

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS AND SIX-MONTHS PERIODS
ENDED MARCH 31, 2023 WITH THE INDEPENDENT
AUDITOR'S REVIEW REPORT

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS AND SIX-MONTHS PERIODS ENDED MARCH 31, 2023

<u>Index</u>	<u>Page</u>
Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements	1
Interim Condensed Consolidated Statement of Financial Position	2
Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income	3
Interim Condensed Consolidated Statement of Changes in shareholders' Equity	4
Interim Condensed Consolidated Statement of Cash Flows	5-6
Notes to the Interim Condensed Consolidated Financial Statements	7-27

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY

INTRODUCTION

We have reviewed the condensed consolidated interim statement of financial position of **Al Yamamah Steel Industries Company** ("the Company") and its subsidiary, collectively referred to as ("the Group") as at 31 March 2023 and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the Three-month period then ended, and summary of the notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (IAS 34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS (34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Jeddah: 27 Shawal 1444H
Corresponding to: 17 May 2023

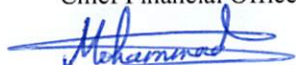


AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As of 31 March 2023
(Expressed in Saudi Arabian Riyals)

	Note	31 Mars 2023 (Unaudited)	30 September 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, Net	5	541,223,205	504,600,842
Intangible assets, Net		4,684,306	4,995,898
Right-of-use assets, Net	6	30,240,335	31,865,591
Non-current assets		576,147,846	541,462,331
Current assets			
Inventories, Net	7	924,314,089	939,782,509
Trade receivables, Net	8	365,695,265	352,242,535
Prepayments and other receivables		37,212,346	15,510,172
financial assets at fair value through profit or loss statement		773,600	2,100,765
Cash and cash equivalents		19,588,500	68,331,971
Current Assets		1,347,583,800	1,377,967,952
Total Assets		1,923,731,646	1,919,430,283
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	1	508,000,000	508,000,000
Statutory reserve		89,198,060	89,198,060
Retained earnings		(10,450,399)	49,344,016
Total equity attributable to shareholders of the Company		586,747,661	646,542,076
Non-controlling interests		118,731,927	137,295,902
Total equity		705,479,588	783,837,978
Liabilities			
Non-current liabilities			
Long term loans- Non-current portion	9	21,322,604	2,500,000
Lease liabilities- Non-current portion	6	29,645,155	31,299,725
Employee benefits		39,684,125	38,119,601
Liability of dismantling and removing property, plant and equipment		12,931,907	11,933,078
Non-current liabilities		103,583,791	83,852,404
Current liabilities			
Short-term borrowings	9	956,783,913	873,761,202
Long-term loans – current portion	9	7,500,000	10,000,000
Lease liabilities– current portion	6	2,288,577	2,549,729
Provision for contract losses		62,297	1,492,388
Dividends payable		567,927	568,881
Trade payables		66,229,875	49,166,471
Accrued expenses and other payables		50,527,060	84,918,945
Zakat Provision	10	30,708,618	29,282,285
Current liabilities		1,114,668,267	1,051,739,901
Total Liabilities		1,218,252,058	1,135,592,305
Total equity and liabilities		1,923,731,646	1,919,430,283

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahal Al Thobaiti

Vice Chairman



Raed Al-Mudalheem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income
(Unaudited)
For the three-months and six-months periods ended March 31, 2023
(Expressed in Saudi Arabian Riyals)

		For the three-months period ended 31 March		For the six-months period ended 31 March	
	<u>Note</u>	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue		387,033,789	448,311,572	848,880,242	912,552,839
Cost of sales		(379,971,039)	(380,844,846)	(859,768,400)	(778,887,243)
Gross (Loss) profit		7,062,750	67,466,726	(10,888,158)	133,665,596
Expected credit losses impact	8	--	--	--	(2,200,000)
Selling and distributing expenses		(4,491,995)	(4,600,364)	(10,291,605)	(10,092,701)
Administrative expenses		(11,829,508)	(12,312,793)	(23,991,318)	(24,948,893)
(Loss) Profit from operation		(9,258,753)	50,553,569	(45,171,081)	96,424,002
Financial charges		(17,755,346)	(5,352,990)	(31,519,377)	(8,889,927)
Other revenue		477,008	563,777	522,567	1,433,926
Realized gains on financial assets at fair value through profit or loss		458,876	2,564,280	1,683,578	3,069,550
Unrealized gain on financial assets at fair value through profit or loss		143,200	3,258	(281,993)	(46,166)
Net (loss) profit before Zakat		(25,935,015)	48,331,894	(74,766,306)	91,991,385
Zakat	10	(1,327,323)	(4,738,754)	(3,592,084)	(8,410,224)
Net (loss) Profit		(27,262,338)	43,593,140	(78,358,390)	83,581,161
Other comprehensive income:					
Items that will not be reclassified under profit or loss:					
Re-measurement of employee benefit liabilities		--	--	--	--
Total other comprehensive loss		--	--	--	--
Total comprehensive (loss) income		(27,262,338)	43,593,140	(78,358,390)	83,581,161
Total comprehensive Profit (loss) attributable to:					
- Shareholders of the Company		(17,894,335)	35,162,349	(59,794,415)	69,174,382
- Non-controlling interests		(9,368,003)	8,430,791	(18,563,975)	14,406,779
		(27,262,338)	43,593,140	(78,358,390)	83,581,161
Total comprehensive income attributable to:					
- Shareholders of the Company		(17,894,335)	35,162,349	(59,794,415)	69,174,382
- Non-controlling interests		(9,368,003)	8,430,791	(18,563,975)	14,406,779
		(27,262,338)	43,593,140	(78,358,390)	83,581,161
(Loss) Earnings per share to net income for the Period:					
- Basic	11	(0.35)	0.69	(1.18)	1.36
- Diluted		(0.35)	0.69	(1.18)	1.36

Chief Financial Officer

Mohammad Abu Farha

Chief Executive Officer

Sahar Al Thobaiti

Vice Chairman

Raed Al-Mudalifeem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

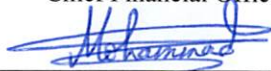
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the six-month period ended March 31, 2023

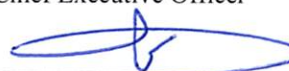
(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory reserve	Retained earnings	Total	Non- controlling interests	Total equity
<u>For the six-month period ended 31 March 2023</u>						
Balance at 1 October 2022 (Audited)	508,000,000	89,198,060	49,344,016	646,542,076	137,295,902	783,837,978
Comprehensive loss for the period						
Income for the period	--	--	(59,794,415)	(59,794,415)	(18,563,975)	(78,358,390)
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period (Unaudited)	--	--	(59,794,415)	(59,794,415)	(18,563,975)	(78,358,390)
 Balance at 31 March 2023 (Unaudited)	<u>508,000,000</u>	<u>89,198,060</u>	<u>(10,450,399)</u>	<u>586,747,661</u>	<u>118,731,927</u>	<u>705,479,588</u>
 <u>For the six-month period ended 31 March 2022</u>						
Balance at 1 October 2021 (Audited)	508,000,000	89,198,060	166,133,090	763,331,150	141,366,248	904,697,398
Comprehensive income for the period						
Income for the period	--	--	69,174,382	69,174,382	14,406,779	83,581,161
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period (Unaudited)	--	--	69,174,382	69,174,382	14,406,779	83,581,161
 Dividends (Note 14)	--	--	(50,800,000)	(50,800,000)	--	(50,800,000)
Transferred to statutory reserve	--	6,917,438	(6,917,438)	--	--	--
Dividends to non-controlling interests	--	--	--	--	(13,750,000)	(13,750,000)
Balance at 31 March 2022 (Unaudited)	<u>508,000,000</u>	<u>96,115,498</u>	<u>177,590,034</u>	<u>781,705,532</u>	<u>142,023,027</u>	<u>923,728,559</u>


Chief Financial Officer


Mohammad Abu Farha

Chief Executive Officer


Sahal Al Thobaiti

Vice Chairman


Raed Al-Mudaiheem


The accompanying notes form an integral part of these interim condensed consolidated financial statements

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six months' period ended March 31, 2023
(Expressed in Saudi Arabian Riyals)

	Note	2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
(loss) Profit for the period before zakat		(74,766,306)	91,991,385
Adjustments:			
Depreciation on property, plant and equipment		22,724,080	21,058,768
Amortization of intangible assets		465,611	457,791
(Gains) / losses on disposal of property, plant and equipment		7,604	(30,118)
Slow moving Inventories items provision		266,095	475,081
Contract losses provision		(1,430,091)	--
Inventory impairment provision		(24,059,420)	--
Unrealized loss from Investments held at fair value through Profit or loss's statement		281,993	46,166
Right of use asset amortization	6	1,625,256	1,501,520
Finance costs		31,519,377	8,889,927
Expected credit losses provision		--	2,200,000
Employee benefits charged for the period		3,248,732	2,741,888
		<u>(40,117,069)</u>	<u>129,332,408</u>
Changes in operating assets and liabilities			
Trade receivables		(13,452,730)	(84,534,367)
Inventories		39,261,745	(52,098,158)
Prepayments and other receivables		(21,702,174)	(11,400,489)
Trade payables		17,063,404	66,249,689
Accrued expenses and other payables*		(34,292,033)	7,427,956
Cash generated from operations		<u>(53,238,857)</u>	<u>54,977,039</u>
Paid Zakat	10	(2,165,751)	(15,062,429)
Paid employee's benefits		(1,684,208)	(1,908,274)
Net cash generated from operating activities		<u>(57,088,816)</u>	<u>38,006,336</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(58,486,783)	(32,822,882)
Purchase of intangible assets		(154,019)	(7,500)
Purchase of financial assets at fair value through profit or loss		1,045,172	(1,312,000)
Proceeds from the disposal of property, plant and equipment		7,485	47,400
Net cash (used in) investing activities		<u>(57,588,145)</u>	<u>(34,094,982)</u>
Cash flows from financing activities			
Collected from loans and credit facilities		2,388,431,969	1,091,410,000
Paid from loans and credit facilities		(2,289,086,654)	(1,037,000,000)
Paid Finance cost*		(30,585,390)	(7,532,593)
Paid lease obligations	6	(2,825,481)	(1,363,756)
Dividends paid		(954)	(50,801,874)
Net cash (used in) financing activities		<u>65,933,490</u>	<u>(5,288,223)</u>
Net change in cash and cash equivalents balance		<u>(48,743,471)</u>	<u>(1,376,869)</u>
Cash and cash equivalents at the beginning of the period		<u>68,331,971</u>	<u>181,361,837</u>
Cash and cash equivalents at the end of the period		<u>19,588,500</u>	<u>179,984,968</u>

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahal Al Thobaiti

Vice Chairman



Raed Al-Mudaiheem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six months' period ended March 31, 2023
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>2023</u> <u>(Unaudited)</u>	<u>2022</u> <u>(Unaudited)</u>
*Non-cash transactions			
Purchase of property, plant and equipment		(874,749)	--
Dismantling and removing assets of a facility on leased land provision		874,749	--
Financial charges for dismantling of property, machinery and equipment provision		124,080	116,091
Accrued expenses and other payables		(99,852)	610,734
Finance cost for lease obligations		909,759	630,509
finance cost		(933,987)	(1,357,334)

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahal Al Thobaiti

Vice Chairman



Raed Al-Mudaiheem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

1. GENERAL

Al Yamamah Steel Industries Company ("the Company" or "the Parent Company") is a Saudi Joint Stock Company registered in Riyadh under Commercial Registration No. 1010070794 dated 1/06/1409H as per the Minister of Commerce Decree No. (726) dated 20/3/1427H and His Highness approval on the incorporation of the Company No (1491) dated 30/05/1427H, corresponding to 26/06/2006. The Company is operating under Industrial License No, 144/X dated 22/03/1409H and the amendments pursuant to it.

The Company's activities are:

- Manufacture of tubes, pipes and hollow shapes from iron,
- Manufacture of metal structures and their parts for bridges and towers,
- Manufacture of poles and their parts, including (poles, lighting cabins, traffic lights, etc.),
- Manufacture and installation of prefabricated steel structures for industrial facilities.

The Company operates through its factories in the following cities in the Kingdom and these factories operate under the following commercial registrations and their dates:

Factory	City/Place	CR Number	Date of CR
Al Yamamah Steel Industries Company	Jeddah	4030068043	28/4/1410H
Al Yamamah for Electric Poles	Jeddah	4030148938	9/3/1425H
Al Yamamah Steel Industries Company	Dammam	2050059045	7/3/1429H
Al Yamamah for Production of Electric Power Towers	Jeddah	4030180886	9/7/1429H
Al Yamamah Industrial Solar Energy Systems Factory	Jeddah	4030304080	9/9/1439H
Al Yamamah Wind Power Systems (under construction)	Jeddah	4030304267	13/9/1439H
Al-Yamamah Company for the treatment of industrial structures	Jeddah	4030460706	6/8/1443H

As on March 31, 2023 the company's authorized, subscribed and fully paid capital amounted to SR 508 million (September 30, 2022: SR 508 million), divided into 50.8 million shares (September 30, 2022: 50.8 million shares), each of which is SR 10. (September 30, 2022 AD: 10 Saudi riyals).

The consolidated financial statements include the financial statements of the Company, its branches, and the subsidiary mentioned below, which its head office is located in Riyadh and its factory is located in Yanbu, (collectively referred to as the "Group"):

Company Name	County of incorporation	Ownership percentage
Al Yamamah Company for Reinforcing Steel Bars	Kingdom of Saudi Arabia	72.5%

The subsidiary is principally engaged in producing, wholesale and retail trading of reinforcing steel bars.

The registered address of the Company is as follows:

Al Yamamah Steel Industries Company
Riyadh 11583
P.O. Box 55303
Kingdom of Saudi Arabia

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPERATION

2/1 Statement of Compliance

The consolidated financial statements for the three-month period ended March 31, 2023, have been prepared in accordance with International Accounting Standard 34 ('Interim Financial Reporting') as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

The interim consolidated financial statement not included the applicable information and notes needed to prepare year-end consolidated financial statement accordance with international financial reporting as endorsed in the Kingdom of Saudi Arabia, so must review with the year-end consolidated financial statement on September 30, 2022.

The accounting policies for this interim financial statement matching with accounting policies for the year end consolidated financial statement on September 30, 2022.

2/2 Basis of measurement

The accompanying financial statements are prepared on the historical cost basis, except the international standard for financial reporting allowed to use another evaluation measurement method.

The preparation of interim condensed consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the interim condensed financial statements. These important estimates and assumptions were disclosed in the annual financial statements for the year ended September 30, 2022.

Items included in the Group's interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency.

2/3 Use of judgments and estimates

The preparation of the interim condensed consolidated financial statements requires management to use judgments and estimates that affect the application of accounting policies to the reported amounts of assets, liabilities, income and expenses, and actual results may differ from these estimates.

Estimates and assumptions are based on past experience and factors that include expectations of future events that are reasonable in the circumstances and are used to extend the carrying period of assets and liabilities that are not independent of other sources. Estimates and assumptions are evaluated on an ongoing basis. Accounting estimates recognized in the period in which the estimates are revised are reviewed in the review period and future periods if the changed estimates affect the current and future periods.

The significant judgments made by management in applying the Group's accounting policies are consistent with those disclosed in the financial statements for the previous year.

Going Concern

The management of the group prepare evaluation for the group ability to continues on the basis of going concern, and have a full conviction the group have enough resources to continues on the short run future, in addition to the management doesn't have significant doubts for the group ability to continues for this way.

So the accompanying financial statements were prepared on the basis of going concern.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES

3/1 the basis of consolidated financial statement

The financial statement for the group included the financial statement for the company and subsidiaries as disclosed in note 1.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary. Control is achieved when a company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company have a right to prepare reevaluation for the subsidiaries already have a control on it, If the company have indicators refer to there are some changes on the control cases we discussed above.

Assets, Liabilities, Revenue and expenses for the subsidiaries companies will be included in the year-end consolidated financial statement for the parent company.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Any changes in the percentage of share for subsidiaries companies without loss control, record as a normal transaction for equity statement, but when loss the control on the subsidiaries do below:

- De - recognition for the assets and liabilities related to subsidiaries
- De – recognition non-controlling interest
- Recognize any amount received by fair value.
- Recognize fair value for all investment.
- Recognize deficit or surplus at profit or loss

The balances classified previously at other comprehensive income will be reclassified at profit or loss statement or retained earnings after the parent company loss the control for this subsidiaries.

Elimination process:

We must eliminate any intragroup transactions or balance in additions to any unrealized gain or loss generate from intragroup transaction during prepare financial statement.

Share of Non-Controlling interest:

We recognize non-controlling interest after the date of acquisition and presented separately at the statement of equity.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New standards, amendments to standards, and interpretations

There are no new standards that have been issued. However, there are some amendments to the standards effective as of January 1, 2023, which were clarified in the consolidated financial statements for the year ending on September 30, 2022, which do not have a material impact on the interim condensed consolidated financial statements of the Group.

4. SEGMENTAL INFORMATION

The presentation of key segments is determined on the basis that the risks and rewards of the Group are substantially affected by the differences in the products of those segments. These segments are organized and managed separately according to the nature of the services and products, each forming a separate unit. The operational segments set out below are determined by distinguishing business activities from which the Group generates revenues and incurs costs.

The economic characteristics are reviewed and the operating segments are aggregated on the basis of the organization made by the Chief Operating Decision Maker at least every quarter and reviewed by Group's senior management.

The Group is operating its activities in the Kingdom of Saudi Arabia through the following main business sectors:

The construction sector includes the following:

- a) Production of steel pipes
- b) Al Yamamah Factory for Reinforcing Steel Bars
- c) Factory of space frame structures

Electricity sector including:

- a) Electric Power Towers Factory.
- b) Electric Poles Factory.
- c) Al Yamamah Industrial Solar Energy Systems Factory

Others:

Represent properties belong to the public administration.

31 March 2023 (Unaudited)	Segment reporting			
	Construction Segment	Electricity Segment	Others	Total
Revenue	537,636,219	311,244,023	--	848,880,242
Cost of sales	(574,739,415)	(285,028,985)	--	(859,768,400)
Segment's net (Loss) profit	(73,003,474)	(6,756,500)	1,401,584	(78,358,390)
Segment Asset	1,237,036,296	673,313,648	13,381,702	1,923,731,646
Segment liabilities	695,665,461	503,752,337	18,834,260	1,218,252,058
31 March 2022 (Unaudited)				
Revenue	683,330,711	229,222,128	--	912,552,839
Cost of sales	(564,749,262)	(214,137,981)	--	(778,887,243)
Segment's net (Loss) profit	87,651,577	(7,093,800)	3,023,384	83,581,161
Segment Asset	996,996,267	732,354,310	21,229,526	1,750,580,103
Segment liabilities	502,520,755	306,292,867	18,037,922	826,851,544

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

5. PROPERTY, PLANT AND EQUIPMENT, NET

5/1 the following is a statement of the net book value of property, plant and equipment:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Total cost	1,053,800,551	995,006,562
Total Accumulated depreciation	(505,566,744)	(483,395,118)
Impairment losses	(7,010,602)	(7,010,602)
Net carrying amount	541,223,205	504,600,842

5/2 The parent's company buildings, with a net book value of 121.2 million Saudi riyals as on March 31, 2023 (30 September 2022: 124.7 million Saudi riyals), are built on lands leased from the Industrial Cities and Technology Zones Authority "MODON" with an annual renewable lease for a similar period with the same or other conditions as It is agreed upon by the concerned parties, with the exception of the buildings of the columns and towers factories, as they are located on land owned by the parent company, with a net book value of 38.0 million Saudi riyals as on March 31, 2023 (September 30, 2022: 43.0 million Saudi riyals).

5/3 The subsidiary's factory buildings with net book value amounting to SR 64.7 million as at 31 March 2023 (30 September 2022: SR 67.1 million) are constructed on a piece of land leased from the Royal Commission for Yanbu for 35years, started on 5 Rabie Thani 1427H for a nominal annual lease. Rent is renewable for concessive periods with the same terms and other terms as agreed between relevant parties.

5/3 Capital work in progress represents the following projects:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Advanced to vendors	50,016,645	55,353,078
Al Yamamah Solar Power Systems Factory	40,656,828	15,583,258
Pipe forming and perforating machine (Jeddah pipes)	28,818,345	2,521,271
Expansion of the fourth production line in the Dammam factory	10,107,348	762,308
Smelting Project - Rebar	954,761	826,860
Kiln Floor Lifting Cylinder - Rebar	--	79,035
Assembling and installing units from 17: 20 - Rebar	221,671	443,342
Rebuilding the outer wall of the administration and the pipe factory	8,000	--
	130,783,598	75,569,152

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

6. LEASES CONTRACTS

6/1 The movement in the right-of-use-assets, net as follow:

	31 March 2023 (Unaudited)	30 September 2022(Audited)
<u>Cost</u>		
Balance at beginning of period / Year	41,026,441	33,143,633
Additions for the period / year	--	8,863,213
Disposals during the period / year	--	(980,405)
Balance at ending of period / Year	41,026,441	41,026,441
<u>Accumulated Depreciation</u>		
Balance at beginning of period / Year	9,160,850	5,756,573
Depreciation during the period / year	1,625,256	3,404,277
Balance at ending of period / Year	10,786,106	9,160,850
Net balance ending of period / Year	30,240,335	31,865,591

6/2 The movement in the lease liabilities is as follows:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Balance at beginning of the period / year	33,849,454	27,798,007
Additions for the period / year	--	8,863,213
Disposals during the period/ year	--	(980,156)
Finance cost during the period/ year	909,759	1,952,584
Paid during the period / year	(2,825,481)	(3,784,194)
Balance at end of period / year	31,933,732	33,849,454

6/3 The lease obligations as classified in the interim statement of financial position as follows:

	31 March 2023 (Unaudited)	30 September 2022(Audited)
Current liability	2,288,577	2,549,729
Non-current liability	29,645,155	31,299,725
	31,933,732	33,849,454

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

7. INVENTORIES, Net

7/1 Inventories comprise the following:

	<u>Note</u>	<u>31 March 2023 (Unaudited)</u>	<u>30 September 2022 (Audited)</u>
Raw materials		790,319,001	816,404,935
Finished goods		135,508,803	113,461,636
Work in progress		18,917	22,131,857
Spare parts		48,518,765	49,473,576
Goods in transit		--	12,317,790
		<u>974,365,486</u>	<u>1,013,789,794</u>
Less: Allowance for slow moving inventory items	7/2	<u>(18,182,977)</u>	<u>(18,079,445)</u>
Less : Provision for low inventory	7/3	<u>(31,868,420)</u>	<u>(55,927,840)</u>
		<u>924,314,089</u>	<u>939,782,509</u>

7/2 Movement on provision for slow moving inventory during the period / year is as follows:

	<u>31 March 2023 (Unaudited)</u>	<u>30 September 2022 (Audited)</u>
Balance at beginning of the period / year	18,079,445	20,874,225
Provided during the period / year	266,095	2,665,754
used during the period / year	<u>(162,563)</u>	<u>(5,460,534)</u>
Balance at end of period / year	<u>18,182,977</u>	<u>18,079,445</u>

7/3 Movement on inventory impairment during the period / year is as follows:

	<u>31 March 2023 (Unaudited)</u>	<u>30 September 2022 (Audited)</u>
Balance at beginning of the period / year	55,927,840	--
Provided during the period / year	31,868,420	55,927,840
used during the period/year	<u>(55,927,840)</u>	<u>--</u>
Balance at end of period / year	<u>31,868,420</u>	<u>55,927,840</u>

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023
(Expressed in Saudi Arabian Riyals)

8. TRADE RECEIVABLES, NET

8/1 Trade receivables comprise the following:

		31 March 2023 (Unaudited)	30 September 2022 (Audited)
Trade receivables - related parties	Note 13	85,936,489	90,646,528
Trade customers - other parties		289,685,256	271,522,487
		375,621,745	362,169,015
Less: Expected credit loss provision	8/2	(9,926,480)	(9,926,480)
		365,695,265	352,242,535

8/2 The movement in allowance for expected credit losses during the period/ year is as follows:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Balance at 1 October	9,926,480	13,311,688
Provided during the period / year	--	2,200,000
Reverse of the provision during the period / year	--	(5,585,208)
Balance at end of period / year	9,926,480	9,926,480

8/3 As at March 31, 2023, 67% of total sales for the period belongs to only main 8 customers with outstanding balances amounted to SR 317,7 million Saudi riyals (66% at 30 September 2022: SR 234 million Saudi riyals).

8/4 aging of the trade receivables is as follows:

	31 March 2023 (Unaudited)		30 September 2022 (Audited)	
	Due Balances	Impairment In value	Due Balances	Impairment In value
Not due	287,387,381	2,042,326	255,947,890	1,642,643
From 0 to 90 days	74,678,305	197,891	77,022,150	535,430
From 91 to 180 days	3,789,287	196,810	21,232,289	44,162
Over 181 Days	9,766,772	7,489,453	7,966,686	7,704,245
	375,621,745	9,926,480	362,169,015	9,926,480

* Collections in the subsequent period from the Group's outstanding trade receivable balances on March 31, 2023: 47.3 million Saudi riyals (2022: 122.1 million Saudi riyals), and secured receivables amounted to 242.2 million Saudi riyals (2022: 206.5 million Saudi riyals), which were excluded from Trade receivables. When calculating the expected credit losses, the net balance of receivables subject to calculation becomes 86.1 million Saudi riyals (2022: 33.6 million Saudi riyals), classified according to their age.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

9. BANK FACILITIES

Bank facilities from local banks

As on March 31, 2023, the group has bank facilities totaling SR 2.69 billion (September 30, 2022: SR 2.19 billion) with some local banks, of which the used amounted to SR 1.26 billion (30 September 2022: SR 1.2 billion), represented in letters of guarantee, documentary credits and short-term bank facilities to cover the working capital requirements of the group. It also includes a long-term bank facility granted by the Arab National Bank to the parent company to contribute to the establishment of the Al-Yamamah Solar Energy Systems Factory and to finance 50% of the property, machinery, equipment and working capital eligible for financing.

9/1 Saudi Industrial Development Fund loan

As on August 2021, the company obtained the approval of the Saudi Industrial Development Fund, dated Ramadan 15, 1442 H, corresponding to April 27, 2021, to grant a loan to the factory of Al-Yamamah Solar Energy Systems Company in the amount of SR 49,700,000, To finance 50% of the property, machinery, equipment, and working capital that are eligible for financing, provided that the amount is disbursed in installments until Shawwal 29, 1443 H, corresponding to May 30, 2022, and an amount of SR 3,750,000 is deducted from these payments on a proportional basis from the entire value of the loan, representing prepaid financing expenses, In addition to semi-annual financing expenses to be paid throughout the validity of the agreement, an upper limit has been agreed upon, and the company has received an amount of SR 13,785,000 representing 30% of the loan value after deducting 30% of the fees (SR 1,125,000), The loan is to be repaid in semi-annual installments, starting on Shawwal 15, 1444 H, corresponding to May 5, 2023, and ending on Rabi' al-Thani 15, 1450 H, corresponding to September 5, 2028, This loan is secured by promissory notes issued by Al-Yamamah Steel Industries Company in favor of the Saudi Industrial Development Fund covering the full amount and payments, and the mortgage of the buildings and facilities built or to be built on the factory land with the entire factory, its machinery, equipment, accessories, and all that is obtained later for the project. The agreement includes some Conditions, including maintaining certain financial ratios.

As on March 2022, the company agreed with the SIDF to early repay the loan in the amount of SR 14,910,000 which represents the part received from the loan and its share of the fees mentioned above in return for closing the loan and exempting the company from the remaining fees amounting to SR 2,625,000, during April 2022, the company paid the required amount, and the loan was closed during June 2022, and during July 2022, the mortgage of the buildings and facilities established or to be established on the factory land, along with the entire factory, its machinery, equipment, accessories, accessories, and everything that is obtained later, has been released, and the electronic promissory notes issued in favor of the Saudi Industrial Development Fund have been cancelled.

Al-Yamamah Steel Industries Company has also signed a long-term loan agreement with the Saudi Industrial Development Fund, which includes granting it a long-term loan in the amount of SR 170 million to contribute to financing the construction of the Al-Yamamah wind power systems factory in Yanbu, and to contribute to financing property, machinery, equipment and working capital that are eligible for financing. Provided that the amount is disbursed in installments, and an amount of SR 13,600,000 is deducted from these payments on a pro rata basis from the entire value of the loan. It represents prepaid financing expenses in addition to semi-annual financing expenses paid throughout the validity of the agreement. The maximum limit has been agreed upon, and the loan is paid in instalments. semi-annual, starting on Shawwal 15, 1448 H, corresponding to March 23, 2027, and ending on Rabi' al-Thani 15, 1454 H, corresponding to July 23, 2032. The factory land with the entire factory, its machines, equipment, ancillaries, accessories, and everything that is obtained later for the project. The agreement includes some conditions, including the retention of certain financial ratios.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023
(Expressed in Saudi Arabian Riyals)

9. BANK FACILITIES (CONTINUED)

9/2 Banks loans

	31 March 2023 (Unaudited)	30 September 2022(Audited)
Short term Loans (9/3)	964,283,913	883,761,202
Long Term Loans	21,322,604	2,500,000
	<u>985,606,517</u>	<u>886,261,202</u>

9/3 Short-term loans

Short-term loans represent outstanding amounts of overdrafts and short term loans facilities with some commercial banks to finance the working capital of the companies of the Group.

Short-term bank borrowings comprise the following:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Short bank loans	956,783,913	873,761,202
The current part of long-term bank loans	7,500,000	10,000,000
	<u>964,283,913</u>	<u>883,761,202</u>

9/4 Bank loans according to the financing entities:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Arab National Bank - the current part	402,400,000	640,500,000
Arab National Bank - Non-current part	--	2,500,000
Banque Saudi Fransi	49,000,000	215,000,000
Al Rajhi Bank	93,172,446	22,845,626
British Saudi Bank	201,711,467	5,415,576
Inma bank	218,000,000	--
Saudi Industrial Development Fund	21,322,604	--
	<u>985,606,517</u>	<u>886,261,202</u>

9/5 Non-current portion of long-term loans are due as follows:

<u>Year</u>	31 March 2023 (Unaudited)	30 September 2022 (Audited)
2024	--	2,500,000
2027	2,122,647	
2028	2,559,942	
2029	3,038,735	
2030	3,506,774	
2031	4,459,988	
2032	5,634,518	
	<u>21,322,604</u>	<u>2,500,000</u>

9/6 Movement on Loans as follow:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Balance, at beginning of period / year	886,261,202	492,000,000
Addition during the period / Year	2,388,431,969	2,599,454,481
Less: payments during the period / year	(2,289,086,654)	(2,205,193,279)
Balance at the end of the period / year	<u>985,606,517</u>	<u>886,261,202</u>

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

10. ZAKAT

10/1 Movement summary on Zakat provision is as follows:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Balance beginning of period / year	29,282,285	30,977,961
Add: Charge for the period / year	3,592,084	10,796,560
Prior years differences	--	2,570,193
Less: payments during the period / year	(2,165,751)	(15,062,429)
Balance at the end of the period / year	30,708,618	29,282,285

10/2 Zakat position

Al Yamamah Steel Industries Company

The company submitted zakat declarations for the years from the beginning of incorporation on June 26, 2006 until the year ending on September 30, 2022, according to which the company paid the due zakat and obtained a zakat certificate valid until January 30, 2024, below are the details of the company's zakat position from the date of incorporation until March 31, 2023, which shows the value of the zakat differences resulting from the Authority's assessments of the aforementioned years and as a result of the company's objection to those differences, as well as the amounts paid by the company in exchange for the assessments differences of those years:

a) For the period from the date of incorporation from June 26, 2006 to September 30, 2007:

The company received final zakat certificate and final zakat assessment from Zakat, Tax and Customs Authority.

b) The years from 2008 to 2011:

Zakat differences for the years from 2008 to 2011 amounted to 9.9 SR, according to the claims of the Zakat, Tax and Customs Authority, the company objected to the differences amounting to 9.9 million SR for these years, an amount of 2.4 million SR was accepted for the year 2011 from the objection submitted to these differences, the company issued a letter of guarantee in the amount of 7.5 million SR representing all the differences that were not accepted by the commission for the years 2008-2010, so that the net accrued differences objected to for those years amounted to 7.5 million SR.

c) The years from 2012 to 2014:

The company did not receive any assessments for those years.

d) The years from 2015 to 2019:

The zakat differences for the years from 2015 to 2019 amounted to 4.7 million SR according to the claims of the Zakat, Tax and Customs Authority, the company paid 1.4 million SR representing the zakat differences for the years 2016 and 2018, it objected to an amount of 3.3 million SR for the years 2015, 2017, and 2019, an amount of 1.5 million SR was accepted from the objection submitted to these differences, and the company paid an amount of 1.8 million SR, representing the total differences that were not accepted by the Authority, and thus there are no zakat differences due for those years.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023
(Expressed in Saudi Arabian Riyals)

10. ZAKAT (CONTINUED)

10/2 Zakat position (continued)

e) Year 2020:

Zakat differences for the year 2020 amounted to 9.742 million SR according to the zakat assessment and the claims of the Zakat, Tax and Customs Authority, the company paid an amount of 12,589 SR, and the objection to the amount of 9.730 million SR was rejected, the company issued a letter of guarantee in the amount of 4.87 million SR, and the General Secretariat of Tax Committees rejected the company's objection to the Zakat assessment with the Authority, so the company requested an appeal against the decision of the General Secretariat of Tax Committees, and a date for the session will be set.

f) Year 2021 and 2022:

The company submitted its zakat returns for the years 2021 and 2022, and the company did not receive any zakat assessments on it.

Al Yamamah Company for Reinforcing Steel Bars

The company submitted its zakat returns for the years from the beginning of the activity until the fiscal year ending on September 30, 2022, and paid the zakat due in those returns, and a zakat certificate was obtained, valid until January 30, 2024. The company ended its zakat position with the Authority for the years from the date of the company's establishment until the fiscal year ending on September 30, 2019.

11. (LOSS) EARNINGS PER SHARE

11/1 (Loss) Basic Earnings per share

The calculation of (Loss) basic earnings per share has been based on the (Loss) profit for the period on ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements amounting to 50.8 million shares.

	For the three-month period ended 31March		For the six-month period ended 31March	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) Earnings per share attributable to the company's shareholders	(0.35)	0.69	(1.18)	1.36

11/2 Diluted (Loss) Earnings per share

The calculation of diluted (loss) earnings per share has been based on the (Loss) profit for the period on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the period there are no diluted shares and therefore the diluted earnings per share is not different from the basic earnings per share.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023
(Expressed in Saudi Arabian Riyals)

12. CONTINGENCIES AND CAPITAL COMMITMENTS

- a) As on 31 March, 2023, the value of the contingent liabilities against the unhedged portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 126.6 million (September 30, 2022: SR 153.7 million).
- b) As on 31 March, 2023, the contingent liabilities against outstanding letters of credit amounted to SR 156.7 million (September 30, 2022: SR 165.1 million) which were issued in the ordinary course of the Group's business.
- c) As on 31 March, 2023, the capital commitments related to the projects under implementation amounted to SR 93.3 million (September 30, 2022: SR 148.8 million).

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**

(Expressed in Saudi Arabian Riyals)

13. RELATED PARTY TRANSACTIONS AND BALANCES

13/1 Transactions with related parties mainly represent purchases, goods, and services rendered in accordance with agreed terms, which approved by the management and approved by the General Assembly of shareholders, held on 28 Ragab 1444H, corresponding to 19 February 2023 with the following entities and parties. The following are the transactions with related parties during the six-month period ending on March 31, and the balances arising therefrom:

	Nature of relationship	Nature of transaction	Transaction amount for the six-month period ended December 31		Balance as at	
			2023 (Unaudited)	2022 (Audited)	31 March 2023 (Unaudited)	30 September 2022 (Audited)
Transactions with related parties:						
Under accounts receivable (Note 8):						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Sales	110,554,729	221,814,442	30,272,334	41,388,487
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	278,793	1,156,701	265,883	277,916
Al Mahana Trading Company	Shareholder	Sales	87,275,007	66,387,552	23,791,216	22,459,955
Al Mahanna Steel Group ***	Shareholder	Sales	55,776,316	85,658,686	24,649,488	22,994,522
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary's shareholder	Sales	11,261,325	23,029,939	6,957,568	1,797,198
Al Mojel Trading Company	Shareholder	Sales	--	3,758,100	--	1,728,450
					85,936,489	90,646,528
Under trade payables						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Purchases	103,840	105,672	10,350	19,516
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Purchases	--	--	--	--
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Shareholder in subsidiary	Purchases	--	1,975	--	--
					10,350	19,516

* Transaction with Abdul Kader Al Muhaideb and Sons Company include Masdar for Building Materials Company and Thabat Contracting Company.

** Transaction with Rashed Abdul Rahman and Sons Company include Saudi Services for Electro Mechanical Works Company.

*** Al Muhanna Steel Group belongs the shareholder and BOD member Muhanna bin Abdullah Al Muhanna.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

13/2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

The salaries, wages and related costs benefits during the year amounted as follows:

		For the three-month period ended 31 March		For the six-month period ended 31 March	
	<u>Nature of transaction</u>	<u>2023 (Unaudited)</u>	<u>2022 (Unaudited)</u>	<u>2023 (Unaudited)</u>	<u>2022 (Unaudited)</u>
Key management personnel	Salaries, allowances and incentives	<u>1,748,135</u>	<u>1,481,987</u>	<u>3,496,270</u>	<u>2,963,947</u>

14. DIVIDENDS

During the period ended March 31, 2023

No cash dividends were distributed to shareholders during the period ending on March 31, 2023.

During the period ended March 31, 2022

On Jumada Al-Awwal 8, 1443 H, corresponding to December 12, 2021, the Board of Directors recommended the distribution of cash dividends to shareholders for the second half of the fiscal year ending on September 30, 2021, at a value of 50,800,000 SR, at 1SR per share, and the eligibility for cash dividends to shareholders who own shares on December 30, 2021 and who are registered in the company's shareholder register at the Depository Center at the end of the second trading day following the due date, the profits were distributed on January 12, 2022 and were deposited in the investment accounts linked to the shareholders' investment portfolios, the recommendation was presented to the Ordinary General Assembly of Shareholders that was held on Rajab 13, 1443 H, corresponding to February 14, 2022, and it was approved.

15. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

15/1 Financial risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/1 Financial risk management framework (CONTINUED)

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, loans, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

15/2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Interest rate risk, currency risk and other price risk.

15/2/1 Interest rate risk

The loans obtained by the Group are carried at variable interest rates based at prevailing market interest rates.

	Book value as at 31 December 2023 (Unaudited)	Book value as at 30 September 2022 (Audited)
<u>Variable rate instruments</u>		
Borrowings	985,606,517	886,261,202
	<u>985,606,517</u>	<u>886,261,202</u>

The table below reflects the possible change of 100 basis points in interest rates at the reporting date on profit or loss assuming all other variables are remaining constant.

	Profit / (loss) ended at 31 March 2023 (Unaudited)		Profit / (loss) Ended at 30 September 2022 (Audited)	
	Decrease in basis points of related to commission rates 100 bps	Increase in basis points of related commission rates 100 bps	Decrease in basis points of related to commission rates 100 bps	increase in basis points of related commission rates 100 bps
Borrowings	9,856,065	(9,856,065)	8,862,612	(8,862,612)

15/2/2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Group's core transactions during the period were denominated in Saudi Riyals and US Dollars. Thus, there are no significant risks associated with transactions and balances denominated in US Dollars.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against the expected credit losses. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are mainly due from local customers stated at their estimated realizable values.

The Group's gross maximum exposure to credit risk is as follows:

	31 March 2023 (Unaudited)	30 September 2022 (Audited)
<u>Financial assets</u>		
Trade receivables	365,695,265	352,242,535
Bank balances	19,588,500	68,331,971
	385,283,765	420,574,506
<u>Financial assets</u>		
Secured *	261,830,756	293,809,136
Unsecured **	123,453,009	126,765,370
	385,283,765	420,574,506

** As of March 31, 2023, secured financial assets include bank balances of SR 19.6 million (September 30, 2022: SR 68.3 million) and trade receivables of SR 242.2 million secured by bank guarantees (September 30, 2022: SR 206.5 million).

** As at 31 March 2023, secured/unsecured financial assets include trade receivables in the amount of SR 85.9 M due from related parties and whose maturity dates have not yet passed (September 30, 2022: SR 90.6 million).

15/4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts:

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023
(Expressed in Saudi Arabian Riyals)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Undiscounted contractual cash flows				
	1 year or less	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity
31 March (Unaudited)					
<u>Non-derivative financial liabilities</u>					
Loans	964,283,913	--	21,322,604	7,024,460	992,630,977
Trade payables	66,229,875	--	--	--	66,229,875
Contracts' losses provision	62,297	--	--	--	62,297
Dividends Payable	567,927	--	--	--	567,927
Accrued expenses and other payables	50,527,060	--	--	--	50,527,060
Lease liabilities	2,288,577	5,533,333	24,111,822	18,603,986	50,537,718
	<u>1,083,959,649</u>	<u>5,533,333</u>	<u>45,434,426</u>	<u>25,628,446</u>	<u>1,160,555,854</u>
					<u>1,134,927,408</u>
30 September 2022 (Audited)					
<u>Non-derivative financial liabilities</u>					
Loans	883,761,202	2,500,000	--	4,627,220	890,888,422
Trade payables	49,166,471	--	--	--	49,166,471
Contracts' losses provision	1,492,388	--	--	--	1,492,388
Dividends Payable	568,881	--	--	--	568,881
Accrued expenses and other payables	41,792,701	--	--	--	41,792,701
Lease liabilities	2,549,729	5,560,401	25,739,324	13,111,703	46,961,157
	<u>979,331,372</u>	<u>8,060,401</u>	<u>25,739,324</u>	<u>17,738,923</u>	<u>1,030,870,020</u>
					<u>1,013,131,097</u>

- It is expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023
(Expressed in Saudi Arabian Riyals)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/5 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Group adjusted net debt to net equity ratio was as follows:

	31 December 2023 (Unaudited)	30 September 2022 (Audited)
Total liabilities	1,218,252,058	1,135,592,305
Less: Cash and cash equivalents	(19,588,500)	(68,331,971)
Net obligations	1,198,663,558	1,067,260,334
 Total equity	 705,479,588	 783,837,978
Adjusted shareholders' equity	705,479,588	783,837,978
Net obligations to equity	1.70	1.36

The below table shows the carrying amounts and fair values of the financial assets and liabilities including their levels in the fair value hierarchy.

	31 March 2023 (Unaudited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets						
Trade receivables	365,695,265	365,695,265	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	773,600	--	--	773,600
Cash and cash equivalents	19,588,500	19,588,500	--	--	--	--
	<u>385,283,765</u>	<u>385,283,765</u>	<u>773,600</u>	<u>--</u>	<u>--</u>	<u>773,600</u>
Financial liabilities						
Loans and facilities	985,606,517	985,606,517	--	--	--	--
Trade payables	66,229,875	66,229,875	--	--	--	--
Dividends payable	567,927	567,927	--	--	--	--
Zakat provision	50,527,060	50,527,060	--	--	--	--
Accrued expenses and other payables	30,708,618	30,708,618	--	--	--	--
	<u>1,133,639,997</u>	<u>1,133,639,997</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023
(Expressed in Saudi Arabian Riyals)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/5 Capital management (continued)

	30 September 2022(Audited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets						
Trade receivables	352,242,535	352,242,535	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	2,100,765	--	--	2,100,765
Cash and cash equivalents	68,331,971	68,331,971	--	--	--	--
	420,574,506	420,574,506	2,100,765	--	--	2,100,765
Financial liabilities						
Loans and facilities	886,261,202	886,261,202	--	--	--	--
Trade payables	49,166,471	49,166,471	--	--	--	--
Dividends payables	568,881	568,881	--	--	--	--
Accrued expenses and other payables	49,166,471	49,166,471	--	--	--	--
Zakat provision	29,282,285	29,282,285	--	--	--	--
	1,014,445,310	1,014,445,310	--	--	--	--

16. SIGNIFICANT EVENTS

- The new Companies Law promulgated by Royal Decree M / 132 was issued on 1/12/1443 H (corresponding to June 30, 2022) (hereinafter referred to as the "Law") and entered into force on 6/26/1444 H (corresponding to January 19, 2023), for some provisions of the system, full compliance is expected within a maximum of two years, starting from 6/26/1444 H (corresponding to January 19, 2023), management is in the process of evaluating the changes in the new companies' system and amending its internal regulations to comply with the provisions of the new system, and then presenting the amended basic system to the shareholders in the extraordinary / annual general assembly meeting for approval.
- The Central Bank of Saudi Arabia decided, during the period from February to March 2023, to raise the rate of "RIBO" repurchase agreements by 50 point, from 5% to 5.5%. The Group's management is closely following these changes to determine the potential financial impact on its business results during the coming periods.

Except for the above, there were no material events during the period that would require disclosures or adjustments in these interim condensed financial statements.

The Group has taken into account the potential impacts of the current economic fluctuations in determining the carrying amounts of its financial and non-financial assets. These are management's best estimates in light of the information currently available. However, these listed amounts remain highly sensitive to market fluctuations.

The Group's management has also assessed its ability to continue as a going concern, and is convinced that the Group has sufficient resources to continue its business in the near future.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023**
(Expressed in Saudi Arabian Riyals)

17. SUBSEQUENT EVENTS

- The Central Bank of Saudi Arabia decided during the month of May 2023 to raise the rate of repurchase agreements "RIBO" by 25 basis points, to increase the rate of repurchase agreements from 5% to 5.75%, and the group's management is closely following these changes to determine the potential financial impact on its business results during upcoming periods.

The management believes that there are no significant subsequent events since the end of the period that may affect the financial position of the group or the disclosures in the financial statements, except for what has been disclosed.

18. COMPARATIVE FIGURES

Some comparative figures have been reclassified to consist with current period figures.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on 24 Shawal 1444H, corresponding to 14 May 2023.