

UNITED WIRE FACTORIES COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

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Independent Auditor's Report

To the Shareholders
United Wire Factories Company
 (A Saudi Joint Stock Company)
 Riyadh, Kingdom of Saudi Arabia

BAKER TILLY MKM & CO.
 CERTIFIED PUBLIC ACCOUNTANTS
 P.O.Box 300467, Riyadh 11372
 Kingdom of Saudi Arabia
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Opinion

We have audited the financial statements of United Wire Factories Company ("the Company"), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia ("ISAs"). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and endorsed in the Kingdom of Saudi Arabia ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

key audit matter	How our audit addressed the key audit matter
<p>Revenue The Company applies IFRS 15 "Revenue from Contracts with Customers":</p> <p>Considering the importance of the amount of revenues and its susceptible to the inherent risk of overstatement, we have considered revenue recognition as a key audit matter.</p> <p>Please refer to the policy related to the revenues' recognition stated in note 4 and the detailed note 5.</p>	<p>We have performed the following procedures in this area among of other matters, based on our professional judgment:</p> <ul style="list-style-type: none"> • Reviewing the revenue recognition policy and its appropriateness with the requirements of IFRS. 15 - "Revenue from Contracts with Customers". • Understanding the process of revenue recognition and trade receivables as well as testing the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness. • Executing analytical audit procedures for revenues by comparing sales quantities and prices for the current year with the prior year and determining whether there are any significant trends or fluctuations that need additional examination. • Reviewing the supporting documents for revenues transactions on a sample basis to validate the accuracy of revenue recognition. • Cut-off procedures to test recording revenues in the correct financial periods.

Independent Auditor's Report on the financial statements (Continued)

To the Shareholders United Wire Factories Company

Other Information

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report which are expected to be available to us after the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available to us and, in doing so, we consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we conclude that there is a material misstatement in these other information, we are required to report that fact to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 based on these financial statements.

Independent Auditor's Report on the financial statements (Continued)**To the Shareholders United Wire Factories Company****Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 benefits of such communication.

Baker Tilly MKM & Co.
Certified Public Accountants

Majed Muneer Al Nemer
(Certified Public Accountant – License No. 381)
Riyadh on Sha'aban, 9, 1444H
Corresponding to March 1, 2023G



UNITED WIRE FACTORIES COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(Expressed in Saudi Riyals)

	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment, net	5, 6	98,824,566	102,354,142
Right of use assets	7	4,234,297	3,398,943
Total Non-Current Assets		103,058,863	105,753,085
Current assets			
Inventories	8	192,127,759	103,380,026
Trade receivables	9	103,137,529	90,926,198
Prepaid expenses and other debt balances	10	26,031,170	71,967,907
Cash and cash equivalent	11	150,285,352	127,800,267
Total Current Assets		471,581,810	394,074,398
Total Assets		574,640,673	499,827,483
EQUITY AND LIABILITIES			
Equity			
Share capital	1	351,000,000	351,000,000
Statutory reserve	12	79,951,194	74,283,661
Retained earnings		16,047,534	15,934,737
Actuarial gains		2,543,065	1,414,960
Total Equity		449,541,793	442,633,358
Non-current liabilities			
Employee defined benefits obligation	13	7,665,799	8,288,509
Lease contracts liabilities – noncurrent portion	7	3,407,156	2,981,733
Total Non-Current Liabilities		11,072,955	11,270,242
Current liabilities			
Zakat provision	14	10,505,940	10,022,000
Accounts payable and others	15	88,207,272	22,080,453
Accrued expenses and other credit balances	16	14,543,006	13,535,838
Lease contracts liabilities	7	769,707	285,592
Total Current Liabilities		114,025,925	45,923,883
Total liabilities		125,098,880	57,194,125
TOTAL EQUITY AND LIABILITIES		574,640,673	499,827,483

Financial Director

Abdulhamied Hosni 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 financial statements

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed In Saudi Riyals)

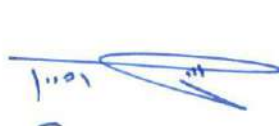
	Notes	2022	2021
Sales	5	1,026,362,591	921,327,393
Cost of Sales	5, 17	(919,053,528)	(835,681,427)
Gross profit		107,309,063	85,645,966
Selling and distribution expenses	18	(21,027,985)	(19,584,082)
General and administrative expenses	19	(18,509,539)	(15,388,998)
Expected credit loss	23	(654,572)	(353,702)
Reversal of trade receivables and inventory - Corona (Covid 19)	8, 23	-	6,080,474
Other income (expense), net		51,715	(38,826)
Net profit from the main operations		67,168,682	56,360,832
Zakat	14	(10,493,352)	(10,177,841)
Net profit after zakat for the year		56,675,330	46,182,991
Other Comprehensive Income (OCI)			
OCI that will not be reclassified to profit or loss in subsequent years:			
Re-measurements of employees defined benefits obligation	13	1,128,105	254,416
Total other comprehensive income for the year		1,128,105	254,416
Total comprehensive income for the year		57,803,435	46,437,407
Basic and diluted EPS:			
	20		
Net profit from the main operations		1,91	1,61
Net profit for the year after zakat		1,61	1,32
Total comprehensive income for the year		1,65	1,32

Financial Director

Abdulhamied Hosni Ibrahim


Chief Executive Officer

Nabil Hasan Mohammed Al-Amir


Chairman of Board of Directors

Khaled Saad Al-Kanhal



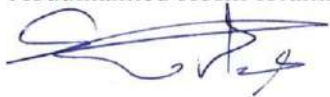
The accompanying notes form an integral part of these financial statements

UNITED WIRE FACTORIES COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed In Saudi Riyals)

	Notes	Capital	Statutory Reserve	Retained Earnings	Actuarial Gains	Total equity
For the year ended December 31, 2021						
Balance as of January 1, 2021		351,000,000	69,665,362	35,795,045	1,160,544	457,620,951
Net profit for the year		-	-	46,182,991	-	46,182,991
Other comprehensive income for the year	13	-	-	-	254,416	254,416
Transfer to statutory reserve	12	-	4,618,299	(4,618,299)	-	-
Dividends	21	-	-	(61,425,000)	-	(61,425,000)
Balance as of December 31, 2021		<u>351,000,000</u>	<u>74,283,661</u>	<u>15,934,737</u>	<u>1,414,960</u>	<u>442,633,358</u>
For the year ended December 31, 2022						
Balance as of January 1, 2022		351,000,000	74,283,661	15,934,737	1,414,960	442,633,358
Net profit for the year		-	-	56,675,330	-	56,675,330
Other comprehensive income for the year	13	-	-	-	1,128,105	1,128,105
Transfer to statutory reserve	12	-	5,667,533	(5,667,533)	-	-
Dividends	21	-	-	(50,895,000)	-	(50,895,000)
Balance as of December 31, 2022		<u>351,000,000</u>	<u>79,951,194</u>	<u>16,047,534</u>	<u>2,543,065</u>	<u>449,541,793</u>

Financial Director

Abdulhamied Hosni Ibrahim



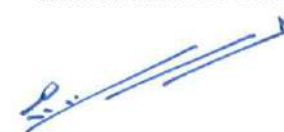
Chief Executive Officer

Nabil Hasan Mohammed Al-Amir



Chairman of Board of Directors

Khaled Saad Al-Kanhal



The accompanying notes form an integral part of these financial statements

UNITED WIRE FACTORIES COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed In Saudi Riyals)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before Zakat and other comprehensive income items	67,168,682	56,360,832
Adjustments for:		
Depreciation of property, plant, and equipment	11,322,518	12,060,699
Amortization of rights of use assets	697,248	352,940
Expected credit loss	654,572	353,701
Reversal of trade receivables and inventory - Corona (Covid 19)	-	(6,080,473)
Employees defined benefits obligation	1,325,649	1,337,355
Gains on disposal of property, plant, and equipment	(66,217)	(4,600)
(Reversal) impairment of prepaid expenses and other debt balances	(122,750)	404,855
Changes in assets and liabilities:		
Inventories	(88,747,733)	9,922,812
Trade receivables	(12,865,903)	(10,715,378)
Prepaid expenses and other debt balances	46,059,487	(23,083,461)
Accounts payable & others	66,126,819	2,037,657
Accrued expenses and other credit balances	1,007,168	42,250
Lease contracts liabilities	(623,064)	(272,184)
Cash generated from operating activities	91,936,476	42,717,005
Employee defined benefits obligation paid	(820,254)	(674,936)
Zakat paid	(10,009,412)	(10,268,759)
Net cash generated from operating activities	81,106,810	31,773,310
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant, and equipment	(7,792,942)	(5,213,803)
Proceed from the disposal of property, plant, and equipment	66,217	4,600
Net cash used in investing activities	(7,726,725)	(5,209,203)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends	(50,895,000)	(61,425,000)
Net cash used in financing activities	(50,895,000)	(61,425,000)
Net changes in cash and cash equivalents	22,485,085	(34,860,893)
Cash and cash equivalent on January 1	127,800,267	162,661,160
CASH AND CASH EQUIVALENT ON DECEMBER 31	150,285,352	127,800,267
NON-CASH TRANSACTIONS		
Right-of-use assets / lease liabilities	1,532,602	-


Financial Director

Abdulhamied Hosni 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 financial statement

UNITED WIRE FACTORIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. ORGANIZATION AND ACTIVITY

United Wire Factories Company - Saudi Joint Stock Company ("the Company") was established under Commercial Registration No. 1010079195 dated in 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 351 million, divided into 35,100,000 shares valued at SR 10 per share.

The main activity of the Company is the production and marketing of lattice wire, metal braiding wires, reinforcing steel bars, reinforcing steel grids, galvanized steel wire, metal strip, wires, plastic tapes, oxygen welding wires, rods, metal hangers, fences, barbed wire, wooden spikes, carpentry, iron, angles, metal hinges, rectangles, rectification, cutting, reinforcing, smelting and rolling of iron, import, and export.

The Companies 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:

Branch name	Commercial Registration No
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- Tabuk	3550141102
Vision Gate Real Estate Services Company	1010716858

2. BASIS OF PREPARATION

Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Measurement basis

These financial statements are prepared on a historical cost basis, except for defined benefits plans which are measured at the present value of future obligations using the projected credit unit method. In addition, these financial statements are prepared using the accrual basis of accounting and the going concern basis.

Functional and presentation currency

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

Significant accounting judgments, estimates, and assumptions

The preparation of the financial statements of the Company in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that may affect the values presented in the financial statements, as these values may differ from previous estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. The Company's significant judgments, estimates, and assumptions relating to future reasons are set out below.

UNITED WIRE FACTORIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. BASIS OF PREPARATION (CONTINUED)

Significant accounting judgments, estimates, and assumptions (Continued)

Uncertain assumptions and estimates

Uncertain assumptions and estimates of significant risks that may cause significant changes in the carrying amounts of assets and liabilities during the year are included in the following notes:

- Note 9 – Expected credit loss on trade receivables.
- Note 13 - Measurement of employees' defined benefits plan in addition to gains or losses on changes in actuarial assumptions.
- Note 8 Inventory – Impairment of inventories and provision for slow moving inventory.

Judgements

In the process of applying the Company's accounting policies, management makes the following judgments that have a material effect on the amounts included in the Company's financial statements:

Impairment of inventories and provision for slow moving inventory

At the reporting date, the Company's management determines whether there is any impairment in inventories or slow-moving inventory. The determination of impairment requires significant decisions to be made involving valuation factors that include the nature of the industry and market conditions.

Expected credit loss of trade receivables

Based on the future vision, the Company evaluates the expected credit losses associated with its debt instruments as part of its financial assets carried at amortized cost and fair value through comprehensive income.

Regarding receivables, the Company applies the simplified approach, which requires recording the expected losses based on age from the date of initial recognition of receivables. To measure expected credit losses, receivables have been grouped based on the common credit risk characteristics and the number of aging days. The expected loss rates have been inferred from the Company's historical information and adjusted to reflect the expected future outcome which also includes future information on macroeconomic factors such as inflation and GDP growth rate.

Other financial assets such as employee receivables and bank balances have low credit risk, so the effect of applying ECL is not significant.

Estimates and assumptions

The principal assumptions relating to future reasons and other major sources of estimation uncertainty at the balance sheet date that have material risks of material adjustments to the carrying amounts of assets and liabilities during the subsequent financial period are as follows:

Useful lives of property, plant, and equipment

The Company determines the estimated useful lives of property, plant, and equipment to calculate depreciation. This estimate is determined by calculating the expected use of the asset or the physical tear and wear factors from use. The management revises the residual value and useful lives annually and the future depreciation expense is adjusted when management considers that the useful lives differ from previous estimates.

Impairment of property, plant, and equipment

The Company's management assesses the impairment of property and equipment in certain events or changes in circumstances indicating that the carrying amount may not be recoverable. Factors that are significant and which may lead to a review the impairment within other factors include:

- Significant changes in technology and regulatory environment.
- A manual of internal reports indicates that the economic performance of the asset is expected to be bad or will be bad.

Uncertain Zakat positions

The Company's current zakat payable relates to management's assessment of the zakat amount due for the year. It is possible that the final result will differ when the final assessment is issued by the Zakat, Tax and Customs Authority ("ZATCA") in future periods. The status of zakat assessments has been disclosed in note (14).

UNITED WIRE FACTORIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. APPLICATION OF NEW AND REVISED IFRSS

The company adopted the following new standards and amendments for the first time, as of January 1, 2022:

3.1 Amendments to IFRS 3 and IAS 16 and 37

- IFRS 3, 'Business combinations' update to a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37, 'Provisions and contingent assets and liabilities specify costs, which the company includes when assessing whether a contract will be loss-making.

The application of these amendments does not have any material impact on the financial statements during the year.

3.2 Standards that have been issued but not yet adopted

The following is a statement of the new standards and amendments to the applicable standards for the years beginning on or after January 1, 2023, with early application permitted, but the Company did not apply them when preparing these financial statements.

Amendments to IAS 1, Presentation of Financial Statements, on Classification of Liabilities.

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that existed at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendments to IAS 1, Practice Statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 Deferred Tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

4. SIGNIFICANT ACCOUNTING POLICIES

Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any. The initial cost includes the purchase price and any directly attributable cost of bringing the property, plant, and equipment to the operating site and making it operational. Expenses incurred after the operation of property, plant, and equipment, such as repairs, maintenance, and full refurbishment, are included in the statement of profit or loss and other comprehensive income in the period in which they are incurred. Where it is clearly shown that the expense has resulted in an increase in the future economic benefits expected to be obtained from the use of an asset to a higher extent than the originally defined benchmark, these expenses are capitalized as an additional cost to the property, plant, and equipment.

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the items of property, plant and equipment. The estimated useful life of some machines and equipment is as follows:

Item	Estimated age (years)
Buildings and constructions	33,33
Machinery and equipment	2 - 20
Motor vehicles	4
Tools	6,66
Office equipment and furniture	6,66

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment (Continued)

Property, plant, and equipment are written down to their recoverable amount if their carrying amount exceeds their estimated recoverable amount. The useful life, residual value, and depreciation method are reviewed periodically to ensure that the method and period of depreciation are in line with the expected economic benefit of each item of property, plant and equipment. The change in estimates is accounted for from the beginning of the financial year in which the change occurs. When the assets and equipment are sold or disposed of, their cost, accumulated depreciation, and accumulated impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of profit or loss and other comprehensive income.

The Company has adopted the cost model on property, plant and equipment in accordance with the International Financial Reporting Standards (IFRS) in accordance with the Capital Market Authority's Decision No. 5 / 8074/16 on the date of October 17, 2016, which requires Companies listed on the stock exchange to use the cost model option to measure real estate, and property, plant and equipment when applying IFRS for a period of three years starting from the date of application of International Accounting Standards, while complying with the disclosure requirements of the International Accounting Standards adopted in Saudi Arabia that encourage disclosure of fair value in the notes to the financial statements.

Capital work under construction includes the purchase price, construction or development costs, and any costs directly attributable to the asset being constructed or acquired by the Company. Capital work under construction is measured at cost less any impairment losses recognized. Capital work under construction is depreciated only when assets can function as management deems appropriate after capitalizing them to the appropriate class of assets.

Impairment of assets – property, plant, and equipment

The Company assesses at each reporting date to determine whether there is any indication that an asset has been impaired. If such an indication arises, or when an impairment test is required, the Company estimates the recoverable amount of that asset (or cash-generating unit). The recoverable amount of an asset (or cash-generating unit) is the fair value of the asset (or cash-generating unit) fewer costs to sell or value in use, whichever is greater and is determined for each individual asset unless the asset's cash flow is substantially independent of that produced by the asset or another group of assets and the recoverable amount is then assessed as part of the cash-generating unit to which the asset belongs. When the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset is impaired and is reduced to its recoverable amount. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the specific risks of the asset (or cash-generating unit). An impairment loss must be recognized immediately in profit or loss.

Right of use assets and leases' contracts liabilities

The Company has recognized new assets and liabilities for its operating leases of various types of contracts including the Company's factories, depot facilities, and rental premises. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to the Statement of Profit or Loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost which comprise the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs; and - restoration costs.
- Right-of-use assets are subsequently measured at cost less accumulated depreciation.
- Lease liabilities include (the net present value of the fixed lease payments) including in-substance fixed payments, less any lease incentives receivable; - variable lease payments that are based on an index or a rate; - amounts expected to be payable by the lessee under residual value guarantees.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right of use assets and lease contracts liabilities (Continued)

The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and - payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Inventories

Inventories are stated at a lower cost or (net realizable value). The cost is determined by using the weighted average method. The raw materials are valued at a lower cost basis and net realizable value through the weighted average cost. The cost of total production and production under operation includes the cost of raw materials, direct wages, and indirect operating expenses. When necessary, a provision is made for slow-moving and obsolete inventory. The net realizable value is the actual or estimated selling price of the inventories during the ordinary course of business, less the cost of completion of inventory production (if it needs to be completed) and all necessary expenses expected to be incurred for the sale of inventories.

Inventory of spare parts is valued at cost or net realizable value. Cost is determined on a weighted average cost basis. Provision for obsolete and slow-moving items (if any) is estimated at the reporting date.

The goods in transit consist of the value of the purchases that the Company has contracted and has not yet received up to the date of the financial statements taking into consideration that the terms of shipment and receipt and the returns and risks of the commodity in the possession of the Company.

Financial instruments

Financial assets of low credit value

The Company assesses at each reporting date whether the financial assets carried at amortized cost have a low credit value. A financial asset is considered to be "impaired" when one or more events have had an adverse effect on the estimated future cash flows of the financial asset.

Presentation of impairment

Losses' provisions for financial assets measured at amortized cost are deducted from the total carrying amount of the total assets.

Accounts receivable

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method less any impairment in value, in accordance with IFRS 9 ("Financial Instruments"). Amortized cost is calculated by calculating any discount or premium on the acquisition, fees, or costs that are an integral part of the effective interest method. The amortization of the effective interest method is included in the statement of profit or loss and other comprehensive income. Impairment losses are recognized in the statement of profit or loss & other comprehensive income.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

De-recognition of financial assets

A financial asset (or part of a financial asset or a part of a group of similar financial assets or a similar asset) is derecognized when:

- A) The right to receive cash flows from the asset has expired.
- B) The Company transfers the right to receive the cash flows from the asset or, in return, bears an obligation to pay the cash expenses received in full without material delay to another party under the "receipt and payment" arrangement; (a) the Company transfers all significant risks and rewards of the asset; (b) the Company has neither transferred nor retained substantially all the significant risks and rewards of the asset but has lost control over that asset.

When the Company has transferred its rights to receive cash flows from the asset or has entered into the "receipt and payment" arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset or lost control over the asset, the asset is recognized to the extent that the company continues to control the asset. In this case, the Company shall also record the relevant obligation. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations that the Company holds.

Impairment of financial assets

At each reporting date, the Company determines whether there is objective evidence that an asset or a group of financial assets other than financial assets at fair value through profit or loss is impaired. Impairment losses are recognized immediately in profit or loss.

A financial asset or a group of financial assets is deemed to have been impaired only if objective evidence of impairment exists as a result of one or more events occurring after the initial recognition of the asset ("event of loss incurred") and the loss event has an impact on the estimated future cash flows of the financial asset or group of assets Which can be measured reliably. Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulties, default or delay in the payment of principal payments or proceeds, or the possibility of bankruptcy or other financial arrangements such as restructuring of amounts owed to the company. Also, when observable data indicates that there is a measurable decrease in estimated future cash flows, such as changes associated with arrears or changes in economic conditions associated with delays.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first determines whether there is an individual impairment of individually significant financial assets or a group of financial assets that are not individually significant. If the Company has found that no objective evidence of impairment for an individual financial asset, whether material or not, it includes the asset in a group of financial assets with similar credit risk that are collectively assessed for impairment. Assets that are individually assessed for impairment and that were or being recognized, are not included in the collective assessment of impairment. An impairment loss is estimated as the difference between the carrying amount of the asset and the present value of the estimated future cash flows (excluding expected future credit losses that have not been incurred). After deducting the present value of expected future cash flows using the average effective interest rate used primarily for the financial asset.

The carrying amount of the asset is reduced through the use of the provision account and the loss is recognized in the statement of profit or loss and other comprehensive income. If a positive change occurred in the subsequent period on an impairment loss that its relation can be determined with events that occurred after the impairment losses objectively recognized, the previously recognized impairment losses are reversed through the statement of profit or loss and within the limits of carrying amount of the asset when the impairment loss is reversed and that does not exceed amortized cost if no impairment loss has previously been recorded. A financial asset is de-recognized when the Company's right to receive the cash flows from the asset expires or when the Company transfers substantially all the risks and rewards of ownership of the asset to another party.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Company's financial liabilities include amounts due to trade payables, accrued expenses and other credit balances. The Company's financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Amounts due to trade payables

Liabilities are recognized at amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Creditors are classified as current liabilities if payments are due within one year or less (or during the normal business cycle if they are longer). If they are not, the balances of creditors are classified as non-current liabilities.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation associated with the liability is discharged, canceled, or expired. When an existing financial liability is replaced by another from the same creditor on significantly different terms or substantially modified the existing financial liability terms, the change or adjustment is treated as a de-recognition of the original liability. The new financial liability is recognized and the difference in the relevant carrying amount is recognized in the statement of profit or loss.

Financial liabilities are eliminated only when the obligation is discharged or settled. The difference between the carrying amount of the obligation and the consideration paid and the creditors are recognized in the statement of profit or loss and other comprehensive income.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position when there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liabilities simultaneously. The right in force should not depend on future events and should be effective in the normal course of business and in the event that the company or counterparty is exposed to insolvency or bankruptcy.

The fair value of financial instruments

The Company measures the fair value of its financial instruments, and due to the short-term nature of traded financial instruments, the carrying amount is the same as its fair value.

Leases contracts

Operating lease expenses are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The discounts received on the lease are recognized in the statement of profit or loss as a deduction from the total lease expense over the lease term.

IFRS 16 'Leases' introduces a single accounting model for lessees. A lessee recognizes a right of use asset that represents his right to use the underlying asset and a lease liability that represents his obligation to make lease payments.

There are optional exemptions for short-term leases and leases of low-value assets. Lessor's accounting remains similar to the current standard – i.e., lessors continue to classify leases as finance or operating leases.

Employees' defined benefits obligation

Employee benefits are payable to all the employees according to the provisions of the Saudi Labor Law and Labor Law adopted by the company, upon the termination of their service contracts, and the employees defined benefit obligation is calculated by estimating the value of the future benefits due to the employees in the current and previous periods, and the value is deducted to reach to the present value.

The Company makes assumptions that are used when determining the major components of costs to meet these future liabilities. Assumptions are made that are used to determine normal service cost and the financing components of the liability. A qualified actuary calculates the defined benefit obligation.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee defined benefits obligation (Continued)

The revaluation of defined benefit obligations consisting of actuarial gains and losses is recognized immediately in the statement of other comprehensive income and closed within another reserve. The Company determines the interest expense on the defined benefit obligation for the year by applying the discount rate that is used to measure the defined benefit obligation at the beginning of the fiscal year after taking into account any change in the net defined benefit obligation during the year as a result of contributions and payments for the obligations. The net interest expense and other expenses related to defined benefit obligation are recognized in the statement of profit or loss.

Foreign currency transactions

Transactions in foreign currencies are translated into Saudi Riyals using the exchange rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the rates of exchange prevailing at the reporting date. Exchange gains or losses are recognized as an expense or revenue in the statement of profit or loss or other comprehensive income. Non-monetary items denominated in foreign currencies at fair value are retranslated at the rates of exchange ruling at the date when the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies at fair value are translated to Saudi Riyals at the foreign exchange rates ruling at the date of determining the transaction. In the case of non-monetary assets whose change in fair value is recognized directly in other comprehensive income, foreign exchange differences are recognized directly in other comprehensive income. For non-monetary assets whose change in fair value is recognized directly in profit or loss and other comprehensive income, all foreign exchange differences are included in the statement of profit or loss and other comprehensive income.

Revenue recognition

Revenue comprises the fair value of the consideration received or expected to be received by the Company for the sale of goods or the provision of services through the Company's normal activities. Revenue is shown net of VAT, returns, rebates, and discounts.

Revenue is recognized when it can be measured reliably, and the entity will likely receive future economic benefits. Recognition requirements are met in accordance with the nature and timing of the fulfilment of the performance obligations and the significant payment terms for the sale of the Company's products, as the customers obtains the control over the products upon delivering the goods to them and acknowledging of their acceptance at their site.

Invoices are issued and recognized as revenue at that time. Credit bills are usually due between 30 to 90 days. Invoices are recognized as revenue net of discounts applied to the products sold. For contracts that allow the customer to return products, in accordance with IFRS 15 Revenue is recognized to the extent that it is probable that there will be no material reversal of the amount of accumulated income that is recognized. Accordingly, the amount of the income recognized is adjusted to the estimated recoveries that are estimated based on historical data.

The Company applies revenues from contracts with customers based on the five-step model as described in IFRS (15) as follows:

- 1) Identify the contract with the customer: A contract is an agreement between two or more parties that creates enforceable rights and obligations and determine the standards that shall be met.
- 2) Identify the performance obligation in the contract: A performance obligation is a promise in a contract with a customer to transfer to the customer.
- 3) Determine the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, except for the amounts collected on behalf of third parties.
- 4) Allocate the transaction price for the performance obligation: for the contract that has more than a performance obligation, the company will allocate the transaction price for each obligation in an amount determine the value of the consideration which the company will pay, it expects to be due upon fulfilling the performance obligation.
- 5) Recognize revenue when a performance obligation is satisfied.

UNITED WIRE FACTORIES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to include economic benefits to settle the obligation and the amount of the obligation can be estimated reliably. Provisions for future operating loss are not calculated. In the case of several similar obligations, the probability of a resource flow for settlement is determined by considering the category of obligations as a whole. An allowance is recognized when the probability of a flow of resources in respect of any item included in the same category of liabilities is minimal. Provisions are measured at the present value of the best management estimates of the expenditure required to settle the present obligation at the end of the financial period.

The present value is determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and the risks associated to that obligation.

Expenses

Selling and marketing expenses are those expenses resulting from the Company's efforts of marketing, sales and distribution departments. All other expenses, excluding the cost of sales and finance charges, are classified as general and administrative expenses. Distribution of joint expenses is made between the cost of sales, selling, and marketing expenses, and general and administrative expenses, when necessary, on a consistent basis.

Dividends

The interim dividends are recognized in the period in which they are approved by the Board of Directors till being approved by the general assembly for the shareholders.

Earnings per share

Basic earnings per share

If no potential ordinary shares are issued by the Company, the basic earnings per share shall be equal to the diluted earnings per share. Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the figures used to determine earnings per share, considering the weighted average number of additional ordinary shares that will be on the assumption that all potential ordinary shares are converted into existing shares.

Contingent liabilities

Contingent liabilities are recognized in the financial statements only when the use of economic resources to settle an existing or anticipated legal obligation as a result of past events is probable and the amount expected to be repaid can be estimated significantly. Otherwise, contingent liabilities are disclosed unless the possibility of an economic loss is remote.

Contingent assets are not recognized in the financial statements but are disclosed when economic benefits arising from past events are probable.

UNITED WIRE FACTORIES COMPANY

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2022****5. 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 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 report:

<u>Sector reports</u>	<u>Operations</u>
Construction sector	Includes the products that serve the constructional sector for construction, building and housing projects.
Civil sector	Includes the products that serve the consumption civil sector.

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 export revenues.

Information on segment reporting

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

<u>For the year ended December 31, 2022</u>	<u>Construction Sector</u>	<u>Civil Sector</u>	<u>Total</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>
Sales	728,017,805	298,344,786	1,026,362,591
Cost of sales	(684,381,330)	(234,672,198)	(919,053,528)
Gross profit	<u>43,636,475</u>	<u>63,672,588</u>	<u>107,309,063</u>

<u>For the year ended December 31, 2021</u>	<u>Construction Sector</u>	<u>Civil Sector</u>	<u>Total</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>
Sales	706,754,713	214,572,680	921,327,393
Cost of sales	(664,341,405)	(171,340,022)	(835,681,427)
Gross profit	<u>42,413,308</u>	<u>43,232,658</u>	<u>85,645,966</u>

<u>As of December 31, 2022</u>	<u>Construction Sector</u>	<u>Civil Sector</u>	<u>Total</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>
Property, plant and equipment, net	<u>55,495,383</u>	<u>43,329,183</u>	<u>98,824,566</u>

<u>As of December 31, 2021</u>	<u>Construction Sector</u>	<u>Civil Sector</u>	<u>Total</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>
Property, plant and equipment, net	<u>57,549,618</u>	<u>44,804,524</u>	<u>102,354,142</u>

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

6. PROPERTY, PLANT, AND EQUIPMENT

Cost	Land SR	Buildings and construction* SR	Machinery and equipment SR	Motor vehicles SR	Tools SR	Office equipment and furniture SR	Capital work under construction** SR	Total SR
Balance at January 1, 2021	43,502,583	37,799,183	185,013,004	15,203,955	1,093,304	6,758,943	1,833,765	291,204,737
Additions	-	292,496	1,470,841	113,386	392,588	544,860	2,399,632	5,213,803
Disposals	-	-	-	(78,550)	-	-	-	(78,550)
Transfer	-	2,273,101	-	-	-	237,879	(2,510,980)	-
Balance at January 1, 2022	43,502,583	40,364,780	186,483,845	15,238,791	1,485,892	7,541,682	1,722,417	296,339,990
Additions	-	1,541,359	3,039,492	1,669,716	350,763	313,502	878,110	7,792,942
Disposals	-	-	(90,750)	(825,549)	-	-	-	(916,299)
Transfer	-	298,863	1,587,176	-	-	30,025	(1,916,064)	-
Balance at the year-end	43,502,583	42,205,002	191,019,763	16,082,958	1,836,655	7,885,209	684,463	303,216,633
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	-	15,550,105	145,847,787	14,359,182	1,021,642	5,224,983	-	182,003,699
Additions	-	1,117,465	9,996,741	330,498	32,088	583,907	-	12,060,699
Disposals	-	-	-	(78,550)	-	-	-	(78,550)
Balance at January 1, 2022	-	16,667,570	155,844,528	14,611,130	1,053,730	5,808,890	-	193,985,848
Depreciation for the year	-	1,175,963	9,016,508	389,260	101,874	638,913	-	11,322,518
Disposals	-	-	(90,750)	(825,549)	-	-	-	(916,299)
Balance at the year-end	-	17,843,533	164,770,286	14,174,841	1,155,604	6,447,803	-	204,392,067
<u>Netbook value</u>								
At December 31, 2022	43,502,583	24,361,469	26,249,477	1,908,117	681,051	1,437,406	684,463	98,824,566
At December 31, 2021	43,502,583	23,697,210	30,639,317	627,661	432,162	1,732,792	1,722,417	102,354,142

o 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.

o The capital work under construction amounting to SR. 648,463 represented in the rehabilitation of the Jeddah factory and the new ERP project, where the complementary cost amounted to SR. 965,537 (Note 25).

• Depreciation have charged for the year ended December 31 is as follows:

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Cost of sales	10,170,791	11,053,976
General and administrative expenses	692,460	626,813
Selling and marketing expenses	459,267	379,910
	11,322,518	12,060,699

UNITED WIRE FACTORIES COMPANY
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FOR THE YEAR ENDED DECEMBER 31, 2022

7. RIGHT OF USE ASSETS / LEASE CONTRACTS LIABILITIES

The Company has implemented a single recognition and measurement principle for all lease contracts if they are the lessee, except for the short-term lease contracts and lease contracts that contain a low-value asset. The Company has recognized lease liabilities for payments of lease contracts and right of use assets that represent the right of use assets that the contracts contain.

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

- Amortization expense increased by SR 697,248 related to amortization of recognized rights of use assets.
- Finance costs increased by SR 195,126 related to interest expense on recognized additional rental contract liabilities.

	(Saudi Riyal)	
	December 31, 2022	December 31, 2021
Right of use assets		
Balance at the beginning of the year	4,396,189	4,396,189
Additions	1,532,602	-
	<u>5,928,791</u>	<u>4,396,189</u>
Accumulated amortization		
Balance at the beginning of the year	(997,246)	(644,306)
Amortization	(697,248)	(352,940)
	<u>(1,694,494)</u>	<u>(997,246)</u>
Balance at the end of the year	<u>4,234,297</u>	<u>3,398,943</u>
Lease liability		
Balance at the beginning of the year	3,267,325	3,539,509
Additions	1,532,602	
Amortization	(623,064)	(272,184)
Balance at the end of the year	<u>4,176,863</u>	<u>3,267,325</u>
Current portion	<u>769,707</u>	<u>285,592</u>
Non-current portion	<u>3,407,156</u>	<u>2,981,733</u>

8. INVENTORIES, NET

	(Saudi Riyal)	
	December 31, 2022	December 31, 2021
Finished goods	121,718,142	76,628,032
Raw materials	49,575,999	10,656,309
Work in progress	14,421,736	9,754,525
Spare parts not for sale	6,546,798	6,476,076
	<u>192,262,675</u>	<u>103,514,942</u>
Provision of slow-moving inventory	(134,916)	(134,916)
	<u>192,127,759</u>	<u>103,380,026</u>

The movement in the provision and impairment of inventory is as follows:

	(Saudi Riyal)	
	December 31, 2022	December 31, 2021
Balance at the beginning of the year	134,916	2,168,911
Reversal of impairment - Corona (Covid 19)	-	(2,029,794)
Reversal of slow-moving inventory	-	(4,201)
Balance at the end of the year	<u>134,916</u>	<u>134,916</u>

The impairment of inventory - Corona (Covid-19) in the year 2021 amounting to SR. 2,029,794 was reversed according to a re-study of the impact of precautionary measures by the management.

UNITED WIRE FACTORIES COMPANY
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9. TRADE RECEIVABLES, NET

	(Saudi Riyal)	
	December 31, 2022	December 31, 2021
Trade receivables	107,459,240	94,125,763
Trade receivables - related party (Note 26)	12,938	480,512
	107,472,178	94,606,275
Expected credit loss (Note 23)	(4,334,649)	(3,680,077)
	103,137,529	90,926,198

Credit risk, market risk, and impairment loss

The information that may expose the Company to credit and market risks and expected credit loss of trade receivables is included in note (23).

10. PREPAID EXPENSES AND OTHER DEBT BALANCES

	(Saudi Riyal)	
	December 31, 2022	December 31, 2021
Advances to suppliers	18,603,842	66,247,470
Letter of guarantee	3,797,050	3,797,050
Prepaid expenses	2,725,074	1,369,222
Staff receivables	1,548,344	1,383,558
Letter of credit	300,742	115,714
Refundable deposits	279,848	279,848
Others	1,861,949	1,983,474
Impairment of other debit balances	(3,085,679)	(3,208,429)
	26,031,170	71,967,907

The movement in the provision and impairment of other debit balances is as follows:

	(Saudi Riyal)	
	December 31, 2022	December 31, 2021
Balance at the beginning of the year	3,208,429	2,803,574
Charge for the year	-	404,855
Reversal of impairment of other debit balances	(122,750)	-
Balance at the end of the year	3,085,679	3,208,429

11. CASH AND CASH EQUIVALENT

	(Saudi Riyal)	
	December 31, 2022	December 31, 2021
Bank balances - current accounts	150,015,822	127,800,267
Cash on hand	269,530	-
	150,285,352	127,800,267

12. STATUTORY RESERVE

As required by the Saudi Arabian Regulations for Companies, the Company transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of capital. The reserve is not available for distribution as dividends to the shareholders.

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13. EMPLOYEE DEFINED BENEFITS OBLIGATION

Movement in net defined benefit obligations

The table below shows the opening balances with the closing balances of the employees defined benefit obligations and their components.

	Saudi Riyal	
	December 31, 2022	December 31, 2021
The balance of the beginning	8,288,509	7,880,506
Included in profit or loss		
Current service cost	1,101,859	1,117,709
Net interest on net defined benefit obligation	223,790	219,645
	1,325,649	1,337,355
Included in other comprehensive income		
Re-measurements of employees defined benefits obligation	(1,128,105)	(254,416)
Payments	(820,254)	(674,936)
The balance of the year end	7,665,799	8,288,509

Defined benefit obligations

a) Actuarial assumptions:

The main actuarial assumptions are:

	December 31, 2022	December 31, 2021
Discount rate	4.89%	2.65%
Salary increase rate for the first period	1%	5%
Long-term salary increase rate	1%	1%
Employee turnover	Average	Average
Number of employees	612	573
The average age of staff in years	37	38.12
The average number of years of the previous service	6.7	6.87

b) Sensitivity analysis:

Sensitivity analysis of employee benefits has been prepared based on the manner in which the impact is based on the obligation of the identified benefits as a result of reasonable changes in the key assumptions occurring at the end of the financial period. Sensitivity analyses are based on the change in the fundamental assumption, assuming all other assumptions are consistent. Sensitivity analysis may not be indicative of the actual change in the defined benefits obligation, and it is unlikely that changes in assumptions will occur in isolation.

The table below shows the quantitative impact of the sensitivity effect on significant assumptions, given that other assumptions are consistent, which may affect the obligation of the identified benefits:

	December 31, 2022	December 31, 2021
Change in discount rate (+0.5%)	7,311,770	7,722,725
Change in discount rate (-0.5%)	8,043,732	8,801,781
Change in long-term salary increase (+0.5%)	8,056,788	8,808,850
Change in long-term salary increase rate (-0.5%)	7,296,822	7,712,098

14. ZAKAT PROVISION

Zakat base

The Company is subject to Zakat. Zakat is calculated at 2.5% of the estimated Zakat base or adjusted net profit, whichever is higher. The principal elements of the Zakat base according to Zakat regulations are as follows:

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Zakat base:		
Adjusted net profit	69,148,903	58,456,742
Total positive items	447,981,532	441,288,200
Total negative items	(109,605,661)	(112,229,161)
Zakat base	407,524,774	387,515,781

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14. ZAKAT PROVISION (CONTINUED)

The movement of accrued Zakat provision

The following represents the movement of the Zakat provision:

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Balance at January 1	10,022,000	10,112,918
Zakat charged	10,493,352	10,177,841
Payments	(10,009,412)	(10,268,759)
Balance at December 31	10,505,940	10,022,000

Status of certificates and zakat final assessments

The Company finalized its Zakat status until December 31, 2014, and paid the Zakat due accordingly, obtained the final certificate, and submitted its Zakat declarations to the Zakat, Tax and Customs Authority ("ZATCA") up to the year ended December 31, 2021. The final zakat assessments were received from the Zakat, Tax and Customs Authority for the years from 2015 to 2018 with amounts of zakat differences amounting to 765,568 Saudi riyals, and they were objected to by the company in accordance with the relevant procedures and are still under action by the competent committees. due thereof.

15. ACCOUNTS PAYABLE AND OTHERS

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Trade and other payables	84,554,323	19,355,920
Advances from customers	3,652,949	2,724,533
	88,207,272	22,080,453

16. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Accrued salaries, benefits, and incentives	4,877,393	6,112,575
Accrued value-added tax	3,644,912	4,052,083
Accrued commissions & expenses	3,222,120	1,787,262
Other accruals	2,798,581	1,583,918
	14,543,006	13,535,838

17. COST OF SALES

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Direct materials	878,934,747	799,433,375
Salaries and benefits of employees	16,363,907	14,799,759
Depreciation	10,170,791	11,053,976
Rent	464,547	499,230
Right of use assets amortization	697,248	352,940
Reversal impairment of slow-moving inventories	-	(4,201)
Other	12,422,288	9,546,348
	919,053,528	835,681,427

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18. SELLING AND DISTRIBUTION EXPENSES

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Shipping and transportation expenses	7,536,659	7,883,616
Salaries and benefits of employees	7,527,584	6,896,791
Commissions	2,090,355	1,879,487
Maintenance	1,273,104	660,352
Rent	935,566	467,367
Depreciation	459,267	379,910
Government expenses	183,748	157,315
Impairment of other debit balances	-	404,855
Other	880,062	854,389
	<u>21,027,985</u>	<u>19,584,082</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Salaries and benefits of employees	12,997,741	11,648,727
Remuneration and allowances for attendance of members of the Board of Directors and committees	1,735,996	1,245,997
Fees and subscriptions	1,040,154	742,839
Professional fees	924,925	454,128
Depreciation	692,460	626,813
Bank charges	515,182	-
Other	603,081	670,494
	<u>18,509,539</u>	<u>15,388,998</u>

20. BASIC AND DILUTED EARNINGS PER SHARE

Basic/diluted earnings per share are based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share as of December 31, 2022, and 2021 were calculated based on the weighted average number of outstanding shares during the year in the number of 35,100,000 shares (2021: 35,100,000 shares). There are no dilutive potential ordinary shares.

21. DIVIDENDS

- During the first quarter of 2022, in accordance with the Board of Directors resolution dated on Jumada al-Akhirah 28, 1443H corresponding to January 31, 2022, the Company declared dividends distribution amounting of SR 15,795,000 by distribution of SR. 0.45 per share and distributed on February 21, 2022.
- During the third quarter of 2022, in accordance with the Board of Directors resolution dated on Muharram 2, 1444H corresponding to July 31, 2022, the Company declared dividends distribution amounting of SR 35,100,000 by distribution of SR. 1 per share and distributed on August 18, 2022.
- During the first quarter of 2021, in accordance with the Board of Directors resolution dated on Rajab 4, 1442H corresponding to February 16, 2021, the Board of Directors declared dividends amounting of SR 35,100,000 by distribution of SR. 1 per share and distributed on March 3, 2021.
- During the second quarter of 2021, in accordance with the Board of Directors resolution dated on Thul-Hijjah 18, 1442H corresponding to July 28, 2021, the Board of Directors declared dividends amounting of SR 26,325,000 by distribution of SR. 0.75 distributed on August 17, 2021.

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22. 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 return to the shareholders by optimizing the capital structure. The Company manages the capital, and adjustments are made to it in light of 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, or adjust the capital.

The Company's policy is to maintain a strong capital base in order to gain investor and market confidence as well as to ensure the future development of the business. The management monitors the return on capital and the level of dividends to shareholders. The Board of Directors seeks to maintain a balance between the higher returns that could be obtained through increased levels and the safety benefits that could be achieved by maintaining a strong capital position. The company aims to achieve an adequate return on capital. The return for the year ending December 31, 2022, was 16% (December 31, 2021: 13%). The company monitors capital using the "net debt" to "equity" ratio. For this purpose, adjusted net debt is defined as total liabilities less cash and bank balances. Shareholders' equity consists of all components of shareholders' equity if any. The company has sufficient financing to meet all the company's obligations.

The Company has sufficient financing to meet all of the Company's obligations.

23. 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 obligations consist of trade payables and other financial obligations. The Company does not currently use derivatives of financial instruments to manage these risks to which it is exposed.

A general framework for risk management

The Board of Directors is generally responsible for setting and follow-up Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks that the Company encounters 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 is responsible for supervising how the management monitors compliance with the company's risk management policies and procedures, in addition to reviewing the effectiveness of the general risk management framework in respect of the risks that the Company encounter. The audit committee is assisted in performing this oversight role from one of the offices specialized in internal audit works. The aforementioned internal auditor's office conducts a periodic review and a special review of the controls and procedures for risk management and provides reports on the results of these works to the audit committee.

Credit risk

Credit risks are the risks that expose the company to a financial loss if the customer or the counterparty in a financial instrument fails to meet its contractual obligations, and they mainly arise from trade receivables, cash and bank balances, and due from related parties.

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

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23. 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 customer. However, management also considers factors that may have an impact on the credit risk of the Company's customer base, including the risk of default in the customer segment in which the customers operate.

The Company has established a credit policy whereby each new customer is analysed individually 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 periodically.

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

Accordingly, the expected credit loss of trade receivables as of December 31, 2022, was estimated at SR 4,334,649 (2021: SR 3,680,077) in accordance with the Company's policy and IFRS (9) Financial Instruments, the Company also maintains guarantees for most of the balances of trade receivables.

At the financial position date, trade receivables aging related to a number of customers were as follows:

Trade receivables aging	Book value	Expected credit loss	Balance
From 0 to 90	96,908,294	-	96,908,294
From 91 to 180	5,913,002	(243,948)	5,669,054
From 181 to 360	863,578	(303,397)	560,181
More than 360	3,787,304	(3,787,304)	-
Total as of December 31, 2022	107,472,178	(4,334,649)	103,137,529

Trade receivables aging	Book value	Expected credit loss	Balance
From 0 to 90	88,001,397	-	88,001,397
From 91 to 180	2,731,668	(110,350)	2,621,318
From 181 to 360	425,754	(122,271)	303,483
More than 360	3,447,456	(3,447,456)	-
Total as of December 31, 2021	94,606,275	(3,680,077)	90,926,198

The movement of expected credit loss of trade receivables during the year is as follows:

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Balance at the beginning of the year	3,680,077	8,190,890
Charge during the year	654,572	353,702
Reversal of expected credit loss of trade receivables (Covid 19)	-	(4,050,680)
Bad debts	-	(813,835)
	4,334,649	3,680,077

In October 21, 2021, the Board of Directors agreed to approve a write off and settlement memorandum of specific trade receivables with customers which was prepared by the management in accordance with the Board's authorities and the credit policy.

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23. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

Concentrations of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar activities or activities in the same geographical area, or when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to the developments affecting a business segment or geographical area. All Company's financial assets are located in the Kingdom of Saudi Arabia.

Liquidity risk

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

The company is keen that the value of cash and bank balances in highly marketable debt instruments be greater than the expected external cash flows associated with financial obligations over the next sixty days. The company also monitors the level of expected cash flows for trade receivables with the expected external cash flows for trade payables. As at December 31, 2022, the expected cash flows from trade receivables maturing within three months amounted to SAR 96.9 million (December 31, 2021: SAR 88 million). The balance of cash and balances with banks amounted to SAR 150.3 million as of December 31, 2022 (December 31, 2021: SAR 127.8 million). Hence the total expected cash flows from trade receivables and the total cash are sufficient to meet the expected external cash flows.

liquidity risk exposure

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

		Contractual cash flows		
		Within 3 months or less	Within 3 to 12 months	More than a year
December 31, 2022	Book value			
Liabilities	SR	SR	SR	SR
Trade payables	84,554,323	84,554,323	-	-
Other credit balances	14,543,006	14,543,006	-	-
Lease Liabilities	5,066,620	-	847,095	4,219,525
Zakat	10,505,940	-	10,505,940	-
Total	114,669,889	99,097,329	11,353,035	4,219,525

		Contractual cash flows		
		Within 3 months or less	Within 3 to 12 months	More than a year
December 31, 2021	Book value			
Liabilities	SR	SR	SR	SR
Trade payables	19,355,920	19,355,920	-	-
Other credit balances	13,535,838	13,535,838	-	-
Lease Liabilities	5,884,810	-	818,190	5,066,620
Zakat	10,022,000	-	10,022,000	-
Total	48,798,568	32,891,758	10,840,190	5,066,620

Commodity price risk

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

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23. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

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 existing positions in interest rates, foreign exchange, and equity products, all of which are subject to general and specific market movements and changes in the fluctuation level 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.

Management believes that the Company is not exposed to significant foreign exchange risk.

The reasonably probable rise (decline) in Euro and 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 fluctuation 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.

24. OPERATING LEASES CONTRACTS

Contracts leases as lessee

The Company leases several warehouses and retail outlets under operating leases. The lease term is one year with the option to renew the lease after one year. Lease payments are recognized each year to reflect the prevailing market rents. Some lease contracts provide additional rent payments based on changes in the prevailing indicators in the local market.

Lease contracts for warehouses and branches were concluded many years ago with the Saudi Industrial Property Authority for a period of up to 25 years, subject to renewal, and they represent lease contracts for lands and buildings. The Company determines that the land and building components of warehouse and branch leases are operating leases. The rent paid to the owner is adjusted according to the prevailing market rents at regular intervals and the company has no interest in the residual value of the lands and buildings. As a result, it has been determined that all the risks of land and building rentals are large with the owner.

Minimum future lease payments

At the end of the year, the minimum payments for all future leases under non-cancellable leases were due as follows:

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Less than one year	1,203,838	824,909
From one to five years	1,669,732	1,650,140
More than five years	2,575,322	3,811,763
Total	5,448,892	6,286,812
Classified as:		
Operating lease contracts	382,272	402,002
Finance lease contracts – IFRS 16	5,066,620	5,884,810
Total	5,448,892	6,286,812

Amounts recognized in profit or loss for the year ended December 31:

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Rental contract expenses	1,096,986	693,757

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25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company's capital commitments as of December 31, 2022, amounted to SR6,011,986 out of a total business of SR 11,265,369 (2021: SR 1,300,182 out of a total business amounting to 2,367,4 Saudi riyals) and these commitments are for the supply of spare parts for machines.

The contingent liabilities for the completion cost of the capital works amounted to SAR 965,537.

As of December 31, 2022, the Company has letters of credit in progress for SR 27,3 million (2021: SR 10.7 million) and outstanding bank letters of guarantee amounting to SR 75.9 million (2021: SR 75.9 million). Issued through local banks to ensure the supply of raw materials from local Companies, where the value of securing letters of guarantee amounted to SR 3.8 million (2021: SR 3.8 million), according to a facility contract of letters of guarantee and documentary credits with local banks with a total value of facilities. It amounted to SR 150 million, with the guarantee of promissory notes issued by the company, with the full value of the facilities.

26- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related party	Relationship
Elegant Romoz for Trading Company	A Company who is owned by two boards of directors: - Mohamed Rasheed Al Rasheed - Salih Rasheed Al Rasheed - Ahmed Rasheed Al Rasheed

Board of directors' members and senior management

The benefits of senior management personnel consist of the following:

	Saudi Riyal	
	December 31, 2022	December 31, 2021
Short-term employee benefits	4,981,545	5,239,006
Post-employment benefits	212,502	184,000
Board of Directors' bonus	1,350,000	900,000
	6,544,047	6,323,006

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

Other transactions with related parties

Related parties consist of the Company's shareholders and their relatives, associates and sister companies, directors, and senior management staff of the company. The terms and conditions of these transactions are approved by the company's management. These transactions take place in the course of the company's usual activity and according to the same principles of dealing with third parties. The most important transactions with a related party are as follows:

	Transaction Amounts	
	Saudi Riyal	
Nature of transactions	December 31, 2022	December 31, 2021
Sales	13,350,330	9,452,931

The balances with the related party at the end of the financial year are as follows:

	Saudi Riyal	
Related party	December 31, 2022	December 31, 2021
Elegant Romoz for Trading Company (Note 9)	12,938	480,512

Elegant Romoz for Trading Company has been dealing with United Wire Factories Company for more than fifteen years, and there is no doubt about its financial solvency as a customer, as there have never been more debts than agreed upon in the course of the usual activity and they have not been granted any advantages over the rest of the Company's customers.

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27. SIGNIFICANT EVENTS

On October 24, 2021, the Company announced the signing of a (non-binding) memorandum of understanding with Thimar Food and Catering Company (Limited Liability Company) on October 21, 2021, regarding the possible acquisition of a share in the ownership of Thimar Food and Catering Company after completing the due diligence examination and in accordance with the relevant procedures. The Company announced three extensions of the memorandum of understanding to end the financial and legal due diligence examination, which was last on April 28, 2022, for a period of 30 days. On September 2, 2022, the Company announced the termination of memorandum of understanding due to the failure of the two parties to reach an agreement on the acquisition.

On February 21, 2022, the Company also announced the signing of a (non-binding) memorandum of understanding with A-1 Fence DMCC Company (UAE) on February 20, 2022, regarding the possible acquisition of a share in the ownership of A-1 Fence Arabia for Industry Company (Limited Liability Company) located in Dammam – Kingdom of Saudi Arabia (fully owned by A-1 Fence DMCC Company) after completing the due diligence examination and in accordance with the relevant procedures. On May 19, 2022, the Company announced an extension of the memorandum of understanding for a period of 90 days. On August 18, 2022, the Company announced the signing of a purchase agreement with A-1 Fence DMCC Company to acquire 30% of the share capital of A-1 Fence Arabia for Industry Company. The agreement is subject to the approval of the relevant authorities to complete it.

On November 2, 2022, the company's board of directors approved a recommendation to the extraordinary general assembly to reduce the company's capital by 20% by using the surplus from the company's cash balances, after obtaining the approval of the concerned government agencies and the extraordinary general assembly.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on Sha'aban, 9, 1444H (Corresponding to March 1, 2023G).