

**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE -MONTH PERIOD ENDED MARCH 31, 2024**

**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**UNITED WIRE FACTORIES COMPANY**  
(A Saudi Joint Stock Company)  
**Interim Condensed Financial Statements (Unaudited)**  
**For The Three-Month Period Ended March 31, 2024**  
**and Independent Auditor's Review Report**

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**Independent Auditor's Review Report  
on the Interim Condensed Financial Information**

**To the Shareholders**

**United Wire Factories Company**  
(A Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of United Wire Factories Company (“the Company”) as at March 31, 2024 and the related interim condensed statement of profit or loss and other comprehensive income, and the interim condensed statements of changes in shareholders’ equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34 – “Interim Financial Reporting” (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**BAKER TILLY MKM & CO.**  
*Certified Public Accountants*



**Majid Muneer Alnemer**  
License No. 381

Riyadh on Dhul-Qi'dah 7, 1445H  
Corresponding to May 15, 2024G

**UNITED WIRE FACTORIES COMPANY**  
(A Saudi Joint Stock Company)  
**Interim Condensed Statement of Financial Position**  
**As At March 31, 2024**  
(Expressed in Saudi Riyals)

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	6	<b>113,192,131</b>	105,044,649
Right of use assets	7	<b>3,268,055</b>	3,497,226
Investments in joint venture		<b>2,669,832</b>	1,654,940
<b>Total non-current assets</b>		<b>119,130,018</b>	110,196,815
<b>Current assets</b>			
Inventories	8	<b>162,988,489</b>	164,942,084
Trade receivables, net	9, 16	<b>105,792,661</b>	96,817,985
Prepaid expenses and other debit balances	10	<b>29,052,124</b>	45,782,648
Cash and cash equivalents		<b>50,369,473</b>	37,854,005
<b>Total current assets</b>		<b>348,202,747</b>	345,396,722
<b>TOTAL ASSETS</b>		<b>467,332,765</b>	455,593,537
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	<b>280,800,000</b>	280,800,000
General / Statutory reserve		<b>79,951,194</b>	79,951,194
Retained earnings		<b>14,453,604</b>	8,386,954
Actuarial gains		<b>2,821,164</b>	2,821,164
<b>Total equity</b>		<b>378,025,962</b>	371,959,312
<b>Non-current liabilities</b>			
Employees defined benefits obligation		<b>8,458,448</b>	8,132,219
Lease contracts liabilities – Noncurrent portion	7	<b>2,488,398</b>	2,636,817
<b>Total non-current liabilities</b>		<b>10,946,846</b>	10,769,036
<b>Current liabilities</b>			
Zakat provision	11	<b>8,977,960</b>	7,277,960
Trade and other accounts payable		<b>58,987,305</b>	55,160,426
Accrued expenses and other credit balances	12	<b>9,586,197</b>	9,551,597
Lease contracts liabilities	7	<b>808,495</b>	875,206
<b>Total current liabilities</b>		<b>78,359,957</b>	72,865,189
<b>Total liabilities</b>		<b>89,306,803</b>	83,634,225
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>467,332,765</b>	455,593,537

**Financial Director**  
Abdulhamied Husni Ibrahim



**Chief Executive Officer**  
Nabil Hasan Mohammed Al-Amir



**Chairman of Board of Directors**  
Khaled Saad Al-Kanhal



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

**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**

**For The Three -Month Periods Ended March 31, 2024**

(Expressed in Saudi Riyals)

	Note	For the three-month period ended March 31	
		2024	2023
Sales	5	<b>187,212,312</b>	227,156,618
Cost of Sales	5	<b>(171,335,000)</b>	(210,726,979)
<b>Gross profit</b>		<b>15,877,312</b>	16,429,639
Selling and distribution expenses		<b>(5,385,130)</b>	(5,937,640)
General and administrative expenses		<b>(4,105,298)</b>	(4,373,551)
Reverse (provision) Expected credit loss	16	<b>380,105</b>	(151,858)
Share of investment in an joint venture		<b>1,014,892</b>	-
Other (expenses) income, net		<b>(15,231)</b>	(1,949)
<b>Net profit before zakat</b>		<b>7,766,650</b>	5,964,641
Zakat	11	<b>(1,700,000)</b>	(1,450,000)
<b>Net profit after zakat for the year</b>		<b>6,066,650</b>	4,514,641
<b>Other comprehensive income (OCI)</b>		-	-
<b>Total comprehensive income for the period</b>		<b>6,066,650</b>	4,514,641
<b>Basic and diluted EPS:</b>	13		
Net profit before zakat		<b>0.28</b>	0.17
Net profit for the period after Zakat		<b>0.22</b>	0.13
<b>Total comprehensive income for the period</b>		<b>0.22</b>	0.13



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**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

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

**For The Three-Month Period Ended March 31, 2024**

(Expressed in Saudi Riyals)

Note	Capital	Statutory Reserve	Retained Earnings	Actuarial gains	Total Equity
Balance as at January 1, 2024 (Audited)	280,800,000	79,951,194	8,386,954	2,821,164	371,959,312
<b>Total comprehensive income for the period</b>	-	-	6,066,650	-	6,066,650
<b>Balance as at March 31, 2024 (Unaudited)</b>	<b>280,800,000</b>	<b>79,951,194</b>	<b>14,453,604</b>	<b>2,821,164</b>	<b>378,025,962</b>
Balance as at January 1, 2023 (Audited)	351,000,000	79,951,194	16,047,534	2,543,065	449,541,793
Total comprehensive income for the period	-	-	4,514,641	-	4,514,641
<b>Balance as at March 31, 2023 (Unaudited)</b>	<b>351,000,000</b>	<b>79,951,194</b>	<b>20,562,175</b>	<b>2,543,065</b>	<b>454,056,434</b>



**Financial Director**

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**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Statement of Cash Flows (Unaudited)****For The Three-Month Period Ended March 31, 2024**

(Expressed In Saudi Riyals)

	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit from the main operations	<b>7,766,650</b>	5,964,641
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	<b>2,512,119</b>	2,602,778
Amortization of rights of use assets	<b>229,171</b>	220,258
Reverse (provision) Expected credit loss	<b>(380,105)</b>	151,858
Gain from disposal of property, plant and equipment	<b>(1,014,892)</b>	-
Employees defined benefits obligation	<b>375,886</b>	492,707
<b>Changes in assets and liabilities:</b>		
Inventories	<b>1,953,595</b>	(44,266,552)
Trade receivables	<b>(8,594,571)</b>	(7,181,503)
Prepaid expenses and other debit balances	<b>16,730,524</b>	(10,196,136)
Trade and other accounts payable	<b>3,826,879</b>	33,173,878
Accrued expenses and other credit balances	<b>34,600</b>	(6,340,400)
Lease contracts liabilities	<b>(215,130)</b>	(202,898)
<b>Cash generated from (used in) operating activities</b>	<b>23,224,726</b>	(25,581,369)
Employee defined benefits obligation paid	<b>(49,657)</b>	(158,522)
Zakat paid	-	-
<b>Net cash generated from (used in) operating activities</b>	<b>23,175,069</b>	(25,739,891)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<b>(10,659,601</b>	
Additions of property, plant and equipment	<b>)</b>	(8,319,742)
	<b>(10,659,601</b>	
<b>Net cash used in investing activities</b>	<b>)</b>	(8,319,742)
<b>Net changes in cash and cash equivalents</b>	<b>12,515,468</b>	(34,059,633)
Cash and cash equivalents at January 1,	<b>37,854,005</b>	150,285,352
<b>CASH AND CASH EQUIVALENTS AT March 31,</b>	<b>50,369,473</b>	116,225,719



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**Chief Executive Officer**  
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**Chairman of Board of Directors**  
Khaled Saad Al-Kanhal

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

# UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

Notes To the Interim Condensed Financial Statements (Unaudited)

For The Three-Month Period Ended March 31, 2024

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## 1. ORGANIZATION AND ACTIVITY

United Wire Factories Company - Saudi Joint Stock Company ("the Company") was established under Commercial Registration No. 1010079195 dated Rabi' al-Awwal 20, 1411H (corresponding to October 9, 1990). The fully paid and issued share capital of the Company as of the date of the accompanying financial statements is SR 280.8 million divided into 28,080,000 shares valued at SR 10 per share.

- Based on the recommendation of the Company's Board of Directors in its meeting held on Rabi' al Thani 8, 1444H (corresponding to November 2, 2022), to reduce the Company's share capital due to the increase in share capital beyond the need, and that the method of reducing the capital is to cancel 7,020,000 shares, at a percentage of 20% shares and compensating the shareholders with this at nominal value and the amount of SR 70,200,000, 20% of the total outstanding capital so that the new capital becomes SR 280,800,000.
- In Shawwal 19, 1444H (corresponding to May 9, 2023), the Capital Market Authority agreed to reduce the capital.
- In Muharram 15, 1445H (corresponding to August 2, 2023), the Extraordinary General Assembly agreed to reduce the capital, and it became effective for shareholders by the end of the creditors' objection period on July 1, 2023.
- In Muharram 23, 1445H (corresponding to August 10, 2023), the capital reduction was deposited in the shareholders' accounts, and the shares were sold by the Capital Market Authority (Tadawul) and deposited in the shareholders' accounts on Muharram 28, 1445H (corresponding to August 15, 2023). The amendment of the Articles of Association and the Commercial Registration of the Company have been completed.

The main activity of the Company is the production and marketing of lattice wire, metal braiding wire, reinforcing steel bars, reinforcing steel, galvanized steel wire, metal strip, wire, plastic tape, oxygen wire, rods, metal bonding, fences, barbed wire, wood, carpentry, iron, angles, rectangles, rectification, cutting, reinforcing, smelting and rolling of iron, import and export.

The Company's headquarter is located in Riyadh, PO Box 355208 Riyadh 11383.

The accompanying financial statements include the accounts of the Company and its branches. The information of the Company's branches are as follows:

<b>Branch name</b>	<b>Commercial Registration No</b>
United Wire Factories Company - Riyadh Second Branch	1010043209
United Wire Factories Company - Jeddah Branch	4030130240
United Wire Factories Company - Buraydah Branch	1131014760
United Wire Factories Company - Khamis Mushait Branch	5855025824
United Wire Factories Company - Riyadh First Branch	1010167642
United Wire Factories Company - Riyadh Third Branch	1010179732
Mass Steel – Riyadh	1010385519
Mass Steel - Al Kharj	1011024353
Mass Steel – Saihat	2062617294
Mass Steel – Jeddah	4030460297
Mass Steel – Dammam	2050155579
Mass Steel – Duba	3555102116
Mass Steel – Tabouk	3550141102

## 2. BASIS OF PREPARATION

### Basis of compliance

The accompanying financial statements have been prepared in accordance with International Accounting Standards 34 – “Interim Financial Reporting” (IAS 34) as endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).



## **UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**Notes To the Interim Condensed Financial Statements (Unaudited)**

**For The Three-Month Period Ended March 31, 2024**

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### **2. BASIS OF PREPARATION - *Continued***

#### **Measurement basis**

These financial statements are prepared on a historical cost basis except for defined benefit plans which are measured at the present value of future liabilities using the Projected Unit Credit Method. In addition, these financial statements are prepared using the accrual basis of accounting and the going concern basis.

#### **Presentation and functional currency**

These financial statements are presented in Saudi Riyal ("SR"), which represent the Company's functional currency.

#### **Judgments and estimates**

The preparation of financial statements in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are included in the period / periods in which the estimates are adjusted and in subsequent periods affected by the adjustment.

### **3. MATERIAL ACCOUNTING POLICIES**

The accounting policies applied to these interim condensed financial statements are the same as those applied to the financial statements for the year ended December 31, 2023, and accordingly should be read these interim financial statements and the accompanying summary notes with the annual audited financial statements and related notes for the year ended December 31, 2023.

### **4. APPLICATION OF NEW AND REVISED IFRS'S**

#### **New Standards, Amendment to Standards and Interpretations**

There are no new standards issued; however, there are number of amendments to standards which are effective from January 1, 2024, and have been explained in the Company's annual financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**Notes To the Interim Condensed Financial Statements (Unaudited)****For The Three-Month Period Ended March 31, 2024****5. INFORMATION ON SEGMENT REPORTING****OPERATING SEGMENTS**

The segment is a separate and distinct segment of the Company engaged in business activities that result in the recognition of revenues or expenses. Operating segments are disclosed on the basis of internal reports reviewed by the chief operating decision maker, who is responsible for resource allocation, performance evaluation and strategic decision making on operational segments. Operating segments with similar economic characteristics, products, services and similar customer categories are aggregated and recorded where possible as sectors to be reported.

**Basis of division**

The Company has the following two strategic sectors. These sectors provide different services and are managed separately because they have different economic characteristics - such as sales growth trends, rates of return and capital investment - and they also have different marketing strategies.

The following is a summary of the operations of each sector:

<b>Segment report</b>	<b>Operations</b>
Industrial sector	Includes the products manufactured at the company's factories.
Commercial sector	Includes the products that are supplied by two other factories and completing the Company's products for different consuming markets.

Due to the nature of the Company's business and the structure of its management, it is not possible to allocate the items of current assets and liabilities to the various operating segments. All the Company's assets are located within Saudi Arabia and there are from export revenues.

**Information on segment reporting**

The information for each sectorial report is listed below. The gross profit of the segment is used to measure their performance because the management considers that this information is the most appropriate to assess the results of the relevant sectors relating to other entities operating in the same industries.

<b><u>For the period ended March 31, 2024</u></b>	<b>Industrial Sector</b> SR	<b>Commercial Sector</b> SR	<b>Total</b> SR
Sales	<b>93,579,680</b>	<b>93,632,632</b>	<b>187,212,312</b>
Cost of sales	<b>(81,543,628)</b>	<b>(89,791,372)</b>	<b>(171,335,000)</b>
Gross profit	<b>12,036,052</b>	<b>3,841,260</b>	<b>15,877,312</b>
<b><u>For the period ended March 31, 2023</u></b>	<b>Industrial Sector</b> SR	<b>Commercial Sector</b> SR	<b>Total</b> SR
Sales	133,346,082	93,810,536	227,156,618
Cost of sales	(118,711,691)	(92,015,288)	(210,726,979)
Gross profit	14,634,391	1,795,248	16,429,639
<b><u>As at March 31, 2024</u></b>	<b>Industrial Sector</b> SR	<b>Commercial Sector</b> SR	<b>Total</b> SR
Property, plant and equipment	<b>69,748,117</b>	<b>43,444,014</b>	<b>113,192,131</b>
<b><u>As of December 31, 2023</u></b>	<b>Industrial Sector</b> SR	<b>Commercial Sector</b> SR	<b>Total</b> SR
Property, plant and equipment	61,500,344	43,544,305	105,044,649

**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**Notes To the Interim Condensed Financial Statements (Unaudited)  
For The Three-Month Period Ended March 31, 2024**

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

	Land		Buildings and construction*		Machinery and equipment		Motor vehicles		Tools		Office equipment and furniture		Capital work under construction**		Total		
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
Balance at January 1, 2024	46,442,583	50,376,845	193,454,085	16,873,627	2,013,332	8,245,832	2,284,416	319,690,720									
Additions	-	<b>506,741</b>	<b>5,921,314</b>	-	<b>198,762</b>	<b>114,528</b>	<b>3,918,256</b>	<b>10,659,601</b>									
<b>Balance at the period end</b>	<b>46,442,583</b>	<b>50,883,586</b>	<b>199,375,399</b>	<b>16,873,627</b>	<b>2,212,094</b>	<b>8,360,360</b>	<b>6,202,672</b>	<b>330,350,321</b>									
<b>Accumulated depreciation</b>																	
Balance at January 1, 2024	-	19,192,298	172,347,845	14,834,571	1,293,169	6,978,188	-	214,646,071									
Depreciation for the period	-	<b>360,748</b>	<b>1,828,785</b>	<b>205,496</b>	<b>39,155</b>	<b>77,935</b>	-	<b>2,512,119</b>									
<b>Balance at the period end</b>	-	<b>19,553,046</b>	<b>174,176,630</b>	<b>15,040,067</b>	<b>1,332,324</b>	<b>7,056,123</b>	-	<b>217,158,190</b>									

**Net book value**

**At March 31, 2024**

At December 31, 2023 (Audited)

<b>46,442,583</b>	<b>31,330,540</b>	<b>25,198,769</b>	<b>1,833,560</b>	<b>879,770</b>	<b>1,304,237</b>	<b>6,202,672</b>	<b>113,192,131</b>
46,442,583	31,184,547	21,106,240	2,039,056	720,163	1,267,644	2,284,416	105,044,649

\* The buildings and constructions item include the value of the buildings and constructions of the Company's factories established on land leased from government agencies for a nominal rent until 1455 H.

\*\* The capital work under construction includes SR. 6,202,672 (December 31, 2023: SR 2,284,416) represented machines and in the rehabilitation of the Jeddah factory, and the new ERP project, the completion cost is amounting to SR. 4,406,513 as of March 31, 2024 (December 31, 2023: SR. 7,328,659).

• Depreciation have been charged for the period ended March 31 is as follows:

	Saudi Riyal	
	March 31, 2024	March 31, 2023
Cost of sales	<b>2,235,060</b>	2,252,324
Selling and marketing expenses	<b>187,191</b>	177,542
General and administrative expenses	<b>89,868</b>	172,912
	<b>2,512,119</b>	2,602,778

**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**Notes To the Interim Condensed Financial Statements (Unaudited)  
For The Three-Month Period Ended March 31, 2024**

**6. PROPERTY, PLANT AND EQUIPMENT, NET (Continued)**

<u>Cost</u>	Land		Buildings and construction*		Machinery and equipment		Motor vehicles		Tools		Office equipment and furniture		Capital work under construction**		Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
Balance at January 1, 2023	43,502,583	42,205,002	191,019,763	16,082,958	1,836,655	7,885,209	684,463	303,216,633							
Additions	2,940,000	4,201,847	423,874	8,262	62,892	200,242	482,625	8,319,742							
<b>Balance at the period end</b>	<b>46,442,583</b>	<b>46,406,849</b>	<b>191,443,637</b>	<b>16,091,220</b>	<b>1,899,547</b>	<b>8,085,451</b>	<b>1,167,088</b>	<b>311,536,375</b>							
<u>Accumulated depreciation</u>															
Balance at January 1, 2023	-	17,843,533	164,770,286	14,174,841	1,155,604	6,447,803	-	204,392,067							
Depreciation for the period	-	307,840	1,943,496	158,924	31,944	160,574	-	2,602,778							
<b>Balance at the period end</b>	<b>-</b>	<b>18,151,373</b>	<b>166,713,782</b>	<b>14,333,765</b>	<b>1,187,548</b>	<b>6,608,377</b>	<b>-</b>	<b>206,994,845</b>							
<u>Net book values</u>															
<b>At March 31, 2023</b>	<b>46,442,583</b>	<b>28,255,476</b>	<b>24,729,855</b>	<b>1,757,455</b>	<b>711,999</b>	<b>1,477,074</b>	<b>1,167,088</b>	<b>104,541,530</b>							

\* The buildings and constructions item include the value of the buildings and constructions of the Company's factories established on land leased from government agencies for a nominal rent until 1455 H.

\*\* The capital work under construction represented in new enterprise resources planning (ERP System) and some branches renovation amounted SR 1,167,088.

**UNITED WIRE FACTORIES COMPANY**

(A Saudi Joint Stock Company)

**Notes To the Interim Condensed Financial Statements (Unaudited)****For The Three-Month Period Ended March 31, 2024****7. RIGHT OF USE ASSETS / LEASE CONTRACTS LIABILITIES**

The Company has implemented a principle for the recognition and measurement of all lease contracts in the event it is the lessee, except for the short-term lease contracts and lease contracts that contain a low value asset. The Company has recognized liabilities for lease payments and rights of use assets, which represent the right of use the assets underlying the contracts.

The impact on the statement of profit or loss and other comprehensive income:

- Amortization expense increased by SR. 229,171 related to amortization of the rights of use assets have been recognized.
- Finance costs increased by SR. 42,238 related to interest expense on recognized additional lease contract liabilities.

	Saudi Riyal	
	March 31, 2024	December 31, 2023
<b><u>Right of use assets</u></b>		
Balance at the beginning of the period / year	<b>6,106,421</b>	5,928,791
Additions	-	177,630
	<b>6,106,421</b>	6,106,421
<b><u>Accumulated amortization</u></b>		
Balance at the beginning of the period / year	<b>(2,609,195)</b>	(1,694,494)
Amortization	<b>(229,171)</b>	(914,701)
	<b>(2,838,366)</b>	(2,609,195)
<b>Balance at the end of the period / year</b>	<b>3,268,055</b>	3,497,226
<b><u>Lease contracts liabilities</u></b>		
Balance at the beginning of the period / year	<b>3,512,023</b>	4,176,863
Additions	-	177,630
Less: Amortization	<b>(215,130)</b>	(842,470)
<b>Balance at the end of the period / year</b>	<b>3,296,893</b>	3,512,023
<b>Current portion</b>	<b>808,495</b>	875,206
<b>Non-current portion</b>	<b>2,488,398</b>	2,636,817

**8. INVENTORIES**

	Saudi Riyal	
	March 31, 2024	December 31, 2023
Finished goods	<b>118,222,380</b>	105,603,857
Raw materials	<b>23,710,673</b>	39,166,467
Work in progress	<b>12,240,642</b>	11,347,448
Spare parts not for sale	<b>8,814,794</b>	8,824,312
	<b>162,988,489</b>	164,942,084

**9. TRADE RECEIVABLES**

	Saudi Riyal	
	March 31, 2024	December 31, 2023
Trade receivables	<b>109,256,607</b>	100,288,432
Trade receivables - related parties (Note 19)	<b>899,418</b>	1,273,022
	<b>110,156,025</b>	101,561,454
Expected credit loss (Note 16)	<b>(4,363,364)</b>	(4,743,469)
	<b>105,792,661</b>	96,817,985

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**10. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	Saudi Riyal	
	March 31, 2024	December 31, 2023
Advances to suppliers	17,852,669	33,704,901
Margin on letter of guarantees	3,405,035	4,680,035
Prepaid expenses	2,373,208	3,160,426
Employee's receivables	1,827,489	1,426,504
Letter of credits	690,820	381,222
Refundable deposits	279,848	279,848
Others	5,708,734	5,235,391
Impairment of other debit balances	<u>(3,085,679)</u>	<u>(3,085,679)</u>
	<u>29,052,124</u>	<u>45,782,648</u>

The movement in the impairment of other debit balances during the period / year is as follows:

	Saudi Riyal	
	March 31, 2024	December 31, 2023
Balance at the beginning of the period / year	<u>(3,085,679)</u>	<u>(3,085,679)</u>
<b>Balance at the end of the period / year</b>	<u><b>(3,085,679)</b></u>	<u><b>(3,085,679)</b></u>

**11. ZAKAT PROVISION**

**Status of certificates and final zakat assessments**

The Company obtained the final zakat assessments from the Zakat, Tax and Customs Authority for all years until December 31, 2022G, paid all dues and obtained the final certificates. The Company also submitted its zakat declaration for the year ended on December 31, 2023, and the zakat due was paid during the period subsequent to the date of these financial statements.

**The movement of Zakat provision**

The following represent the movement of the Zakat provision:

	Saudi Riyal	
	March 31, 2024	December 31, 2023
Balance at the beginning of the period / year	7,277,960	10,505,940
Zakat charged to the statement of profit or loss	1,700,000	5,799,015
Paid	-	(9,026,995)
Balance at the end of the period / year	<u>8,977,960</u>	<u>7,277,960</u>

**12. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	Saudi Riyal	
	March 31, 2024	December 31, 2023
Accrued salaries, benefits, and incentives	4,771,492	4,155,608
Accrued value added tax	1,360,939	414,035
Accrued expenses and commissions	442,446	2,374,025
Other	3,011,320	2,607,929
	<u>9,586,197</u>	<u>9,551,597</u>

**13. BASIC AND DILUTED EARNINGS PER SHARE**

Basic / diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share for the period ended as of March 31, 2024, were calculated on the basis of the weighted average number of outstanding shares during the period which is 28,080,000 shares (March 31, 2023: 35,100,000 shares). There are no dilutive potential ordinary shares.

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### **14. CAPITAL MANAGEMENT**

The objectives of the Company's capital management are to ensure the Company's ability to continue as a going concern and to provide sufficient returns to shareholders by optimizing the capital structure. The Company manages capital and is subject to adjustments considering changes in economic conditions and other variables that include risks related to the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, issue new shares or sell assets to reduce its debt.

The Company's policy is to maintain a strong capital base in order to gain investor and market confidence and to ensure future business development. The management monitors the return on equity and the level of dividends to shareholders. The Board of Directors seeks to maintain a balance between the large potential revenues obtained by increasing the levels and safety benefits that can be achieved by maintaining a strong capital position. The Company aims to achieve an adequate return on capital. The return for the period ended March 31, 2024, was 2.1% (December 31, 2023: 1.3%) on the level of Three-month. The Company monitors capital using the ratio of "net debt adjusted" to "adjusted equity". For this purpose, net debt adjusted is defined as total liabilities less cash and bank balances. Adjusted shareholders' equity consists of all elements of equity, if any. The Company has sufficient funding to meet all of the Company's obligations.

### **15. DIVIDENDS**

There are no dividends distributed during the three-month period ended March 31, 2024 and 2023.

### **16. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT**

The Company's financial assets consist of bank balances, customers and due from related parties. The Company's financial liabilities consist of trade payables and other financial liabilities. The Company does not currently use derivative financial instruments to manage these risks that may be exposed to.

#### **General framework for risk management**

The Board of Directors is generally responsible for the development and follow-up of the Company's overall risk management framework. The Company's risk management policies are established to identify and analyse the risks that face the Company and to establish appropriate risk limits and controls as well as risk control and adherence to established limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Through its training and management standards and procedures, the Company aims to maintain a disciplined and constructive control environment through which all employees recognize their roles and obligations.

The Company's Audit Committee oversees how the Management monitors compliance with the Company's risk management policies and procedures, as well as reviews the effectiveness of the overall risk management framework in relation to the risks faced by the Company. The Audit Committee shall be assisted in the performance of this oversight role by an office specialized in internal audit work. The internal audit office shall periodically review and review risk management controls and procedures and report on the results of such work to the Audit Committee.

#### **Credit risk**

Credit risk is the risk that the Company will incur a financial loss if the customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from trade receivables, cash and balances with banks and due from related parties.

The fair value of financial assets represents the maximum exposure to credit risk.

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**Notes To the Interim Condensed Financial Statements (Unaudited)****For The Three-Month Period Ended March 31, 2024****16. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (Continued)****Trade receivables**

The Company's exposure to credit risk is mainly affected by the individual characteristics of each individual customer. However, management also considers factors that may have an impact on the credit risk of the customer base, including the risk of default in the customer segment in which the customer operates.

The Company has established a credit policy whereby each new customer is individually analysed to verify its creditworthiness before presenting the Company's standard payment terms and conditions. The Company's review includes external ratings if available and, in some cases, bank references. Sales limits are set for each customer and reviewed quarterly.

The Company seeks to limit its exposure to credit risk from trade and other receivables by setting a maximum repayment period of two months for most customers. Note that the company grants the advances of employees by guaranteeing the benefits of employees, not exceeding 60% of the value of the benefits due to the worker.

At the statement of financial position date, trade receivables aging was related to customers as follows:

**The period ended March 31, 2024**

<u>Time limit</u>	<u>Book value</u>	<u>Expected credit loss</u>	<u>Balance</u>
From 0 to 90	<b>101,910,221</b>	-	<b>101,910,221</b>
From 91 to 180	<b>2,720,224</b>	<b>(62,435)</b>	<b>2,657,789</b>
From 181 to 360	<b>1,816,989</b>	<b>(592,338)</b>	<b>1,224,651</b>
More than 360	<b>3,708,591</b>	<b>(3,708,591)</b>	-
<b>Balance as of March 31, 2024</b>	<b><u>110,156,025</u></b>	<b><u>(4,363,364)</u></b>	<b><u>105,792,661</u></b>

**The year ended December 31, 2023**

<u>Time limit</u>	<u>Book value</u>	<u>Expected credit loss</u>	<u>Balance</u>
From 0 to 90	86,175,897	-	86,175,897
From 91 to 180	10,393,864	(298,039)	10,095,825
From 181 to 360	671,332	(125,069)	546,263
More than 360	4,320,361	(4,320,361)	-
<b>Balance as of December 31, 2023</b>	<b><u>101,561,454</u></b>	<b><u>(4,743,469)</u></b>	<b><u>96,817,985</u></b>

The movement in the expected credit loss during the period / year is as follows (Note 9):

	<b>Saudi Riyal</b>	
	<b><u>March 31, 2024</u></b>	<b><u>December 31, 2023</u></b>
Balance at the beginning of the period / year	<b>4,743,469</b>	4,334,649
Charged during the period / year	<b>(380,105)</b>	408,820
<b>Balance at the end of the period / year</b>	<b><u>4,363,364</u></b>	<b><u>4,743,469</u></b>

**Concentrations of maximum exposure to credit risk**

Concentrations arise when a number of counterparties engage in similar activities or activities in the same geographical area or have similar economic characteristics that may render their ability to meet contractual obligations similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of a company's performance to developments affecting a particular business segment or geographical area. The Company's financial assets are fully located within the Kingdom of Saudi Arabia.



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Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities settled by payment in cash or through other financial assets. The Company's approach to liquidity management is to ensure that it always has sufficient liquidity, to the extent possible, to meet its obligations when due, under normal and critical conditions, without incurring unacceptable losses or jeopardizing the Company's reputation.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of the financial liabilities at the reporting date. The amounts are gross and undiscounted, include contractual commission payments and do not include the effect of liquidation agreements.

<u>March 31, 2024</u>	<u>Book value</u>	<u>Contractual cash flows</u>		
		<u>Within 3 months or less</u>	<u>Within 3 to 12 months</u>	<u>More than one year</u>
<u>Liabilities</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Trade payables	<b>48,811,544</b>	<b>48,811,544</b>		
Other credit balances	<b>9,586,189</b>	<b>9,586,189</b>		
Lease contracts liabilities	<b>3,296,893</b>	-	<b>808,495</b>	<b>2,488,398</b>
Zakat	<b>8,977,960</b>	<b>7,250,188</b>	<b>1,727,772</b>	-
<b>Total</b>	<b>71,262,158</b>	<b>66,237,493</b>	<b>2,536,267</b>	<b>2,488,398</b>

<u>December 31, 2023</u>	<u>Book value</u>	<u>Contractual cash flows</u>		
		<u>Within 3 months or less</u>	<u>Within 3 to 12 months</u>	<u>More than one year</u>
<u>Liabilities</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Trade payables	43,051,335	43,051,335	-	-
Other credit balances	9,551,597	9,551,597	-	-
Lease contracts liabilities	4,218,249	-	1,037,648	3,180,601
Zakat	7,277,960	-	7,277,960	-
<b>Total</b>	<b>64,099,141</b>	<b>52,602,932</b>	<b>8,315,608</b>	<b>3,180,601</b>

**Commodity price risk**

The Company is exposed to fluctuations in the iron price market. The Company sells certain iron products on a temporary basis. The management monitors iron prices and changes the selling prices according to market changes under the appropriate circumstances of the Company.

**Market risk**

Market risk is the risk that the fair value of cash flows of financial instruments will fluctuate due to changes in market prices. Market risk arises from positions in interest rates, foreign exchange and equity products, all of which are subject to general and specific market movements and changes in the level of volatility of market or price rates such as cost prices and foreign exchange rates.

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company manages foreign exchange risk based on the limits determined by the management and the continuous evaluation of the Company's existing positions and current and projected movements in foreign exchange rates.

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The reasonably probable rise in the euro and the US dollar against all other currencies at the end of the period will affect the measurement of financial instruments denominated in foreign currencies as well as equity and profit or loss in the amounts shown below. This analysis assumes that all other variables remain constant, specifically commission rates, and ignores any impact on expected sales and purchases.

#### Interest rate risk

Interest rate risk arises from the volatility of the fair value or future cash flows of a financial instrument due to changes in market rates. The Company is not currently exposed to significant interest rate risk on its assets and liabilities.

## 17. OPERATING LEASES CONTRACTS

#### Contracts leases as lessee

The Company leases a number of warehouses and retail outlets under operating leases. The lease period is one year with the option to renew the lease after one year. Lease payments are recognized each year to reflect prevailing market leases. Some leases provide additional rental payments based on changes in local market indices.

Lease contracts for warehouses and branches have been concluded for many years with the Saudi Industrial Cities Organization for a period of not less than 25 years, renewable, representing lease contracts for land and buildings. The Company determines that the elements of land and buildings for warehouse and branch leases are operating leases. The rent paid to the owner is adjusted according to prevailing market rents at regular intervals and the Company has no interest in the residual value of the land and buildings. As a result, it was determined that all the risks of land rents and buildings are significantly with the owner.

#### Minimum future lease payments

At the end of the year, the minimum future lease payments under irrevocable leases were due as follows:

	Saudi Riyal	
	March 31, 2024	December 31, 2023
Less than one year	<b>1,162,540</b>	1,123,134
From one to five years	<b>1,507,415</b>	1,521,993
More than five years	<b>1,309,638</b>	1,396,208
<b>Total</b>	<b>3,979,593</b>	4,041,335
Classified as:		
Operating lease contracts	<b>768,190</b>	639,578
Finance lease contracts – IFRS 16	<b>3,211,403</b>	3,401,757
<b>Total</b>	<b>3,979,593</b>	4,041,335

#### Amounts recognized as operation lease in profit or loss for the Three-month period ended:

	Saudi Riyal	
	March 31, 2024	March 31, 2023
Rental contract expenses	<b>282,533</b>	339,946

## 18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The company's capital commitments as of March 31, 2024 amounted to SR 4.4 million (March 31, 2023:SR 7.3 million)

As of March 31, 2024, the company has outstanding letter of credits amounting to SR 56.5 million (December 31, 2023: SR 29.2 million) and outstanding bank letters of guarantee amounting to SR 68.1 million (December 31, 2023: SR 93.6 million) issued through Local banks for the purpose of ensuring the supply of raw materials from local companies, as the value of securing letters of guarantee amounted to SR 3.4 million (December 31, 2023: SR 4.6 million), in accordance with a contract for facilities for letters of guarantee and letter of credits with local banks with a total value of facilities amounting to SR 150 million. Guaranteed by promissory notes issued by the company for the full value of the facilities.

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**Notes To the Interim Condensed Financial Statements (Unaudited)****For The Three-Month Period Ended March 31, 2024****19. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

<u>Related party</u>	<u>Relationship</u>
Elegant Romoz for Trading Company	A Company who is owned by three of the shareholders as follows: - Mohamed Rasheed Al Rasheed - Salih Rasheed Al Rasheed - Ahmad Rasheed Al Rasheed
Arabian A1 Fens industries company	Joint venture
Board of directors' members and senior management	

The benefits of senior management personnel consist of the following:

	<u>Saudi Riyal</u>	
	<u>March 31, 2024</u>	<u>March 31, 2023</u>
For the three-month period ended		
Short-term employee benefits	<b>1,403,074</b>	1,613,002
Post-employment benefits	<b>62,400</b>	41,013
Board of Directors' bonus	<b>312,500</b>	337,500
	<b>1,403,074</b>	1,991,515

Benefits paid to senior management personnel include salaries and non-cash benefits and contributions to the post-employment benefits plan.

Other transactions with related parties

Related parties comprise shareholders of the Company and their relatives, associates and directors and senior management personnel of the Company. The terms and conditions of these transactions are approved by the Company's management. Such transactions are carried out in the normal course of business of the Company and according to the same fundamentals of dealing with third parties and represent the most important transactions with a related party as follows:

	<u>Transaction Amounts</u>	
	<u>Saudi Riyal</u>	
<u>Nature of transactions</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Sales	<b>3,629,252</b>	2,666,637
Purchases	<b>21,793,623</b>	-

The balances due from related parties at the end of the financial period / year are as follows:

	<u>Saudi Riyal</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<b>Related party</b>		
Elegant Romoz for Trading Company	<b>774,023</b>	1,273,022
A-One Fence Arabian Industrial Company	<b>125,395</b>	-
	<b>899,418</b>	1,273,022

The balances due to the related party as of the end of the period / year are as follows:

	<u>Saudi Riyal</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<b>Related party</b>		
A-One Fence Arabian Industrial Company	-	1,325,163

**20. SIGNIFICANT EVENTS**

On Ramadan 15, 1445H (March 25, 2024G), the Board of Directors recommended to the General Assembly to transfer the company's statutory reserve to retained earnings. and on April 29, 2024, the General Assembly approved transferring the company's statutory reserve to retained earnings

**21. APPROVAL OF THE FINANCIAL STATEMENTS**

These interim condensed financial statements were approved by the Board of Directors on Dhul-Qi'dah 7, 1445H Corresponding to May 15, 2024G.