

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDING DECEMBER 31, 2024
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 PERIOD ENDING DECEMBER 31, 2024

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

**TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)**

INTRODUCTION

We have reviewed the accompanying interim Condensed Consolidated statement of financial position of **AL YAMAMAH STEEL INDUSTRIES Company (the "Company") as at 31 December 2024** and the related interim Condensed Consolidated statements of comprehensive income, statements of changes in equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") 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 International Standard on Review Engagement 2410, "Review of Interim Condensed Consolidated Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

**For PKF Al Bassam
Chartered Accountants**



Ahmed A. Mohandis
Certified Public Accountant
License No. (477)
Jeddah: 14 Sha'aban 1446H
Corresponding to: 13 February 2025



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

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As of 30 December 2024
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	31 December 2024 (Unaudited)	30 September 2024 (Audited)
<u>Assets</u>			
Non-current assets			
Property, plant and equipment, Net	5	577,480,804	586,363,003
Intangible assets, Net		3,130,267	3,268,687
Right-of-use assets, Net	6	25,285,610	25,909,731
		<u>605,896,681</u>	<u>615,541,421</u>
Current assets			
Inventories, Net	7	757,612,198	679,773,657
Trade receivables, Net	8	384,724,516	400,865,251
Prepayments and other receivables		16,770,935	16,222,092
financial assets at fair value through profit or loss statement		976,543	1,090,321
Cash and cash equivalents		47,651,455	71,018,805
		<u>1,207,735,647</u>	<u>1,168,970,126</u>
Current Assets		<u>1,207,735,647</u>	<u>1,168,970,126</u>
Total Assets		<u>1,813,632,328</u>	<u>1,784,511,547</u>
<u>Shareholders' equity and liabilities</u>			
Shareholders' Equity			
Share capital	1	508,000,000	508,000,000
Retained earnings		85,673,064	81,081,247
		<u>593,673,064</u>	<u>589,081,247</u>
Total equity attributable to shareholders of the Company		<u>593,673,064</u>	<u>589,081,247</u>
Non-controlling interests		100,849,850	101,884,367
		<u>694,522,914</u>	<u>690,965,614</u>
Total Shareholders' equity		<u>694,522,914</u>	<u>690,965,614</u>
<u>Liabilities</u>			
Non-current liabilities			
Long term loans- Non-current portion	9	107,504,041	107,178,041
Lease liabilities- Non-current portion	6	25,070,725	24,757,582
Employee benefits		47,015,098	45,481,000
Liability of dismantling and removing property, plant and equipment		13,582,725	13,456,277
		<u>193,172,590</u>	<u>190,872,900</u>
Non-current liabilities		<u>193,172,590</u>	<u>190,872,900</u>
Current liabilities			
Short-term borrowings	9	756,590,566	742,877,808
Lease liabilities- current portion	6	3,281,501	3,447,394
Dividends payable		567,452	567,562
Trade payables		100,424,175	82,471,052
Advances from customers		7,079,723	14,387,184
Accrued expenses and other payables		40,527,329	42,268,412
Zakat Provision	10	17,466,077	16,653,621
		<u>925,936,824</u>	<u>902,673,033</u>
Current liabilities		<u>925,936,824</u>	<u>902,673,033</u>
Total Liabilities		<u>1,119,109,414</u>	<u>1,093,545,933</u>
Total Shareholders' equity and liabilities		<u>1,813,632,328</u>	<u>1,784,511,547</u>

Chief Financial Officer



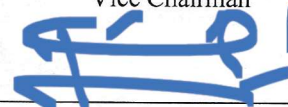
Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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 period ended on 31 December 2024
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	For the three-month period ended 31 December	
		2024	2023
		(Unaudited)	(Unaudited)
Revenue		484,443,933	630,715,148
Cost of sales		(445,290,607)	(557,783,086)
Gross profit		39,153,326	72,932,062
Selling and distributing expenses		(6,649,630)	(8,669,717)
Administrative expenses		(13,811,847)	(15,143,359)
Profit from operation		18,691,850	49,118,987
Financial charges		(14,612,480)	(16,471,293)
Realized gains on financial assets at fair value through profit or loss		194,671	1,277,495
Unrealized Gain (loss) on financial assets at fair value through profit or loss		33,600	(40,000)
Other revenue (Expenses)		62,117	(34,716)
Net profit before Zakat		4,369,758	33,850,473
Zakat	10	(812,457)	(2,630,080)
Net Profit		3,557,301	31,220,393
Total other comprehensive income		3,557,301	31,220,393
<u>Total comprehensive Profit (Loss) attributable to:</u>			
- Shareholders of the Company		4,591,817	29,548,522
- Non-controlling interests		(1,034,516)	1,671,871
		3,557,301	31,220,393
<u>Total comprehensive income (loss) attributable to:</u>			
- Shareholders of the Company		4,591,817	29,548,522
- Non-controlling interests		(1,034,516)	1,671,871
		3,557,301	31,220,393
<u>Earnings per share to net income for the Period:</u>	11		
- Basic		0.09	0.58
- Diluted		0.09	0.58

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman




Raed Almudaiheem

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 three-months period ended December 31, 2024
(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory reserve	(Accumulated losses) Retained earnings	Total	Non-controlling interests	Total equity
For the three-month period ended 31 December 2024						
Balance as of 1 October 2024 (Unaudited)	508,000,000	--	81,081,247	589,081,247	101,884,367	690,965,614
comprehensive income (loss) for the period						
Net profit (Loss) for the period	--	--	4,591,817	4,591,817	(1,034,516)	3,557,301
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income (loss) for the period (Unaudited)	--	--	4,591,817	4,591,817	(1,034,516)	3,557,301
Balance as of 31 December 2024 (Unaudited)	508,000,000	--	85,673,064	593,673,064	100,849,851	694,522,915
For the three-month period ended 31 December 2022						
Balance as of 1 October 2023 (Unaudited)	508,000,000	29,198,060	(19,050,839)	518,147,221	102,214,714	620,361,935
comprehensive income for the period						
Net profit for the period	--	--	29,548,522	29,548,522	1,671,871	31,220,393
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period (Unaudited)	--	--	29,548,522	29,548,522	1,671,871	31,220,393
Transferred to statutory reserve	--	2,954,852	(2,954,852)	--	--	--
Balance as of 31 December 2023 (Unaudited)	508,000,000	32,152,912	7,542,831	547,695,743	103,886,585	651,582,328

Chief Financial Officer

Mohammad Abu Farha

Chief Executive Officer

Sahal Althobaiti

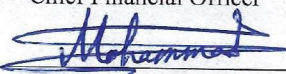
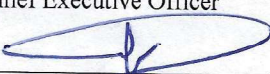

Vice Chairman

Raed Almudaiheem

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 three-months period ended December 31, 2024
(Expressed in Saudi Arabian Riyals)

	Note	2024 (Unaudited)	2023 (Unaudited)
<u>Cash flows from operating activities</u>			
Profit for the period before zakat		4,369,758	33,850,473
Adjustments:			
Depreciation on property, plant and equipment	5	11,252,029	11,174,657
Amortization of intangible assets		238,422	238,591
(Gains) / losses on disposal of property, plant and equipment		–	158,994
Slow moving Inventories items provision		203,948	114,804
Inventories impairment provision		(2,288,505)	(2,838,163)
Realized gain from Investments held at fair value through or loss's statement		(194,671)	(1,277,495)
Unrealized (Gain) loss from Investments held at fair value through or loss's statement		(33,600)	40,000
Right of use asset depreciation	6	624,121	701,625
Finance costs		14,612,480	16,471,293
Provision for employee benefits charged for the period		1,888,426	1,699,331
		<u>30,672,408</u>	<u>60,334,110</u>
<u>Changes in operating assets and liabilities</u>			
Trade receivables		16,381,488	(26,854,641)
Inventories		(75,753,984)	24,003,729
Prepayments and other receivables		(548,843)	1,988,986
Trade payables		17,953,123	27,991,979
Advances from customers		(7,548,214)	(14,479,746)
Accrued expenses and other payables		(2,041,821)	8,744,663
Cash (used in) generated from operations		<u>(20,885,843)</u>	<u>81,729,080</u>
Paid Zakat	10	--	(12,012,642)
Paid employee's benefits		(354,328)	(316,491)
Net cash (used in) generated from operating activities		<u>(21,240,171)</u>	<u>69,399,947</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment		(2,369,830)	(7,887,057)
Purchase of intangible assets		(100,002)	--
Purchase of financial assets at fair value through profit or loss		(1,024,282)	(3,220,704)
Sold financial assets at fair value through profit or loss		1,366,331	5,828,327
Proceeds from the disposal of property, plant and equipment		--	--
Net cash (used in) investing activities		<u>(2,127,783)</u>	<u>(5,279,434)</u>
<u>Cash flows from financing activities</u>			
Proceeds from loans and credit facilities	9	811,416,566	849,551,326
Payments from loans and credit facilities	9	(797,377,808)	(900,183,680)
Paid Finance cost		(13,774,873)	(10,120,156)
Payment of lease obligations	6	(263,171)	(183,990)
Dividends paid		(110)	(60)
Net cash generated from (used in) financing activities		<u>604</u>	<u>(60,936,560)</u>
Net change in cash and cash equivalents balance		(23,367,350)	3,183,953
Cash and cash equivalents at the beginning of the period		71,018,805	23,799,171
Cash and cash equivalents at the end of the period		<u>47,651,455</u>	<u>26,983,124</u>
Chief Financial Officer	Chief Executive Officer	Vice Chairman	
			
Mohammad Abu Farha	Sahal Althobaiti	Raed Almudaiheem	

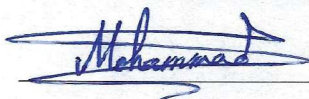
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AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Cash Flows (Unaudited) (Continued)
For the three-months period ended December 31, 2024
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>2024</u> <u>(Unaudited)</u>	<u>2023</u> <u>(Unaudited)</u>
*Non-cash transactions			
Finance cost for Liability of dismantling and removing property, plant and equipment		126,449	98,580
Accrued expenses and other payables		300,739	5,811,990
lease Liabilities		410,421	440,567
Finance cost	6	<u>(837,609)</u>	<u>(6,351,137)</u>

Chief Financial Officer



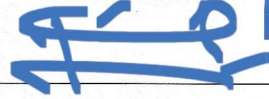
Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED DECEMBER 31, 2024
(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 Company for the treatment of industrial structures	Jeddah	4030460706	6/8/1443H
Al Yamamah Wind Power Systems (under construction)	Jeddah	4700114058	13/9/1439H

As of December 31, 2024, the company's authorized, subscribed, and fully paid-up capital amounted to SAR 508 million (as of September 30, 2024: SAR 508 million), divided into 50.8 million shares (as of September 30, 2024: 50.8 million shares), each with a value of SAR 10 (as of September 30, 2024: SAR 10).

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
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED DECEMBER 31, 2024
(EXPRESSED IN SAUDI ARABIAN RIYALS)**

2. BASIS OF PREPERATION

2/1 Statement of Compliance

The condensed consolidated financial statements for the three-months period ended December 31, 2024, 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 endorsed by the Saudi Organization for Certified Public Accountants. These condensed consolidated financial statements do not include all the information and disclosures required for the preparation of annual financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia. Therefore, these should be read in conjunction with the Group’s annual financial statements for the fiscal year ended September 30, 2024.

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, 2024.

The accounting policies for this interim financial statement matching with accounting policies for the year end consolidated financial statement on September 30, 2024

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, 2024.

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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED DECEMBER 31, 2024
(EXPRESSED IN SAUDI ARABIAN RIYALS)**

3. SIGNIFICANT ACCOUNTING POLICIES

3/1 the basis of consolidated financial statement

The financial statements for the Group include the financial statements of the company and its subsidiaries as disclosed in Note 1. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee. The Group is considered to have control over the investee when it has the ability to direct the relevant activities of the investee.

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:

- Control over the investee (existing rights that provide the current ability to direct the relevant activities of the investee).
- Exposure to risks and rights to variable returns from its involvement with the investee.
- The ability to use its control over the investee to affect its returns.

The Group reassesses whether it has control over the investee if facts and circumstances indicate changes in any of the elements of control mentioned above. The consolidation process of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. The assets, liabilities, revenues, and expenses of an acquired or disposed subsidiary are included in the financial statements from the date the Group gains control over the subsidiary until the date it loses control.

Profits and losses, as well as all components of other comprehensive income, are attributable to the equity holders of the parent company of the Group and to the non-controlling interests, even if this results in a deficit balance attributable to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Group. All intergroup balances and financial transactions arising from transactions between the Group and its subsidiary, as well as those between subsidiaries, are eliminated in the preparation of the financial statements. Any unrealized profits or losses arising from intergroup transactions are also eliminated during the consolidation of the financial statements.

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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any 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 parent company's share in the components mentioned above within other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, when required, if the Group directly derecognizes the related assets and liabilities.

Elimination process:

We must eliminate any intragroup transactions or balances, in addition to any unrealized gains or losses arising from intragroup transactions, when preparing the financial statements. Unrealized gains resulting from transactions with equity-accounted investees should be eliminated to the extent of the Group's interest in the investee. Unrealized losses should be eliminated in the same manner as unrealized gains, except where there is evidence of impairment.

AL YAMAMAH STEEL INDUSTRIES COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED DECEMBER 31, 2024
(EXPRESSED IN SAUDI ARABIAN RIYALS)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/1 the basis of consolidated financial statement (continued)

Share of Non-Controlling interest:

Non-controlling interests are recognized separately from the Group's equity in the net assets of the subsidiary. These interests consist of the amounts recognized at the acquisition date, along with their share of changes in equity of the subsidiary after the acquisition date.

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, 2024, which were clarified in the consolidated financial statements for the year ending on September 30, 2024, 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:

Construction Segment	Electricity Segment	Renewable energy Segment	Others
Al Yamamah Steel Industries factory (Pipes and Tubes)	Electrical power towers factory	Solar power plant	Head Office
Al Yamamah Rebar factory	Electric poles factory		
Al Yamamah Space Frame factory			

The following are the business results of these segments for the three-months period ended:

31 December 2024 (Unaudited)	Segment reporting				Total
	Construction Segment	Electricity Segment	Renewable energy Segment	Others	
Revenue	287,587,610	146,763,534	50,092,789	--	484,443,933
Sale cost	(283,011,343)	(114,919,873)	(47,359,391)	--	(445,290,607)
Segment's net profit	(14,332,980)	15,904,403	1,757,381	228,497	3,557,301
Segment Assets	945,421,348	762,698,578	90,150,053	15,362,349	1,813,632,328
Segment liabilities	755,645,474	276,111,644	75,475,039	11,877,256	1,119,109,413

AL YAMAMAH STEEL INDUSTRIES COMPANY
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4. SEGMENTAL INFORMATION (CONTINUED)

The following are the business results of these segments for the three-months period ended (continued):

31 December 2023 (Unaudited)	Segment reporting				Total
	Construction Segment	Electricity Segment	Renewable energy Segment	Others	
Revenue	286,091,661	153,833,781	190,789,706	--	630,715,148
Sale cost	(248,915,838)	(123,719,812)	(185,147,436)	--	(557,783,086)
Segment's net profit	16,618,137	12,086,876	1,277,886	1,237,494	31,220,393
Segment Assets	1,098,074,274	557,112,159	112,110,513	24,608,637	1,791,905,583
Segment liabilities	625,568,896	340,663,214	155,015,107	19,076,038	1,140,323,255

5. PROPERTY, PLANT AND EQUIPMENT, NET

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

	31 December 2024 (Unaudited)	30 September 2024 (Audited)
Total cost	958,761,451	958,400,952
working in progress (5/4)	199,422,544	197,464,624
Accumulated depreciation	(579,901,246)	(568,700,628)
Impairment losses	(801,945)	(801,945)
Net carrying amount	577,480,804	586,363,003

5/2 The parent company's buildings, with a net book value of SAR 109.89 million as of December 31, 2024 (SAR 112.55 million as of September 30, 2024), are located on land leased from the Saudi Industrial Property Authority (MODON) under a renewable annual lease agreement for a similar term or under other terms as agreed upon by the parties involved. This excludes the buildings of the column and tower manufacturing plants, which are situated on land owned by the parent company, with a net book value of 56.10 million SAR as of December 31, 2024 (SAR 57.45 million as of September 30, 2024).

5/3 The subsidiary's factory buildings, with a net book value of SAR 57.6 million as of December 31, 2024 (SAR 58.6 million as of September 30, 2024), are located on land leased from the Royal Commission for Jubail and Yanbu for a period of 35 years, starting from 5 Rabi' al-Thani 1427H, with an annual lease. The lease is renewable for a similar term under the same or other terms as agreed upon by the parties involved.

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5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

5/4 Capital work in progress represents the following projects:

	30 December 2024	30 September 2024
	(Unaudited)	(Audited)
Advanced payments to vendors	3,670,422	2,371,955
Al Yamamah Wind Power Systems Factory	180,018,486	179,920,947
Pipe forming and perforating machine (Jeddah pipes)	14,071,668	14,071,668
Smelting Project – Rebar	1,572,313	1,100,054
Tower plant expansion.	89,655	--
	199,422,544	197,464,624

* The company's management expects to complete the work in progress for the wind power systems project by the second quarter of 2025.

** The Group obtained a long-term facility from the Saudi Industrial Development Fund (SIDF) totaling SAR 170,000,000 to finance the wind power plant project, with a total estimated cost of SAR 240,266,000, in exchange for a mortgage on all the project's fixed assets.

*** During the period, additions to projects under progress amounted to 1.96 million SAR.

6. LEASES CONTRACTS

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

	31 December 2024	30 September 2024
	(Unaudited)	(Audited)
<u>Cost</u>		
Balance at beginning of period / Year	40,495,121	40,437,310
Addition during the period / year	--	57,811
Balance at ending of period / Year	40,495,121	40,495,121
<u>Accumulated Depreciation</u>		
Balance at beginning of period / Year	14,585,390	11,723,317
Depreciation during the period / year	624,121	2,862,073
Balance at ending of period / Year	15,209,511	14,585,390
Net balance ending of period / Year	25,285,610	25,909,731

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

	31 December 2024	30 September 2024
	(Unaudited)	(Audited)
Balance at beginning of the period / year	28,204,976	30,716,452
Depreciation during the period / year	--	57,811
Financing charges during the period / year	410,421	1,724,589
Paid during the period / year	(263,171)	(4,293,876)
Balance at end of period / year	28,352,226	28,204,976

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6. LEASES CONTRACTS (CONTINUED)

6/3 The following are the lease obligations as classified in the consolidated statement of financial position:

	31 December 2024 (Unaudited)	30 September 2024 (Audited)
Current liability	3,281,501	3,447,394
Non-current liability	25,070,725	24,757,582
	28,352,226	28,204,976

* The average discount rate used to calculate the present value of lease obligations was 4.5% to 6%.

** The Group's main lease contracts are land leases from the Industrial Cities Authority (MODON) and the Royal Commission in Yanbu, on which the Group's factories are located, at a fixed rental value paid annually.

7. INVENTORIES, NET

7/1 Inventories comprise the following:

	Note	30 December 2024 (Unaudited)	30 September 2024 (Audited)
Raw materials		416,942,690	311,804,057
Finished goods		186,508,083	171,740,985
Work in progress		20,157,678	29,307,969
Spare parts		50,643,021	50,718,460
Scrap		26,552,507	24,946,553
Packaging and packing materials		351,506	508,760
Consumables		960,883	882,918
Goods in transit		70,118,525	106,571,207
		772,234,893	696,480,909
Less: Allowance for slow moving inventory items	7/2	(14,622,694)	(14,418,747)
Less: Provision for low inventory	7/3	--	(2,288,505)
		757,612,198	679,773,657

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

	30 December 2024 (Unaudited)	30 September 2024 (Audited)
Balance at beginning of the period / year	14,418,747	18,597,543
Provided during the period / year	203,948	257,139
No longer required provision	--	(4,435,935)
Balance at end of period / year	14,622,695	14,418,747

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

	30 December 2024 (Unaudited)	30 September 2024 (Audited)
Balance at beginning of the period / year	2,838,163	2,838,163
No longer required provision	(2,838,163)	(549,658)
Balance at end of period / year	--	2,288,505

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8. TRADE RECEIVABLES, NET

8/1 Trade receivables comprise the following:

	Note	30 December 2024 (Unaudited)	30 September 2024 (Audited)
Trade receivables - related parties	13	169,211,809	167,319,864
Trade customers - other parties		225,439,187	243,471,867
		394,650,996	410,791,731
Less: Expected credit loss provision	8/2	(9,926,480)	(9,926,480)
		384,724,516	400,865,251

8/2 The total sales for the period ended December 31, 2024, to major customers (8 customers) amounted to 368.74 million SAR, representing 76% of total sales for the period (compared to 444.7 million SAR, representing 70.5% of total sales for the period ended December 31, 2023). As of December 31, 2024, the outstanding balance from major customers within trade receivables was 172.72 million SAR (as of September 30, 2024: SAR 222 million).

8/3 The movement in allowance for expected credit losses during the period/ year is as follows:

	30 December 2024 (Unaudited)	30 September 2024 (Audited)
Balance, at beginning of the period / year	9,926,480	9,926,480
Balance at end of period / year	9,926,480	9,926,480

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

	30 December 2024 (Unaudited)	30 September 2024 (Audited)
Not due	314,576,214	256,316,232
From 0 to 90 days	62,234,471	121,986,218
From 91 to 180 days	7,135,744	23,297,370
Over 181 Days	10,704,567	9,191,911
	394,650,996	410,791,731
Deducted: Expected credit losses	9,926,480	9,926,480
	384,724,516	400,865,251

Collections for the subsequent period from outstanding trade receivables of the Group as of December 31, 2024, amounted to 67.7 million SAR (2024: 128.87 million SAR). Secured receivables amounted to 192.6 million SAR (2024: SAR 236.8 million), which were excluded from trade receivables when calculating expected credit losses. Therefore, net receivables subject to calculation amounted to 134.4 million SAR (2024: SAR 109.1 million), classified according to aging.

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9. BANK FACILITIES

9/1 Bank facilities from local trading banks

The Group has Sharia-compliant bank facilities totaling SAR 2.11 billion (September 30, 2024: SAR 2.17 billion) with certain local banks and Saudi Industrial Development Fund, of which SAR 1.31 billion (September 30, 2024: SAR 1.31 billion) has been utilized. These facilities from local banks include letters of guarantee, documentary credits, and short-term bank facilities to cover the Group's working capital requirements. Additionally, the Group has a long-term bank facility granted by the National Commercial Bank to the parent company to contribute to the establishment of the Al Yamamah Solar Energy Systems Factory and to finance working capital. The final installments of this facility were settled during the current fiscal year. All bank facilities bear banking commissions in accordance with prevailing market rates and are secured by promissory notes issued by the parent company and subsidiary to local banks. The average interest rates range from 4% to 8%.

9/2 Saudi Industrial Development Fund loan

During August 2023, the Group obtained the approval of the Saudi Industrial Development Fund to grant a loan to Al-Yamamah Wind Energy Systems Company Factory in the amount of 170,000,000 SAR, to contribute to financing real estate, machinery, equipment and working capital eligible for financing, provided that the amount is disbursed in installments until 29 Shawwal 1446 H corresponding to April 27, 2025, and an amount of 13,600,000 SAR is deducted from these installments on a proportional basis from the full value of the loan, representing the financing expenses paid in advance in addition to semi-annual financing expenses paid throughout the validity of the agreement, the upper limit of which was agreed upon, and the Group met the requirements and received an amount of 114,823,607 SAR representing 67.54% of the loan value, from which 67.54% of the fees (9,185,888 SAR) were deducted, and the loan is repaid in semi-annual installments starting on 15 Shawwal 1448 H corresponding to March 23, 2028 and ends on Rabi' al-Thani 15, 1454 H corresponding to July 23, 2032. 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, in exchange for mortgaging the buildings and facilities built or to be built on the factory land with the entire factory, its machinery, equipment, accessories, and everything that is obtained later for the project. The agreement includes some conditions, including maintaining certain financial ratios.

9/3 Banks Facilities and Loans are shown in condensed interim financial position statement as follow:

	30 December 2024	30 September 2024
	(Unaudited)	(Audited)
Short term Loans (9/4)	<u>756,590,566</u>	<u>742,877,808</u>
Long Term Loans (9/5)	<u>107,504,041</u>	<u>107,178,041</u>
	<u>864,094,607</u>	<u>850,055,849</u>

9/4 Short-term loans

Short-term bank loans represent outstanding amounts under overdraft facilities and short-term loan facilities with some commercial banks to finance the working capital requirements of the Group's companies, due within 12 months.

	31 December 2024	30 September 2024
	(Unaudited)	(Audited)
Short bank loans	<u>756,590,566</u>	<u>742,877,808</u>
	<u>756,590,566</u>	<u>742,877,808</u>

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9. BANK FACILITIES (CONTINUED)

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

<u>Year</u>	<u>31 December 2024</u> <u>(Unaudited)</u>	<u>30 September 2024</u> <u>(Audited)</u>
2027	10,118,027	10,087,345
2028	12,647,534	12,609,181
2029	15,177,041	15,131,018
2030	17,706,548	17,652,854
2031	22,765,562	22,696,526
2032	29,089,329	29,001,117
	107,504,041	107,178,041

9/6 Bank loans according to the financing entities:

	<u>31 December 2024</u> <u>(Unaudited)</u>	<u>30 September 2024</u> <u>(Audited)</u>
Arab National Bank	339,000,000	315,500,000
Saudi Industrial Development Fund "SIDF"	107,504,041	107,178,041
Saudi Investment Bank	58,849,487	--
Banque Saudi Fransi	68,239,713	126,639,713
Alinma Bank	161,000,000	200,000,000
Al Rajhi Bank	38,490,628	52,023,584
Al-Awwal Saudi Bank	91,010,738	48,714,511
	864,094,607	850,055,849

9/7 Movement on Loans as follow:

	<u>31 December 2024</u> <u>(Unaudited)</u>	<u>30 September 2024</u> <u>(Audited)</u>
Balance, at beginning of period / year	850,055,849	903,149,814
Addition during the period / Year	811,416,565	3,269,975,729
Less: payments during the period / year	(797,377,808)	(3,323,069,694)
Balance at the end of the period / year	864,094,607	850,055,849

* The movement on loans during the period includes an amount of 0.428 billion SAR in revolving loans during the period (2024: SAR 1.681 billion).

** The financing costs associated with loans and bank facilities charged to the profit or loss statement during the period amounted to 14.07 million SAR (December 31, 2023: 15.93 million SAR). There was no capitalized finance cost during the period.

10. ZAKAT

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

	<u>31 December 2024</u> <u>(Unaudited)</u>	<u>30 September 2024</u> <u>(Audited)</u>
Balance beginning of period / year	16,653,621	25,394,386
Add: Charge for the period / year	1,619,856	8,178,383
Reverse of zakat provision	(823,416)	--
Prior years differences	16,016	2,521,740
Less: payments during the period / year	--	(19,440,888)
Balance at the end of the period / year	17,466,077	16,653,621

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10. ZAKAT (CONTINUED)

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, 2024, according to which the company paid the due zakat and obtained a final zakat certificate valid until January 30, 2026. Below are the details of the company's zakat position from the date of incorporation until September 30 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 the final zakat certificate and the final zakat assessment from the 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 million Saudi Riyals according to the demands of the Zakat, Tax and Customs Authority. The company objected to the differences amounting to 9.9 million Saudi Riyals for these years. The amount of 2.4 million Saudi Riyals for the year 2011 was accepted from the objection submitted on these differences. The company issued a letter of guarantee in the amount of 7.5 million Saudi Riyals representing all the differences that were not accepted by the Authority for the years 2008-2010, so that the net differences due and objected to for those years were 7.5 million Saudi Riyals.

The General Secretariat of the Zakat, Tax and Customs Committees, in the appeal session held on March 19, 2024, confirmed the end of the dispute between Al-Yamamah Steel Industries Company (distinctive number 3000656924) and the Zakat, Tax and Customs Authority, related to the main item in the objection, which is the failure to deduct the company's contribution to the Al-Malisa land development project from the zakat base for the years from 2008 to 2010, by the Authority accepting the company's requests in this regard, which stipulate deducting the balance of the Al-Malisa land from the zakat base for these years, in addition to accepting the objection to the Authority's addition of one of the items to the zakat base, and thus accepting about 91% of the value of the objection and rejecting the other items representing about 9% of the value of the objection. During April 2024, the company submitted a petition to the General Secretariat of the Zakat, Tax and Customs Committees on the items that were rejected in the appeal session held on March 19, 2024, which represent approximately 9% of the tax differences for the years 2008 to 2010. After communicating with the Authority, the company requested the General Secretariat of the Zakat, Tax and Customs Committees to suspend the petition in order to reach a settlement with the Authority. The General Secretariat of the Zakat, Tax and Customs Committees agreed to this during November 2024, and the petition was suspended until May 5, 2025, in order to reach a settlement with the Authority. The company submitted a settlement request to the Zakat, Tax and Customs Authority during December 20, and the request was accepted and assigned to the Zakat and Tax Settlements Committee in the Zakat, Tax and Customs Authority. This committee held a session on January 13, 2025, and the Committee requested in the hearing minutes some documents related to the zakat differences. For the years 2008-2010 from Al-Yamamah Steel Industries Company, which the company provided to the committee.

c) The years from 2012 to 2014:

The company did not receive any assessments for those years.

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10. ZAKAT (CONTINUED)

10/2 Zakat position (continued)

d) The years from 2015 to 2019:

The Zakat differences for the years from 2015 to 2019 amounted to 4.7 million Saudi Riyals according to the demands of the Zakat, Tax and Customs Authority. The company paid 1.4 million Saudi Riyals representing the Zakat differences for the years 2016 and 2018. It objected to an amount of 3.3 million Saudi Riyals for the years 2015, 2017 and 2019. An amount of 1.5 million Saudi Riyals of the objection submitted on those differences was accepted, and the company paid an amount of 1.8 million Saudi Riyals representing the total differences that were not accepted by the Authority. Thus, there are no remaining Zakat differences due for those years.

e) Financial year 2020:

The Zakat differences for the year 2020 amounted to 9.74 million Saudi riyals according to the Zakat assessment and the demands of the Zakat, Tax and Customs Authority. The company paid an amount of 12,589 Saudi riyals and objected to an amount of 9.73 million Saudi riyals. The objection submitted to the Authority on these differences was rejected, and the company issued a bank guarantee in favor of the Authority in the amount of 4.87 million Saudi riyals. The General Secretariat of the Zakat, Tax and Customs Committees rejected the company's objection to the Zakat assessment with the Authority. The company filed a request to appeal the decision of the General Secretariat of the Zakat, Tax and Customs Committees. The appeal was rejected during the session held in October 2023, and the company was required to pay an amount of 9.73 million Saudi riyals. The company paid the amount and appealed to the relevant authorities during the month of December 2023. The First Appellate Circuit for Income Tax Violations and Disputes, emanating from the General Secretariat of the Zakat, Tax and Customs Committees, held its session on 01/17/2024. After reviewing the petition request of Al-Yamamah Steel Industries Company regarding the zakat differences for the fiscal year 2020, the submitted memoranda, and the papers and documents contained in the case file, the appeal was rejected. During the year 2024, the company filed another petition regarding these differences, and the General Secretariat of the Zakat, Tax and Customs Committees issued its final decision to reject the company's petition during the month of November 2024. Thus, the zakat differences due for that year were closed permanently.

f) Financial years from 2021 till 2022:

During April 2024, Al Yamamah Steel Industries Company received the approval of the Zakat, Tax and Customs Authority for its Zakat declaration for the year ending September 30, 2021. It also received a Zakat assessment for the year ending September 30, 2022, which included Zakat differences amounting to 1.53 million Saudi riyals. The company paid the amount and objected to the Zakat assessment during July 2024

g) Financial year 2023:

During July 2024, Al Yamamah Steel Industries Company received a Zakat assessment from the Zakat, Tax and Customs Authority for its Zakat declaration for the year ending September 30, 2023, without any differences in the Zakat due.

h) Financial year 2024:

The company submitted its zakat declaration for the year and paid the zakat due, and did not receive any zakat assessments until the date of the financial position statement.

Al Yamamah Company For Reinforcing Steel Bars

The company submitted its zakat declarations for the years from the start of its operations up to the fiscal year ended September 30, 2024, and paid the due zakat for those declarations. Till the fiscal year ended September 30, 2023, it has a zakat certificate valid until January 30, 2025. The company has completed its zakat status with the Zakat, Tax, and Customs Authority for the years from the company's establishment until the fiscal year ending September 30, 2019.

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10. ZAKAT (CONTINUED)

10/3 Value Added Tax (VAT) Status

Al Yamamah Steel Industries Company

The company submits its VAT returns on a monthly basis, and pays the tax dues within the regular period for each tax return. During January 2025, Al Yamamah Steel Industries Company received a VAT discrepancy notice of SAR 3.5 million from the Zakat, Tax and Customs Authority for the tax returns submitted for the period from January 1, 2020 to December 31, 2023. These discrepancies were paid during January 2025.

Al Yamamah Company For Reinforcing Steel Bars

The company submits its VAT tax returns on a monthly basis, and pays the tax dues within the regular period for each tax return.

11. EARNINGS PER SHARE

11/1 Basic Earnings per share

The calculation of basic earnings (loss) per share has been based on the net earnings (loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding at the date of the condensed consolidated interim financial statements, which amounts to 50.8 million shares.

	for a period of three months ending	
	December 31	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss) Earnings per share attributable to the shareholders of the company	4,591,817	29,548,522
Weighted average number of shares	50,800,000	50,800,000
(loss)/earnings per share attributable to the shareholders of the company	0.09	0.58

11/2 Diluted Earnings per share

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and the 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 dilutive shares, and therefore, the diluted earnings per share is the same as the basic earnings per share.

12. CONTINGENCIES AND CAPITAL COMMITMENTS

12/1 As of **December 31, 2024**, the value of contingent liabilities related to the uncovered portion of bank guarantees issued by local banks on behalf of the Group amounted to SAR 176.7 million (as of September 30, 2024: SAR 155.6 million).

12/2 As of **December 31, 2024**, the value of contingent liabilities related to outstanding letters of credit amounted to SAR 272.07 million (September 30, 2024: SAR 322.9 million), issued in the ordinary course of business of the Group.

12/3 As of **December 31, 2024**, the capital commitments related to contracts entered into for projects under execution (Note 5) amounted to 2.8 million Saudi riyals (September 30, 2024: SAR 7.88 million).

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13. RELATED PARTY TRANSACTIONS AND BALANCES

13/1 Transactions with related parties primarily consist of purchases, sales of goods, and provision of services, which are conducted based on mutually agreed terms and are approved by management, as authorized by the General Assembly of Shareholders held on 29 Sha'ban 1445H, corresponding to March 10, 2024, with the following entities and parties. Below are the transactions with related parties during the three months ended December 31, and the resulting balances:

	Nature of relationship	Nature of transaction	Transaction amount for the three-month period ended December 31		Balance as at	
			2024 (Unaudited)	2023 (Unaudited)	31 December 2024 (Unaudited)	30 September 2024 (Audited)
Transactions with related parties:						
<u>Under accounts receivable (Note 9):</u>						
Abdulqader Almuhaideb & Sons Company *	Shareholder	Sales	114,108,741	71,567,216	105,461,233	72,002,080
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	3,551,097	100,678	13,363,941	33,433,465
Al Mohanna Trading Company	Shareholder	Sales	46,188,124	35,172,519	16,604,365	22,438,022
Al Mohanna Trading Group ***	Shareholder	Sales	16,246,039	19,547,131	27,738,190	26,545,176
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary's shareholder	Sales	6,123,074	1,642,682	6,044,080	12,901,121
					169,211,809	167,319,864
<u>Under trade payables</u>						
Abdulqader Almuhaideb & Sons Company *	Shareholder	Purchases	233,867	36,488	805	--
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Shareholder in subsidiary	Purchases	--	473,604	--	--
					805	--

* 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-Mohanna Trading Group belongs the shareholder and BOD member Mohanna bin Abdullah Al Mohanna.

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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 December	
		2024	2023
		(Unaudited)	(Unaudited)
<u>Nature of transaction</u>			
Key management personnel	Salaries, allowances and incentives	<u>1,599,221</u>	<u>508,362</u>
Board Members	Board Members' Remunerations and Allowances	<u>733,500</u>	<u>2,160,000</u>

14. DIVIDENDS

During the period ended December 31, 2024

Board of Directors recommended in its meeting held on December 25, 2024, the distribution of cash dividends to shareholders for the fiscal year ended on September 30, 2024, in the amount of SAR 25,400,000, at a rate of SAR 0.5 per share. The recommendation will be presented to the General Assembly to be held in March 2025.

During the period ended December 31, 2023

No dividends were distributed to shareholders during the period ended December 31, 2023.

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.

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.

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15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/1 Financial risk management framework (continued)

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 2024 (Unaudited)	Book value as at 30 September 2024 (Audited)
<u>Variable rate instruments</u>		
Borrowings	864,094,607	850,055,849
	864,094,607	850,055,849

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.

	At 31 December 2024 (Unaudited)	At 30 September 2024 (Audited)
<u>Interest Rates</u>		
Increase in basis 100 points - (Loss)	(8,640,946)	(8,500,558)
Decrease in basis 100 points - Profit	8,640,946	8,500,558

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.

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.

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15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/3 Credit risk (continued)

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

	At 31 December 2024 (Unaudited)	At 30 September 2024 (Audited)
<u>Financial assets</u>		
Trade receivables	384,724,516	400,865,251
Bank balances	47,651,455	71,018,805
	432,375,971	471,884,056
<u>Financial assets</u>		
Secured *	240,214,027	307,820,542
Unsecured **	192,161,944	164,063,514
	432,375,971	471,884,056

* As of December 31, 2024, the secured financial assets include bank balances amounting to 47.65 million Saudi riyals (September 30, 2024: 71.02 million Saudi riyals) and trade receivables amounting to 192.6 million Saudi riyals, secured by bank guarantees (September 30, 2024: 236.80 million Saudi riyals).

** As of December 31, 2024, the unsecured financial assets include trade receivables amounting to 157.46 million Saudi riyals due from related parties, which have not yet exceeded their due dates (September 30, 2024: 140.32 million Saudi riyals).

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:

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15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/4 Liquidity risk (continued)

	Undiscounted contractual cash flows					Total Carrying value
	1 year or less	1 year to 3 years	3 years or More	Interest accruals for future periods	Total contractual maturity	
31 December 2024 (Unaudited)						
<u>Non-derivative financial liabilities</u>						
Loans	756,590,566	6,919,493	100,584,549	13,623,233	877,717,841	864,094,608
Trade payables	100,424,175	--	--	--	100,424,175	100,424,175
Dividends payables	567,452	--	--	--	567,452	567,452
Accrued expenses and other payables	40,527,329	--	--	--	40,527,329	40,527,329
Lease liabilities	3,281,502	3,143,228	21,927,496	17,014,162	45,366,388	28,352,226
	901,391,024	10,062,721	122,512,045	30,637,395	1,064,603,185	1,033,965,790
30 September 2024 (Audited)						
<u>Non-derivative financial liabilities</u>						
Loans	742,877,808	6,898,510	100,279,531	15,622,423	865,678,272	850,055,849
Trade payables	82,471,052	--	--	--	82,471,052	82,471,052
Dividends payables	567,563	--	--	--	567,563	567,563
Accrued expenses and other payables	42,268,412	--	--	--	42,268,412	42,268,412
Lease liabilities	3,447,394	3,876,622	20,880,960	16,590,854	44,795,830	28,204,976
	871,632,229	10,775,132	121,160,491	32,213,277	1,035,781,129	1,003,567,852

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

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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:

	At 31 December 2024 (Unaudited)	At 30 September 2024 (Audited)
Total liabilities	1,118,868,660	1,093,545,933
Less: Cash and cash equivalents	(47,651,455)	(71,018,805)
Net obligations	1,071,217,205	1,022,527,128
Total equity	694,522,914	690,965,614
Adjusted shareholders' equity	694,522,914	690,965,614
Net obligations to equity	1.55	1.48

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 December 2024 (Unaudited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets						
Trade receivables	384,724,516	384,724,516	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	976,543	--	--	976,543
Cash and cash equivalents	47,651,455	47,651,455	--	--	--	--
	432,375,971	432,375,971	976,543			976,543
Financial liabilities						
Loans and facilities	864,094,607	864,094,607	--	--	--	--
Trade payables	100,424,175	100,424,175	--	--	--	--
Dividends payable	567,452	567,452	--	--	--	--
Accrued expenses and other payables	40,527,329	40,527,329	--	--	--	--
Zakat provision	17,466,077	17,466,077	--	--	--	--
	1,023,079,640	1,023,079,640	--	--	--	--

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15. FINANCIAL RISK MANAGEMENT (CONTINUED)

15/5 Capital management (continued)

	30 September 2024(Audited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets						
Trade receivables	400,865,251	400,865,251	--	--	--	--
Cash and cash equivalents	71,018,805	71,018,805	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	1,090,321	--	--	1,090,321
	<u>471,884,056</u>	<u>471,884,056</u>	<u>1,090,321</u>	<u>--</u>	<u>--</u>	<u>1,090,321</u>
Financial liabilities						
Loans and facilities	850,055,849	850,055,849	--	--	--	--
Trade payables	82,471,052	82,471,052	--	--	--	--
Dividends payables	567,562	567,562	--	--	--	--
Accrued expenses and other payables	42,268,412	42,268,412	--	--	--	--
Zakat provision	16,653,621	16,653,621	--	--	--	--
	<u>992,016,496</u>	<u>992,016,496</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

16. SUBSEQUENT EVENTS

On January 5, 2025, Al Yamamah Steel Industries Co. announces Contract sign off to supplying steel towers with Trading & Development Partnership, for the project to construct a 380 K-V ultra-high voltage line in the eastern region, the value is SAR 97,548,078.

Management believes that there are no significant subsequent events since the end of the period that may affect the group's financial position or the disclosures in the financial statements.

17. COMPARATIVE FIGURES

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

18. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on Shaaban 10, 1446H, corresponding to February 9, 2025.