disclosures to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group applies IFRS 15 'Revenue from contracts with customers'.</p> <p>The group recognized revenue amounting to SR 10.7 billion for the year ended 31 December 2025.</p> <p>Revenue mainly resulted from the sale of goods after the transfer of control to customers, while revenue from other long term installation contracts are recorded over time using percentage of completion.</p> <p>Revenue is considered one of the significant indicators for measuring the performance of the Group and involves risk of fraud, resulting in significant inherent risks related to the possibility of recognizing revenue which might not meet revenue recognition criteria and recording the revenue during the incorrect accounting period and might have a material impact on the consolidated financial statements of the Group.</p>	<p>Among other procedures, we performed the following:</p> <ul style="list-style-type: none"><li>• Evaluated the Group's accounting policies relating to revenue recognition in light of the applicable financial reporting framework.</li><li>• Assessed the design and implementation and tested the operational effectiveness of internal control related to revenue recognition.</li><li>• Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases.</li><li>• Performed analytical procedures, including margin analysis for sales compared with the prior year, and obtained explanations for any significant changes.</li><li>• Tested a sample of journal entries relating to revenue accounts by inspecting related supporting documents.</li><li>• Tested a sample of revenue transactions before and after the reporting date through tracing the invoices back to the relevant customers' acceptance documents to assess whether the revenue is properly recorded in the correct accounting period.</li><li>• Evaluated the adequacy of respective disclosures presented by the management in the consolidated financial statements.</li></ul>



## Independent Auditor's Report

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

### Key audit matters (continued)

#### Impairment of trade receivables

Refer to Note 7 for the accounting policy related to financial assets and Note 16 for the related disclosure to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the gross trade receivables amounted to SR 2.7 billion, against which a provision for impairment of SR 0.26 billion was maintained.</p> <p>In accordance with the requirements of IFRS 9 'Financial Instruments', the group has applied the expected credit loss model to account for the impairment of trade receivables.</p> <p>Application of the expected credit loss model to trade receivables involves significant management judgement and estimation. This includes consideration of macroeconomic factors and an analysis of historical trends in the Group's trade receivable collection experience to assess the appropriateness of the inputs used in the calculation, in accordance with the requirements of IFRS 9. These judgements and estimates may have a material impact on the Group's consolidated financial statements.</p>	<p>Among other procedures, we have performed the following:</p> <ul style="list-style-type: none"><li>• Evaluated the Group's accounting policies relating to trade receivables in light of the applicable financial reporting framework.</li><li>• Assessed the design and implementation and tested the operational effectiveness of the internal controls related to trade receivables, which also includes estimation of expected credit losses with respect to trade receivables.</li><li>• Assessed the completeness and accuracy of the aging report of trade receivables.</li><li>• Involved our internal FRM specialists to assist us in evaluating the modeling framework and assessing the reasonableness of key judgements and assumptions applied in estimating impairment losses on trade receivables.</li><li>• Evaluated the adequacy of disclosures in the consolidated financial statements relating to credit risk and expected credit losses.</li></ul>



## Independent auditor's report

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

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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.

Those charged with governance, Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing ("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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## Independent auditor's report

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

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

- 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, then 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 of **Riyadh Cables Group Company and its subsidiaries**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services Company



Fahad Mubark Al Dossari  
License No. 469



Riyadh, 7 Shawwal 1447H  
Corresponding to: 26 March 2026

**RIYADH CABLES GROUP COMPANY**  
(A Saudi Joint Stock Company)  
**Consolidated Statement of Financial Position**  
**As at 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>			
Property, plant and equipment, net	9	<b>1,491,863,120</b>	1,336,038,944
Intangible assets, and goodwill	10	<b>137,921,104</b>	57,163,451
Investments at fair value through other comprehensive income	11	<b>10,369,799</b>	26,347,118
Equity-accounted investees	12	<b>31,851,877</b>	31,409,377
Right of use assets	13	<b>68,978,523</b>	7,073,017
Investment properties -Land	14	<b>10,030,841</b>	10,030,841
Deferred tax asset	31	-	9,673,252
<b>Non-current assets</b>		<b>1,751,015,264</b>	<b>1,477,736,000</b>
Inventory	15	<b>2,411,049,305</b>	2,126,036,688
Trade receivables	16	<b>2,485,315,291</b>	2,022,901,423
Contract assets	17	<b>51,913,996</b>	15,207,694
Advances and other current assets	18	<b>175,447,826</b>	73,989,450
Derivative financial instruments	26	<b>170,797,004</b>	5,040,118
Cash and cash equivalents	19	<b>236,043,009</b>	90,672,725
<b>Current assets</b>		<b>5,530,566,431</b>	<b>4,333,848,098</b>
<b>Total assets</b>		<b>7,281,581,695</b>	<b>5,811,584,098</b>
<b>EQUITY</b>			
Share capital	20	<b>1,500,000,000</b>	1,500,000,000
General reserve	21	<b>288,326,294</b>	288,326,294
Treasury shares	29	<b>(21,097,836)</b>	(21,097,836)
Retained earnings		<b>1,293,240,619</b>	814,601,950
Other reserves		<b>185,667,858</b>	42,523,242
<b>Equity attributable to the shareholders of the Company</b>		<b>3,246,136,935</b>	<b>2,624,353,650</b>
Non-controlling interests	46	<b>62,737,156</b>	(476,754)
<b>Total equity</b>		<b>3,308,874,091</b>	<b>2,623,876,896</b>
<b>LIABILITIES</b>			
Borrowings	24	<b>24,601,242</b>	-
Employees' benefits obligations	23	<b>134,809,948</b>	125,899,543
Lease liabilities	13	<b>9,396,988</b>	6,296,317
Deferred tax liability	31	<b>251,585</b>	6,526,171
<b>Non-current liabilities</b>		<b>169,059,763</b>	<b>138,722,031</b>
Islamic finance facilities and Borrowings	24	<b>585,175,559</b>	433,053,112
Accrued expenses and other liabilities	25	<b>537,652,337</b>	381,082,442
Trade and other payables	27	<b>1,584,160,094</b>	1,598,433,491
Derivative financial instruments	26	<b>38,068,228</b>	83,413,600
Provisions	28	<b>888,786,247</b>	423,305,127
Contract liabilities	17	<b>68,655,062</b>	61,191,218
Provision for zakat and income tax	32	<b>99,107,886</b>	67,410,011
Lease liabilities	13	<b>2,042,428</b>	1,096,170
<b>Current liabilities</b>		<b>3,803,647,841</b>	<b>3,048,985,171</b>
<b>Total liabilities</b>		<b>3,972,707,604</b>	<b>3,187,707,202</b>
<b>Total equity and liabilities</b>		<b>7,281,581,695</b>	<b>5,811,584,098</b>

The accompanying notes 1 through 48 form an integral part of these consolidated financial statements.

  
Chairman of Board of Directors  
Mr. Khaled A. Al-Gwaiz

  
Chief Financial Officer  
Mr. Baha Eissa

  
Chief Executive Officer  
Mr. Burjan Schovae

**RIYADH CABLES GROUP COMPANY**

(A Saudi Joint Stock Company)

**Consolidated Statement of Profit or Loss****For the year ended 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Notes	2025	2024
Revenue	33	10,673,604,262	9,007,360,867
Cost of revenue	34	(8,940,274,407)	(7,720,838,516)
<b>Gross profit</b>		<b>1,733,329,855</b>	<b>1,286,522,351</b>
Selling and distribution expenses	35	(138,379,688)	(127,902,473)
General and administrative expenses	36	(169,347,972)	(156,466,439)
Impairment loss on trade receivables	16	(150,810,027)	(23,425,991)
Impairment loss on investment properties	14	-	(1,480,145)
Other income	37	2,142,161	11,045,285
Other expenses	38	(10,297,485)	(19,853,434)
<b>Operating profit</b>		<b>1,266,636,844</b>	<b>968,439,154</b>
Finance income	39	1,199,082	2,315,929
Finance costs	39	(75,353,077)	(89,982,628)
<b>Net finance costs</b>		<b>(74,153,995)</b>	<b>(87,666,699)</b>
<b>Profit before zakat and income tax</b>		<b>1,192,482,849</b>	<b>880,772,455</b>
Zakat and income tax	32	(104,534,707)	(71,884,690)
Deferred tax		(3,147,081)	7,993,392
<b>Profit for the year</b>		<b>1,084,801,061</b>	<b>816,881,157</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		1,080,396,042	816,689,852
Non-controlling interests	46	4,405,019	191,305
<b>Profit for the year</b>		<b>1,084,801,061</b>	<b>816,881,157</b>
<b>Earnings per share</b>			
<b>Basic and diluted earnings per share</b>	41	<b>7.22</b>	<b>5.45</b>

The accompanying notes 1 through 48 form an integral part of these consolidated financial statements.

  
 Chairman of Board of Directors  
 Mr. Khaled A. Al-Gwaiz


  
 Chief Financial Officer  
 Mr. Baha Eissa


  
 Chief Executive Officer  
 Mr. Borjan Sehovac

**RIYADH CABLES GROUP COMPANY**  
(A Saudi Joint Stock Company)  
**Consolidated Statement of Other Comprehensive Income**  
**For the year ended 31 December 2025**  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	<b>2025</b>	<b>2024</b>
<b>Profit for the year</b>		<b>1,084,801,061</b>	<b>816,881,157</b>
<b>Other comprehensive income:</b>			
<b><u>Items that are or may be reclassified subsequently to profit or loss:</u></b>			
Foreign currency translation differences		<b>(1,020,808)</b>	<b>(126,047)</b>
Cash flow hedge effective portion of changes in fair value	26	<b>144,442,987</b>	<b>(5,691,961)</b>
<b><u>Items that will not be reclassified to profit or loss:</u></b>			
Investments at fair value through other comprehensive income, net change in fair value		<b>(15,977,319)</b>	<b>9,053,554</b>
Re-measurement of post-employment benefit obligations	23	<b>(2,887,373)</b>	<b>(1,163,589)</b>
<b>Other comprehensive income for the year</b>		<b>124,557,487</b>	<b>2,071,957</b>
<b>Total comprehensive income</b>		<b>1,209,358,548</b>	<b>818,953,114</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		<b>1,204,953,529</b>	<b>818,761,809</b>
Non-controlling interests		<b>4,405,019</b>	<b>191,305</b>
<b>Total comprehensive income for the year</b>		<b>1,209,358,548</b>	<b>818,953,114</b>

The accompanying notes 1 through 48 form an integral part of these consolidated financial statements

  
Chairman of Board of Directors  
Mr. Khaled A. Al-Gwaiz

  
Chief Financial Officer  
Mr. Baha Eissa

  
Chief Executive Officer  
Mr. Borjan Schovac

**RIYADH CABLES GROUP COMPANY**  
(A Saudi Joint Stock Company)  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2025**  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

Notes	Equity attributable to the shareholders of the Company										Total	Non-controlling interests	Total equity
	Share capital	General reserve	Retained earnings	Treasury shares	Acquisition reserve of a subsidiary	Cash flow hedge reserve	Other reserves			Total other reserves			
							Reserve for revaluation of investments at FVOCI	Employee share plan reserve	Foreign operations translation reserve				
<b>For the year ended 31 December 2024</b>													
	1,500,000,000	288,326,294	448,228,187	(21,097,836)	22,725,173	(11,612,617)	12,989,410	8,000,000	(814,270)	31,287,696	2,246,744,341	(545,883)	2,246,198,458
	-	-	816,689,852	-	-	-	-	-	-	-	816,689,852	191,305	816,881,157
	-	-	(1,163,589)	-	-	(5,691,961)	9,053,654	-	(126,047)	3,235,546	2,071,957	-	2,071,957
	-	-	815,526,263	-	-	(5,691,961)	9,053,654	-	(126,047)	3,235,546	818,761,809	191,305	818,953,114
	-	-	(449,152,500)	-	-	-	8,000,000	-	-	8,000,000	8,000,000	-	8,000,000
22	-	-	(449,152,500)	-	-	-	-	-	-	(449,152,500)	(449,152,500)	(122,176)	(449,274,676)
	1,500,000,000	288,326,294	814,601,950	(21,097,836)	22,725,173	(17,504,578)	22,042,964	16,000,000	(940,317)	42,523,242	3,624,353,650	(476,754)	3,623,876,896
<b>For the year ended 31 December 2025</b>													
	1,500,000,000	288,326,294	814,601,950	(21,097,836)	22,725,173	(17,504,578)	22,042,964	16,000,000	(940,317)	42,523,242	3,624,353,650	(476,754)	3,623,876,896
	-	-	1,080,396,042	-	-	-	-	-	-	-	1,080,396,042	4,405,019	1,084,801,061
	-	-	(2,887,373)	-	-	144,442,987	(15,977,319)	-	(1,020,808)	137,444,860	124,557,487	-	124,557,487
	-	-	1,077,508,669	-	-	144,442,987	(15,977,319)	-	(1,020,808)	137,444,860	1,204,953,529	4,405,019	1,209,358,548
	-	-	-	-	-	10,601,920	-	-	-	10,601,920	10,601,920	-	10,601,920
	-	-	-	-	-	-	-	-	-	-	-	58,931,038	58,931,038
20	-	-	-	-	-	-	-	-	-	5,097,836	5,097,836	-	5,097,836
22	-	-	(598,870,000)	-	-	-	-	-	-	(598,870,000)	(598,870,000)	(122,147)	(598,992,147)
	1,500,000,000	288,326,294	1,293,240,619	(21,097,836)	22,725,173	137,740,329	6,065,645	21,097,836	(1,961,125)	185,687,858	3,246,136,938	62,737,156	3,308,874,094

The accompanying notes 1 through 18 form an integral part of these consolidated financial statements



Chairman of Board of Directors  
Mr. Khalid A. Al-Gwail




Chief Executive Officer  
Mr. Farhan Saleh

**RIYADH CABLES GROUP COMPANY**  
(A Saudi Joint Stock Company)  
**Consolidated Statement of Cash Flows (continued)**  
**For the year ended 31 December 2025**  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before Zakat and income tax		1,192,482,849	880,772,455
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	9	76,616,111	61,957,017
Amortization of intangible assets	10	5,603,548	5,603,544
Share of profit in equity accounted investee	12	(442,500)	(806,877)
Depreciation of Right-of-use of assets	13	3,175,978	1,083,300
Interest in lease liabilities	13	356,275	275,124
Adjustments of inventory expected net realizable value	15	(71,303,476)	69,764,761
Provision for Impairment loss on trade receivables	16	150,810,027	23,425,991
Provisions	28	465,481,120	226,129,780
Post-employment benefits	23	17,517,643	17,139,455
Impairment losses on investment properties	14	-	1,480,145
Revaluation of financial derivatives		(56,057,351)	82,588,925
Losses on disposal of property, plant and equipment	38	7,356,001	324,919
Share-based payment expenses	30	5,097,836	8,000,000
Net Finance costs	39	67,636,316	84,378,537
		<b>1,864,330,377</b>	<b>1,462,117,076</b>
<b>Changes in:</b>			
Inventories		(137,650,232)	(286,690,009)
Trade receivables		(550,495,780)	(741,222,095)
Contract assets		(36,706,302)	10,000,795
Contract liabilities		7,463,844	36,213,949
Advances and other current assets		(78,033,759)	14,490,144
Accrued expenses and other liabilities		122,116,014	114,564,159
Trade and other payables		(69,220,024)	403,023,069
Net finance costs paid		(67,992,591)	(84,653,661)
Post-employment benefits paid	23	(11,494,611)	(9,699,306)
Zakat and income tax paid	32	(73,300,355)	(46,421,105)
<b>Net cash generated from operating activities</b>		<b>969,016,581</b>	<b>871,723,016</b>
<b>Investing activities</b>			
Payments for the purchase of property, plants and equipment	9	(188,878,083)	(194,985,837)
Payment of the ROU	13	(60,136,601)	-
Acquisition of Subsidiary, Net of Cash Acquired	10.2	(108,907,517)	-
Proceeds from sale of property, plant and equipment		1,822,512	3,324,832
<b>Net cash used in investing activities</b>		<b>(356,099,689)</b>	<b>(191,661,005)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Islamic financing facilities during the year	24	(3,367,890,108)	(4,010,530,338)
Proceeds from Islamic financing facilities during the year	24	3,500,407,249	3,721,460,272
Lease liabilities		(1,329,547)	(1,096,172)
Dividends paid	22	(598,992,147)	(449,274,676)
<b>Cash used in financing activities</b>		<b>(467,804,553)</b>	<b>(739,440,914)</b>
Net change in cash and cash equivalents during the year		145,112,339	(59,378,903)
Cash and cash equivalents at the beginning of the year	19	90,672,725	150,051,628
Effect of exchange rate changes on cash and cash equivalents		257,945	-
<b>Cash and cash equivalents at the end of the year</b>	19	<b>236,043,009</b>	<b>90,672,725</b>
<b>CASH FLOWS FROM NON-CASH TRANSACTIONS</b>			
Investments at fair value through other comprehensive income – net change in fair value		(15,977,319)	9,053,554
Re-measurements of post-employment benefit obligations	23	(2,887,373)	(1,163,589)
Changes in the fair value of the hedging instruments recognized in OCI		144,442,987	(5,691,961)

The accompanying notes 1 through 48 form an integral part of these consolidated financial statements.

  
Chairman of Board of Directors  
Mr. Khaled A. Al-Gwaiz

  
Chief Financial Officer  
Mr. Baha Eissa

  
Chief Executive Officer  
Mr. Borjan Schovac

**RIYADH CABLES GROUP COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 December 2025**

(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 the updated Commercial Registration No. 1010052927, (the unified number is 7013527861), which was last updated 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 include the production of isolated and non-isolated cables made from copper as well as aluminum.

The 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	Ownership interest held by the Group (directly or indirectly)	
			2025	2024
1. Saudi Modern Company for Metals, Cables and Plastic Industry and its subsidiaries listed below:	A Closed Joint Stock Company Limited	Kingdom of Saudi Arabia	100%	100%
1.1 Qatar Cables Company LLC***	Liability Company Limited	Qatar	100%	50%
1.2 Arabian Gulf Company for Electrical Cables LLC *	Liability Company Limited	Kuwait	49%	49%
1.3 Gulf Company Electrical Works	Liability Company	Oman	100%	100%
1.4 Egyptian Riyadh Cable Company for Electrical Works *	Joint Stock Company (E.S.C)	Egypt	49%	49%
2. Saudi Modern Company for Specialized Wires and Cables Industry	A Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
3. Saudi Modern Company for Telephone Cables Industry	A Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
4. Riyadh Cables Company and its subsidiaries listed below:	A 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 Artikul Aziya Kabel LLC ****	Liability Company Limited	Uzbekistan	51%	-
5. Saudi Modern Company for Cables Limited	Liability Company	Kingdom of Saudi Arabia	100%	100%

## **RIYADH CABLES GROUP COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)**

**For the year ended 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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#### **1. REPORTING ENTITY (CONTINUED)**

##### **1.1. Arabian Gulf Company for Electrical Cables LLC and Egyptian Riyadh Cable Company for Electrical Works**

The Group owns 49% of the shareholding of these subsidiaries, however owned a control, the Group has the ability to exercise control over the investee through its ability to direct the related activities of the investees. The Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

##### **1.2. Alrowad Company for Production of Electrical Cables Limited**

On 31 August 2017, National Cables Industry Company (a subsidiary of Riyadh Cables Company) acquired 100% of interest in Alrowad Company for Production of Electrical Cables Limited in Iraq owned by "Abdul Qadir Al Muhaidib & Sons Company" (a Shareholder of the Company). The net assets of Alrowad Company for Production of Electrical Cables Limited at the acquisition date was higher than the cash consideration, and a reserve was recognized as a result of the acquisition process amounting to SR 22,7 million in the consolidated statement of changes in equity.

##### **1.3. Qatar Cables Company LLC**

On 17 April 2025, the Group acquired the remaining 50% share in Qatar Cables Co. (J.L.C) through its subsidiary, the Saudi Modern Company for Metal, Cables and Plastic Manufacturing (a wholly owned subsidiary by Riyadh Cables Group Company). There was no impact on the Group's control over the subsidiary, as the Group continues to retain control over the subsidiary, and the subsidiary has not yet commenced operations. The share capital for the non-controlling interest amounting to QAR 100,000 was paid, and the ownership percentage in the subsidiary reached 100%.

##### **4.3. Artikel Aziya Kabel LLC**

During the year 2025 the group announced the signed of an agreement to purchase 51% of the shares of "Artikel Aziya Kabel Company" in the Republic of Uzbekistan through one of its subsidiaries (Riyadh Cables Company) of SR 147,697,586 million. All the process as per agreement to fulfillment of several conditions for completion, including obtain approvals for the merger and transfer of ownership from the Competition Committee of the Republic of Uzbekistan, complete the legal requirements of the sellers, and obtain regulatory approvals from the current financing entities of Artikel Aziya Kabel Company are completed. The main activities of the subsidiary produces a wide range of cable and wire products using modern technological equipment. The effective date of control considered to be 28 November 2025. (Please refer to note 10.2).

#### **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

The consolidated financial statements have been prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). And the applicable requirements of the Regulations for Companies and the Company's By-Laws.

#### **3. BASIS OF MEASUREMENT**

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

- Employees' defined benefits obligations that have been actuarially evaluated and measured at the present value using the projected unit credit method.
- Investments at fair value through other comprehensive income
- Measuring derivative financial instruments at fair value.

## **RIYADH CABLES GROUP COMPANY**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)**

**For the year ended 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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#### **4. FUNCTIONAL AND PRESENTATION CURRENCY**

These consolidated financial statements are presented in Saudi Riyals (SR) which is the Company's functional currency and Group's presentation currency. All amounts have been rounded to the nearest SR, unless otherwise indicated.

#### **5. BASIS OF CONSOLIDATION**

##### **Subsidiaries**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Impairment losses are immediately recognized in profits or losses.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group has rights to the returns, and its involvement in the investee has the ability to affect those returns through its control over the investee. Specifically, the Group controls an investee if, and only if, the Group has all the following:

- Power over the investee (i.e., existing rights that give it the ability to direct the activities of the investee);
- Exposure, or rights, to variable returns from its involvement in the investee; and
- 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 the majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over the investee, including:

- The contractual arrangements with the other holders of the voting rights of the investee;
- Rights arising from other contractual arrangements, and
- 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 in 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 over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

## **RIYADH CABLES GROUP COMPANY**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)**

For the year ended 31 December 2025

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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#### **5 BASIS OF CONSOLIDATION (CONTINUED)**

##### **Accounting for Business Combinations Involving Entities or Businesses Under Common Control**

Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3 "Business Combinations". In the case of an absence of specific guidance in IFRS, management uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement, the management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretations.

Several such bodies have issued guidance, and some allow the pooling of interests' method in accounting for business combinations involving entities under common control.

The management has adopted the pooling of interest method to account for the business combinations of entities under common control. This method involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts (no fair valuation).
- No new goodwill is recognized as a result of combination. And if there is goodwill arising from the difference between the consideration paid and the equity acquired it is reflected directly in the equity.
- The consolidated statement of profit or loss of the combining entities reflects the results of the full year irrespective of when the combination took place.

##### **Non – controlling interest ("NCT")**

NCIs are measured initially at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

The share of profits or losses and the net assets that the Group does not control if they exist is presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost.

##### **Loss of Control**

When the Group losing control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### **Transactions eliminated on consolidation**

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Group.

**RIYADH CABLES GROUP COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)**

For the year ended 31 December 2025

(All amounts are expressed in Saudi Riyals unless otherwise stated)

**5 BASIS OF CONSOLIDATION (CONTINUED)****Non – controlling interest (“NCI”) (continued)****Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint venture are accounted for under the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which joint control ceases.

**6. NEW ACCOUNTING STANDARDS OR AMENDMENTS FOR 2025 AND FORTHCOMING REQUIREMENTS**

Number of accounting standards, amendments to or interpretations of accounting standards have been issued. However, which did not have a material impact on the group financial statements as of 31 December 2025.

- **New currently effective requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied with an annual reporting period beginning on 1 January 2025.

Effective date	New Accounting Standards or Amendments
1 January 2025	<i>Lack of Exchangeability - Amendments to IAS 21.</i>

- **Forthcoming requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied for annual reporting periods beginning after 1 January 2025 and that are available for early adoption in annual reporting periods beginning on 1 January 2025.

Effective date	New Accounting Standards or Amendments
1 January 2026	<i>Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7</i>
	<i>Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7</i>
	<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>
1 January 2027	<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>
	<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>
Available for optional adoption/ effective date deferred indefinitely	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28</i>

The Group has not early adopted the new standards or amendments to new IFRSs that have been issued.

## **RIYADH CABLES GROUP COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)**

**For the year ended 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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#### **7. MATERIAL ACCOUNTING POLICIES**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements unless otherwise stated.

##### **Current versus non-current classification**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements unless otherwise stated.

##### **Current versus non-current classification**

The group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. Assets are classified as current when:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;
- Cash and cash equivalents unless restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period date.

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;
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

##### **Property, Plant and Equipment**

Property, plant and equipment are stated at cost, net of any accumulated depreciation and accumulated impairment losses, if any. Lands and projects in progress are stated at cost less any accumulated impairment losses, if any. Cost includes all amounts necessary for bringing the asset to the present condition and location to be ready for its intended use by management. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met, as well as costs incurred during the pre-operating period, less proceeds from sale of experimental production.

When parts of property, plant and equipment are significant in cost compared with total cost of asset, and when these parts/components have useful lives different from other parts and required to be replaced at intervals, the Group has to recognize such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair is performed (planned or unplanned), its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. This is recorded as a separate part with a useful life equal to the period up to the upcoming planned overhaul. The carrying amount of the replaced part is written-off. In case the upcoming repair is made before the planned date, any outstanding carrying amount for previous repair is recorded as an expense. Other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

**RIYADH CABLES GROUP COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2025

(All amounts are expressed in Saudi Riyals unless otherwise stated)

**7 MATERIAL ACCOUNTING POLICIES (CONTINUED)****Property, Plant and Equipment (continued)**

Depreciation is calculated from the date for which assets are available for their intended use. Self-constructed assets are from the date of completing such assets and be ready for their intended use. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives as follows:

Depreciation is calculated using the straight-line method over the estimated lives of the assets as follows:

	<u>Expected useful life (number of years)</u>
Buildings	20 - 25 or lease term whichever is lower
Property, plant and equipment	20 - 30
Strategic spare parts	10
Motor vehicles	4
Furniture & fixtures	4 - 10
Tools	5
Laboratory equipment	10
Computers	10

Lands and projects in progress are not depreciated. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if required, at end of each year.

Any item of property, plant and equipment is derecognized upon disposal or when it is unlikely that any future economic benefits will arise from the continuing use of the assets. Profits and losses resulting from disposal of property, plant and equipment that are retired, sold or unrecognized are identified by comparing the proceeds with carrying amount of an asset and are recognized under "other income, net" in the consolidated statement of profit or loss.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Intangible assets and Goodwill****Intangible assets**

Intangibles assets are initially recognized at cost less accumulated amortization and impairment losses, if any. Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Amortization is charged to consolidated statement of profit or loss by applying the straight-line basis whereby the carrying amount of an asset is amortized over its estimated useful life to the Company unless such life is indefinite. The estimated useful life of intangible assets (computer software) is 15 years.

The Company accounts for impairment, where indications exist, by reducing the asset's carrying amount to the recoverable amount.

**Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost as established at the date of acquisition less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGU (or groups of CGU) that is expected to benefit from the synergies of the combination.

## RIYADII CABLES GROUP COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

For the year ended 31 December 2025

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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## 7 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Intangible assets and Goodwill (continued)

#### Goodwill (continued)

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Consolidated Statement of Profit or Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### Investment in a joint venture

A joint venture is an arrangement where two or more parties have joint control. The joint operations are divided into projects or joint operations based on related rights and obligations. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Interests in joint ventures are recognized using the equity method, and are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which joint control ceases.

#### Investment Properties

Investment properties are non-current assets held either to earn rental income or for a capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses, if any.

Investment properties are derecognized when they are sold, owner-occupied or in case of not holding it for increase in its value.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the consolidated statement of profit or loss. When investment properties that were previously classified as property and equipment are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Expenses incurred for replacing component of investment properties items, which are accounted for separately are capitalized, and carrying amount of replaced component is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of the related investment properties. All other expenses are recognized in the consolidated statement of profit or loss when incurred.

Investment property includes land, which is not depreciated.

#### Impairment of Non-Financial Assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the highest of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of other assets (cash-generating units). Non-financial assets that have been impaired are reviewed for possible reversal of the impairment loss at the end of each reporting period.

**RIYADH CABLES GROUP COMPANY**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Foreign Currencies**

**Transactions and Balances**

Foreign currency transactions are initially recorded by the Group's entities denominated in the functional currency of each of them according to the exchange rate prevailing on the date when the transaction becomes qualified for recognition for the first time. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date.

The differences arising on the settlement or translation of monetary items are recognized in the consolidated statement of profit and loss and other comprehensive income of the Group.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate prevailing at the date of the initial transaction.

**Conversion of the financial statements of the Group's subsidiaries**

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Items of assets and liabilities presented for each statement of financial position are translated at the closing rate at the date of statement of financial position.
- Revenues and expenses for each statement of profit or loss and other comprehensive income are transferred at the average exchange rates (unless the average rate does not nearly reasonably represent the effect of the accumulated exchange rates prevailing on the transaction dates, in which case the income and expenses are translated at the exchange rates on the transaction dates);
- All currency exchange differences are recognized in other comprehensive income.

**Inventory**

Inventory includes raw materials, work in progress, finished goods, supplies and spare parts that are recorded at the lower of cost or net realizable value. Work in progress and finished goods inventory include direct materials, direct labors and an appropriate proportion of fixed and variable indirect expenses.

Costs are assigned to items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is considered as the estimated selling price in ordinary course of business, less estimated costs to completion and the estimated costs necessary to complete the sale.

**Financial instruments**

***Recognition and Initial Measurement***

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FV/PL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component is initially measured at the transaction price.

**RIYADH CABLES GROUP COMPANY**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)****For the year ended 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)*****Financial Assets******Classification of Financial Assets***

On initial recognition, a financial asset is classified as: measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTOCI if both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

<b>Financial Assets</b>	<b>IFRS 9 classification</b>
Cash and bank balances	at amortized cost
Trade receivables	at amortized cost
Other non-current assets	at amortized cost

***Subsequent measurement***

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net profit and loss including interest revenue and dividends are recognized in the consolidated statement of profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized value is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition of an investment is recognized in the consolidated statement of profit or loss.
<b>Financial assets through other comprehensive income (debt investments)</b>	Subsequently measured at fair value. Interest revenue calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net profits and losses are recognized in OCI. On derecognition, accumulated profits and losses in OCI are reclassified to the consolidated statement of profit or loss. These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Any profit or loss on derecognition or recognition of investment is recognized in equity and may not be reclassified to the consolidated statement of profit or loss.
<b>Financial assets through other comprehensive income (investments in equity instruments)</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Any profit or loss on derecognition or recognition of investment is recognized in equity and may not be reclassified to the consolidated statement of profit or loss.

**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*Financial Assets (continued)*

**Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

**Derecognition**

A financial asset is derecognized 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.

**Impairment of financial assets**

The Group recognises loss allowances for ECLs on trade receivables which are disclosed below note (16).

Loss allowances for trade receivables or contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

**Presentation of Impairment**

Loss provisions for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to receivables from customers are presented separately in the consolidated statement of profit or loss.

**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Presentation of Impairment (continued)**

**Expected credit loss assessment for trade and other receivables**

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected credit losses provision.

The expected loss rates are based on the payment profiles of receivables before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability the customers to settle the receivables.

The Group has identified GDP of Kingdom of Saudi Arabia, inflation rate and Saudi government spending (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group uses a point in time PD model to measure its impairment on financial assets. Point-in-time PD models incorporate information from a current credit cycle and assess risk at a point-in-time.

The point-in-time PD term structure can be used to measure credit deterioration and starting PD when performing the provision calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, cash flows can be projected and gross carrying amount, loss provision, and amortized cost for the financial instrument are then calculated.

***Macroeconomic weighted average scenarios***

The Group includes macroeconomic factor of GDP to develop multiple scenarios, the purpose is towards the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis includes forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

***Definition of default***

In the above context, the Group considers default when:

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The customer is more than 90 days past due on any material credit obligation to the Group.

The carrying amount of the asset is reduced using the above model and the loss is recognized in the consolidated statement of comprehensive income. Receivables, together with the associated provision are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under other revenues in the consolidated statement of profit or loss.

**7 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Presentation of Impairment (continued)**

***Specific provision***

Specific provision is recognized for each customer separately at each reporting date. The Group recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

**Financial Liabilities**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities mainly include trade and other payables, accrued expenses, other current liabilities, Islamic finance facilities and due to related parties.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities	IFRS classification
Trade payables	at amortized cost
Accrued expenses and other current liabilities	at amortized cost
Islamic finance facilities	at amortized cost

***Derecognition***

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

***Modifications of Financial Assets and Financial Liabilities***

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount adjusting the gross carrying amount as modification gain or loss in the consolidated statement of profit or loss.

***Financial Liabilities***

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, new financial liabilities based on the modified terms are recognized at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms is recognized in the consolidated statement of profit or loss.

**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Financial Liabilities (Continued)**

***Financial Derivatives***

The Group maintains financial instruments to hedge its exposure related to commodity price. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

At the inception of the hedge relationship and on an ongoing basis, the Group makes an assessment to identify whether the hedging instrument is expected to be "highly effective" in offsetting the changes in fair value or cash flows of the hedged items during the period for which the hedge is determined.

The transaction should be highly probable, whether the actual results of each hedge are within the scope of the risk management policy and for the cash flow hedge of the expected transaction.

Derivatives are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes there in are accounted for as shown below.

**Cash Flow Hedge**

When a derivative is designated as a cash flow hedging instrument, the effective portion of the changes in the fair value of the defined and qualified derivatives is recognized as changes in cashflows hedges in other comprehensive income, and is accumulated in the hedging reserve in equity. The profit or loss related to ineffective portion is recognized immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (e.g. when the expected sale of the hedged item occurs). The profit or loss related to the effective portion of the value of the commodity is recognized in the statement of profit or loss under "Cost of revenue".

Upon expiration, termination, sale, or transacting the hedge instrument, or when the hedge no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount accumulated remains within equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the profit or loss accumulated that was recognized in equity is transferred to the consolidated statement of profit or loss under "Revenue or Cost of Revenue."

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Cash Flow Hedge (continued)**

**Other derivatives**

When a financial instrument is not classified as a qualifying hedging relationship, all changes in its fair value are recognized immediately in the consolidated statement of profit or loss.

**Offset of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Non-current assets classified as held for sale are presented separately and are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Any gain or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, call deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are not subject to significant risk of changes in value.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption 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 Group uses appropriate valuation techniques with surrounding conditions for which sufficient data are available to measure fair value, maximizing the use of appropriate inputs that can be monitored and minimizing the use of inputs that cannot be monitored to the greatest extent possible.

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Fair value measurement (continued)**

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset at its maximum and best use or by selling it to another market participant who may use the asset at its maximum and best use.

All assets and liabilities whose fair values are measured or disclosed in the financial statements are classified in the fair value hierarchy. This is described as follows, based on the lowest input level that is important for the overall measurement:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for assets or liabilities either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market information (unobservable inputs).

For assets and liabilities that are measured in the financial statements at fair value on a recurring basis, the Group determines whether transfers have been made between hierarchy levels by reassessing the classification (based on the lowest input level that is significant for the overall measurement) at the end of each reporting period.

**Dividends to the shareholders of the Group**

Dividends to the shareholders of the Group are recognized as liability in the consolidated financial statements of the Group in the year in which the dividends are approved by the shareholders of the Group.

**Employees' benefits**

***Short-term employees' benefits***

Short-term employees' benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employees benefits are payable to all employees employed under the terms and conditions of the labour laws applicable on the Group, on termination of their employment contracts.

***Defined contribution plan***

Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSI. The Group recognizes contribution payable to the GOSI as an expense when due.

***Defined benefit plans (employees' end of service benefits)***

The Group operates defined benefit plans, under the Saudi Labor Law applicable based on employees' accumulated periods of service at the date of statement of financial position.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Previously, employees' end of service benefits' liability was calculated at the current value of the vested benefits to which the employee was entitled, should his service be terminated at the reporting date.

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#### 7. MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### Employees' benefits (continued)

###### *Defined Benefits plans (employees' end of service benefits) (continued)*

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Group recognizes related restructuring costs
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognizes the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

##### Zakat and Income Tax

###### *Zakat*

Zakat is calculated in accordance with regulations of Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA") on the Saudi shareholders' shares and on an accrual basis. The Zakat charge is recognized in the consolidated statement of profit or loss. The differences, if any, resulting from the final assessments are adjusted in the year when declarations are finalized.

###### *Income tax*

Income tax is calculated at the specified rates on the adjusted share of the income of non-Saudi shareholders specified in accordance with the Saudi regulations that are endorsed in the Kingdom of Saudi Arabia, and, it is recognized in the consolidated statement of profit or loss

For subsidiaries that are incorporated and operated outside the Kingdom of Saudi Arabia, provision for tax is computed in accordance with the tax regulations of their respective countries, when it is material.

##### Pillar Two

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

These rules, applicable on a jurisdictional basis, aim to ensure a minimum level of taxation on income generated in each jurisdiction in which an entity operates.

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#### **7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

##### **Zakat and Income Tax (continued)**

###### **Deferred tax**

Deferred tax of temporary differences between the carrying amount of assets and liabilities is recorded in the consolidated financial statements and the tax base used to calculate the taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets for deductible temporary differences are recorded when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

###### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item recognized in the same item of liabilities may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

###### **Treasury Shares**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve.

###### **Share based payments**

At the date of vesting share-based payments that are settled with equity instruments and generally granted to employees, fair value is recognized as an expense with the corresponding increase in equity over the award vesting period. The amount recognized as an expense is adjusted to reflect the number of awards under which the related service conditions are expected to be met, such that the amount is ultimately based on the number of awards that meet the related service conditions at the vesting date.

###### **Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer and includes unbilled revenue (contract assets), where applicable. The Group recognises revenue when it transfers control of a product or service to a customer, either at a point in time or over time, depending on the terms of the contract and the nature of the performance obligations.

The Group assess the services promised in a contract with a customer and identifies as a performance obligation either:

- a) Service that is distinct.
- b) Series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition (continued)**

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

**Step 1: Identify the contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2: Identify the performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3: Determine the transaction price:** The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4: Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.**

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- (a) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
- (b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

As the performance obligations, where one of the above conditions are met, revenue is recognized overtime basis at which time the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to advances from customer (contract liability).

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The application of IFRS 15 has required management to make the following judgements:

***Satisfaction of performance obligations***

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group has assessed that based on the agreement entered into with the customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognizes revenue over time. Where this is not the case revenue is recognized at a point in time. For sale of goods, revenue is generally recognized at a point in time.

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)****Revenue recognition (continued)*****Determination of transaction prices***

The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to discount or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

***Transfer of control in contracts with customers***

In case where the Group determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the assets that is subject of contract is transferred to the customer.

In addition, the application of IFRS 15 has resulted in the following estimation process:

***Allocation of transaction price to performance obligation in contracts with customers***

The Group has applied the input method in allocating the transaction price to performance obligations where revenue is recognized over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation.

***Other matters to consider******Variable consideration***

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group is entitled in exchange for transferring the promised goods or services to a customer. The Group estimates the transaction price on contracts with variable consideration using the expected value or most likely amount method. The method is applied consistently throughout the contract and to similar types of contracts.

***Significant financing component***

The Group adjusts the promised amount of consideration for the time value of money if the contract contains a significant financing component.

***Revenue streams***

The Group earns revenue from following sources:

Revenue streams	Revenue recognition
Sale of goods	At point in time
Contract revenue	Over time

**Revenue from sale of goods**

Revenue is measured based on consideration specified in the contracts with customers and excludes amounts collected on behalf of third parties. The Group recognizes revenue when control of the product is transferred to the customer, which happens upon delivery to the customer.

If the consideration promised in a contract includes a variable amount, the Group estimates the fees to which it is entitled in exchange for transferring the promised goods or services to the customer.

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Contract revenue**

Contract revenue are recognized over time. Revenue is measured and recognized based on percentage of completion method, which is calculated by comparing between the percentage of actual cost incurred to-date to estimated total cost for each contract.

Estimates of revenue, costs or extent of percentage of completion are revised if circumstances changed. Any resulting increase or decrease in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that lead to the revision become known to the management.

Estimated costs and profits in excess of invoices on incomplete contracts are recognized in current assets as contract assets, and invoices in excess of costs incurred and estimated profits, if any, are recognized in current liabilities as contract liabilities.

**Contract costs**

Additional costs are recognized to obtain the contract as an expense, unless the Group has reasonable expectation of recovering these costs from its customer, as these costs are explicitly charged to the customers. The Group consumes these costs on a regular basis in conformity with transferring goods or services to a customer.

**Contract assets and liabilities**

Under IFRS 15, when a party to a contract performs its obligations, the entity shall present in its statement of financial position, contract assets or liabilities, depending on the relationship between the entity's performance and customer payments. Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date.

Contract liabilities primarily relate to the advance consideration received from customers for construction of cables, for which revenue recognized over time. an entity's obligation to transfer cables and installation services. If the consideration agreed in the contract includes a variable amount, the Group estimates the amount of consideration that the Group is entitled to in exchange for transferring the goods or services agreed upon with the customer.

**Cost of sales**

Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labors, depreciation and other related general indirect costs. This also includes share of the related common overheads.

**Selling and distribution expenses**

This include any costs incurred to execute or facilitate all sale transactions in the Group. These costs typically include salaries of the sales employees, costs of managing the exhibitions, marketing and distribution expenses, and logistics expenses as well as commissions, fees and the like. This includes share of the related general common costs.

**General and administrative expenses**

This pertain to operating expenses that are not directly related to the production of any goods or services. This includes share of the related general common costs.

Common expenses between direct cost, selling and distribution expenses, and general and administrative expenses, when required, are allocated on a consistent basis.

**Finance cost**

The finance cost consists of the interest and other costs that an entity incurs in connection with borrowing of allocated funds through the Group, the interest on the employee's end-of-service benefits according to IAS 19 'Employee Benefits', and interest expenses on lease liabilities in accordance with IFRS 16 'Leases'.

**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Reporting Segments**

An operating segment is a component of the Group:

- That engages in activities from which it may earn revenue and incur expenses.
- Results of its operations are continuously analyzed by chief executive officer in order to make decisions related to resource allocation and performance assessment; and
- For which separate financial information is available.

A geographical segment is a group of assets, operations or entities engaged in revenue generating activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Group executive management and used to allocate resources to segments and assess their performance. These operating segments described below has been identified in note (40) in accordance with IFRS 8. Most of the Group's revenue, profits and assets arise by its operations in Saudi Arabia and arise from these specific business segments. The executive management monitors the operational results of these operating segments continuously for making decisions about resource allocation and performance evaluation. Segment performance is evaluated based on profit or loss and other performance measurement indicators.

**Earnings per share**

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated based on the profit or loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated based on the profit or loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

**8. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities, and the disclosure of contingencies at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and other various factors that are believed to be reasonable under these circumstances and are used to estimate the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period, if the effect of revision is limited to that period only, or they are recognized in the revision period and future periods if the revision affects both current and future periods.

The key assumption concerning the future and key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year is discussed below:

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#### 8. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

##### **Judgments**

Information about judgments made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements are included in the following notes:

Note 5 - whether the group exercises control over an investee.

Note 12 - Investment in a joint venture

##### **Assumptions and Estimation uncertainties**

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements, are described below:

##### Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

In assessing value in use, the estimated future cash flows attributable to the asset 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 to sell, recent market transactions are taken into account.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. An impairment loss reversal is recognized immediately in the consolidated statement of profit or loss.

##### Expected Life of Property, Equipment, And Plants

The Group's management determines the expected life of property, plant and equipment for calculating depreciation. The estimate is carried out after considering the expected usage of the assets or obsolescence. Management performs periodic review for the estimated useful lives and depreciation method to ensure that depreciation duration and method are consistent with the expected pattern for the economic benefit of the assets.

##### Fair Value Estimation of Financial Instruments

The Group uses the most observable market inputs when measuring the fair value of an asset or a liability. Fair values are classified in a fair value hierarchy based on the inputs used in the valuation which are shown as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for assets or liabilities either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market information (unobservable inputs).

##### Expected credit loss provision for trade receivables

The Group uses a provision matrix to calculate ECLs of trade receivables. The provision rates are based on days past due for groupings of various customer segments.

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#### 8. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

##### Assumptions and Estimation Uncertainties (Continued)

###### Expected credit loss provision for trade receivables (continued)

The provision matrix is initially based on the entire Group's historical observed default rates. The Group calibrates the matrix to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the industry, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL, is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The key assumptions used in estimating the expected credit losses include historical default rates, customer credit risk profiles and forward-looking macroeconomic factors. Changes in these assumptions could result in a material adjustment to the carrying amount of trade receivables within the next financial year.

###### Expected adjustments of net realizable value

Inventory is stated at the lower of cost and net realizable value. When inventory becomes old or obsolete, an estimate is made for the net realizable value. For individually significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging, obsolescence, physical deterioration, quality issues and change in demand and goods pricing.

The determination of net realizable value involves significant management judgment regarding future selling prices, demand for the products and the condition of inventory. Changes in these assumptions could result in adjustments to the carrying amount of inventory in future periods.

###### Assumptions of employees' benefits obligations

The Group operates an end-of-service benefits plan for its employees based on the prevailing Saudi Labor laws. The liability is being accrued based on projected credit unit method in accordance with the periodic actuarial valuations.

Certain actuarial assumptions have been applied as set out in note 23 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

###### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate for the consideration required to settle the present obligation at reporting date taking into account risk and doubts specific to liability. Where the provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When the Group expects some or all of economic benefits that are required to settle a provision of third party to be reimbursed, the accrued amount is recognized as an asset if the reimbursed amount is virtually certain and its value can be reliably estimated.

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**8. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)**

*Onerous contracts*

Current liabilities - arising from onerous contract - are identified and recognized as provisions. The contract is considered as onerous contract if the group enters into a contract in which the unavoidable costs of meeting the contractual obligations exceed the financial returns expected to be received under the contract.

The Group uses the expected metals prices of copper and aluminum for the next 3 months based on the London metal exchange.

*Zakat and Income tax*

When calculating the Zakat and income tax expense for the current period, the Group has adjusted its net income and applied certain assumptions to the Zakat and income tax base used to calculate the Zakat and income tax expense. However, the Zakat legislations issued by ZATCA with respect to these amendments are subject to amendments and interpretations that are subject to change. The Group's management has provided its best estimates for those assumptions.

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**9. PROPERTY, PLANT AND EQUIPMENT, NET**

Cost	Land	Buildings (*)	Plant and equipment	Motor vehicles	Furniture & fixtures	Tools	Laboratory equipment	Computers	Strategic spare parts	Assets under construction (**)	Total
1 January 2024	218,636,293	374,079,447	1,390,760,465	16,637,766	31,554,841	65,963,790	128,422,257	18,392,630	11,929,536	133,382,451	2,989,259,476
Additions	-	2,002,459	9,841,124	2,237,775	1,878,478	5,778,574	2,560,416	842,831	4,593,537	165,240,842	194,985,837
Disposals	-	(800,000)	(16,636,671)	(1,199,476)	(158,252)	(69,730)	-	-	(1,598,281)	-	(20,462,410)
Transfers from AUC	-	2,621,981	25,841,248	-	727,446	396,900	-	-	-	(20,587,575)	-
Impact of changes in forex exchange rates	(2,103)	(6,118)	(2,542)	(144)	(393)	(878)	-	(276)	-	(2,393)	(34,847)
<b>31 December 2024</b>	<b>218,634,190</b>	<b>377,897,769</b>	<b>2,009,293,625</b>	<b>17,675,921</b>	<b>34,002,120</b>	<b>72,068,656</b>	<b>130,982,673</b>	<b>19,235,185</b>	<b>14,924,592</b>	<b>269,033,325</b>	<b>3,163,748,056</b>
<b>Accumulated depreciation</b>	-	242,056,164	1,322,849,797	15,226,889	27,360,865	53,162,879	102,420,879	13,616,817	5,935,111	-	1,782,599,601
Charge for the year	-	11,539,599	34,306,057	708,133	1,472,733	4,873,970	6,818,431	575,389	1,642,705	-	61,957,017
Disposals	-	(421,333)	(14,087,840)	(1,199,476)	(158,252)	(69,730)	-	-	(892,688)	-	(16,829,319)
Impact of changes in forex exchange rates	-	(3,403)	(13,392)	(110)	(509)	(725)	-	(248)	-	-	(18,187)
<b>31 December 2024</b>	<b>-</b>	<b>253,161,227</b>	<b>1,343,054,622</b>	<b>14,735,436</b>	<b>28,675,037</b>	<b>57,966,394</b>	<b>109,239,310</b>	<b>14,191,958</b>	<b>6,685,128</b>	<b>-</b>	<b>1,827,709,112</b>
<b>Net carrying amount</b>											
<b>31 December 2024</b>	<b>218,634,190</b>	<b>124,736,542</b>	<b>666,239,003</b>	<b>2,940,485</b>	<b>5,327,083</b>	<b>14,102,262</b>	<b>21,743,363</b>	<b>5,043,227</b>	<b>8,239,464</b>	<b>269,033,325</b>	<b>1,336,038,944</b>

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9.

**PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)**

Cost	Land	Buildings (*)	Plant and equipment	Motor vehicles	Furniture & fixtures	Tools	Laboratory equipment	Computers	Strategic spare parts	Assets under construction (**)	Total
1 January 2025	218,634,190	377,897,769	2,009,293,625	17,675,921	34,002,120	72,068,656	130,982,673	19,235,185	14,924,592	269,033,325	3,163,748,056
Additions	24,550,789	30,195,163	50,195,163	2,542,502	1,243,599	13,523,797	5,489,885	499,969	5,140,115	307,888,264	188,878,083
Disposals	(1,936,895)	(3,619,741)	(88,301,941)	(1,800,095)	(13,224,397)	(11,580,284)	(16,951,537)	(560,684)	-	(237,729,553)	(138,005,574)
Transfers from AUC	5,633,329	53,239,196	137,529,271	44,629	1,502,017	39,655,480	125,631	-	-	-	-
On acquisition from Subsidiary (Refer note 10-7)	-	19,244,481	26,389,084	1,519,206	3,491,232	-	-	353,779	-	2,281,945	53,281,727
Impact of changes in forex exchange rates	(29)	83,441	(57,193.5)	(15,439)	(31,464)	54,072	-	(23,341)	-	17,848	(491,847)
31 December 2025	222,330,595	471,365,935	2,114,553,267	19,966,724	26,982,107	113,523,721	119,646,652	19,504,908	18,064,707	141,491,829	3,267,410,445
Accumulated depreciation	-	253,161,227	1,343,054,622	14,735,436	28,675,037	57,966,394	109,239,310	14,191,958	6,685,128	-	1,827,709,112
Charge for the year	-	12,857,432	34,176,624	1,285,880	2,076,652	20,269,870	3,412,608	726,735	1,819,310	-	76,616,311
Disposals	-	(2,640,995)	(82,343,747)	(1,649,935)	(13,223,551)	(11,461,371)	(16,951,537)	(553,935)	-	-	(128,827,061)
Impact of changes in forex exchange rates	-	(21)	(32,530)	-	75,767	98,207	-	(92,260)	-	-	49,163
31 December 2025	-	263,375,643	1,294,854,969	14,371,391	17,603,905	66,864,100	95,700,381	14,272,498	8,504,438	-	1,775,547,325

**Net carrying amount**

31 December 2025	222,330,595	207,990,292	819,678,298	5,595,333	9,378,202	46,639,621	23,946,271	5,232,410	9,560,269	141,491,829	1,491,863,120
31 December 2024	218,634,190	124,736,542	666,239,003	2,940,485	5,327,083	14,102,262	21,743,363	5,043,237	8,239,464	269,033,325	1,336,038,914

\* This item includes buildings constructed on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MIDON) for a period of 20 years until 1454H (corresponding to 2032) that are recognized under right of use assets (Note 13).

\*\* Assets under construction represent work in progress related to the construction of the Group's plant facilities. Depreciation charge for the year ended has been allocated as follows:

	2025	2024
Cost of sales - Note 34	73,202,998	58,538,735
Selling and distribution expenses - Note 35	516,254	437,585
General and administration expenses - Note 36	2,896,859	2,960,697
	<u>76,616,111</u>	<u>61,937,017</u>

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**9. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)**

The Group holds assets the cost of which amounts to SR 841,7 million as at 31 December 2025 (31 December 2024: SR 972,8 million), which are fully depreciated but are still in use. The details of such assets are as follows:

	2025	2024
Buildings	103,433,735	107,083,476
Plant and equipment	610,623,660	688,485,187
Motor vehicles	10,647,828	12,227,438
Furniture & fixtures	12,244,399	24,407,750
Tools	24,027,536	41,348,916
Laboratory equipment	71,785,824	89,765,420
Computers	8,972,532	9,523,862
	<b>841,735,514</b>	<b>972,842,049</b>

**10. INTANGIBLE ASSETS, NET**

	Goodwill*	Software	2025 Total	2024 Total
<b>Cost:</b>				
As at 1 January	-	80,879,539	80,879,539	80,879,539
Additions during the year	86,361,201	-	86,361,201	-
As at 31 December	<b>86,361,201</b>	<b>80,879,539</b>	<b>167,240,740</b>	<b>80,879,539</b>
<b>Amortization:</b>				
As at 1 January	-	23,716,088	23,716,088	18,112,544
Charge for the year	-	5,603,548	5,603,548	5,603,544
As at 31 December	-	<b>29,319,636</b>	<b>29,319,636</b>	<b>23,716,088</b>
<b>Net carrying amount as at 31 December</b>	<b>86,361,201</b>	<b>51,559,903</b>	<b>137,921,104</b>	<b>57,163,451</b>

**10.1 Software**

The above intangible assets represent cost of SAP system.

The amortization has been charged to general and administration expenses (Note 36).

**10.2 Goodwill**

\* On 28 November 2025, the Group, through its wholly owned subsidiary Riyadh Cables Group, entered into a final Share Purchase Agreement with the owners of Artikul Aziya Kabel LLC, a company registered in the Republic of Uzbekistan, to acquire 51% of its equity shares.

Following the fulfillment of all required completion conditions—including obtaining approval from the Uzbek Anti-Monopoly Commission, completing sellers' legal requirements, and securing necessary regulatory approvals—the Group obtained control over Artikul Aziya Kabel LLC on 28 November 2025.

The consideration for the acquisition amounted to SR 147,697,586.

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**10. INTANGIBLE ASSETS, NET (CONTINUED)****10.2 Goodwill (continued)****Purchase Price Allocation**

As of 28 November 2025, the Group has provisionally recognized the identifiable assets acquired and liabilities assumed. The purchase price allocation is still subject to finalization within the measurement period allowed by IFRS 3 (up to 12 months from the acquisition date). The provisional amounts recognized are as follows:

<i>Initial amounts at the acquisition date</i>	<u>November 2025</u>
<b>Assets Acquired</b>	
<u>Non-Current assets</u>	
Property, Plant and Equipment	53,281,727
Right of use assets	1,582,726
	<u>54,864,453</u>
<u>Current assets</u>	
Inventories	76,058,909
Trade Receivables	62,728,115
Prepayments and Other Receivables	23,424,617
Cash and Cash Equivalents	11,336,056
	<u>173,547,697</u>
<b>Total Assets</b>	<u>228,412,150</u>
 <b>Liabilities Assumed</b>	
<u>Non-Current Liabilities</u>	
Borrowings	24,186,215
Lease Liability	1,250,749
Deferred income tax liabilities	254,192
	<u>25,691,156</u>
<u>Current Liabilities</u>	
Borrowings	19,275,504
Lease Liability	763,570
Trade and other payables	54,946,627
Income Tax	468,002
Accruals and other current liabilities	6,999,866
	<u>82,453,569</u>
<b>Total liabilities</b>	<u>108,144,725</u>
	<u>2025</u>
<i>Consideration paid</i>	120,243,573
<i>Deferred consideration (*)</i>	27,454,015
<b>Total purchase consideration</b>	<u>147,697,588</u>
 Total identifiable net assets	120,267,425
Ownership percentage	51%
<b>Total identifiable net assets attributed to the parent</b>	<u>(61,336,387)</u>
 <b>Initial goodwill arising on acquisition</b>	<u>86,361,201</u>
 <b>Cash outflow on acquisition.</b>	
	<u>2025</u>
Net cash acquired with the subsidiary	11,336,056
Cash paid	(120,243,573)
<b>Net Cash Outflow</b>	<u>(108,907,517)</u>

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**10. INTANGIBLE ASSETS, NET (CONTINUED)**

**10.2 Goodwill (COUNITUED)**

The excess of the consideration transferred over the net assets acquired has been provisionally recognized as goodwill, which represents future economic benefits arising from assets that are not individually identified and separately recognized. Management expects to complete the purchase price allocation exercise within 12 month of the acquisition date.

The acquired entity contributed revenue of SR 80.89 million and profit of SR 4.07 million to the Group for the period from the acquisition date 28 November 2025 to 31 December 2025.

If the acquisition had occurred on 1 January 2025, management estimates that the Group's consolidated revenue for the year would have increased approximately SR 543 million and consolidated profit for the year would have increased approximately SR 18.50 million.

(\*) The deferred consideration amounting to SR 27,454,015 is payable within one year from the acquisition date and is expected to be settled in cash.

**11. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	% of <u>Shareholding</u>	<u>2025</u>	2024
Natural Gas Distribution Co	7.7%	10,357,658	26,334,977
International Co for Insulation Materials	19.7%	<u>12,141</u>	<u>12,141</u>
		<u>10,369,799</u>	<u>26,347,118</u>

There are no additions, disposal or dividends received for those investments during the year, the changes compared with the last year is related to the fair value measurements. The information about the fair value measurement is included in Note (43.1). The amount recognized in other comprehensive income amounted to a loss of SR 15,977,319 in 2025, (In 2024 a gain of SR 9,053,554).

**12. EQUITY-ACCOUNTED INVESTEEES**

The Group had investments in (Gulf and Riyadh Electric Wires Cables CO – LLC a Kuwait company) a "joint venture" with (Gulf Cable and Electrical Industries Corporation, "a Kuwait Shareholding Company").

The joint venture has not yet started its commercial operations.

The following table summarizes the financial information of the Gulf and Riyadh Electrics wires Cables Company:

	<u>2025</u>	<u>2024</u>
<b>Group's percentage ownership interest</b>	<b>50%</b>	<b>50%</b>
Current assets (including cash and equivalents-2025: SR 3.3 million, 2024 2,8 million)	<u>63,717,279</u>	<u>62,835,726</u>
Non-current liabilities	-	-
Current liabilities	<u>(13,525)</u>	<u>(16,972)</u>
<b>Net Assets</b>	<b>63,703,754</b>	<b>62,818,754</b>
<b>Group's share of net assets (50%)</b>	<b>31,851,877</b>	<b>31,409,377</b>
<b>Carrying amount of interest in joint venture</b>	<b>31,851,877</b>	<b>31,409,377</b>
Profit and total comprehensive income (100%)	<u>885,000</u>	<u>1,613,754</u>
<b>Group's share of total comprehensive income (50%)</b>	<b>442,500</b>	<b>806,877</b>

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**13. RIGHT OF USE ASSETS**

The right-of-use assets are represented in the value of rents of the Group's lands and warehouses, in addition to rents for workers' housing, offices and branches of one of the Group's subsidiaries.

	2025		2024	
	Depreciation	Balance	Depreciation	Balance
Lands	(3,090,399)	68,936,320	(997,721)	6,945,235
Warehouses	(85,579)	42,203	(85,579)	127,782
Total right of use assets	(3,175,978)	68,978,523	(1,083,300)	7,073,017

The depreciation has been charged to cost of sales Note (34)

*Lease liabilities***Discounted lease liabilities included in the consolidated statement of financial position**

current	2,042,428	1,096,170
non-current	9,396,988	6,296,317
	<b>11,439,416</b>	<b>7,392,487</b>

On 26 January 2025, the Group signed a contract with the Crown Paper Industries Group to waive a lease of a land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) to purchase a building constructed on the leased land. The total consideration amounted to SR 74,8 million, of which SR 14,8 million relates to the cost of the building, while SR 60 million was charged to the right-of-use asset as a consideration for waiving the lease. The lease with MODON was signed on 17 March 2025. According to the lease agreement, the total lease term is 24 years. The Group determined the lease term at the commencement date of the lease. The Group has estimated an incremental borrowing rate of 6.67% for the purposes of applying IAS 16.

Total amount of interest expenses on the lease liabilities recognized on the profit or loss statement amounted to SR 356,275 in 2025 (2024: SR 103,788).

**14. INVESTMENT PROPERTIES**

	2025	2024
<b>Cost:</b>		
As at 1 January	37,150,863	37,150,863
As at 31 December	37,150,863	37,150,863
<b>Accumulated impairment:</b>		
As at 1 January	(27,120,022)	(25,639,877)
Impairment during the year	-	(1,480,145)
As at 31 December	(27,120,022)	(27,120,022)
<b>Net carrying amount as at 31 December</b>	<b>10,030,841</b>	<b>10,030,841</b>

Investment properties are represented in the ownership of lands in the Arab Republic of Egypt, and the fair value of the land as at 31 December 2025 amounted to SR 10.9 million based on the latest valuation of the land which determined using comparative market approach by (International Engineering Consulting) "the valuer", an independent external real estate valuer, registered in the Central Bank of Egypt with No. (37).

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**15. INVENTORY**

	<u>2025</u>	<u>2024</u>
Finished Goods	1,502,698,537	1,226,136,677
Work in progress	443,992,520	464,126,999
Raw materials	368,862,655	306,655,673
Spare parts	51,853,715	42,940,174
Packaging materials	63,481,720	55,635,180
Goods in transit	43,732,933	165,597,590
Projects supplies	3,196,949	3,014,595
<b>Total</b>	<u>2,477,816,029</u>	<u>2,264,106,888</u>
Less: Allowance of net realizable value	<u>(66,766,724)</u>	<u>(138,070,200)</u>
<b>Net inventory</b>	<u>2,411,049,305</u>	<u>2,126,036,688</u>

The group has a variety of future contracts to meet the price fluctuations risks of copper, aluminum and lead. The effect resulting from closing these contracts - contracts to buy or sell non-financial items 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 extra high-voltage cables inputs and overhead conductor cables. The par value of the unexecuted future contracts for copper, aluminum and lead on 31 December 2025 amounted to USD 266 million, equivalent to SR 996 million. The group also accounts for hedging contracts for fluctuations in the prices of copper, lead and aluminum, which are used in the product of extra high-voltage cables and overhead conductor cables, in accordance with the policy referred to in note (26) of the notes to the accompanying consolidated financial statements.

Movement in inventory net realizable value is as follows:

	<u>2025</u>	<u>2024</u>
1 January	138,070,200	68,305,439
Adjustments during the year*	<u>(71,303,476)</u>	<u>69,764,761</u>
<b>31 December</b>	<u>66,766,724</u>	<u>138,070,200</u>

\* Adjustments during the year charged to P&L (note 34).

**16. TRADE RECEIVABLES**

	<u>2025</u>	<u>2024</u>
Trade receivables	2,747,991,081	2,134,767,186
Impairment loss on trade receivable	<u>(262,675,790)</u>	<u>(111,865,763)</u>
<b>Net trade receivables</b>	<u>2,485,315,291</u>	<u>2,022,901,423</u>

Trade receivables balances include due from related parties of SR 18 million (2024: SR 1,7 million).

For exposure and impairment amount losses please refer to (note 43.2)

**Expected Credit Losses Assessment for Trade Receivables**

The Group applies the simplified approach of IFRS 9 to measure expected credit losses, which are used specifically for the lifetime expected credit losses for all financial assets measured at amortized cost.

The key inputs into the measurement of ECL are the following variables:

- Probability of default using a statistical model (i.e. normal distribution curve).
- GDP of the Kingdom of Saudi Arabia, the rate of inflation and Saudi government spending, as variables of the macroeconomic, to calibrate the historical loss rate.

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**16. TRADE RECEIVABLES (CONTINUED)**

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

	<u>2025</u>	<u>2024</u>
1 January	111,865,763	88,439,772
Provision for impairment loss on trade receivables	150,810,027	23,425,991
<b>31 December</b>	<b>262,675,790</b>	<b>111,865,763</b>

**17. CONTRACTS ASSETS / LIABILITIES****A- Contracts Assets**

	<u>2025</u>	<u>2024</u>
Total costs incurred up to reporting date	309,540,057	61,655,771
Total income recognized up to reporting date	19,741,080	6,908,978
Less: Progress billing	(277,367,141)	(53,357,055)
<b>Contract assets</b>	<b>51,913,996</b>	<b>15,207,694</b>

The Movement of the Contract assets: -

	<u>2025</u>	<u>2024</u>
Opening balance	15,207,694	25,208,489
Recognized as revenue during the year	121,089,468	293,263,766
Billing during the year	(84,383,166)	(303,264,561)
<b>Closing Balance</b>	<b>51,913,996</b>	<b>15,207,694</b>

**B- Contracts Liabilities**

	<u>2025</u>	<u>2024</u>
Total costs incurred up to reporting date	750,823,883	796,404,549
Total income recognized up to reporting date	92,021,927	86,687,660
Less: Progress billing	(911,500,872)	(821,900,991)
<b>Contract Liabilities</b>	<b>68,655,062</b>	<b>61,191,218</b>

The movement of the contract liabilities:

	<u>2025</u>	<u>2024</u>
Opening balance	(61,191,218)	(24,977,269)
Recognized as revenue during the year	101,728,039	24,977,269
Billing during the year	(109,191,883)	(61,191,218)
<b>Closing Balance</b>	<b>(68,655,062)</b>	<b>(61,191,218)</b>

**18. ADVANCES AND OTHER CURRENT ASSETS**

	<u>2025</u>	<u>2024</u>
Advances to suppliers	104,451,066	30,898,897
Suppliers – Rebates	5,338,827	6,659,708
Prepaid expenses	14,767,980	14,186,484
Employees' receivables	712,833	921,739
Refundable deposits	38,898,353	18,395,231
Other	11,278,767	2,927,391
	<b>175,447,826</b>	<b>73,989,450</b>

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**19. CASH AND CASH EQUIVALENTS**

	<u>2025</u>	<u>2024</u>
Cash at banks – current accounts	233,028,270	88,946,278
Cash on hand	3,014,739	1,726,447
	<u>236,043,009</u>	<u>90,672,725</u>

**20. SHARE CAPITAL**

The Company's share capital as at 31 December 2025 amounted to SR 1.5 billion (2024: SR 1.5 billion), consists of 150 million shares (2024: 150 million shares) of SAR 10 each. The Company's share capital consists of Saudi shareholders and foreign founders.

**21. GENERAL RESERVE**

The general reserve included in the consolidated financial statements as of 31 December 2025, and 31 December 2024, was required under the previous Company's by-laws. However, following amendments to the Company's by-laws, there is no longer a requirement to set aside such a reserve.

**22. DIVIDENDS**

On 17 April 2025, the Ordinary General Assembly recommended the distribution of cash dividends to shareholders amounting to SR 299.4 million at SR 1.9 per share.

On 09 September 2025, the Board of Directors approved the distribution of interim cash dividends to shareholders amounting to SR 299.4 million at SR 1.9 per share (compared to SR 224.6 million at SR 1.5 per share for the first half of 2024).

**23. EMPLOYEES' BENEFITS OBLIGATIONS**

The group operates defined benefit plans in line with the labor law requirements in the countries where the Group's entities operate. The payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment.

The employees' termination benefits plans are unfunded.

The amounts recognized in the consolidated statement of financial position and the movements in the net defined benefits obligations during the year are as follows:

	<u>2025</u>	<u>2024</u>
1 January	125,899,543	117,297,199
Current service cost	11,356,239	11,810,488
Interest cost	6,161,404	5,328,967
Paid during the year	(11,494,611)	(9,699,306)
Actuarial loss	2,887,373	1,163,589
Impact of foreign currency exchange translation differences	–	(1,394)
31 December	<u>134,809,948</u>	<u>125,899,543</u>

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**23. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)**

The significant actuarial assumptions used were as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.3%	5.2%
Salary growth rate	2%	2%
Assumed retirement age	60	60

**Sensitivity analysis**

The sensitivity of the defined benefit obligations to changes in the principal assumptions used is as follows:

	<u>Change</u>	<u>Impact on the balance of the defined benefit obligations in 2025</u>	
		<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate	1%	(7,417,000)	8,449,000
Salary growth rate	1%	8,615,000	(7,712,000)
		<u>2024</u>	
	<u>Change</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate	1%	(7,717,371)	8,795,428
Salary growth rate	1%	8,996,451	(8,017,241)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to happen, and changes in some assumptions may be related to others. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized in the consolidated statement of financial position.

**24. ISLAMIC FINANCE FACILITIES AND BORROWING**

	<u>2025</u>	<u>2024</u>
Murabaha facility	663,570,253	433,053,112
Short term borrowing	19,605,306	-
<b>Total</b>	<u>683,175,559</u>	<u>433,053,112</u>
<b>Non-current portion</b>	<u>24,601,242</u>	<u>-</u>
<b>31 December</b>	<u>609,776,801</u>	<u>433,053,112</u>

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**24. ISLAMIC FINANCE FACILITIES AND BORROWING (CONTINUED)****A- Islamic Murabaha**

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 2,4 billion (2024: SR 2,4 billion) at Islamic Murabaha rates that a variable range ( + ) SAIBOR. All credit facilities were granted according to promissory notes. Murabaha rates on short-term loans are based on Saudi Inter Bank Offer Rate SIBOR plus a variable rate during the year.

	<u>2025</u>	<u>2024</u>
1 January	433,053,112	722,123,178
Utilized during the year	3,500,407,249	3,721,460,272
Paid during the year	<u>(3,367,890,108)</u>	<u>(4,010,530,338)</u>
31 December	<u>565,570,253</u>	<u>433,053,112</u>

**B- Long Term Borrowing**

The Group entered into loan agreements with a bank to support the working capital during the year The yield on Murabaha facilities was 5-year USD Swap rate plus 5.25% per annum. (2024: SR Nil billion)

	<u>2025</u>	<u>2024</u>
Additions from acquisition	43,461,719	-
Effect of Foreign Currency	<u>744,829</u>	<u>-</u>
31 December	<u>44,206,548</u>	<u>-</u>

**25. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<u>2025</u>	<u>2024</u>
Refundable deposits from customers	325,755,089	191,521,994
Accrued VAT	63,159,649	94,010,286
Accrued expenses	69,363,685	44,113,286
Employee accruals	23,121,388	27,012,716
Other	<u>56,252,526</u>	<u>24,424,160</u>
	<u>537,652,337</u>	<u>381,082,442</u>

**26. 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 forwards to hedge against certain inventory raw material prices risk on copper, aluminum and lead related to producing extra high-voltage cables as well as overhead conductor cables. The hedging relationship and objective are documented, including details of the hedged items and the hedging instrument. Transactions are accounted for as a cash flow hedge.

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**26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

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

31 December 2025	Par value of hedging instruments	Carrying amount of hedging instruments	
	Current	Assets	Liabilities
Commodity derivatives used for hedging	922,937,942	101,505,546	374,392
Other forward commodity contracts	73,250,486	69,291,458	37,693,836
	<b>996,188,428</b>	<b>170,797,004</b>	<b>38,068,228</b>

The Group purchases copper 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 contracts for materials related to high voltage cables and overhead conductor cables.

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

	31 December 2024	Settlement of cash flow hedge instruments	Change in fair values of hedging instruments	31 December 2025
Copper	(1,871,521)	3,780,151	79,946,254	<b>81,854,884</b>
Aluminum	(9,312,412)	8,215,342	61,663,585	<b>60,566,515</b>
Lead	(6,120,645)	(1,393,573)	2,833,148	<b>(4,681,070)</b>
	<b>(17,304,578)</b>	<b>10,601,920</b>	<b>144,442,987</b>	<b>137,740,329</b>

**27. TRADE AND OTHER PAYABLES**

	2025	2024
Trade payables*	<b>487,488,135</b>	164,402,300
Suppliers' facilities- banks **	<b>1,096,671,959</b>	1,434,031,191
	<b>1,584,160,094</b>	1,598,433,491

\* Payables amounts include dues to related parties of SR 1.9 million (2024: SR 1.9 million) (Note 42).

\*\* The group participates in a supplier finance facility arrangement under which its suppliers may elect to receive early payment of their invoices from a bank (SAB, GIB and Rajhi Bank). Under the arrangement, the bank agrees to pay amounts due to suppliers participating in respect of invoices owed by the Group and the group repays the bank at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date. The Group has not derecognised the original trade payables relating to the arrangement nor has the original liability been substantially modified on entering into the arrangement. From the group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating; however, the arrangement does provide willing suppliers with the benefit of early payment. Additionally, the group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore includes the amounts subject to the arrangement within trade payables because the nature and function of these payables remains the same as those of other trade payables. There were no significant non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements. Range of payment due dates:

- Trade payables subject to supplier finance arrangement (Any time upon request once the group receiving the goods) comparable trade payables (30 days after invoice date)
- For additional information about liquidity risk, see (note 43.2).

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**28. PROVISIONS**

The movement of provisions is as follows:

	<u>2025</u>	<u>2024</u>
1 January	<b>423,305,127</b>	197,175,347
Provision during the year	<b>465,481,120</b>	226,129,780
	<b><u>888,786,247</u></b>	<b><u>423,305,127</u></b>

The provision related to onerous contracts, which measured at the present value of the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract, considering the increase in the cost of metals prices. This calculation of the provision for all the group's products, except for some certain cables which the price of their metals is hedged.

**29. TREASURY SHARES**

On 14 Shawwal 1444H (corresponding to 4 May 2023), the Board of Directors proposed the purchase of a maximum 500 thousand shares of the company's shares and allocate them to the long-term employees' incentive share scheme. On 2 Dhul-Hijjah 1444H (corresponding to 20 June 2023), the Extraordinary General Assembly approved the Board of Directors' resolution that the purchase to be financed from the Group's own resources using its cash balances or credit facilities, and the Board of Directors or its authorized representative shall be entitled to complete the purchase at the time and price it deems appropriate within a maximum period of 12 months from the date of the resolution of the Extraordinary General Assembly. The company holds the purchased shares for maximum period of 5 years as of the date of the General Assembly's approval in order to allocate them to qualified employees. After this period, the Group is committed to following the procedures and regulations stipulated in the relevant laws and regulations. On 14 September 2023, the Group purchased 282,500 shares at an average price of SR 74.1 each, at a cost of SR 21.1 million. The following is the number of outstanding shares at 31 December.

	<u>2025</u>	<u>2024</u>
Number of outstanding shares as at 1 January	<b>149,717,500</b>	<b>149,717,500</b>
Number of treasury shares acquired during the year	-	-
Number of outstanding shares as at 31 December	<b><u>149,717,500</u></b>	<b><u>149,717,500</u></b>

**30. SHARE-BASED PAYMENTS PROGRAM**

The group formulated the share-based payment program, and it was signed by the Group and the employees on 21 December 2023, which is the vesting date as of the beginning of 2023.

Total No. of shares vested	283,300
The average fair value per share on vesting date	SR 82.1
Vesting date	31 December 2025
Settlement method:	Equity

In line with the launch of the long-term benefits plan, the management approved the policies and the related regulations. Moreover, it prepared a regular distribution plan within the framework of the long-term employee benefits plan over a period of three years. Based on the Group's performance conditions, as of January 2023 to December 2025, the performance-related shares will be distributed in 2026.

The shares to be settled for equity instruments were valued at their fair value on the date of vesting by applying the Discount for Lack of Marketability Method (DLOM). This method takes into account the exercise price, the effect of any discounts (where applicable), the share price on the vesting date, the probability of vesting, and the expected price fluctuations of basic shares. As a result of this valuation, the fair value of share is determined to be at SR 82.1 as at 21 December 2023, based on the exercise price amounting to SR 89.90 and 95% vesting probability.

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**30. SHARE-BASED PAYMENTS PROGRAM (CONTINUED)**

Total expenses related to the program for the period ended 31 December 2025 amounted to SR 5 million (31 December 2024 SR 8 million), which were included in the expenses items in the consolidated statement of profit or loss and other comprehensive income, with the amount recorded in the share-based payments reserve item under equity in accordance with the requirements of IFRS 2 share-based payments.

The vesting period of the Group's Long-Term Incentive Plan (LTI) ended on 31 December 2025. As at the reporting date, the related shares have not yet been settled. The settlement and distribution of the vested shares are subject to Board of Directors and/or any other required approvals and are expected to occurred during 2026.

**31. DEFERRED TAXES**

Significant deferred tax assets and liabilities recognized by the Group are as follows:

	31 December 2025		31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Fixed assets	-	251,585	-	6,526,171
Expected adjustments of inventory realizable value	-	-	1,920,337	-
Employees' benefits obligations	-	-	1,354,516	-
Provision for Impairment loss on trade receivables	-	-	1,844,045	-
Provision for onerous contracts	-	-	4,554,354	-
	-	251,585	9,673,252	6,526,171

**32. ZAKAT AND INCOME TAX*****Zakat and Income Tax Status******Riyadh Cables Group Company***

Riyadh Cables Group Company obtained the final Zakat and tax clearance certificate for the financial year ended 31 December 2024. The Company also submitted the Zakat and tax declaration and settled all Zakat and tax dues for the financial year ended 31 December 2025.

During 2025, Riyadh Cables Group (Closed Joint Stock Company) registered a group, and approval was granted by the Zakat, Tax and Customs Authority (ZATCA) to submit unified accounts for the parent company and all its subsidiaries within the Kingdom of Saudi Arabia, effective from 12/05/1447H.( Corresponding to 3 November 2025).

The approval covers all companies within the Group.

During the period, the United Arab Emirates issued new legislation introducing the application of the minimum additional tax, which became effective on 1 January 2025. Consequently, the subsidiaries of Riyadh Cables Group operating in the United Arab Emirates will be subject to the minimum additional tax starting from 2025. Accordingly, on 31 December 2025, the Group recorded a provision amounting to SAR 7.9 million as a result of applying the minimum additional tax in the subsidiary.

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**32. ZAKAT AND INCOME TAX (CONTINUED)**

**Provision For Zakat and Income Tax**

Movement in zakat and the provision for income tax as follows:

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
1 January	67,410,011	41,946,426
On acquisition from Subsidiary	463,658	
Charged during the year	104,534,707	71,884,690
Prior year adjustments	-	(1,862,169)
Payments made during the year	(73,300,355)	(44,558,936)
Impact of foreign currency exchange translation differences	(135)	-
31 December	<u>99,107,886</u>	<u>67,410,011</u>

**33. REVENUE**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
<u>Timing of revenue recognition</u>		
Goods transferred at a point in time (*)	10,450,786,755	8,689,119,832
Contract revenue over time (**)	222,817,507	318,241,035
	<u>10,673,604,262</u>	<u>9,007,360,867</u>

(\*) The Group has a revenue recognition policy at a point in time where the goods are delivered and acknowledged by customers, or over time for cable installation projects where revenue is recognized based on the progress of work performed using the input method based on actual costs incurred.

(\*\*) The Group uses the input method for revenue recognition as it reliably reflects progress in cable installation projects based on actual costs incurred.

The Group's customer contracts generally require payment within 30 days to 90 days (2024: 30 days to 90 days) from the date on which the related invoice is issued. These payment terms are consistent across the Group's major revenue streams and do not include any financing components.

The Group has assessed its customer contracts and, as at the reporting date, has no obligations related to sales returns, refunds, or customer warranties/guarantees.

**Revenue divided between segments as follows: -**

2025	Cables and wires	High voltage cables	Other	Total
Goods transferred at a point in time	10,414,170,668	8,021,674	28,594,413	10,450,786,755
Contract revenue over time	-	222,817,507	-	222,817,507
Total	<u>10,414,170,668</u>	<u>230,839,181</u>	<u>28,594,413</u>	<u>10,673,604,262</u>

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**34. COST OF REVENUE**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Materials	8,486,925,677	7,310,471,233
Salaries and employees' related benefits	244,608,394	228,705,610
Depreciation expense- (note 9 & 13)	76,378,976	59,642,035
Repairs and maintenance	44,775,450	42,796,717
Utilities expenses	68,201,400	57,355,534
Other	19,384,510	21,867,387
	<u>8,940,274,407</u>	<u>7,720,838,516</u>

**35. SELLING AND DISTRIBUTION EXPENSES**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Salaries and employees' related benefits	47,072,665	46,108,991
Cargo charges	62,475,111	52,777,895
Sales commission	4,429,244	4,479,619
Quality testing expenses	1,830,982	1,208,510
Insurance expense	3,311,836	1,469,236
Advertising and showrooms expenses	7,854,327	8,899,884
Depreciation expense - (note 9)	516,254	437,585
Communication expenses	599,493	619,149
Other expenses	10,289,776	11,901,604
	<u>138,379,688</u>	<u>127,902,473</u>

**36. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Salaries and employees' related benefits	107,057,365	104,142,626
Maintenance and repair expense	13,327,250	12,296,252
Bank Charges	18,399,052	13,380,658
Depreciation expense- (note 9 & 10)	8,500,407	8,564,241
Legal and professional	7,240,661	6,044,277
Travel and insurance expense	2,430,079	2,061,819
Communications and network expense	1,079,380	945,629
Offices supplies expense	1,295,725	962,572
Other expenses	10,018,053	8,068,365
	<u>169,347,972</u>	<u>156,466,439</u>

**37. OTHER INCOME**

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Revenue from sale of scraps	-	8,738,621
Revenue from rentals	325,500	261,232
Other	1,816,661	2,045,432
	<u>2,142,161</u>	<u>11,045,285</u>

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**38. OTHER EXPENSES**

	For the year ended 31 December	
	2025	2024
Foreign currency exchange losses	2,941,484	16,835,214
Losses on disposal of property, plant and equipment	7,356,001	324,919
Others	-	2,693,301
	<u>10,297,485</u>	<u>19,853,434</u>

**39. FINANCE COSTS/ (FINANCE INCOME)**

	For the year ended 31 December	
	2025	2024
Murabaha finance costs and returns for Banks	68,835,398	84,378,537
Interest on employees' defined benefits obligations	6,161,404	5,328,967
Interest on lease liabilities	356,275	275,124
	<u>75,353,077</u>	<u>89,982,628</u>
Interest income	(1,199,082)	(2,315,929)
	<u>(74,153,995)</u>	<u>(87,666,699)</u>

**40. REPORTING SEGMENTS**

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 segments: includes telephone cables and services

As at and for the year ended 31 December 2025	Cables and wires	High voltage cables (turnkey projects)	Other	Total
Revenue	10,414,170,668	230,839,181	28,594,413	10,673,604,262
Cost of revenue	(8,716,728,131)	(211,498,936)	(12,047,340)	(8,940,274,407)
Expenses	(304,288,876)	(1,776,120)	(1,662,664)	(307,727,660)
Provision for Impairment loss on trade receivables	(153,781,655)	(686,182)	3,657,810	(150,810,027)
Other expenses	(9,568,244)	-	(729,241)	(10,297,485)
Other income	-	2,142,161	-	2,142,161
Net Finance costs/income	(75,347,965)	2,038,681	(844,711)	(74,153,995)
Profit before Zakat and income tax	<u>1,154,455,797</u>	<u>21,058,785</u>	<u>16,968,267</u>	<u>1,192,482,849</u>
Total assets	<u>6,815,532,676</u>	<u>394,334,181</u>	<u>71,714,838</u>	<u>7,281,581,695</u>
Total liabilities	<u>3,654,796,342</u>	<u>288,266,126</u>	<u>29,645,136</u>	<u>3,972,707,604</u>

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**40. REPORTING SEGMENTS (CONTINUED)**

As at and for the year ended 31 December 2024	Cables and wires	High voltage cables (turnkey projects)	Other	Total
Revenue	8,645,913,121	339,347,923	22,099,823	9,007,360,867
Cost of revenue	(7,408,197,361)	(312,478,225)	(162,930)	(7,720,838,516)
Expenses	(281,393,063)	(1,329,339)	(1,646,510)	(284,368,912)
Provision for Impairment loss on trade receivables	(14,694,793)	(5,545,151)	(3,186,047)	(23,425,991)
Impairment losses of investment properties	(1,480,145)	-	-	(1,480,145)
Other expenses	(19,595,158)	-	(258,276)	(19,853,434)
Other income	10,743,993	301,292	-	11,045,285
Finance costs/ income	(86,755,170)	(157,030)	(754,499)	(87,666,699)
Income before Zakat and income tax	844,541,424	20,139,470	16,091,561	880,772,455
Total assets	5,381,715,601	353,698,959	76,169,538	5,811,584,098
Total liabilities	3,019,596,338	142,028,844	26,082,020	3,187,707,202

The information by geographical distribution is as follows:

As at and for the period ended 31 December 2025	Inside Kingdom of Saudi Arabia	Outside Kingdom of Saudi Arabia	Total
Revenue	7,811,724,664	2,861,879,598	10,673,604,262
Total non-current assets	1,358,834,586	392,180,678	1,751,015,264

As at and for the period ended 31 December 2024	Inside Kingdom of Saudi Arabia	Outside Kingdom of Saudi Arabia	Total
Revenue*	6,896,984,090	2,110,376,777	9,007,360,867
Total non-current assets	1,258,556,463	219,179,537	1,477,736,000

\* The majority of revenue generated outside KSA represents revenue from United Arab Emirates amounting to SR 2,2 billion. (2024: SR 1,7 billion)

Revenue from a customer in the cables and wires segment represented 19% of the group's total revenue as at 31 December 2025. (2024: 18%)

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**41. 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 and diluted shares outstanding during the year.

	<u>2025</u>	<u>2024</u>
Net profit for the year	<u>1,080,396,042</u>	<u>816,689,852</u>
Weighted average number of shares	<u>149,717,500</u>	<u>149,717,500</u>
Basic and diluted earnings per share	<u>7.22</u>	<u>5.45</u>

The diluted earnings per share does not differ significantly to the basic earnings per share for the year ended 31 December 2025 and 31 December 2024. The calculation for the weighted average for ordinary shares and diluted shares explained below:

**Ordinary shares**

	<u>2025</u>	<u>2024</u>
Outstanding ordinary shares	<u>150,000,000</u>	<u>150,000,000</u>
Treasury shares	<u>(282,500)</u>	<u>(282,500)</u>
Weighted average of ordinary shares	<u>149,717,500</u>	<u>149,717,500</u>

**Diluted shares**

	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares	<u>149,717,500</u>	<u>149,717,500</u>
Impact of share options	<u>(97,279)</u>	<u>(97,279)</u>
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share at the year end.	<u>149,620,221</u>	<u>149,620,221</u>

**42. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties of the group consist of the shareholders having control or significant influence, key management personnel, and Companies which are directly or indirectly controlled or influenced by the shareholders, key management personnel. The transactions with related parties are made on terms approved by the Board of Directors of the Group. The Group and its related parties transact with each other in the ordinary course of business. The transactions and the balances between the group's companies have been eliminated by preparing these consolidated financial statements.

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**42. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

Transactions with a related party that have been performed during the year, in the ordinary course of business, are summarized below:

	Nature of relationship	Nature of transaction	2025	2024
Masdar Building Material	Owned by a shareholder	Purchases Sales	1,263,174 110,423,359	1,823,443 65,690,538
Thabat Contracting Company	Owned by a shareholder	Sales	107,400	160,530
Masdar Technical Supplies	Owned by a shareholder	Purchases	32,674	75,250
Jadeer Logistics Services Co	Owned by a shareholder	Purchases	12,468,992	7,661,626
Gulf Int'l Contracting & Real Estate	Owned by a shareholder	Sales	376,537	-
FUTURE CERAMIC & PORCELAIN CO	Owned by a shareholder	Sales	20,791	-
LIGHT TECHNOLOGIES Co. Ltd	Owned by a shareholder	Purchases Sales	- -	300,150 480,700
AFAQ AL HIKMA DEVELOPMENT CO	Owned by a shareholder	Sales	24,287	105,150
JASMINE MEADOWS AGRICURAL CO	Owned by a shareholder	Sales	39,985	368,284

Compensation and benefits to key management personnel

	2025	2024
Salaries and short-term benefits	13,700,764	13,198,564
End-of-services benefits	625,437	589,275
Long term incentives plan	2,750,000	2,750,000
	<u>17,076,201</u>	<u>16,537,839</u>

Balances due from / (to) related parties resulting from transactions with related parties are as follows:

Due from related parties - classified as trade receivables	2025	2024
Masdar Building Material Company	18,065,414	1,733,691
Expected credit losses	(28,960)	-
	<u>18,036,454</u>	<u>1,733,691</u>
Due to related parties- classified as trade payables	2025	2024
Masdar technical supplies	8,050	1,042
Thabat Contracting Company	159,838	15,913
Jadeer Logistics Services Co	1,510,816	1,952,113
Masdar Building Material Company	242,107	-
	<u>1,920,811</u>	<u>1,969,068</u>

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#### 43. FINANCIAL INSTRUMENTS

##### 43.1 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption 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 Company uses appropriate valuation techniques with surrounding conditions for which sufficient data are available to measure fair value, maximizing the use of appropriate inputs that can be monitored and minimizing the use of inputs that cannot be monitored to the greatest extent possible.

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset at its maximum and best use or by selling it to another market participant who may use the asset at its maximum and best use.

All assets and liabilities whose fair values are measured or disclosed in the financial statements are classified in the fair value hierarchy. This is described as follows, based on the lowest input level that is important for the overall measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for assets or liabilities either directly (such as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market information (unobservable inputs).

For assets and liabilities that are measured in the financial statements at fair value on a recurring basis, the Company determines whether transfers have been made between hierarchy levels by reassessing the classification (based on the lowest input level that is significant for the overall measurement) at the end of each reporting period.

The Group is exposed to risks as a result of using financial instruments. The following explains the Company's objectives, policies and operations to manage these risks and methods used to measure them in addition to quantitative information related to these risks in the accompanying financial statements.

There were no significant changes that may expose the Company to financial instrument risks through its objectives, policies and operations to manage these risks and methods used that are different from what have been used in prior years unless otherwise indicated.

- The Company's management considers the fair value for trade receivables, Islamic financing facilities, balances of related parties, trade payables, accrued expenses and other liabilities that approximate to their carrying amount due to short term financial instruments.
- Financial instruments are exposed to change in value risk as a result of changes in commission rates of the financial assets and liabilities with variable commission.
- The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

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**43. FINANCIAL INSTRUMENTS (CONTINUED)**

**43.1 Fair Value of Financial Instruments (continued)**

	Carrying amount		Fair value					
	Hedging instruments	Investments at fair value through other comprehensive income	In Saudi Riyals					
			Total	Level 1	Level 2	Level 3	Total	
<b>31 December 2025</b>								
<b>Financial Assets</b>								
Derivative financial instruments	170,797,004	-	170,797,004	-	170,797,004	-	-	170,797,004
Investments at fair value through other comprehensive income	-	10,369,799	10,369,799	10,357,638	-	12,141	-	10,369,799
<b>Financial liabilities</b>								
Derivative financial instruments	38,068,228	-	38,068,228	-	38,068,228	-	-	38,068,228
<b>31 December 2024</b>								
<b>Financial assets</b>								
Derivative financial instruments	5,040,118	-	5,040,118	-	5,040,118	-	-	5,040,118
Investments at fair value through other comprehensive income	-	26,347,118	26,347,118	26,334,977	-	12,141	-	26,347,118
<b>Financial liabilities</b>								
Derivative financial instruments	83,413,600	-	83,413,600	-	83,413,600	-	-	83,413,600

**Valuation technique and significant unobservable inputs**

Level 2 include derivative financial instruments "forwards commodity contracts". The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of forward pricing standard models using present value calculations and mid-market valuations.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as significant unobservable input used.

**Financial instruments measured at fair value**

Type	Valuation approach	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investments at fair value through other comprehensive income	The average assessment weight for each is as follows: Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the Company. The cash flow projections include estimates for 5 years weighted at 80%; and Price-to-book value (P/B). Comparable (Similar companies)	Weighted average cost of capital ("WACC") 23.8%	The estimated fair value would increase/ (decrease) if the weighted average cost of capital is (lower)/ higher.

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#### 43. FINANCIAL INSTRUMENTS (CONTINUED)

##### 43.2 Financial Instruments Risk Management

The Group's activities expose it to a variety of financial risks, the most important of which are the risks listed below:

- Credit risk
- Liquidity risk
- Market risk (currency risk, interest rate risk and commodity risk)

This note presents information about the Group's exposure to each of the above risks, Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital, in addition to the quantitative disclosures included in these consolidated financial statements.

##### Risk management framework

The Board of Directors is full responsible for the establishment and oversight of the group's risk management framework. The board of directors has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee will report regularly to the board of directors on its activities.

The Group's current risk management policies are established to identify and analyze the risks faced by the Group, so as to set appropriate risk limits and controls, and to monitor risks and abide by 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 establishment of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee of the Group oversees how management monitors compliance with the Company'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 internal audit provide assistance to the audit committee of the Group in its control role. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which will be reported to the audit committee.

##### *Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables and cash at banks. The Group's significant credit risks are represented in the following:

##### **Trade Receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management takes into account the demographics of the Group's customer base, including the default risks for the industry and the country in which customers operate, as these factors may have an impact on credit risk, especially in current economic conditions. Geographically, there is no concentration of credit risk.

The Group only transacts with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to transact on credit terms are subject to credit verification procedures. Credit quality of the customer is assessed based on an extensive credit rating scorecard. In addition, the receivables balances are continuously monitored, resulting in the Group being exposed to bad debts is not material.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers using internal and external rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables are monitored regularly.

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**43. FINANCIAL INSTRUMENTS (CONTINUED)****43.2 Financial Instruments Risk Management (continued)**

The Group establishes a provision for trade receivables impairment that represents its estimate of lifetime expected credit losses on trade receivables. The main components of this provision are a specific loss component that relates to significant exposures.

One of the components of the allowance is specific loss component that relates to individually significant exposures individually, and other is collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss provision is determined based on historical data of payment statistics for similar financial assets.

The other categories of financial events do not result in significant credit risk.

The carrying amount of financial assets represents the maximum credit exposure.

	31 December 2025		31 December 2024	
	Balance	Impairment	Balance	Impairment
Less than 30 days	1,879,237,204	38,679,723	1,894,720,100	36,068,153
More than 30 days and less than 60 days	63,938,339	13,717,682	60,205,062	11,219,991
More than 60 days and less than 90 days	111,068,536	26,110,074	33,158,854	5,261,670
More than 90 days	693,747,002	184,168,311	146,683,170	59,315,949
Total	<u>2,747,991,081</u>	<u>262,675,790</u>	<u>2,134,767,186</u>	<u>111,865,763</u>

**Contract Assets**

	31 December 2025		31 December 2024	
	Balance	Impairment	Balance	Impairment
Not due	51,913,996	-	15,207,694	-
Total	<u>51,913,996</u>	<u>-</u>	<u>15,207,694</u>	<u>-</u>

For trade receivables, the Group applies the simplified approach of IFRS 9 to measure expected credit losses, which are used specifically for the expected credit losses for all financial assets measured at amortized cost.

The key inputs into the measurement of ECL are the following variables:

- Probability of default using a statistical model (i.e. normal distribution curve)
- GDP of the Kingdom of Saudi Arabia, the rate of inflation and Saudi government spending, as variables of the macroeconomic, to calibrate the historical loss rate.
- The Group's exposure to credit risk arises mainly from trade receivables, contract assets and other current financial assets. The credit quality of these financial assets is assessed based on the customers' credit profiles and historical payment patterns. The majority of balances relate to customers with no history of default.

For cash at banks, cash and cash equivalents are deposited with banks with a credit rating of BBB- and higher. The Group regularly updates its cash flows. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers using internal and external rating criteria. Outstanding customer receivables are monitored regularly.

- All cash and cash equivalents are classified under Stage 1 as they are held with reputable financial institutions and are considered to have low credit risk.

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**43. FINANCIAL INSTRUMENTS (CONTINUED)****43.2 Financial Instruments Risk Management (continued)****Liquidity risk**

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Furthermore, the Group maintains various credit alternatives.

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

<b>31 December 2025</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Carrying amount</b>
Short-term Islamic finance facilities& Borrowing	585,175,559	24,601,242	-	609,776,801
Trade and other payables	487,488,135	-	-	487,488,135
Suppliers' facilities- banks	1,096,671,959	-	-	1,096,671,959
Lease liabilities	2,042,428	9,396,988	-	11,439,416
Accrued expenses and other liabilities	211,897,248	-	-	211,897,248
	<u>2,383,275,329</u>	<u>33,998,230</u>	<u>-</u>	<u>2,417,273,559</u>
<b>31 December 2024</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Carrying amount</b>
Short-term Islamic finance facilities	438,925,012	-	-	433,053,112
Trade payables	164,402,300	-	-	164,402,300
Suppliers' facilities- banks	1,434,031,191	-	-	1,434,031,191
Lease liabilities	1,138,457	7,326,613	-	7,392,487
Accrued expenses and other liabilities	189,560,448	-	-	189,560,448
	<u>2,228,057,408</u>	<u>7,326,613</u>	<u>-</u>	<u>2,228,439,538</u>

**Suppliers' facilities- banks**

The group entered into an agreement (suppliers financing arrangements) with SAB, GIB and RAHT Bank to obtain payment facilities for suppliers, and the total facility agreement concluded with the bank amounted to SR 2,2 billion.

**Supplier Finance agreements****Qualitative information**

The Group has entered into an agreement with a bank under which the bank pays the full invoice amount directly to the supplier on the invoice date. The Group subsequently settles the amount with the bank within 30 days. Under this arrangement, the bank charges a commission, which is borne by the supplier and does not affect the Group. This arrangement does not result in any significant

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**43. FINANCIAL INSTRUMENTS (CONTINUED)****43.2 Financial Instruments Risk Management (continued)**

changes to the company's payment terms or financial liabilities, as the terms of payment remain consistent, and no additional costs are incurred by the Group.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Carrying amount of financial liabilities		
Trade and other payables	<b>487,488,135</b>	162,402,300
suppliers have received payment from finance provider	<b>1,096,671,959</b>	1,434,031,191
	<u>31 December 2025</u>	<u>31 December 2024</u>
Range of payment due dates	<b>Any time upon request once the group receiving the goods</b>	Any time upon request once the group receiving the goods
Liabilities that are part of the arrangements	<b>30 days of the invoice date</b>	30 days of the invoice date
Trade payables that are not part of the arrangements		

**Market risk**

Market risk is the risk that potentially affect changes in market prices such as currency rates, interest rates and equity prices.

The operations of some subsidiaries outside the Kingdom are exposed to additional risks represented by significant changes in currency rates, which may affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable standards, while optimizing the return.

The Group enters into financial derivatives contracts to manage market risks. All these transactions are carried out within the guidelines set by the Board of Directors.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group, which is primarily Saudi Riyals.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is maintained to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following table demonstrates the sensitivity of the Group to a reasonably possible change in the Saudi Riyals against Euro, and EGP by 5% higher or lower with all other variables held constant, of the Group's monetary assets and liabilities. There were no changes in other currency exchange rates as of 31 December 2025.

	<b>Profit/(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2025 EGY sensitivity in SR</b>	<b>Profit/(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2025 Euro sensitivity in SR</b>
<i>Increase by 5%</i>	<u>205,731</u>	<u>575,445</u>
<i>Decrease by 5%</i>	<u>(205,731)</u>	<u>(575,445)</u>

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**43. FINANCIAL INSTRUMENTS (CONTINUED)**

**43.2 Financial Instruments Risk Management (continued)**

	<b>Profit/(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2024 EGY sensitivity in SR</b>	<b>Profit/(loss) through statement of profit or loss and other comprehensive income for the year ended 31 December 2024 Euro sensitivity in SR</b>
<i>Increase by 5%</i>	297,491	(98,696)
<i>Decrease by 5%</i>	(297,491)	98,696

- The foreign currency risk at the end of the reporting year, in SR, is as follows:

	2025				2024			
	Trade receivables	Trade payables	Cash and cash equivalents	Credit facilities Short-term	Trade receivables	Trade payables	Cash and cash equivalents	Short-term credit facilities
USD	102,724,430	999,519,959	89,538,616	69,256,286	103,261,333	1,395,737,476	15,643,342	120,000,000
Euro	19,854,796	9,447,860	1,101,966	-	5,942,995	11,127,482	3,210,558	-
BD	19,201,761	-	-	-	11,989,190	-	1,459,548	-
KWD	31,397,073	1,405,867	3,969,945	-	49,523,188	2,476,628	2,570,974	-
AED	766,310,401	3,586,149	64,557,948	-	665,103,539	36,217,776	11,997,466	-
EGP	2,508,263	1,767,263	3,373,612	-	1,496,640	456,431	4,909,613	-
Other	512,100,764	913,883	4,996,722	-	-	710,557	248,264	-

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to loans with floating interest rate.

To reduce volatility and increase predictability of interest expenses, the Group may use debt issuance or enter into simple financial derivatives such as interest rate swaps.

The Group's exposure to the risk of changes in the interest rate market mainly due to loans. Loans at variable rates expose the Group to a change in cash flows as a result of changes in interest rates.

The Group's exposure to risk of changes in interest rates is as follows:

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Loans with variable interest rate	<b>609,776,801</b>	<b>433,053,112</b>

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**43. FINANCIAL INSTRUMENTS (CONTINUED)****43.2 Financial Instruments Risk Management (continued)****Interest rate sensitivity**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profits or losses by the amounts shown below. The analysis assumes that all other variables, especially the foreign exchange rate, remain constant.

31 December 2025	Statement of profit or loss	
	Increase by 100 points	Decrease 100 Points
Loans with variable interest rate	6,097,768	(6,099,729)

31 December 2024	Statement of profit or loss	
	Increase by 100 points	Decrease 100 Points
Loans with variable interest rate	4,330,531	(4,330,531)

**Commodity risk**

The Group is exposed to the impact of market fluctuations on the prices of various inputs to production including aluminum and copper. The Group manages some key elements of commodity price risk through the use of fixed-price forward contracts. Management monitors commodity price movements and assesses the potential impact of reasonably possible changes in commodity prices on the Group's cost of production and profitability.

A reasonably possible increase of 1% in the prices of copper and aluminum would have decreased profit, by SR 11.2 million.

Additionally, a reasonably possible increase of 1% in the prices of copper and aluminum would have increased the provision for onerous contracts, which would have decreased profit, by SR 45.5 million.

**Climate change**

The Group is subject to climate change related risks. Greenhouse gas emissions associated with fuel and electricity consumption have an impact not only on the environment but also on Group's financial bottom line. The Group developing a sustainability strategy, outlining how it will improve its energy performance, Also the Group published its sustainability report.

**44. CAPITAL MANAGEMENT****Risk Management**

Capital is equity attributable to the equity holders of the Group. The primary objective to the Group's capital management is to support its business and maximize shareholder value.

The policy of the Board of Directors is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the Company. The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions.

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**44. CAPITAL MANAGEMENT (CONTINUED)**

The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by adjusted total equity. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the Group's approach to capital management during the year.

	2025	2024
Earning from operating activities	1,266,636,844	871,723,016
Divided by: total equity	3,308,874,091	2,623,876,896
Return on the capital	38%	33%

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's net debt to total equity at the end of the reporting year was as follows:

	2025	2024
Total liabilities	3,972,707,604	3,187,707,202
Less: cash and cash equivalents	(236,043,009)	(90,672,725)
Net debt	3,736,664,595	3,097,034,477
Total equity	3,308,874,091	2,623,876,896
Less: hedging reserve	(137,740,329)	(17,304,578)
Adjusted Equity	3,171,133,762	2,606,572,318
Debt to equity ratio	117%	118%

**45. COMMITMENTS AND CONTINGENCIES**Capital commitments

As at 31 December 2025, the Group has commitments of SR 170 million (31 December 2024: SR 131 million) relating to capital expenditures for expansion works in the Group's factories.

Contingent liabilities

The contingent liabilities amounted to SR 1 billion (31 December 2024 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 in exchange for a fee or commission, and that these facilities do not have any collateral or cover provided by the bank. And those liabilities do not create an immediate liability unless the Group fails to fulfill its contractual obligations with the supplier.

**46. NON-CONTROLLING INTERESTS**

Set out below is summarized financial information for each subsidiary that has non-controlling interests, as follows:-

2025	Arabian Gulf Company for Electrical Cables LLC	Egyptian Riyadh Cable Company for Electrical Works	Artikul Azilya Kabel LLC	Total
<b>Non-controlling interest percentage</b>	51%	51%	49%	
<b>Non-current assets</b>	2,215	29,810	55,020,265	55,052,290
<b>Current assets</b>	111,759,447	9,440,785	169,612,585	290,812,817
<b>Non-current liabilities</b>	(306,968)	(400)	(26,024,598)	(26,331,966)
<b>Current liabilities</b>	(110,968,140)	(9,457,683)	(71,092,677)	(191,518,500)
<b>Net assets</b>	486,554	12,512	127,515,575	128,014,641
<b>Net assets attributable to non-controlling interests</b>	248,143	6,381	62,482,632	62,737,156
<b>Revenue</b>	130,856,597	6,857,565	80,886,319	218,600,481
<b>Profit for the year</b>	287,940	676,106	7,986,440	8,950,486
<b>Profit attributable to non-controlling interests</b>	146,849	344,814	3,913,356	4,405,019

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**46. NON-CONTROLLING INTERESTS (CONTINUED)**

2024	Arabian Gulf Company for Electrical Cables LLC	Egyptian Riyadh Cable Company for Electrical Works	Total
Non-controlling interest percentage	51%	51%	
Non-current assets	414	34,884	35,298
Current assets	38,510,526	8,880,250	47,390,776
Non-current liabilities	(26,637)	(83)	(26,720)
Current liabilities	(38,755,519)	(9,578,648)	(48,334,167)
Net assets	(271,216)	(663,597)	(934,813)
Net assets attributable to non-controlling interests	(138,320)	(338,434)	(476,754)
Revenue	104,838,683	-	104,838,683
Profit for the year	294,127	80,980	375,107
Profit attributable to non-controlling interests	150,005	41,300	191,305

**47. SUBSEQUENT EVENTS****Memorandum of Understanding with the Syrian Sovereign Fund**

On 14 January 2026, Riyadh Cables Group Company entered into a memorandum of understanding with the Syrian Sovereign Fund relating to the operation, management, and development of Syrian Modern Cables Company, through a Group subsidiary (Riyadh Cables Company).

The agreement provides for the rehabilitation, operation, and development of the Syrian Modern Cables Company's plant, with a capital investment of SAR 60 million over the term of the agreement. The term of the agreement is 18 years from the signing date, renewable by mutual agreement of the parties.

The parties agreed to implement the agreement in four main stages, with each stage having defined objectives, procedures, and key milestones. Progression to the next stage will occur only after assessing operational, technical, and financial aspects and receiving official approval from both parties.

The parties also agreed to share annual profits or losses arising from the project between Riyadh Cables Company and the Syrian Sovereign Fund, with 40% to the Syrian Sovereign Fund, it is expected to commence during the year 2026.

## **RIYADH CABLES GROUP COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2025**

(All amounts are expressed in Saudi Riyals unless otherwise stated)

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#### **47. SUBSEQUENT EVENTS (CONTINUED)**

##### **Geopolitical developments**

The recent regional military escalations have triggered a high-risk conflict environment across the Gulf. The situation is still very fluid, and events can shift very quickly. The escalations have brought about additional uncertainties in the Group's operating environment, including Group's operations in UAE. With respect to financial statements for the year ended 31 December 2025, the potential financial reporting effects of the conflict are considered to be non-adjusting subsequent events after the reporting date.

The Group has been closely monitoring the impact of the developments on the Group's businesses and will take any necessary contingency measures, if required.

As far as the Group's businesses are concerned, and the events also resulted in increase in inputs prices which if sustained for prolonged period may result in existing deliveries and contracts become loss-making. As a result, depending on how the situation would evolve, the military escalations might result in reduced revenues, increased ECL charge, potential impairment of non-financial assets, and might result in a risk of failing to meet its obligations in the future by the Group. As the situation is fast evolving and fluid, the effect of the escalations is subject to significant levels of uncertainty, with the full range of possible effects unknown.

##### **Dividends**

On 26 Ramadan, 1447H (corresponding to March 15, 2026), the company's Board of Directors held and decided to recommend to the general assembly the distribution of cash dividends to the shareholders for the second half of the year 2025 by an amount of SR 336.8 m at SR 2.25 per share.

#### **48. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Group have been approved by the Board of Directors on 23 Ramadan 1447H (corresponding to 12 March 2026).