

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

Qualified Opinion:

We have audited the consolidated financial statements of Saudi Cable Company –Saudi Joint Stock Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, except for the potential effects of the matters described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements fairly present, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and its consolidated financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for chartered and professional Accountants (“SOCPA”).

Basis for Qualified Opinion:

Management has assigned independent expert to conduct an impairment test for the property, plant, and equipment as disclosed in note (6) included in the notes to the consolidated financial statements for the year ended December 31, 2024. Due to noncompliance of the used assumptions with requirements of IAS 36 “Impairment of Assets”, we were unable to obtain adequate and appropriate audit evidence regarding the reasonableness of the assumptions used, or to verify the accuracy of the recoverable amount of property, plant, and equipment. Accordingly, we were unable to determine whether an impairment of property, plant, and equipment should be recognized and the impact on the accompanying consolidated financial statements.

We conducted our audit in accordance with the International Standards on Auditing as adopted in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further explained in the section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" in our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants as adopted in the Kingdom of Saudi Arabia, and relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with that code. In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 of the consolidated financial statements which indicates that for the year ended December 31, 2024, the Group incurred a net profit of SAR 49 million (2023: net profit of SAR 18 million), and the Group's accumulated losses have reached SAR 477 million (2023: SAR 525 million), representing 714 % (2023: 787 %) of the Group's share capital. Further, the Group current liabilities exceeded its current assets by SAR 907 million as at December 31, 2024 (2023: SAR 845 million). These conditions, along with other matters, cast a significant doubt about the Group's ability to continue as a going concern and its ability to meet its obligations when it becomes due.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Material Uncertainty Related to Going Concern (Continued)

In this respect the management has prepared five years forecast which exhibits net profit from year 2025, the plan includes certain assumptions in respect of cash injection via rights issue, revenue growth based on pipeline orders and quotations, creditors and shareholders voting on the process of Financial Restructuring Procedure (FRP). These elements are future events and hence contain material uncertainty as to the outcome. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw your attention to note 30 to the consolidated financial statements where it shows that the Group has a court in Turkey issued a verdict in favor of Mass Kablo Yatırım ve Tic. A.Ş for a case filed by the minority shareholders of its subsidiary. An appeal against the verdict has been presented by said minority shareholders. However, based on a legal opinion obtained from an independent counsel which is of view that the decision of Court of Appeal will not be different from the original decision issued by court of first instance.

In this respect the Board of Directors of the Group decided on 22 Shabaan 1445H, corresponding to March 3, 2024, to exit of its investments in Turkey, by disposing of them by sale or in any other way as permitted by Turkish law. As these companies did not achieve the desired returns and continued to achieve losses during the past years despite the solutions and treatments carried out by successive administrations to no avail and strengthening the opinion of local and international legal advisors to support the exiting decision. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the material uncertainty related to going concern and emphasis of matter section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matters	How the matter was addressed in our audit
Revenue recognition During the year ended December 31, 2024, the Group's revenue approximately amounted to SAR 68.4 million (2023: SAR 30.7 million). The group continues to be under pressure to meet goals and expectations which may lead to misstatement in revenue. Revenue Recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions. <i>Refer to note 3 for accounting policies and related disclosure in note 23 on the accompanying consolidated financial statements.</i>	We have performed the following procedures regarding revenue recognition: • Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 as endorsed in the Kingdom of Saudi Arabia "Revenue from Contracts with Customers". • Evaluating the design and effectiveness of internal control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with Group's policy. • Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period. • Testing revenue transactions, on sample basis and verifying supporting documents, which included receipts signed by the customers, to ensure the accuracy and validity of revenue recognition.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in our audit
Assessment far the impairment of investments in associate As of December 31, 2024, the carrying amount of investments in associates was SAR 486 million (2023: SAR 347 million), representing 64% (2023: 61%) of the group's total assets. Management's assessment of the assumptions used in the assessment regarding the presence of impairment indicators required significant attention from the auditor. Please refer to Note 3 Summary of Significant Accounting Policies and Note 10 Investments in Associates.	• We assessed the appropriateness of management's significant judgments, estimates, and assumptions regarding the presence of impairment indicators. • We reviewed the audited financial statements of the associate. We have sent and received the group's audit instructions from the associate's external auditor and confirmed the effectiveness of the audit procedures. • We reviewed the associate's financial statements and confirmed the accuracy of the equity method adjustments. • Studying financial performance, especially indicators such as accumulated losses, decrease in revenues, or erosion of equity. • We also assessed the reasonableness and adequacy of the disclosures in the consolidated financial statements in accordance with International Financial Reporting Standard No. (28) and (36).

Other Information Included in the Group's Annual Report for the Year Ended December 31, 2024

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended December 31, 2024, other than the consolidated financial statements and the auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the consolidated financial statements, it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the consolidated financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information of the Group for the year ended on December 31, 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's Articles of Association, and for

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (CONTINUED)

such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

For Al-Kharashi Co.



Abdullah S. Al-Msned
C.A. License No. 456

Shawwal 16, 1446H
April 14, 2025



SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

	Note	December 31, 2024	December 31, 2023 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	6	43,430	57,309
Right of use assets	8.1	2,942	3,990
Intangible assets	9	1,128	--
Investment in associates	10	486,038	346,564
Accounts receivable and retentions receivable	11	7,057	7,070
TOTAL NON-CURRENT ASSETS		540,595	414,933
CURRENT ASSETS			
Accounts receivable and retentions receivable	11	68,162	67,156
Inventories	12	58,285	17,962
Prepaid expenses and other debit balances	13	45,262	31,731
Unbilled contract asset	14	12,280	10,063
Assets classified held for sale and discontinued operation	15	927	20,696
Cash and cash equivalents	16	13,983	7,848
TOTAL CURRENT ASSETS		198,899	155,456
TOTAL ASSETS		739,494	570,389
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	66,729	66,729
Hedging reserve		9,368	(5,951)
Foreign currency translation reserve		(6,550)	(6,259)
Actuarial valuation reserve		(12,231)	(12,332)
Accumulated losses		(476,757)	(525,515)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		(419,441)	(483,328)
Non-controlling interest		--	--
TOTAL EQUITY		(419,441)	(483,328)
NON-CURRENT LIABILITIES			
Retentions payable		3,404	3,435
Employees' benefit obligations	18	47,172	46,307
Lease liabilities – non-current portion	8.2	2,544	3,474
TOTAL NON-CURRENT LIABILITIES		53,120	53,216
CURRENT LIABILITIES			
Term loans and borrowings	17	104,290	104,290
Provision for zakat and income tax	19	264,372	264,372
Accounts payable, accrued expenses and other liabilities	21	680,643	628,990
Due to related parties	20	54,380	--
Lease liabilities – current portion	8.2	2,130	2,849
TOTAL CURRENT LIABILITIES		1,105,815	1,000,501
TOTAL LIABILITIES		1,158,935	1,053,717
TOTAL EQUITY AND LIABILITIES		739,494	570,389

Abdulaziz Bin Muhammad Batarfi

Chief Financial Officer

Khalid Bin Asaad Khashogji

Managing Director and CEO

Abdullah Bin Odah AlGhobain

Chairman of the Board of Directors

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

	Note	December 31, 2024	December 31, 2023 (Restated)
CONTINUED OPERATIONS			
Revenue	23	44,079	30,678
Cost of revenue	24	(63,001)	(98,841)
GROSS LOSS		(18,922)	(68,163)
General and administrative expenses	25	(34,456)	(37,439)
Selling and distribution expenses	26	(3,912)	(942)
VAT Penalties, reversal / (formed)	19	14,477	(14,477)
Expected credit losses	27	(23,228)	22,726
OPERATING LOSS FOR THE YEAR		(66,041)	(98,295)
Finance costs, net	28	(1,219)	(1,325)
Share of result of an associate	10	127,258	73,981
Provision for net assets of discontinued operating	15.1	17,517	29,628
Provision of net assets of subsidiaries		(2,874)	--
Other (loss) income, net	29	(6,267)	7,796
PROFIT BEFORE ZAKAT AND INCOME TAX		68,374	11,785
Zakat and income tax	19	(2,099)	35,647
PROFIT FOR THE YEAR FROM CONTINUED OPERATION		66,275	47,432
DISCONTINUED OPERATION			
Net loss from discontinued operating after tax	15.1	(17,517)	(29,628)
PROFIT FOR THE YEAR AFTER DISCONTINUED OPERATION		48,758	17,804
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in actuarial valuation reserve	18	101	894
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Changes in foreign currency translation reserve	10	(291)	(270)
Hedging reserve	10	15,319	(5,274)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		15,129	(4,650)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		63,887	13,154
<u>Net income for the year attributable to</u>			
Parent Company shareholders		48,758	17,804
Non-controlling interests		--	--
		48,758	17,804
<u>Total comprehensive net income attributable to</u>			
Parent Company shareholders		63,887	13,154
Non-controlling interests		--	--
		63,887	13,154
<u>Earnings per share (basic and diluted):</u>			
Basic and diluted earnings profit per share from Continuing operations	31	9.93	7.11
Basic and diluted losses per share from discontinuing operations	31	(2.63)	(4.44)

Abdulaziz Bin Muhammad Batarfi

Chief Financial Officer

Khalid Bin Asaad Khashogji

Managing Director and CEO

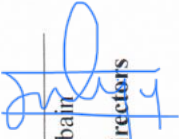
Abdullah Bin Odah AlGhobain

Chairman of the Board of Directors

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024**
(Expressed in thousands of Saudi Arabian Riyals)

Equity attributable to the shareholders of the Parent Company							
Note	Share capital	Hedging reserve	Foreign		Actuarial valuation reserve	Accumulated losses	Non-controlling interest
			currency translation reserve	reserve			
Balance at January 1, 2023	66,729	(677)	(5,989)	(13,226)	(543,319)	(496,482)	(7,181)
Profit for the year	--	--	--	--	17,804	17,804	--
Other comprehensive (loss) income for the year	--	(5,274)	(270)	894	--	(4,650)	--
Total comprehensive (loss) income for the year	--	(5,274)	(270)	894	17,804	13,154	--
Results from deconsolidated subsidiary (Mass Kablo)	--	--	--	--	--	--	7,181
Balance at December 31, 2023 (restated)	66,729	(5,951)	(6,259)	(12,332)	(525,515)	(483,328)	--
Balance at January 1, 2024 (restated)	66,729	(5,951)	(6,259)	(12,332)	(525,515)	(483,328)	--
Profit for the year	--	--	--	--	48,758	48,758	--
Other comprehensive (loss) income for the year	--	15,319	(291)	101	--	15,129	--
Total comprehensive (loss) income for the year	--	15,319	(291)	101	48,758	63,887	--
Balance at December 31, 2024	66,729	9,368	(6,550)	(12,231)	(476,757)	(419,441)	--

		
Abdulaziz Bin Muhammad Batarfi	Khalid Bin Asaad Khashogji	Abdullah Bin Odah AlGhobain
Chief Financial Officer	Managing Director and CEO	Chairman of the Board of Directors

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

	Note	December 31, 2024	December 31, 2023 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before Zakat and income tax		68,374	11,785
Loss before zakat and income tax from discontinued operation	15.1	(17,517)	(29,628)
Profit (loss) before zakat and income tax		50,857	(17,843)
Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flows:			
Depreciation and amortization		14,936	19,238
Gain from leases disposals		(28)	--
(Reversal) / forming of vat penalties		(14,477)	14,477
Expected credit losses	27	23,441	(22,728)
Allowance for slow-moving and obsolete inventories		--	5,116
Share from an associate result	10	(127,258)	(73,981)
Reversal of Provision for net assets of discontinued operations		(17,517)	(29,628)
Provision for net assets of subsidiaries		2,874	--
Provision for employees' benefit obligations		4,036	6,743
Finance cost		1,219	1,325
Changes in working capital:			
Inventories		(40,323)	8,508
Accounts and retentions receivable		(2,692)	27,990
Prepaid expenses and other debit balances		(20,796)	138,898
Unbilled contract asset		(2,217)	(7,315)
Due from a related party		-	1,402
Accounts payables, accrued expenses and other liabilities		65,121	(99,591)
Due to related parties		54,380	--
Cashflows (used in) operating activities		(8,444)	(27,389)
Paid Zakat and income tax		(2,099)	--
Finance cost paid		--	(1,325)
Employees' benefit obligations paid		(3,070)	(664)
Net cash (used in) operating activities		(13,613)	(29,378)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment		(1,184)	(765)
Net assets of subsidiary held for sale		19,769	(8,471)
Dividends received from an associate	10	2,812	21,617
Net cash generated from investing activities		21,397	12,381
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in lease liabilities	8	(1,649)	(2,157)
Net cash (used in) financing activities		(1,649)	(2,157)
Net changes in cash and cash equivalents		6,135	(19,154)
Cash and cash equivalents at the beginning of the year		7,848	27,002
Cash and cash equivalents at the end of the year		13,983	7,848

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

	Note	December 31, 2024	December 31, 2023
NON-CASH TRANSACTIONS			
Hedging reserve adjustments		15,319	(5,274)
Movement in foreign currency translation reserve	10	(291)	270
Transfers from capital work in progress		1,313	--
Actuarial gain (loss) from revaluation of employees' benefit obligation		101	394



Abdulaziz Bin Muhammad Batarfi

Chief Financial Officer



Khalid Bin Asaad Khashogji

Managing Director and CEO



Abdullah Bin Odah AlGhobain

Chairman of the Board of Directors

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Cable Company (“the Parent Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030009931 dated Rabi Al Thani 27, 1396H, (corresponding to April 27, 1976).

The Group’s (“Parent Company” and its “subsidiaries”) activities comprises manufacturing and supplying electrical and telecommunication cables, copper rod, PVC compounds, wooden reels and related products. The Group is also engaged in the contracting, trading, distribution and supply of cables, electronic products, information technology products and related accessories.

The registered head office of the Parent Company is located at the following address:

Saudi Cable Company
P. O. Box 4403, Jeddah 21491
Kingdom of Saudi Arabia

STRUCTURE OF THE GROUP

These consolidated financial statements include assets, liabilities, and the results of the operations of the Parent Company and its following subsidiaries and associates collectively referred to as “the Group”:

Company's name	Principal activities	Country of incorporation	Percentage of ownership	
			As of December 31, 2024	2023
Domestic				
Saudi Cable Company for Marketing Limited	Purchase and sale of electrical cables and related products	Saudi Arabia	100%	100%
Mass Projects for Power and Telecommunications Limited	Turnkey power and telecommunication projects	Saudi Arabia	100%	100%
Mass Centres for Distribution of Electrical Products Limited	Electrical and telecommunication distribution service	Saudi Arabia	100%	100%
International				
Saudi Cable Company (U.A.E)	Sale of cables and related products	United Arab Emirates	100%	100%
Mass International Trading Company Limited (note b)	International trading	Ireland	100%	100%
Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (note b)	Holding Company (Previously Mass Holding Company)	Turkey	100%	100%
Elimsan Salt Cihazlari ye Eletromeanik San ve Tic. A.S	Manufacturing and distribution of electronis gears and goods	Turkey	94%	94%
Eliman Metalurji ve Makine San. Ve Tic A.S.	Manufacturing and distribution of electronis gears and goods	Turkey	100%	100%
Fairhaven Holding Limited	Holding	Seychelles	100%	100%
Kablat Holding Limited	Holding	Malta	100%	100%
Gozo Gayrimenkul Anonim Sirketi	Holding	Turkey	100%	100%
Valleta Gayrimenkul Anonim Sirketi	Holding	Turkey	100%	100%
The Group has the following investment in equity accounted investees:				
Accosiates:				
Midal Cables B.S.C.(c)	Conductors & related products	Bahrain	50%	50%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

The group has the following branches inside and outside Saudi Arabia

Branch	CR number
Saudi Cable Branch – Riyadh	1010037248
Saudi Cable Branch – Khobor	7011228769
Saudi Cable Branch – Bahrain	50152-1
Saudi Cable Branch – Qatar	34948

- a) All subsidiaries and equity accounted investees have the same year-end as the Parent Company.
- b) Some subsidiaries are not operational (dormant).
- c) The Group decided on Shabaan 22, 1445H, corresponding to March 3, 2024, to exit of its investments in Turkey, by disposing of them by sale or in any other way as permitted by Turkish law. As these companies did not achieve the desired returns and continued to achieve losses during the past years despite the solutions and treatments carried out by successive administrations to no avail and strengthening the opinion of local and international legal advisors to support the exiting decision.

Sustainability and ESG (Environmental, Social, and Governance)

As part of Group's commitment to sustainability and responsible business practices, the company continues to integrate Environmental, Social, and Governance (ESG) principles into its operations while strengthening risk management to ensure business continuity and mitigate potential impacts on operations.

Key sustainability efforts include:

- **Environmental Impact:** Takween is implementing initiatives to improve energy efficiency, optimize resource utilization, and reduce its carbon footprint. The company has also adopted sustainable manufacturing practices aimed at minimizing waste and increasing recycling efforts across all its facilities.
- **Social Responsibility:** The company prioritizes workforce development, diversity, and inclusion, with a Saudization rate of 30%, alongside efforts to enhance the participation of women and people with disabilities in the workplace. Investments in employee training and workplace safety have resulted in zero lost-time work injuries in 2024.
- **Governance and Risk Management:** Takween is committed to implementing best governance practices to ensure regulatory compliance, enhance transparency, and promote accountability. The company also follows a comprehensive risk management framework aimed at identifying and analyzing operational and strategic risks, implementing necessary mitigation measures to ensure business continuity and protect the interests of investors and stakeholders.

Going concern

The Group incurred a net profit of SAR 48.8 million for the year ended December 31, 2024 (2023: net profit of SAR 17.8 million), and the Group's accumulated losses have reached SAR 476.8 million (2023: SAR 525.5 million), representing 714% (2023: 787%) of the Group's share capital. Further, the Group current liabilities exceeded its current assets by SAR 907 million as at December 31, 2024 (2023: SAR 845 million). These conditions, along with other matters, cast a significant doubt about the Group's ability to continue as a going concern and its ability to meet its obligations when it becomes due.

The Group's management has prepared an assessment of going concern. The assessment assumes the possibilities of cash injection via rights issue, revenue growth based on pipeline orders and quotations and approval on the proposal of the Financial Restructuring Procedure (FRP). Consequently, the management has concluded that the going concern assumption is valid and has accordingly prepared these interim condensed consolidated financial statements on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards “IFRS” that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in note 3 of these consolidated financial statements.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is also the Group’s functional and reporting currency. All financial information presented in SAR has been rounded to the nearest thousand except where otherwise indicated.

Critical accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Significant judgement include assessment of going concern the details of which are included in note 1.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives and residual value of property, plant, and equipment and intangible assets

The Group's management determines the estimated useful lives of its property, plant, and equipment and intangible assets for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates.

Allowance for inventory losses

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to the introduction of new models or technology by the specific manufacturer and both existing and emerging market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
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2. BASIS OF PREPARATION (CONTINUED)

Provision for expected credit losses (ECL) of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 27.

Provisions and contingencies

Provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Impairment of non-financial assets

The Group assesses at each reporting date or more frequently, if events or changes in circumstances indicate whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs to sell, or its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is decreased to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

Employee benefit obligations

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefit obligations are provided in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
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2. BASIS OF PREPARATION (CONTINUED)

Leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, except for new standards adopted during the year as disclosed in note 4, in the preparation of these consolidated financial statements.

Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2024. 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 power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (“OCI”) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of profit or loss. Any investment retained is recognized at fair value. These consolidated financial statements comprising the financial statements the Parent Company and its subsidiaries as set out in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Parent Company.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in the OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of results of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized as profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation.

These are recognized as OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Saudi Riyals at exchange rates at the reporting date. Dividends received from foreign associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of other comprehensive income.

When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to the consolidated statement of profit or loss as part of the profit or loss on disposal. On the partial disposal (without loss of control) of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in the foreign exchange translation reserve via other comprehensive income.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification (CONTINUED)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Property, plant, and equipment

Recognition and measurement

Items of property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When significant parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant, and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in consolidated statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property, plant, and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant, and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

Capital work-in-progress

Capital work-in-progress is carried at cost less, any recognized impairment loss and is capitalized as property, plant, and equipment when ready for the intended use.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. A depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets, development cost of leasehold land and building on leasehold land are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment (continued)

Depreciation (continued)

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For discussion on impairment assessment of property, plant, and equipment. The estimated useful lives are as follows:

Description	Years
Buildings	15-50
Machinery, equipment, and vehicles	4-20
Furniture, fixtures and office equipment	4-10

Projects under construction

Projects under construction are measured at cost which comprises construction costs, equipment, and related direct costs. Projects under construction which will be used by the Group are not depreciated until its ready for use where its transferred to property, plant and equipment or investment properties based on the nature of asset use.

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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(Expressed in thousands of Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the investment properties and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of investment properties are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in consolidated statement of profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15 – “Revenue from Contract with Customers”.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the depreciated value at the date of change in use.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets (CONTINUED)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in the section of Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Inventories

Inventories represent spare parts and other supplies. These are measured at lower of cost and net realisable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non- Current assets held for sale and discontinued operations

The results of discontinued operations are presented separately in the consolidated statement of profit and loss and other comprehensive income. Current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Non- Current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This is the case when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan has been initiated. Further, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

Non- Current assets held for sale are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group continued to be recognized.

Non- Current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, cash at banks and other short-term highly liquid deposits / investments with original maturities of three month or less, if any, which are available to the Group without any restrictions. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group's financial assets consist of cash and bank balances, trade receivables, investments at fair value through other comprehensive income, investment in associates, unbilled revenue, due from related parties and financial liabilities consist of long-term loans and bank facilities, due to related parties trade and other payables.

i) Financial assets

Initial recognition and measurement

Financial assets at initial recognition are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

i) Financial assets (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) Financial assets at amortised cost
- b) Financial assets at fair value through OCI (FVOCI)
- c) Financial assets at fair value through profit or loss (FVTPL)

a) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of profit or loss when the asset is derecognized, modified, or impaired.

Debt instruments

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including consolidated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income.

Business model assessment

The Group makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group stated objective for managing the financial assets is achieved and how cash flows are realized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

i) Financial assets (continued)

Business model assessment (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVIS because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit ("SPPP" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic financing costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money- e.g. periodical reset of profit rates.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. All financial liabilities are recognized initially at fair value and, in the case of financing and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities at amortised cost

After initial recognition, financial liabilities, other than at fair value through profit or loss are measured at amortised cost using the EIR method. Gains and losses as a result of unwinding of profit cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss and other comprehensive income.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

iii) Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) The Group has transferred substantially all the risks and rewards of the asset, or
 - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

iv) Offsetting of financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities at amortised cost (continued)

Impairment of financial and non-financial assets

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro rata basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial and non-financial assets (continued)

Non-financial assets (continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Actuarial valuation reserve

Short-term employee benefits

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

Post-employment benefits

The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses, are recognized immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in employee costs in the consolidated statement of profit or loss and other comprehensive income.

Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognizes a liability to pay a dividend when the distribution is authorised and no longer at the discretion of the Group. As per the by-laws of the Group, distribution is authorised when it is approved by the shareholders. Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders. A corresponding amount is recognized directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash dividend and non-cash distribution to equity holders of the Parent (continued)

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss and other comprehensive income.

Revenue

The Group through its subsidiaries, jointly controlled entity and associates is engaged in the following businesses:

Critical judgements in recognizing revenue and allocating transaction price

Cable manufacturing and installation

Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the products or services. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring goods or providing services. The expected costs associated with the base warranties continue to be recognized as expense when the products are sold. The Group does not provide extended maintenance coverage beyond the base warranties. The Group does not have any material significant payment terms as payment is received in advance, at or shortly after the point of sale.

Performance Obligations

In most cases, the entire contract is accounted for as a performance obligation. Less commonly, however, the Group may promise to provide distinct goods or services within a contract in which case the contracts are separated into more than one performance obligation. Mostly the Group sells standard products with observable standalone sales. In such cases, the observable standalone sales are used to determine the standalone selling price.

Timing of revenue recognition

The Group generally recognizes revenue at a point in time except for certain long-term contracts, which are on a cost-to-cost method. The Group transfers control and recognizes a sale when the product is delivered to the customer, for the majority of the revenue contracts. The amount of consideration received, and revenue recognized rarely changes. The Group adjusts the estimate of revenue, if any, at the earlier of when the most likely amount of consideration expected to be received changes or when the consideration becomes fixed. Management uses an observable price to determine the stand-alone selling price for separate performance obligations or a cost-plus margin approach when one is not available.

Cash received in advance of revenue being recognized is treated as current deferred revenue and classified under advances from customers, except for the portion expected to be settled beyond 12 months of the consolidated statement of financial position date, which is classified as non-current deferred revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

Timing of revenue recognition (continued)

The timing of revenue recognition, billings and cash collections results in billed accounts receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the consolidated statement of financial position. In most instances, amounts are billed as work progress in accordance with agreed-upon contractual terms, upon achievement of contractual milestones. These assets and liabilities are reported on the consolidated statement of financial position on a contract-by-contract basis at the end of each reporting period. In certain instances, deposits are generally received from customers upon contract execution and upon achievement of contractual milestones. These deposits are liquidated when revenue is recognized.

Contract Assets — Contract assets include unbilled amounts typically resulting from sales under long-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current, except when the contract is greater than 12 months.

Contract Liabilities — the contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue. The Group may also receive up-front payments, which in most cases are recognized ratably over the contract term OR adjusted against the subsequent invoices.

The contract assets and liabilities are reported in a net position on a contract by-contract basis at the end of each reporting period.

Expenses

Direct cost

Direct cost represents all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to depreciation of property, plant and equipment, amortization of intangibles, directly attributable employee related costs etc.

Selling, and distribution expenses

These include any costs incurred to carry out or facilitate the selling activities of the Group. These costs typically include the salaries of the sales staff, marketing, distribution, and logistics expenses. These also include allocations of certain general overheads.

General and administrative expenses

These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to direct cost or selling, and distribution expenses.

Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administration expenses, where required, is made on a consistent basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs comprise of interest expense on loans and bank facilities, unwinding of the discount on long term provisions.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in consolidated statement of profit or loss and other comprehensive income, using the effective interest method.

Zakat and taxation

Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Provision for zakat for the Group and zakat related to the Group’s ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss and other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid for the current year to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the brought forward unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zakat and taxation (continued)

Deferred income tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Withholding tax

The Group companies withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Business segment is group of assets, operations or entities:

- engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
- the results of its operations are continuously analyzed by Group's executive management (Finance and operations) in order to make decisions related to resource allocation and performance assessment; and
- for which financial information is discretely available.

Segment results that are reported to the Group's executive management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- Sale of goods.
- contract revenue.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Trade and retentions receivables

Trade and retentions receivables are amounts due from customers for products sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and retentions receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Subsequent recoveries of amount previously written-off are credited to profit or loss against "General and administrative expenses."

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4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Non-current liabilities with covenants and Classification of Liabilities as Current or Noncurrent Amendment	January 1, 2024	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted for certain new standards and amendments; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 27	Lack of exchangeability	January 1, 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2025	- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2025	This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: - the structure of the statement of profit or loss. - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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6. PROPERTY, PLANT, AND EQUIPMENT

	Buildings	Machinery, equipment, and vehicles	Furniture, fixtures, and office equipment	Capital work in progress	Total
December 31, 2024					
<u>Cost:</u>					
At the beginning of the year	194,448	684,222	109,012	3,038	990,720
Additions during the year	--	1,009	175	--	1,184
Disposal during the year	(134)	--	--	--	(134)
Transfers during the year	--	--	15	(1,328)	(1,313)
At the end of the year	194,314	685,231	109,202	1,710	990,457
<u>Accumulated depreciation:</u>					
At the beginning of the year	156,789	668,247	108,375	--	933,411
Charge for the year	3,095	10,440	215	--	13,750
Disposal during the year	(134)	--	--	--	(134)
At the end of the year	159,750	678,687	108,590	--	947,027
Net book value:					
December 31, 2024	34,564	6,544	612	1,710	43,430

	Parcels of land	Buildings	Machinery, equipment, and vehicles	Furniture, fixtures, and office equipment	Capital work in progress	Total
December 31, 2023						
<u>Cost:</u>						
At the beginning of the year	142,293	284,673	898,000	133,344	5,780	1,464,090
Additions during the year	--	--	730	168	(133)	765
Discontinued operations during the year	(130,068)	(77,840)	(214,508)	(24,500)	(2,609)	(449,525)
Disposals during the year	(12,225)	(12,385)	--	--	--	(24,610)
At the end of the year	--	194,448	684,222	109,012	3,038	990,720
<u>Accumulated depreciation:</u>						
At the beginning of the year	--	221,910	857,283	131,994	--	1,211,187
Charge for the year	--	37	17,605	312	--	17,954
Discontinued operations during the year	--	(52,773)	(206,641)	(23,931)	--	(283,345)
Disposals during the year	--	(12,385)	--	--	--	(12,385)
At the end of the year	--	156,789	668,247	108,375	--	933,411
Net book value:						
December 31, 2023	--	37,659	15,975	637	3,038	57,309

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6. PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

- a) At December 31, 2024 the cost of SAR 1.3 million has been transferred to Intangible assets as its related to SAP implementation.
- b) At December 31, 2024 certain assets with a net book value of SAR 43.43 million (2023: SAR 57.31 million) were pledged against term loans and borrowings (note 17.c) as collateral.
- c) Property, plant, and equipment disposals during the year included the value of land and the related buildings for Killo 12 in Makka Road which demolished by the Saudi government agencies for the development of slums in Jeddah with net book value amounted to SAR 12,225 thousand. The Group management follows up with the government to receive compensation from the competent authorities in exchange for expropriation.

6.1 Depreciation charge for the year has been allocated as follows:

	Note	2024	2023
Cost of goods sold	24	12,395	16,438
Cost of contract revenue	24	857	586
General and administrative expenses	25	469	930
Selling and distribution expenses	26	29	--
		13,750	17,954

7. INVESTMENT PROPERTIES

	2024	2023
<u>Cost:</u>		
At the beginning of the year	--	3,934
Transferred to discontinued operations	--	(3,934)
At the end of the year	--	--
<u>Depreciation:</u>		
At the beginning of the year	--	1,208
Charge for the year	--	60
Transferred to discontinued operations	--	(1,268)
At the end of the year	--	--
Net book value	--	--

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8. LEASES

8.1 Right of use assets:

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	Note	2024	2023
<u>Cost:</u>			
At the beginning of the year		8,328	11,125
Disposals during the year		(193)	--
Transferred to assets classified as held for sale	15.2	--	(2,797)
At the end of the year		8,135	8,328
<u>Depreciation:</u>			
At the beginning of the year		4,338	4,446
Charge for the year		1,001	1,224
Disposals during the year		(146)	--
Transferred to assets classified as held for sale	15.2	--	(1,332)
At the end of the year		5,193	4,338
Net book value		2,942	3,990

The depreciation expense was charged to the consolidated statement of profit and loss within costs of revenue.

8.2 Lease liabilities

	2024	2023
Lease liabilities (a)	4,674	6,323
Less: non -current portion	(2,544)	(3,474)
Lease liability- current portion	2,130	2,849

a) Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Note	2024	2023
At the beginning of the year		6,324	8,480
Disposals during the year		(599)	--
Transferred to assets classified as held for sale	15.2	--	(1,925)
Unwinding of lease liability		175	282
Payments made		(1,226)	(514)
At the end of the year		4,674	6,323
Less: non -current portion		(2,544)	(3,474)
Lease liability- current portion		2,130	2,849

The weighted average incremental borrowing rate applied to lease liabilities was 4.0% (2023: 4.0%).

8.3 The following are the amounts recognized in profit or loss:

	Note	2024	2023
Depreciation expense of right-of-use assets		1,001	1,224
Financial charges on lease liabilities	28	175	282
Total amount recognized in profit or loss		1,176	1,506

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9. INTANGIBLE ASSETS

	Development costs	Rights and Licenses	Total
December 31, 2024			
<u>Cost:</u>			
At the beginning of the year	27,791	6,757	34,548
Transferred from capital work in progress	--	1,313	1,313
At the end of the year	27,791	8,070	35,861
<u>Depreciation:</u>			
At the beginning of the year	27,791	6,757	34,548
Charge for the year	--	185	185
At the end of the year	27,791	6,942	34,733
Net book value	--	1,128	1,128

	Development costs	Rights and licenses	Total
December 31, 2023			
<u>Cost:</u>			
At the beginning of the year	27,791	6,757	34,548
At the end of the year	27,791	6,757	34,548
<u>Accumulated amortization:</u>			
At the beginning of the year	12,483	1,797	14,280
Impairment	15,308	4,960	20,268
At the end of the year	27,791	6,757	34,548
Net book value	--	--	--

10. INVESTMENT IN ASSOCIATES

The movement in investment in an associate is as follows:

	2024	2023 Restated
At the beginning of the year	346,564	299,744
Share of results, net *	127,258	73,981
Hedging reserve	15,319	(5,274)
Foreign currency translation	(291)	(270)
Dividend received during the year	(2,812)	(21,617)
	486,038	346,564

* Share of results of an associate (net) after considering accounting policies differences. Net increase considering those differences is SAR 117 thousand (2023: Increase of SAR 8 thousand).

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10. INVESTMENT IN ASSOCIATES (CONTINUED)

a) Summarized financial information of the associate is as follows:

Midal Cable B.S.C. (C)	Ownership %	Assets	Liabilities	Revenues	Net profit
2024	50%	2,432,213	1,458,649	4,614,233	254,284
2023	50%	1,956,101	1,225,901	4,419,926	147,945

b) The Parent Company does not have control over management and operations of “Midal Cables B.S.C.(C)”. Accordingly, it is classified as investment in an associate and accounted for as such.

11. ACCOUNTS RECEIVABLE AND RETENTIONS RECEIVABLE

	Note	2024	2023
Accounts receivable, net	11.1	47,091	38,526
Retentions receivable, net	11.2	28,128	35,700
		75,219	74,226
Less: non-current retentions receivable		(7,057)	(7,070)
		68,162	67,156

11.1 The accounts receivable, net comprised of as follows:

	Note	2024	2023
Gross accounts receivable		203,257	189,814
Less: allowance for expected credit losses	11.1 a	(156,166)	(151,288)
Accounts receivable, net		47,091	38,526

a) The movement in allowance for expected credit losses against accounts receivable is as follows:

	Note	2024	2023
At the beginning of the year		151,288	155,907
Charge / (Reversal) during the year	27	4,878	(4,619)
At the end of the year		156,166	151,288

11.2 The retentions receivable, net comprised of:

	Note	2024	2023
Gross Retentions receivable		71,185	81,936
Less: allowance for expected credit losses	11.2 a	(43,057)	(46,236)
Retentions receivable, net		28,128	35,700

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11. ACCOUNTS RECEIVABLE AND RETENTIONS RECEIVABLE (CONTINUED)

- a) The movement in allowance for expected credit losses against retentions receivable, net is as follows:

	Note	2024	2023
At the beginning of the year		46,236	50,332
Reversal during the year	27	(3,179)	(4,096)
At the end of the year		43,057	46,236

12. INVENTORIES

	2024	2023
Raw materials	32,021	21,953
Finished goods	26,012	11,938
Work in process	22,309	6,645
Spare parts and wooden reels	31,106	30,589
	111,448	71,125
Less: allowances for slow moving and obsolete inventories	(53,163)	(53,163)
	58,285	17,962

The movement in allowance for slow moving and obsolete inventories are as follows:

	2024	2023
At the beginning of the year	53,163	51,556
Transferred to assets classified as held for sale	--	(3,509)
Charge during the year	--	5,116
At the end of the year	53,163	53,163

13. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	2024	2023
Guarantee margins and deposits (a)	6,442	8,384
Advances to suppliers	50,021	13,224
prepayments	7,483	7,133
Other receivables	3,058	2,990
	67,004	31,731
Provision for prepaid expenses and other debit balances	(21,742)	--
	45,262	31,731

- a) This amount includes cash deposited amounting to SAR 1.9 million (2023: SAR 8.4 million) with financial institutions to issue guarantees on behalf of the Group.

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14. UNBILLED CONTRACT ASSET

	Note	2024	2023
Gross unbilled contract asset	14.a	18,751	17,155
Less: allowance for expected credit losses	14.b	(6,471)	(7,092)
Unbilled contract asset, net		12,280	10,063
This represents projects in Saudi Arabia and outside Saudi Arabia.			

a) The movement in gross unbilled contract asset is as follows:

	2024	2023
Cost incurred plus profit recognized	1,212,235	1,263,354
Less: progress billings	(1,193,485)	(1,246,199)
Unbilled contract asset	18,751	17,155

b) The movement in allowance for expected credit losses is as follows:

	2024	2023
At the beginning of the year	7,092	7,107
Reversal during the year	(622)	(15)
At the end of the year	6,471	7,092

15. DISCONTINUED OPERATION AND ASSETS CLASSIFIED HELD FOR SALE

	Note	2024	2023
Discontinued operation	15.1	2,328	19,845
Impairment for discontinued operation		(2,328)	(19,845)
Discontinued operation, net		--	--
Assets classified held for sale	15.2	927	20,696
		927	20,696

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15. DISCONTINUED OPERATION AND ASSETS CLASSIFIED HELD FOR SALE (CONTINUED)

15.1 Discontinued operation

The Board of Directors of the Group decided on 22 Shabaan 1445H, corresponding to March 3, 2024, to exit of its investments in Turkey, by disposing of them by sale or in any other way as permitted by Turkish law. As these companies did not achieve the desired returns and continued to achieve losses during the past years despite the solutions and treatments carried out by successive administrations to no avail and strengthening the opinion of local and international legal advisors to support the exiting decision. The court has not yet given the final judgment on this and these actions are out of the company hands, that's Justifying it is still as discontinued operations.

The statement of profit or loss for discontinued operations is as follows:

	2024	2023
Revenue	--	--
Cost of revenue	(2,478)	(16,266)
Gross loss	(2,478)	(16,266)
General and administrative expenses	(1,039)	(1,687)
Selling and distribution expenses	(11)	(1,999)
Finance costs, net	(14,994)	(5,338)
Other losses, net	--	(2,632)
Net loss from discontinued operating before tax	(18,522)	(27,922)
Income tax	1,005	(1,706)
Net loss from discontinued operating after tax	(17,517)	(29,628)

The major classes of assets and liabilities of Mass Kablo Yatirim Ve Ticaret Anonim Sirketi classified as held for sale are, as follows:

	2024	2023
<u>ASSETS</u>		
Property, plant, and equipment, net	156,050	158,705
Investment properties	2,543	2,664
Financial assets at fair value through other comprehensive income	45	45
Inventories	21,437	21,437
Account and retention receivables	614	614
Prepaid expenses and other debit balances	48,039	48,039
Cash and cash equivalents	99	99
TOTAL ASSETS	228,827	231,603
<u>LIABILITIES</u>		
Term loans and borrowings	60,317	45,322
Accounts payable, accrued expenses, other liabilities	165,953	157,381
Employees' benefit obligation	229	9,055
TOTAL LIABILITIES	226,499	211,758
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL MASS KABLO GROUP	2,328	19,845

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15. DISCONTINUED OPERATION AND ASSETS CLASSIFIED HELD FOR SALE (CONTINUED)

15.2 Assets classified held for sale

The Board of Directors of the Group decided on 1 Safar 1445H, corresponding to August 17, 2023, to sale part of Property, plant, and equipment related to telecommunication and fiber optics plants and waiver the leased lands related to these plants. On August 31, 2023, the company signed agreements with a third party to waiver the above leased lands with total amount SAR 20.7 million and agreement was subject to Modon approval which was received during the current year.

The following breakdown of the assets classified held for sale:

	2024	2023
<u>ASSETS</u>		
Property, plant, and equipment, net	927	21,156
Right of use assets	--	1,465
TOTAL ASSETS	927	22,621
<u>LIABILITIES</u>		
Lease liabilities	--	1,925
TOTAL LIABILITIES	--	1,925
Assets classified held for sale, net	927	20,696

16. CASH AND CASH EQUIVALENTS

	2024	2023
Cash in hand	39	135
Cash at banks*	13,944	7,713
	13,983	7,848
Cash and cash equivalents from discontinued operation	99	99
	14,082	7,947

* Included within Cash and cash equivalents is an amount of SAR 10 thousand (December 31, 2023: 10 thousand) which is restricted for use at the option of the Group's management.

17. TERM LOANS AND BORROWINGS

The Group's term loans and borrowings comprised the following:

	Note	2024	2023
Loan from a SIDF	17.a	104,290	104,290
Less: non-current portion of term loans		--	--
Current portion of term loans		104,290	104,290

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17. TERM LOANS AND BORROWINGS (CONTINUED)

17.a) The loan from the Saudi Industrial Development Fund ("SIDF"), was restructured in December 2019. The loan is repayable in 5 unequal installments over the period of 3 years starting December 2020 and carries a fee charged biannually. This loan is secured by certain plant building and machinery. As of December 31, 2023, the Group was in default due to the non-repayment of the loan installments on time. Consequently, the remaining outstanding balance is classified as current liability as per the agreement and included in the list of creditors subject to the proposal of the Financial Restructuring Procedure (FRP).

18. EMPLOYEES' BENEFIT OBLIGATIONS

The movement in the provision of employee benefit obligations are summarized below:

	2024	2023
At the beginning of the year	46,307	63,374
Discontinued operations for the year	--	(9,053)
Included in statement of profit or loss		
Current service cost	2,102	5,291
Interest cost	1,934	1,452
	4,036	6,743
Included in statement of other comprehensive income		
Actuarial gain	(101)	(392)
Benefits paid	(3,070)	(664)
Benefits payable to outgoing members	--	(13,701)
At the end of the year	47,172	46,307

Actuarial assumptions

The defined benefit plan is exposed to many actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk and inflation risk. The following were the principal actuarial assumptions at the reporting date:

	2024	2023
Discount rate	5.50%	4.75%
Future salary growth / expected rate of salary increases	4.50%	4.50%
Retirement age	60 years	60 years

The weighted average duration of the defined benefit obligation is 5.5 years (2023: 6 years).

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied when calculating the employee benefit obligations.

	2024	2023
0.5% change in interest rate:		
Increase in discount rate	(1,159)	(1,233)
Decrease in discount rate	1,290	1,307

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19. ZAKAT AND INCOME TAX

A. Provision for zakat and income tax

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

	2024	2023
At the beginning of the year	264,372	333,491
Charge for the year	2,099	(35,647)
Discontinued operations	--	(33,472)
Amounts paid during the year	(2,099)	--
At the end of the year	264,372	264,372

B. Charge for the year

	2024	2023
Zakat charge for the year related to Saudi shareholders	--	(41,005)
Income tax charge	2,099	5,264
Deferred tax recognized for the year related to non - Saudi shareholder	--	94
Zakat and income tax charge for the year	2,099	(35,647)

Zakat computation for the years ended December 31, 2024, and 2023 was based on the financial statements of the Parent Company and its subsidiaries and submitted a combined tax return. Foreign subsidiaries are subject to income tax in accordance with the tax laws of the countries of their incorporation.

C. Components of zakat base

In March 2024, The Minister of Finance issue a decision No. (1007) entailing approval of issuing the implementing Regulations of Zakat collection (V. 1445H). The decision clarifies that the regulations shall be effective starting from the financial years beginning on 1 January 2024 and beyond, which illustrate all treatment related to Zakat collection, and facilitate the collection procedures within all business sectors, in a way that contributes to raising Zakat payers' voluntary commitments.

The new implementing Zakat regulations included 128 articles, that provide detailed clarifications of many articles, to include more details that raise awareness about Zakat procedures, and to address the challenges facing Zakat payers.

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19. ZAKAT AND INCOME TAX (CONTINUED)

The issuance of New Implementing Regulations for Zakat collection is part of ZATCA's endeavor to enhance the efficiency of Zakat and tax laws, streamline compliance, and address the challenges faced by Zakat payers across various business sectors, contribute to raising compliance and commitment achieving financial sustainability and supporting the national economy, as well as its ongoing endeavor to raise the awareness of all Zakat payers and customers on Zakat, Tax, and customs, provide them with the best possible experience and ensure ease of doing business and facilitating procedures.

Notably, in January 2025 an amendment extended the application period for certain provisions until April 30, 2025, allowing taxpayers additional time to align with the new requirements. These developments underscore the Kingdom's commitment to refining the Zakat system, ensuring clarity and efficiency for all stakeholders.

D. Assessment status

The Parent Company

The Company made a final settlement with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2005 to 2012. Resolution issued on January 29, 2020, by the Zakat and Tax Disputes Settlement Committee in the amount of SAR 65.7 million, provided that the due zakat amounts are paid within 30 days from the settlement date mentioned above, and the Company submitted a request for installments for a period of 12 months and it was approved by the Authority in 10 instalments.

The company paid the down payment of 10% of the amount, in addition to 6 payments, and the remaining amount of SAR 22.5 million.

The Company filed the Zakat declaration for the year 2013. ZATCA requested additional information and documents for the purpose of issuing the final assessment.

The ZATCA issued an assessment for the year 2014 with additional zakat liability of SAR 24.2 million. The Parent Company has appealed against the assessment with the Committee for the Settlement of Tax Violations and Disputes. The decision was issued in favor of the Company accepting the objection and the Company has received a copy of the decision. From the decision dated February 17, 2022, the authority appealed the committee's decision, and the case is still in the process of finalization.

The ZATCA issued the final assessment for the years from 2015 to 2018 with additional zakat liability of SAR 148 million. It was escalated and filed with the General Secretariat of Zakat, Tax and Customs Committees (GSTC), in which a decision was issued by accepting the objection partially, where the zakat differences amounting to SAR 143 million. The Company filed an appeal against the said GSTC's decision with the Tax Violation and Disputes Resolution Committees (ACTVDR). Then Company submitted a request for settlement of the differences to the Settlement Committee and the offer was received on December 5, 2023, amounting to SAR 103.9 million for these years, where the basic amount is SAR 144.9 million and the reduction is SAR 41 million and included in the list of creditors subject to the proposal of the Financial Restructuring Procedure (FRP).

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19. ZAKAT AND INCOME TAX (CONTINUED)

The Company submitted the financial statements and the zakat declaration for the year 2019 ZATCA, and the legal zakat was paid accordingly, and the Company obtained a final zakat certificate.

The Company submitted the financial statements and the Zakat declaration for the years 2020 to 2023 to ZATCA.

During the previous year the Company received a claim from the Zakat, Tax and Customs Authority for penalties for payment delayed of value-added tax on the due date of that tax, with a total amount of SAR 13.6 million. During the current year the due tax has been paid and according to initiative from the zakat and tax authority the penalties have been waived.

Mass Projects for Power & Telecommunications Limited

The ZATCA issued the Zakat assessment for the years from 1998 to 2007 with an additional Zakat liability of SAR 1 million. The Company filed an appeal with Higher Appeal Committee ("HAC") which has not been decided to date.

ZATCA issued Zakat assessments for the years from 2008 to 2012, resulting in Zakat differences of SAR 34.69 million, withholding tax, and late penalties amounting to SAR 195,732. The company filed an objection within the legal period, and the Authority issued a decision partially accepting the objection. The company then filed an objection with the General Secretariat of the Tax Committees, and a decision was issued partially accepting the objection by the First Department for Violations and Tax Disputes. This resulted in Zakat differences of approximately SAR 34 million.

The company appealed this decision to the First Appellate Division for Violations and Income Tax Disputes, and the appeal is still pending before the General Secretariat of the Tax Committees.

ZATCA issued Zakat assessments for the year 2015, resulting in Zakat differences of SAR 7.43 million. The company filed an objection within the legal period, and the Authority issued a decision rejecting the objection entirely. The company then filed an objection with the General Secretariat of the Tax Committees, and a decision was issued rejecting the objection by the First Department for Violations and Tax Disputes. The company appealed this decision to the First Appellate Division for Violations and Income Tax Disputes, and the appeal is still under review by the General Secretariat of the Tax Committees.

ZATCA issued Zakat assessment for the year 2016, resulting in Zakat differences of SAR 2.71 million. The Company filed an objection within the legal period, and the Commission issued a decision rejecting the objection entirely. The company then lodged an objection with the General Secretariat of the Tax Disputes Committees, and a decision was issued rejecting the objection by the First Circle for Violations and Tax Disputes. The company appealed this decision to the First Appeals Circle for Income Tax Violations and Disputes, and the appeal is still under review by the General Secretariat of the Tax Disputes Committees.

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19. ZAKAT AND INCOME TAX (CONTINUED)

D. Assessment status (continued)

ZATCA issued Zakat assessments for the years from 2017 to 2019, resulting in Zakat differences of SAR 6.99 million. The company filed an objection within the legal period, and the Commission issued a decision rejecting the objection entirely. The company then lodged an objection with the General Secretariat of the Tax Disputes Committees, and a decision was issued rejecting the objection by the First Circle for Violations and Tax Disputes. The company appealed this decision to the First Appeals Circle for Income Tax Violations and Disputes, and the appeal is still under review by the General Secretariat of the Tax Disputes Committees.

The Company submitted the financial statements and the Zakat declaration for the years 2020 to 2023 to ZATCA.

During the previous year the Company received a claim from the Zakat, Tax and Customs Authority for penalties for payment delayed of value-added tax on the due date of that tax, with a total amount of SAR 0.89 million. During the current year the due tax has been paid and according to initiative from the zakat and tax authority the penalties have been waived.

Saudi Cable Company for Marketing Limited

ZATCA issued the Zakat assessment for the years from 1996 to 2004 with additional zakat liability of SAR 17 million. The Company filed an appeal which is still under review by ZATCA.

The Company filed the financial statements and Zakat declarations for the years 2009 to 2013 with the ZATCA. ZATCA issued a final assessment on the Company for the years from 2009 to 2013, and zakat differences of SAR 1.25 million.

ZATCA issued a final assessment on the Company for the years from 2014 to 2018 with a value of SAR 23 million. The company objected to it and was rejected by the Authority, and the Company filed an appeal with Committee for the Resolution of Tax Violations and Disputes. The company submitted the objection to the General Secretariat of Tax Committees, and a decision was issued to partially reject the objection by the First Circuit for Resolving Tax Disputes,

according to which the zakat differences amounted to approximately SAR 16.5 million. The Authority filed an appeal against this decision with the First Appellate Circuit for income tax violations and disputes, and the appeal is still ongoing. Presented before the General Secretariat of Tax Committees.

ZATCA issued an estimated assessment for the Company for the year 2020 with a value of SAR 0.25 million.

The Company submitted the financial statements and the Zakat declaration for the years 2019 to 2023 to ZATCA.

Mass Centers for Distribution of Electrical Products Limited

ZATCA issued the Zakat assessment for the years from 1998 to 2007 with additional Zakat liability of SAR 1 million. The Company filed an appeal with Higher Appeal Committee ("HAC") which has not been decided to date.

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19. ZAKAT AND INCOME TAX (CONTINUED)

D. Assessment status (continued)

The Company filed its Zakat returns for the years 2008 to 2010. The ZATCA did not issue the final Zakat assessment for the said years till to date. The subsidiary is dormant and is in the process to file the Zakat returns for the years from 2011 to 2023.

20. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent the shareholders, Directors and key management personnel of the Parent Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the parent Company's management.

a) Significant related party transactions for the year ended December 31 are as follows:

Due to related party

Transactions and balances with	Nature of transactions	Transactions during the year		Balance as of December 31,	
Associate		2024	2023	2024	2023
Midal Cables W. L. L				54,380	--
	Purchase of raw material	320	4,187		
	Dividend received	(57,513)	--		
	Director remuneration	2,813	--		
				54,380	--

b) Remuneration of Board of Directors

Key management includes personnel / executive directors and members of the Board of Directors.

	2024	2023
Meeting attendance fees	746	576
Other remuneration	1,566	--
	2,312	576

In addition to the above remunerations, the common directors of the parent and the associate received a collective amount of SAR 1.5 million from the associate (2023: SAR 2.8 million).

c) The remuneration of the key management personnel during the year was as follows:

	2024	2023
Short-term benefits	3,705	3,380
Post-employment benefit	996	1,794
	4,701	5,174

Short-term benefits include the basic salaries, allowances, and other incentives.

Post-employment benefits include the current service cost for the employee benefit obligations.

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21. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2024	2023
Accounts payable		464,067	399,893
Accrued expenses for employee related obligations		72,846	79,674
Provision for net assets of subsidiaries		10,479	27,923
Accrued finance charges		3,980	2,936
Advances from customers		43,104	27,618
Billing in excess of work performed	21.a	35,565	44,299
Other payables		46,630	42,893
Current portion of retentions payable		3,972	3,754
		680,643	628,990

21.a) This represents billing in excess of work performed related to projects in progress. The amount of SAR 14,196 has been recognized from the opening balances as revenues during the current year 2024.

22. SHARE CAPITAL

The share capital consisted of 6,672,906 shares of Saudi Arabian Riyals 10 each as at December 31, 2024. (As at December 31, 2023: 6,672,906 shares).

On September 29, 2021, the Board of Directors (BOD) resolved in their 8th meeting (2021/8) to reduce the Company's share capital from SAR 360,614,060 (36,061,406 shares) to SAR 262,311,060 (26,231,106 shares) for the purpose restructuring the Company's capital and to absorb 100% of its accumulated losses as of September 30, 2021, amounted to SAR 98,303,000. BOD also resolved to increase the share capital (subsequent to the reduction) from SAR 262,311,060 (26,231,106 shares) to SAR 762,311,060 (76,213,106 shares) to enhance the Company's working capital and operation capacity.

On February 20, 2022 (corresponding to Rajab 19, 1443H), the Shareholders approved in their meeting the reduction of the parent Company's share capital and rejected the BOD recommendation for capital increase. On June 2, 2022, the Board of Directors (BOD) recommended through resolution number 2022/18 to decrease the Parent Company share capital from SAR 262,311,060 (26,231,106 shares) to SAR 66,729,060 (6,672,906 shares) for the purpose of restructuring the share capital and to absorb 100% of its accumulated losses as of March 31, 2022, amounted to SAR 195,582,000.

BOD also recommended increasing the share capital (subsequent to the reduction) from SAR 66,729,060 (6,672,906 shares) to SAR 466,729,060 (46,672,906 shares) to enhance the Company's working capital and operation capacity.

The company appointed a financial advisor to manage the capital reduction operations (without raising capital) and the company submitted its capital reduction application file to the Capital Market Authority.

The capital reduction transaction was approved by the shareholders in their meeting held on July 25, 2022 (corresponding to Dhu Al-Qadah 3, 1443). The reduction was applied, bringing the capital to 66,729,060 Saudi riyals (6,672,906 shares).

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23. REVENUE

	2024	2023
Sale of goods	17,823	17,992
Contract revenue	26,256	12,686
	44,079	30,678

23.a) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	2024	2023
Primary geographic markets		
Foreign countries	26,256	12,686
Saudi Arabia	17,823	17,992
	44,079	30,678
Major products/service lines		
Sale of goods	17,823	17,992
Contract revenue	26,256	12,686
	44,079	30,678
Timing of revenue recognition		
Revenue recognized at a point in time	17,823	17,992
Revenue recognized over time	26,256	12,686
	44,079	30,678

24. COSTS OF REVENUE

	Note	2024	2023
Sale of goods		45,203	85,251
Contract revenue	24.a	17,798	13,590
		63,001	98,841

24.a) Details of cost of contract revenue

	2024	2023
Contract cost	8,480	6,516
Salaries and benefits	5,452	5,225
Depreciation	857	586
Utilities	169	533
Travel and entertainment	72	52
Repairs and maintenance	1,213	45
Transportation	462	344
Other	1,093	289
	17,798	13,590

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

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25. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Salaries and related benefits	20,576	8,580
Legal and professional fees	5,872	13,823
Repairs and maintenance	2,917	5,875
Depreciation	469	930
Bank charges	201	1,012
Utilities	20	2,230
Rent and insurance	2,488	4,212
Printing, stationery, and advertisements	348	53
Traveling and transportation expenses	419	166
Others	1,146	558
	34,456	37,439

26. SELLING AND DISTRIBUTION EXPENSES

	2024	2023
Salaries and related benefits	3,714	825
Depreciation and amortization	29	--
Others	169	117
	3,912	942

27. EXPECTED CREDIT LOSSES

	2024	2023 Restated
Accounts receivable, provided / (Reversed)	4,878	(4,619)
Retentions receivables, Reversed	(3,179)	(4,096)
Accounts receivables of an associate, Reversed	--	(25,652)
Other receivables, provided	21,529	11,641
	23,228	(22,726)

28. FINANCE COSTS, NET

	2024	2023
Financial charges on loans and bank facilities	1,044	1,044
Financial charges on lease liabilities	175	281
	1,219	1,325

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29. OTHER (LOSS) / INCOME

	2024	2023
Net foreign exchange gains	(246)	199
Loss on disposal of property, plant, and equipment	--	(12,225)
Gain on leases disposals	28	10,953
Interest waved by Alrajhi, net	--	8,869
Other (losses) / income	(6,049)	--
	(6,267)	7,796

30. SIGNIFICANT AND SUBSEQUENT EVENTS

The Group applied to open a Financial Restructuring Procedure (FRP) under the Saudi Bankruptcy Law 2016 with a view to enabling the implementation of restructuring and consequently procedure was opened on September 7, 2023, and Mr. Walid bin Muhammad Subhi has been appointed as Officeholder. On March 28, 2024, the company's management received a letter from the Secretary's Office confirming the submission of the financial restructuring proposal for the Saudi Cable Company to the Fourth Commercial Circuit of the Commercial Court in Jeddah, for approving the FRP proposal.

Subsequently, an update occurred to the submission of the company's objection to the list of creditors' claims to the Fourth Circuit of the Commercial Court in Jeddah and the Department's consideration of the submitted objection and the discussion on what was raised in the objection Restructuring Procedure, the judicial session was attended on 07/07/1446H corresponding to 07/01/2025G, and the judicial judgment was issued as follows:

First: Proof of the responsibility of the Financial Restructuring Procedure Trustee, Mr. Waleed bin Mohammed Sobhi, for violating the provisions of the Bankruptcy Law.

Second: Invalidity of the list of creditors' claims submitted to the Court by the Trustee of the Procedure, Mr. Walid bin Muhammad Subhi.

Third: The Court's reversal of its previous decision issued on 23/09/1445H corresponding to 02/04/2024G, which ended with the adoption of the list of creditors.

Fourth: Dismissal of the Trustee of Financial Restructuring Procedure, Mr. Walid bin Muhammad Subhi.

Fifth: Appointing Mr. Khalid bin Abdulaziz bin Yahya Hawsawi as Trustee of the procedure.

The Board of Directors of the Group recommended Shawal 29, 1445H, corresponding to May 08, 2024, to the Extraordinary General Assembly to increase the capital by offering right issue by SAR 400 million, this increase is subject to Capital Market Authority, and other regulatory authorities' approvals in addition to Extraordinary General Assembly approval. This increase leads to restructuring and injecting new funds to provide working capital so that the company can increase operational capacity and support its future activity, as part of the proposed financial regulation plan. The Company has appointed Al Bilad Capital as financial advisor for this transaction.

The Board of Directors of the Group decided on 22 Shabaan 1445H, corresponding to March 3, 2024, to exit of its investments in Turkey, by disposing of them by sale or in any other way as permitted by Turkish law. As these companies did not achieve the desired returns and continued to achieve losses during the past years despite the solutions and treatments carried out by successive administrations to no avail and strengthening the opinion of local and international legal advisors to support the exiting decision.

No significant event occurred since the year end of December 31, 2024, and the date of approval of these consolidated financial statements by board of directors that would have a material impact on the financial position or financial performance of the Group, other than stated above.

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31. PROFIT (LOSS) PER SHARE

Basic and diluted profit (loss) per share for the year have been calculated by dividing the net profit (loss) for the year by the weighted average number of outstanding shares at the year end.

	2024	2023
Ordinary shares as at the beginning of the year	6,672,906	6,672,906
Weighted average number of ordinary shares	6,672,906	6,672,906

The basic and diluted loss per share is calculated as follows:

Continued operations	2024	2023
Profit for the year attributable to ordinary equity holders of the Parent Company	66,275	47,432
Weighted average number of ordinary shares in issue	6,673	6,673
Basic and diluted profit per share (Saudi Riyal)	9.93	7.11

Discontinued operations	2024	2023
Loss for the year attributable to ordinary equity holders of the Parent Company	(17,517)	(29,628)
Weighted average number of ordinary shares in issue	6,673	6,673
Basic and diluted loss per share (Saudi Riyal)	(2.63)	(4.44)

The diluted EPS is the same basic EPS as the Group does not have any dilutive instruments in issue.

32. COMMITMENTS AND CONTINGENCIES

	2024	2023
Letters of Guarantee	1,645	35,429

- a) In addition to providing guarantees in respect of bank facilities available to certain subsidiaries, the Parent Company has also provided undertakings to support such subsidiaries in meeting their liabilities as they fall due.
- b) During the previous year, a court in Turkey issued a verdict in favor of Mass Kablo Yatırım ve Tic. A.Ş for a case filed by the minority shareholders of its subsidiary. An appeal against the verdict has been presented by said minority shareholders. However, based on a legal opinion obtained from an independent counsel which is of view that the decision of Court of Appeal will not be different from the original decision issued by court of first instance. In addition, the Group assessed and recorded a contingent liability amounting to SAR 52.5 million. Further the group has taken full provision on net assets of Mass Kablo Yatırım ve Tic. A.Ş.
- c) For Elimsan Group, within the scope of the financial restructuring process the committee of commissioners are currently reconciling the current balances between the Company and the third parties. The process will be completed once the court appointed experts review and finalize the debts owed to those third parties. In order to account for the same, the Group has recognized a contingent liability of SAR 25.50 million as of the reporting date.

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32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- d) Five bank who lent funds to “Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S” have initiated legal action on taking over the lands of the company kept as a mortgage against the loans obtained. The Subsidiary "Mass Kablo Yatirim Ve Ticaret Anonim Sirketi" has made the necessary objections on the legal cases.
- e) “Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S” currently has three bankruptcy cases against for which the final hearing is expected to be held in November 2023. The subsidiary "Mass Kablo Yatirim Ve Ticaret Anonim Sirketi" has made the necessary objections on the legal cases.

33. OPERATING SEGMENT

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

The Group has the following main business segments:

- Sale of manufactured goods.
- Turnkey power and telecommunication projects (based on the contracts).

These business segments are located within the Kingdom of Saudi Arabia and are the Group’s strategic business units. The Parent Company’s top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

These form the basis of internal management reporting of main business segments.

December 31, 2024	Sale of goods	Contract Revenue	Total
External total revenues	18,401	26,256	44,657
Inter-segment revenue	(578)	--	(578)
Segment revenue	17,823	26,256	44,079
External total direct costs	(45,781)	(17,798)	(63,579)
Inter-segment direct costs	578	--	578
Segment cost	(45,203)	(17,798)	(63,001)
Segment gross (loss) / income	(27,380)	8,458	(18,922)
Profit /(loss) attributable to shareholders of the Parent Company	50,553	(1,795)	48,758
Segment assets	701,576	37,918	739,494
Segment liabilities	1,084,951	73,984	1,158,935

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33. OPERATING SEGMENT (CONTINUED)

December 31, 2023	Sale of goods	Contract Revenue	Total
External total revenues	18,380	12,686	31,066
Inter-segment revenue	(388)	--	(388)
Segment revenue	17,992	12,686	30,678
External total direct costs	(85,639)	(13,590)	(99,229)
Inter-segment direct costs	388	--	388
Segment cost	(85,251)	(13,590)	(98,841)
Segment gross loss	(67,259)	(904)	(68,163)
Profit / (Loss) attributable to shareholders of the Parent Company	20,414	(2,610)	17,804
Segment assets	459,926	110,463	570,389
Segment liabilities	731,731	321,986	1,053,717

Geographic Information

The Group's operations are conducted in Kingdom of Saudi Arabia, Turkey, and others. Selected financial information summarized by geographic area, is as follows:

	Saudi Arabia	Turkey	Other	Total
2024				
Assets	738,502	--	992	739,494
Liabilities	1,156,426	--	2,509	1,158,935
Net revenue	17,823	--	26,256	44,079
Net profit	47,837	--	921	48,758
2023				
Assets	568,987	--	1,402	570,389
Liabilities	1,051,083	--	2,635	1,053,718
Net revenue	17,992	--	12,686	30,678
Net profit / (loss)	18,289	--	(485)	17,804

34. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk, and market price risk.

Financial instruments by category

	2024	2023
Financial assets at amortized cost		
Accounts receivables and retention receivables	68,162	67,156
Other receivables	9,500	11,374
Unbilled contract assets	12,280	10,063
Cash and bank balances	13,983	7,848
Total financial assets	103,925	96,441

The Group has no financial assets at fair value through profit and loss.

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liabilities at amortized cost:

	2024	2023
Term loans and borrowings	104,290	104,290
Zakat and income tax	264,372	264,372
Accounts payable, accrued expenses and other liabilities	680,643	628,990
Due to related parties	54,380	--
Lease liabilities	2,130	2,849
Total financial liabilities	<u>1,105,815</u>	<u>1,000,501</u>

The Group have no financial liability at fair value through profit and loss.

Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Group has policies in place to minimize its exposure to credit risk. The maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
Accounts receivables and retention receivables	68,162	67,156
Other receivables	9,500	11,374
Unbilled contract assets	12,280	10,063
Cash and bank balances	13,983	7,848
	<u>103,925</u>	<u>96,441</u>

The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks with sound credit rating. With respect to credit risk arising from the financial assets of the Group, including receivables from employees and bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the consolidated statement of financial position. The group manages credit risk with respect to its receivables from customers by monitoring it in accordance with the established policies and procedures which includes establishment of credit limits and regular monitoring of the ageing of trade receivables.

The Group's management determines the credit risk by regularly monitoring the creditworthiness rating its of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a separate list, and future credit sales are made only with approval of key directors, otherwise payment in advance is required. The group assess the recoverable amount of its receivables to ensure adequate allowance for impairment is made.

	2024	2023
Not past due	71,355	70,655
Past due	203,087	201,095
Less: Allowance for impairment of Accounts and Retention receivables	<u>(199,223)</u>	<u>(197,524)</u>
	<u>75,219</u>	<u>74,226</u>

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Other financial assets included cash and cash equivalents . The maximum credit risk of these financial assets is approximate to the net amounts presented in the statement of financial position.

Foreign Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, Bahraini Dinar, United States Dollar. Transactions and balances in other currencies are not material. For the currencies which have fixed parity with USD, the Group's management believes that their exposure to currency risk is limited. Currency risk is managed on a regular basis by each entity of the Group separately and fluctuation in the exchange rates are monitored on a continuous basis.

Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Majority of the Group's borrowings are at floating rate of interest and are subject to re-pricing on a regular basis except for Saudi Industrial Development Fund which is, instead of interest or profit, charge the Group a biannually fee. These changes expose the Group to cash flow risks. Management regularly monitors the changes in interest rates.

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments and discharge liabilities as they fall due. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

The following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted.

	Carrying amount	On demand or less than one year	From one year to 5 years
2024			
Non-derivatives financial instruments			
Loans and borrowings	104,290	104,290	--
Accounts payable, accrued expenses and other liabilities	605,972	605,972	--
Lease liabilities	4,674	2,130	2,544
Due to related parties	54,380	54,380	--
	<u>769,316</u>	<u>766,772</u>	<u>2,544</u>
2023			
Non - derivatives financial instruments			
Loans and borrowings	104,290	104,290	--
Accounts payable, accrued expenses and other liabilities	628,990	628,990	--
Lease liabilities	6,323	2,849	3,474
	<u>739,603</u>	<u>736,129</u>	<u>3,474</u>

35. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

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35. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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36. COMPARATIVE FIGURES RESTATEMENT

Comparative figures have been adjusted due to accounting errors in prior years that were discovered during the year and accordingly the company has adjusted the opening balance of investment in associate to reflect its correct share of the investment as of that date and its effect on the financial statements as follows:

A) Impact on the Consolidated statement of financial position and owners equity statements

	31 December 2023		31 December 2023
	Before adjustment	Adjustment	after adjustment
ASSETS			
NON-CURRENT ASSETS			
Investments in equity accounted investees	365,314	(18,750)	346,564
TOTAL NON-CURRENT ASSETS	433,683	(18,750)	414,933
TOTAL ASSETS	589,139	(18,750)	570,389
EQUITY			
Accumulated losses	(506,765)	(18,750)	(525,515)
TOTAL EQUITY	(464,578)	(18,750)	(483,328)
TOTAL EQUITY AND LIABILITIES	589,139	(18,750)	570,389

B) Impact on the Consolidated statement of Profit or loss

	31 December 2023		31 December 2023
	Before adjustment	Adjustment	after adjustment
Expected Credit loss	41,476	(18,750)	22,726
Profit for the year after discontinued operations	36,554	(18,750)	17,804

C) Impact on the Consolidated statement of Cashflow

There is no impact on the Consolidated statement of cashflow.

37. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, share premium, statutory reserve and retained earnings attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to maximize the shareholders' value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total equity.

	2024	2023
Term loans and borrowings	104,290	104,290
Less: Cash and cash equivalents	(13,983)	(7,848)
Net debt	90,307	96,442
Equity	(419,441)	(483,328)
Gearing ratio	(21%)	(20%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of Saudi Arabian Riyals)

38. COMPARATIVES FIGURES

Certain figures have been reclassified in comparative 2023 consolidated financial statements to confirm with the presentation in the current year.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 27 Ramadan, 1446H, (corresponding to 27 March, 2025G).