

**RIYADH CABLES GROUP COMPANY**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
**Together with the Independent Auditor's Review Report**

RIYADH CABLES GROUP COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT

For the three-month period ended 31 March 2023

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## KPMG Professional Services

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Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

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

## Introduction

We have reviewed the accompanying 31 March 2023 interim condensed consolidated financial statements of **Riyadh Cables Company ("the Company")** and its subsidiaries ("**the Group**") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2023;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2023;
- the condensed consolidated statement of other comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2023; and
- the notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these 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 are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent auditor's report on review of interim condensed consolidated financial statements (continued)

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 interim condensed consolidated financial statements of Riyadh Cables Group Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services



**Fahad Mubark Al Dossari**  
License No. 469

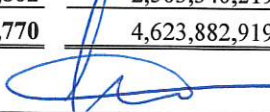


Riyadh 17 Shawwal 1444H  
Corresponding to: 7 May 2023

**RIYADH CABLES GROUP COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed Consolidated Statement of Financial Position (Unaudited)**  
As at 31 March 2023  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	7	1,120,053,751	1,119,706,524
Investment properties	8	26,132,290	36,058,713
Intangible assets, net		66,587,570	67,979,431
Right of use assets		9,150,949	9,482,493
Investments at fair value through other comprehensive income	9	20,820,222	23,503,554
Investment in a joint venture		30,602,500	30,602,500
Deferred tax assets		3,227,224	3,701,046
<b>Total non-current assets</b>		<b>1,276,574,506</b>	<b>1,291,034,261</b>
<b>Current assets</b>			
Inventories	10	1,820,906,697	1,795,741,342
Trade receivables	11	1,406,048,061	1,300,528,102
Contract assets		14,380,278	9,509,543
Advances and other current assets	12	95,249,937	117,076,611
Derivative financial instruments	15	18,860,625	2,873,118
Cash and cash equivalents		93,466,666	107,119,942
<b>Total current assets</b>		<b>3,448,912,264</b>	<b>3,332,848,658</b>
<b>Total assets</b>		<b>4,725,486,770</b>	<b>4,623,882,919</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		1,500,000,000	1,500,000,000
Statutory reserve		288,326,294	288,326,294
Retained earnings		432,224,197	305,811,568
Other reserves		47,208,930	26,551,788
<b>Equity attributable to the shareholders of the company</b>		<b>2,267,759,421</b>	<b>2,120,689,650</b>
Non-Controlling interests		(177,453)	(146,950)
<b>Total equity</b>		<b>2,267,581,968</b>	<b>2,120,542,700</b>
<b>Non-current liabilities</b>			
End-of-service benefits obligations		107,233,008	106,574,034
Lease liabilities		8,311,729	8,593,331
Deferred tax liabilities		6,985,339	7,573,729
<b>Total non-current liabilities</b>		<b>122,530,076</b>	<b>122,741,094</b>
<b>Current liabilities</b>			
Islamic finance facilities	13	1,069,716,438	1,468,005,000
Accrued expenses and other current liabilities	14	223,055,241	230,268,154
Contract liabilities		32,168,635	32,361,162
Derivative financial instruments	15	9,171,356	9,388,071
Trade payables	17	867,517,690	544,546,547
Provisions	16	91,106,500	61,582,355
Provision for zakat and income tax		41,551,858	33,337,757
Lease liabilities - current portion		1,087,008	1,110,079
<b>Total current liabilities</b>		<b>2,335,374,726</b>	<b>2,380,599,125</b>
<b>Total liabilities</b>		<b>2,457,904,802</b>	<b>2,503,340,219</b>
<b>Total equity and liabilities</b>		<b>4,725,486,770</b>	<b>4,623,882,919</b>

  
CFO

  
CEO


The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

**RIYADH CABLES GROUP COMPANY****(A Saudi Joint Stock Company)****Condensed Consolidated Statement of Profit or Loss (unaudited)**

For the three-month period ended 31 March 2023

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

	Note	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Revenue	24	1,937,275,455	1,561,182,532
Cost of revenue	19	(1,718,539,127)	(1,409,334,859)
<b>Gross profit</b>		<b>218,736,328</b>	<b>151,847,673</b>
<b>Operating expenses</b>			
Selling and distribution expenses	20	(29,995,287)	(25,399,100)
General and administrative expenses	21	(25,676,975)	(24,881,515)
Reversal of provision for expected credit losses	11	4,544,506	-
Impairment losses on investment properties	8	(9,926,423)	-
Other (expenses) /income, net	22	(2,187,630)	(455,522)
<b>Profit from operations</b>		<b>155,494,519</b>	<b>101,111,536</b>
Finance costs	23	(22,479,475)	(9,079,334)
<b>Profit before zakat and income tax</b>		<b>133,015,044</b>	<b>92,032,202</b>
Zakat and income tax		(8,238,852)	(7,574,197)
Deferred tax		114,577	-
<b>Net profit for the period</b>		<b>124,890,769</b>	<b>84,458,005</b>
<b>Attributable to:</b>			
Shareholders of the Company		124,921,272	85,011,926
Non-Controlling interests		(30,503)	(553,921)
<b>Net profit for the period</b>		<b>124,890,769</b>	<b>84,458,005</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	25	0.83	0.57



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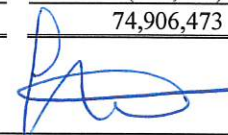
**RIYADH CABLES GROUP COMPANY****(A Saudi Joint Stock Company)****Condensed Consolidated Statement of Other Comprehensive Income (unaudited)**

For the three-month period ended 31 March 2023

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

		31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Net income for the period	Note	124,890,769	84,458,005
<b>Other comprehensive income</b>			
<b><u>Items that may be reclassified to profit or loss</u></b>			
Foreign currency translation reserve		357,707	-
Effective portion of hedging contracts – change in fair value	15	22,982,767	3,554,672
<b><u>Items that will not be reclassified to profit or loss</u></b>			
Investments at fair value through comprehensive income	9	(2,683,332)	(10,860,257)
Re-measurement of end-of-service benefits obligations		1,491,357	(2,245,947)
<b>Other comprehensive income / (loss) for the period</b>		<b>22,148,499</b>	<b>(9,551,532)</b>
<b>Total comprehensive income</b>		<b>147,039,268</b>	<b>74,906,473</b>
<b>Attributable to:</b>			
<b>Shareholders of the Company</b>		<b>147,069,771</b>	<b>75,460,394</b>
<b>Non-controlling interests</b>		<b>(30,503)</b>	<b>(553,921)</b>
<b>Total comprehensive income</b>		<b>147,039,268</b>	<b>74,906,473</b>


  
 CFO


  
 CEO

The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.



# RIVADH CABLES GROUP COMPANY

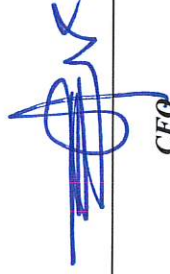
(A Saudi Joint Stock Company)

## Condensed Consolidated Statement of Changes in Equity (unaudited)

For the three-month period ended 31 March 2023

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

	Equity attributable to the shareholders of the company									
	Other reserves									Non-Controlling interests
	Share capital	Statutory reserve	Retained earnings	Acquisition reserve of a subsidiary	Evaluation reserve for investments at fair value through other comprehensive income	Cash flow hedge reserve	Foreign operations translation reserve	Total other reserves	Total	
<b>For the three-month period ended 31 March 2022</b>										
<b>Balance at 1 January 2022 (Audited)</b>										
Net profit for the period										
Other comprehensive income for the period										
Total comprehensive income for the period										
Dividends										
Balance at 31 March 2022 (Unaudited)										
<b>For the three-month period ended 31 March 2023</b>										
<b>Balance at 1 January 2023 (Audited)</b>										
Net profit for the period										
Other comprehensive income for the period										
Total comprehensive income for the period										
Balance at 31 March 2023 (Unaudited)										

  
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The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

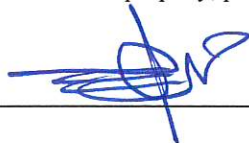


**RIYADH CABLES GROUP COMPANY****(A Saudi Joint Stock Company)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

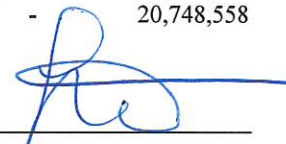
For the three-month period ended 31 March 2023

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

	<b>For the three-month period ended</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Operating activities:</u></b>		
Profit before zakat and income tax for the period	133,015,044	92,032,202
<b><u>Adjustments for:</u></b>		
Depreciation of property, plant and equipment	16,276,744	15,255,322
Depreciation of Investment property	-	172,711
Depreciation of right-of-use of assets	331,544	449,423
Interest on lease liabilities	77,997	99,748
Reversal of provision for expected credit losses	(4,544,506)	-
Charge / (reversal) of provisions	29,524,145	(25,619,510)
Impairment losses on investment property	9,926,423	-
Provision for employees' end-of-service benefits	3,349,366	3,207,478
Loss from disposal of property, plant and equipment	69,134	30,585
Losses of evaluation of financial derivatives	6,778,545	-
Finance costs	21,673,832	7,588,244
<b><u>Changes in working capital:</u></b>		
Inventories	(25,165,355)	(62,955,321)
Trade receivables	(100,975,453)	(190,600,703)
Contract assets	(4,870,735)	4,048,851
Contract liabilities	(192,527)	-
Advances and other current assets	21,826,674	(91,781,400)
Accrued expenses and other current liabilities	(7,212,913)	43,236,378
Trade payables	322,971,143	32,015,977
Employees' end-of-service benefits paid	(1,199,035)	(2,593,415)
Net finance costs paid	(21,673,832)	(8,307,836)
Zakat and income tax paid	(24,752)	(74,198)
<b>Net cash flows generated from / (used in) operating activities</b>	<b>399,961,483</b>	<b>(183,795,464)</b>
<b><u>Investing activities</u></b>		
Payments for the purchase of property, plant and equipment	(15,421,964)	(7,471,331)
Proceed from sale of property, plant and equipment	120,720	-
<b>Net cash flows used in investing activities</b>	<b>(15,301,244)</b>	<b>(7,471,331)</b>
<b><u>Financing activities</u></b>		
Repayment of Islamic financing facilities during the period	(1,090,880,000)	(762,800,000)
Proceeds from Islamic financing facilities during the period	692,591,438	972,367,500
Repayment of lease liabilities under right-of-use assets	(382,670)	(639,381)
Dividends paid	-	(31,167)
<b>Net cash flows (used in)/ generated from financing activities</b>	<b>(398,671,232)</b>	<b>208,896,952</b>
Net change in cash and cash equivalents during the period	(14,010,993)	17,630,157
Cash and cash equivalents at beginning of the period	107,119,942	50,356,201
Effect of exchange rate change on cash and cash equivalents	357,717	-
<b>Cash and cash equivalents at end of the period</b>	<b>93,466,666</b>	<b>67,986,358</b>
<b><u>Non-cash transactions</u></b>		
Re-measurements of post-employment benefit obligations	1,491,357	(2,245,947)
Change in the fair value of investments at fair value through other comprehensive income	(2,683,332)	(10,860,257)
Changes in the value of the hedging instruments recognized in OCI	22,982,767	3,554,672
Transferred from property, plant and equipment to investment properties	-	20,748,558



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The accompanying notes 1 to 29 form an integral part of these interim condensed consolidated financial statements.

# RIYADH CABLES GROUP COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed consolidated financial statements (unaudited)

For the three-month period ended 31 March 2023

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

### 1- REPORTING ENTITY

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

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

On 11 December 2021, the Board of Directors convened and decided to start the procedures for offering the company on the Saudi Stock Exchange Company (Tadawul) and to authorize the Executive Committee to contract with the parties it deems appropriate in this regard. On 17 October 2022, the Capital Market Authority (CMA) announced the approval of the request of the Riyadh Cables Group Company to register its shares and offer 33 million shares for public subscription in the principal market. On 22 November 2022, the shares to be offered represent 22% of the Company’s total shares amounting to 150 million shares. The Company was listed in Tadawul on 19 December 2022.

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

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

Subsidiaries	Legal form	Country of Incorporation	The shareholding percentage held by the Group (directly or indirectly)	
			2023	2022
1-Saudi Modern Company for Metals, Cables and Plastic Industry and its subsidiaries listed below:	A Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
1.1 Qatar Cables Company LLC	Limited Liability Company	Qatar	50%	50%
1.2 Arabian Gulf Company for Electrical Cables LLC	Limited Liability Company	Kuwait	49%	49%
1.3 Gulf Company Electrical Works	Limited Liability Company	Oman	100%	100%
1.4 Riyadh Egyptian cable for electrical works company	Joint Stock Company (E.S.C)	Egypt	49%	49%
2-Saudi Modern Company For Specialized Wires And Cables Industry	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%

**RIYADH CABLES GROUP COMPANY****(A Saudi Joint Stock Company)****Notes to the interim condensed consolidated financial statements (unaudited)**

For the three-month period ended 31 March 2023

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

**1- REPORTING ENTITY**

Subsidiaries	Legal form	Country of Incorporation	The shareholding percentage held by the Group (directly or indirectly)	
			2023	2022
4.1 National Cables Industry Company	A single shareholder limited liability company	UAE	100%	100%
4.2 Alrowad Company for Production of Electrical Cables Limited	A single shareholder limited liability company	Iraq	100%	100%
4.3 Iraqi National Company for Cables Industry	Limited liability company	Iraq	100%	100%
5-Saudi Modern Company for Cables Limited	Limited Liability Company	Kingdom of Saudi Arabia	100%	100%

**2- BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These interim condensed consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2022 (“prior year financial statements”).

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

The results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023.

**3- USE OF ESTIMATES AND JUDGEMENT**

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

The significant estimates made by the management when applying the Group’s accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Group’s annual consolidated financial statements as at 31 December 2022.

**4- BASIS OF MEASUREMENT**

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

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

**5- PRESENTATIONAL AND FUNCTIONAL CURRENCY**

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

## **RIYADH CABLES GROUP COMPANY**

**(A Saudi Joint Stock Company)**

### **Notes to the interim condensed consolidated financial statements (unaudited)**

For the three-month period ended 31 March 2023

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

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#### **6- SIGNIFICANT ACCOUNTING POLICES**

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those adopted in preparing the Group's annual financial statements for the year ended 31 December 2022.

The principal accounting policies have been consistently applied to all periods presented in these interim condensed consolidated financial statements.

##### **New standards, amendment to standards and interpretations**

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

Several amendments and interpretations apply for the first time in 2023, but these do not have an impact on the interim condensed consolidated financial statements of the Group.

#### **7- PROPERTY, PLANT AND EQUIPMENT, NET**

The total cost of property, plant and equipment amounted to SR 2.88 billion as at 31 March 2023 (31 December 2022: SR 2.86 billion). The accumulated depreciation amounted to SR 1.76 billion (31 December 2022: SR 1.74 billion). During the three-month period ended 31 March 2023, the Group has added property, plant and equipment amounting to SR 15.4 million (31 December 2022: SR 45.2 million) which mainly represented in new plant for the Group's companies.

#### **8- INVESTMENT PROPERTIES**

Investment properties are represented in a land in the Arab Republic of Egypt, and its fair value according to the latest valuation as at 31 December 2022 amounted to SR 33.9 million. The fair value of the investment properties has been determined by "International Engineering Consulting", an independent external real estate valuer and registered with the Central Bank of Egypt with No. (37).

As at 31 March 2023, the Group has recorded impairment losses in the investment properties amounted to SR 9.9 million according to latest valuation of the investment properties.

#### **9- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>% of</b>	<b>31 March</b>	<b>31 December</b>
	<b>ownership</b>	<b>2023</b>	<b>2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Natural Gas Distribution Company *	7.67%	<b>19,549,982</b>	22,233,314
International Company for Insulation Materials **	19.7%	<b>1,270,240</b>	1,270,240
		<b>20,820,222</b>	<b>23,503,554</b>

\* The fair value valuation losses during the period of the Group investment in the aforementioned Company amounted to SR 2.7 million on 31 March 2023.

\*\*The investment referred to above is an investment in a non-listed company, and the management estimated that there is no material difference between its fair value on 31 March 2023 and its fair value as at 31 December 2022.

**RIYADH CABLES GROUP COMPANY****(A Saudi Joint Stock Company)****Notes to the interim condensed consolidated financial statements (unaudited)**

For the three-month period ended 31 March 2023

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

**10- INVENTORIES**

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Finished goods	972,564,205	828,299,625
Work in progress	366,642,652	435,627,924
Raw materials	407,357,649	325,786,772
Spare parts	70,789,188	68,710,664
Packaging material	42,771,410	44,400,407
Goods in transit	6,552,424	139,082,246
Projects supplies	4,306,469	3,911,004
	<b>1,870,983,997</b>	1,845,818,642
Less: provision for slow moving inventory	<b>(50,077,300)</b>	(50,077,300)
	<b><u>1,820,906,697</u></b>	<b><u>1,795,741,342</u></b>

The Group has a variety of future contracts to meet the price fluctuations risks of copper, aluminum and lead, in order to meet the Group's requirements expected from use in its manufacturing processes. The effect resulting from closing these contracts - contracts to buy or sell non-financial instruments / or contracts for own-use that are not classified as hedging instruments - is recorded in the cost of production in the condensed consolidated statement of profit or loss, except for the ultra-voltage cables inputs and antenna vector cables. The par value of the unexecuted future contracts for copper, aluminum and lead on 31 March 2023 amounted to US 151 million, equivalent to SR 568 million. The Group accounts for hedging contracts for fluctuations in the prices of copper, aluminum and lead, which are used in the product of extra-high voltage cables and antenna vector cables.

**11- TRADE RECEIVABLES**

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Trade receivables	1,447,029,138	1,346,053,685
Allowance for expected credit losses	<b>(40,981,077)</b>	(45,525,583)
	<b><u>1,406,048,061</u></b>	<b><u>1,300,528,102</u></b>

**12- ADVANCES AND OTHER CURRENT ASSETS**

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Advances to suppliers	58,637,141	80,363,124
Prepaid expense	18,840,500	9,713,383
Suppliers - receivables - deductions*	9,400,200	9,400,200
Employees' receivables	4,856,111	3,469,530
Refundable deposits - customs	1,282,910	7,212,555
Other	2,233,075	6,917,819
	<b><u>95,249,937</u></b>	<b><u>117,076,611</u></b>

\* This balance represents the value of discounts due for the period / year from the Group's suppliers.

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**13- ISLAMIC FINANCING FACILITIES**

The Group entered into credit facilities agreements with several local banks to support working capital during the period with a total amount of SR 3.2 billion (2022: SR 3.4 billion) at Islamic Murabaha rates agreed upon with the banks. All credit facilities were granted according to promissory notes approved by some members of the Board of Directors according to the authorities granted to them and approved by the Company's Board of Directors. Interest rates on short-term loans are based on Saudi Inter Bank Offer Rate (SIBOR) plus a variable rate during the period / year.

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Balance at start of the period / year	<b>1,468,005,000</b>	1,324,175,000
Withdrawn during the period / year	<b>692,591,438</b>	4,249,525,000
Paid during the period / year	<b>(1,090,880,000)</b>	(4,105,695,000)
Balance at the end of the period / year	<b>1,069,716,438</b>	1,468,005,000

**14- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Advances from customers	<b>112,130,213</b>	133,933,856
Accrued VAT	<b>67,981,972</b>	53,214,651
Accrued expenses	<b>24,280,975</b>	23,141,886
Staff accruals	<b>18,656,713</b>	18,611,749
Other	<b>5,368</b>	1,366,012
	<b>223,055,241</b>	230,268,154

**15- DERIVATIVE FINANCIAL INSTRUMENTS****Forwards and futures**

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

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

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

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

	Par value of hedging instruments Current	Carrying amount of hedging instruments Assets	Liabilities
<u>31 March 2023</u>			
<b>Commodity derivatives</b>	<b>621,062,653</b>	<b>18,860,625</b>	<b>9,171,356</b>
	<b>621,062,653</b>	<b>18,860,625</b>	<b>9,171,356</b>
<u>31 December 2022</u>			
Commodity derivatives	139,716,870	2,873,118	9,388,071
	139,716,870	2,873,118	9,388,071



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**15- DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

The Group purchases copper ,lead and aluminum 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 forward contracts for materials related to extra-high voltage cables and antenna vector cables.

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

	31 December 2022	Change in fair values of hedging instruments	31 March 2023
Copper	(14,751,692)	24,570,436	9,818,744
Aluminum	-	(1,565,935)	(1,565,935)
Lead	143,584	(21,734)	121,850
	<u>(14,608,108)</u>	<u>22,982,767</u>	<u>8,374,659</u>

**16- PROVISIONS**

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Provision for onerous contracts *	<u>91,106,500</u>	<u>61,582,355</u>
	<u>91,106,500</u>	<u>61,582,355</u>

\* This represents provision for onerous contracts that include a current obligation by the Group to supply cables, which may result in a change in the prices of raw materials after the date of contract. This is for all the Group's products, except for the extra-high voltage cables, in which the price of the raw material is hedged.

Movement of provision is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
1 January	61,582,355	82,512,628
Provisions made	29,524,145	-
Provisions no longer required	-	(20,930,273)
31 December	<u>91,106,500</u>	<u>61,582,355</u>

**17- TRADE PAYABLES**

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables*	272,807,774	222,934,612
Suppliers facilities- banks **	594,709,916	321,611,935
	<u>867,517,690</u>	<u>544,546,547</u>

\* Payable amounts include due to related parties of SR 894,124 (2022: SR 18,149).

\*\* Suppliers' facilities are represented in the value of balances due to some of the suppliers, which were settled through SABB Bank in accordance with the agreement (suppliers financing arrangements) with the aforementioned bank from the total facilities agreement concluded with the bank amounting to a total of SR 600 million.

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**18- ZAKAT AND INCOME TAX*****Zakat and income tax status***

The Group finalized the Zakat assessments up to the year 2015. Further, the Company received letters of returns amendment from Zakat, Tax and Customs Authority on 27 April 2022, for the 2016 return, which resulted in differences amounting to SR 36.86 million. The Company filed an appeal for the differences resulting from the amendment of the return for that fiscal year during the permitted statutory period. The Company's management believes, according to the above appeal memorandum, that there will be no tax or Zakat obligations resulting from the mentioned matter. The appeal is related to differences in addressing dividends, as well as provisions' balances from ZATCA's point of view, where among other matter, ZATCA claimed that dividends amounts from subsidiaries must be subjected to Zakat base. While the Company believes that these dividends in the subsidiaries have been subjected to Zakat as these amounts remained due from those Companies and were not distributed.

On 31 March 2023, the Company received a letter from ZATCA requires suspending the claim until it is examined, and accordingly, based on similar cases and certain opinions issued in this regard, the Company and its Zakat advisor believe that the Company's position is strong in relation to the aforementioned objection and the Group's management does not expect that tax or zakat liabilities will arise from that matter.

Zakat and income tax is calculated on the separate financial statements of the Group's companies. Zakat due from Saudi shareholders and tax due from non-Saudi shareholders have been calculated according to the separate financial statements of each company in the Group.

**19- COST OF REVENUE**

	<b>For the three-month period ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>(Unaudited)</b>
Materials	<b>1,622,058,210</b>	1,335,554,977
Salaries and employees' related benefits	<b>55,905,100</b>	41,335,801
Depreciation expense	<b>13,858,798</b>	13,451,766
Repairs and maintenance	<b>11,225,535</b>	6,494,358
Electricity and other benefits	<b>12,572,701</b>	9,776,989
Other	<b>2,918,783</b>	2,720,968
	<b>1,718,539,127</b>	1,409,334,859

**20- SELLING AND DISTRIBUTION EXPENSES**

	<b>For the three-month period ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>(Unaudited)</b>
Salaries and employees' related benefits	<b>10,916,778</b>	10,747,855
Cargo charges	<b>13,701,652</b>	8,331,812
Sales commission	<b>1,268,126</b>	906,365
Inspection and quality testing expenses	<b>157,486</b>	1,450,873
Insurance expense	<b>431,572</b>	432,455
Advertising and showrooms expenses	<b>1,264,133</b>	1,350,149
Depreciation expense	<b>99,294</b>	109,165
Communication expenses	<b>116,392</b>	111,431
Other expenses	<b>2,039,854</b>	1,958,995
	<b>29,995,287</b>	25,399,100

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**21-GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the three-month period ended</b>	
	<b>31 March 2023 (unaudited)</b>	<b>31 March 2022 (Unaudited)</b>
Salaries and employees' related benefits	<b>16,956,160</b>	17,986,832
Depreciation expense	<b>2,175,425</b>	2,323,432
Legal and professional	<b>1,402,833</b>	1,220,380
Maintenance and repair expense	<b>2,487,094</b>	1,580,836
Travel and insurance expense	<b>157,487</b>	71,293
Communications and network expense	<b>324,774</b>	461,004
Offices supplies expense	<b>246,998</b>	129,182
Other expenses	<b>1,926,204</b>	1,108,556
	<b>25,676,975</b>	24,881,515

**22-OTHER (EXPENSES) / INCOME, NET**

	<b>For the three-month period ended</b>	
	<b>31 March 2023 (Unaudited)</b>	<b>31 March 2022 (Unaudited)</b>
Foreign currency losses	<b>(3,365,164)</b>	(809,535)
Rental income of investment properties	<b>273,750</b>	-
Other	<b>903,784</b>	354,013
	<b>(2,187,630)</b>	(455,522)

**23-FINANCE COSTS**

	<b>For the three-month period ended</b>	
	<b>31 March 2023 (Unaudited)</b>	<b>31 March 2022 (Unaudited)</b>
Bank interests	<b>18,638,672</b>	5,975,605
Bank commissions	<b>3,035,160</b>	2,332,231
Interest on employees' defined benefits obligations	<b>727,646</b>	671,750
Interest on lease liability	<b>77,997</b>	99,748
	<b>22,479,475</b>	9,079,334

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**24-SEGMENT REPORTS**

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

Cables and wire segment: includes electrical cables

High voltage cables segment: includes ready-made projects

Other: includes telephone cables and services

<b><u>As at and for the period ended 31</u></b>	<b><u>Cables and</u></b>	<b><u>High voltage</u></b>		
<b><u>March 2023</u></b>	<b><u>wires</u></b>	<b><u>cables</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
Revenue	1,878,436,846	51,726,751	7,111,858	1,937,275,455
Cost of revenue	(1,672,372,314)	(44,317,877)	(1,848,936)	(1,718,539,127)
Expenses	(55,342,879)	(136,017)	(193,366)	(55,672,262)
Expected credit losses	7,801,794	(3,257,288)	-	4,544,506
Impairment losses on investment properties	(9,926,423)	-	-	(9,926,423)
Other (expenses) / income, net	(2,217,559)	295,488	(265,559)	(2,187,630)
Finance costs	(21,202,870)	(843,083)	(433,522)	(22,479,475)
Income before Zakat and income tax	125,176,595	3,467,974	4,370,475	133,015,044
Total assets	3,876,312,806	777,389,972	71,783,992	4,725,486,770
Total liabilities	1,737,863,704	675,417,579	44,423,520	2,457,904,802

<b><u>As at and for the period ended 31</u></b>	<b><u>Cables and</u></b>	<b><u>High voltage</u></b>		
<b><u>March 2022</u></b>	<b><u>wires</u></b>	<b><u>cables</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
Revenue	1,550,299,852	6,386,959	4,495,721	1,561,182,532
Cost of revenue	(1,402,168,690)	(4,182,048)	(2,984,121)	(1,409,334,859)
Expenses	(49,787,822)	(316,926)	(175,867)	(50,280,615)
Other income, net	(455,451)	(65)	(6)	(455,522)
Finance costs	(8,712,879)	(227,605)	(138,850)	(9,079,334)
Income before Zakat and income tax	89,175,010	1,660,315	1,196,877	92,032,202
Total assets	3,868,307,474	361,204,996	62,776,163	4,292,288,633
Total liabilities	2,105,878,072	34,981,128	40,487,343	2,181,346,543

The information by geographical segmentation is as follows:

<b><u>As at and for the period ended 31</u></b>	<b><u>Within Kingdome</u></b>	<b><u>Outside Kingdome</u></b>	
<b><u>March 2023</u></b>	<b><u>of Saudi Arabia</u></b>	<b><u>of Saudi Arabia</u></b>	<b><u>Total</u></b>
Revenue	1,428,410,424	508,865,031	1,937,275,455
Total non-current assets	991,701,862	284,872,644	1,276,574,506

<b><u>As at and for the period ended 31</u></b>	<b><u>Within Kingdome</u></b>	<b><u>Outside Kingdome</u></b>	
<b><u>March 2022</u></b>	<b><u>of Saudi Arabia</u></b>	<b><u>of Saudi Arabia</u></b>	<b><u>Total</u></b>
Revenue	1,087,708,216	473,474,316	1,561,182,532
Total non-current assets	962,089,688	301,362,875	1,263,452,563

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**25- EARNINGS PER SHARE – BASIC AND DILUTED**

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

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 March 2022 (Unaudited)
Net profit for the period attributable to the Company's shareholders	<u><b>124,921,272</b></u>	<u>85,011,926</u>
Weighted average number of outstanding ordinary shares (share)	<u><b>150,000,000</b></u>	<u>150,000,000</u>
Basic and diluted earnings per share *	<u><b>0.83</b></u>	<u>0.57</u>

\*The diluted earnings per share is equal to the basic earnings per share for the periods ended 31 March 2023 and 31 March 2022 as there are no instruments with lower impact on earnings per share.

**26- FINANCIAL INSTRUMENTS****Fair value of financial instruments**

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.

	<u>Carrying amount</u>			<u>Fair value</u>			
	<u>Hedging instruments</u>	<u>Investments at fair value through other comprehensive income</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>In Saudi Riyal</u>						
<b>31 March 2023</b>							
<b>(unaudited)</b>							
<b>Financial assets</b>							
Derivative financial instruments	18,860,625	-	18,860,625	-	18,860,625	-	18,860,625
Investments at fair value through other comprehensive income	-	20,820,222	20,820,222	19,549,982	-	1,270,240	20,820,222
<b>Financial liabilities</b>							
Derivative financial instruments	9,171,356	-	9,171,356	-	9,171,356	-	9,171,356
<b>31 December 2022</b>							
<b>(Audited)</b>							
<b>Financial assets</b>							
Derivative financial instruments	2,873,118	-	2,873,118	-	2,873,118	-	2,873,118
Investments at fair value through other comprehensive income	-	23,503,554	23,503,554	22,233,314	-	1,270,240	23,503,554
<b>Financial liabilities</b>							
Derivative financial instruments	9,388,071	-	9,388,071	-	9,388,071	-	9,388,071

## **RIYADH CABLES GROUP COMPANY**

**(A Saudi Joint Stock Company)**

### **Notes to the interim condensed consolidated financial statements (unaudited)**

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#### **27-COMMITMENTS AND CONTINGENCIES**

##### **Capital commitments**

As at 31 March 2023, the Group has commitments of SR 85 million (31 December 2022: SR 55 million) relating to capital expenditures for expansion works in the Group's factories.

##### **Legal claim contingency**

The Group faces, in its ordinary course of business, lawsuits, which are under litigation. While the ultimate results of these lawsuits cannot be determined with certainty, the Group's management does not expect that they will have a material significant effect on the interim condensed consolidated financial statements of the Group.

##### **Contingent liabilities**

The contingent liabilities amounted to SR 595 million (31 December 2022: SR 566 million) against bank facilities in the form of letters of credit and letters of guarantee obtained by the Group from several local banks against a commission for granting facilities without any bank cover.

#### **28-SUBSEQUENT EVENTS**

On 14 Shawwal 1444H (corresponding to 4 May 2023), the Board of Directors decided to purchase 50K shares of the Company's shares to be allocated to the Employee Long-Term Stock Incentive Plan. The decision is subject to approval from the extraordinary general assembly.

#### **29-APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements have been approved by the Board of Directors on 14 Shawwal 1444H corresponding to 4 May 2023.