

**SALEH ABDULAZIZ AL RASHED AND SONS  
COMPANY  
(A Closed Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
31 December 2024**

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

(A Closed Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

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For the year ended 31 December 2024

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**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF SALEH ABDULAZIZ AL RASHED AND SONS COMPANY  
(A Closed Joint Stock Company)**

**Opinion**

We have audited the consolidated financial statements of Saleh Abdulaziz Al Rashed and Sons Company (A closed joint stock company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2024 and its consolidated financial performance and consolidated cash flows for the year ended on that date in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are set out in detail in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent from the Group in accordance with the International Code of Conduct and Ethics for Professional Accountants (including International Independence Standards) adopted in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal controls as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the board of directors, are responsible for overseeing the Group's financial reporting process.



**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF SALEH ABDULAZIZ AL RASHED AND SONS COMPANY  
(A Closed Joint Stock Company) (continued)**

**Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

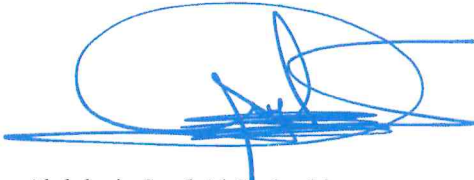
- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and based on the audit evidence obtained, whether 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 consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to 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 to the consolidated financial statements, including the disclosure, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the Group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF SALEH ABDULAZIZ AL RASHED AND SONS COMPANY  
(A Closed Joint Stock Company) (continued)**

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.

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi  
Certified Public Accountant  
License no (339)  
20 Ramadan 1446 H  
20 March 2025



**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

(A Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

	Note	2024 SR	2023 SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	205,741,535	193,200,130
Right-of-use assets	7	4,382,276	6,473,941
Intangible assets	8	8,640,267	225,649
<b>TOTAL NON-CURRENT ASSETS</b>		<b>218,764,078</b>	<b>199,899,720</b>
<b>CURRENT ASSETS</b>			
Inventories	9	129,407,966	122,230,132
Trade receivables and notes receivable	10	54,942,005	46,167,327
Prepayments and other current assets	11	23,239,889	22,931,416
Amounts due from related parties	12	49,934,444	20,470,656
Investment in financial instruments at fair value through profit or loss	13	4,476,665	5,341,324
Cash and cash equivalents	14	25,914,252	11,550,030
<b>TOTAL CURRENT ASSETS</b>		<b>287,915,221</b>	<b>228,690,885</b>
<b>TOTAL ASSETS</b>		<b>506,679,299</b>	<b>428,590,605</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital	15	186,000,000	186,000,000
Reserve	16	150,000	150,000
Retained earnings		170,444,464	121,740,560
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>356,594,464</b>	<b>307,890,560</b>
Non-controlling interests		19,270	-
<b>TOTAL EQUITY</b>		<b>356,613,734</b>	<b>307,890,560</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liability - non-current portion	7	1,559,728	3,495,431
Murabaha financing – non-current portion	17	10,666,668	-
Employees defined benefits obligations	18	11,453,509	8,214,327
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>23,679,905</b>	<b>11,709,758</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable		44,652,404	39,683,665
Amounts due to related parties	12	-	399,500
Accrued expenses and other current liabilities	19	40,808,325	26,036,659
Murabaha financing – current portion	17	34,466,798	35,824,000
Lease liability - current portion	7	2,130,339	2,928,463
Zakat provision	20	4,327,794	4,118,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>126,385,660</b>	<b>108,990,287</b>
<b>TOTAL LIABILITIES</b>		<b>150,065,565</b>	<b>120,700,045</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>506,679,299</b>	<b>428,590,605</b>

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

(A Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2024

	Note	2024 SR	2023 SR
Revenue	21	<b>599,584,163</b>	498,692,692
Cost of revenue	22	<b>(492,890,316)</b>	(401,343,696)
<b>GROSS PROFIT</b>		<b>106,693,847</b>	97,348,996
<b>EXPENSES</b>			
General and administrative	23	<b>(41,352,014)</b>	(40,732,661)
Selling and marketing	24	<b>(2,137,147)</b>	(2,240,253)
<b>PROFIT FROM OPERATIONS</b>		<b>63,204,686</b>	54,376,082
Financial charges	25	<b>(4,654,704)</b>	(2,669,206)
Other income (loss), net	26	<b>5,437,643</b>	(558,316)
<b>PROFIT BEFORE ZAKAT</b>		<b>63,987,625</b>	51,148,560
Zakat	20	<b>(4,300,062)</b>	(4,090,314)
<b>NET PROFIT FOR THE YEAR</b>		<b>59,687,563</b>	47,058,246
<b>Net profit attributable to:</b>			
Shareholders of the Company		<b>59,688,293</b>	47,058,246
Non-controlling interest		<b>(730)</b>	-
		<b>59,687,563</b>	47,058,246
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Item not to be reclassified to the Income Statement</i>			
(Loss) gain from remeasurement of defined benefit obligations	18	<b>(1,684,389)</b>	1,657,657
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>58,003,174</b>	48,715,903
<b>EARNING PER SHARE</b>			
Basic and diluted earnings per share from net income attributable to shareholders of the Company	29	<b>3,21</b>	2,53

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

**SALEH ABDULAZIZ AL RASHED AND SONS CO**

(A Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2024

**Attributable to Shareholders of the Company**

	<b>Capital SR</b>	<b>Additional Capital SR</b>	<b>Reserve SR</b>	<b>Retained Earnings SR</b>	<b>Total SR</b>	<b>Non- Controlling Interests SR</b>	<b>Total Equity SR</b>
<b>1 January 2023</b>	500,000	185,500,000	150,000	73,024,657	259,174,657	-	259,174,657
Net profit for the year	-	-	-	47,058,246	47,058,246	-	47,058,246
Other comprehensive income for the year	-	-	-	1,657,657	1,657,657	-	1,657,657
Total comprehensive income for the year	-	-	-	48,715,903	48,715,903	-	48,715,903
Capital increase	185,500,000	(185,500,000)	-	-	-	-	-
<b>31 December 2023</b>	<b>186,000,000</b>	<b>-</b>	<b>150,000</b>	<b>121,740,560</b>	<b>307,890,560</b>	<b>-</b>	<b>307,890,560</b>
<b>1 January 2024</b>	<b>186,000,000</b>	<b>-</b>	<b>150,000</b>	<b>121,740,560</b>	<b>307,890,560</b>	<b>-</b>	<b>307,890,560</b>
Net profit for the year	-	-	-	59,688,293	59,688,293	(730)	59,687,563
Other comprehensive loss	-	-	-	(1,684,389)	(1,684,389)	-	(1,684,389)
Total comprehensive income for the year	-	-	-	58,003,904	58,003,904	(730)	58,003,174
Non-controlling interest arising from business combinations	-	-	-	-	-	20,000	20,000
Dividends	-	-	-	(9,300,000)	(9,300,000)	-	(9,300,000)
<b>31 December 2024</b>	<b>186,000,000</b>	<b>-</b>	<b>150,000</b>	<b>170,444,464</b>	<b>356,594,464</b>	<b>19,270</b>	<b>356,613,734</b>

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

(A Closed Joint Stock Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2024

	<b>2024</b>	<b>2023</b>
	<b>SR</b>	<b>SR</b>
<b>OPERATING ACTIVITIES</b>		
Profit before zakat	<b>63,987,625</b>	51,148,560
<b>Amendments to:</b>		
Depreciation of property, plant and equipment	<b>51,113,650</b>	36,312,488
Depreciation of right-of-use assets	<b>2,125,819</b>	1,270,868
Amortization of intangible assets	<b>599,947</b>	64,849
Provision for defined benefit obligations – provided	<b>2,603,085</b>	1,970,737
Finance costs	<b>4,654,704</b>	2,669,206
(Reversed) provision for expected credit losses	<b>(600,308)</b>	4,581,881
Provision for slow-moving inventory	<b>2,001,329</b>	247,923
(Gain) loss from revaluation of investments in financial instruments at fair value through profit or loss	<b>(324,691)</b>	1,388,976
Gains on disposal of property, plant, and equipment	<b>(1,386,335)</b>	(827,053)
Losses on disposal of intangible assets	<b>3,933</b>	-
Gains on disposal of right-of-use assets	<b>(4,413)</b>	-
	<b>124,774,345</b>	98,828,435
<b>Changes in operating assets and liabilities:</b>		
Trade receivables and notes receivable	<b>(8,174,370)</b>	(13,386,932)
Prepayments and other current assets	<b>(158,473)</b>	22,749,660
Inventories	<b>(9,179,163)</b>	(46,090,345)
Trade payables	<b>4,968,739</b>	10,563,528
Amounts due from / to related parties	<b>(29,825,792)</b>	8,613,393
Accrued expenses and other current liabilities	<b>14,752,576</b>	(18,699,095)
Cash flow from operating activities	<b>97,157,862</b>	62,578,644
Zakat payments	<b>(4,094,950)</b>	(1,966,391)
Employees defined benefit obligations paid	<b>(1,423,663)</b>	(1,897,438)
Finance costs paid	<b>(3,783,011)</b>	(1,949,353)
<b>Net cash from operating activities</b>	<b>87,856,238</b>	56,765,462
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	<b>(59,986,170)</b>	(100,709,309)
Additions to intangible assets	<b>(7,874,248)</b>	(17,400)
Proceeds from disposal of property, plant, and equipment	<b>4,484,476</b>	6,445,587
Additions to investments in financial instruments at fair value through profit or loss	<b>(3,679,289)</b>	(5,512,600)
Proceeds from sale of investments in financial instruments at fair value through profit or loss	<b>4,868,639</b>	1,625,732
Investment in subsidiaries, net of consideration Paid	<b>(8,055,000)</b>	413,043
<b>Net cash used in investing activities</b>	<b>(70,241,592)</b>	(97,754,943)
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liability	<b>(3,259,890)</b>	(1,623,629)
Murabaha financing – proceeds	<b>163,882,034</b>	51,760,091
Murabaha financing – repayments	<b>(154,572,568)</b>	(15,936,091)
Dividends	<b>(9,300,000)</b>	-
<b>Net cash (used in) from financing activities</b>	<b>(3,250,424)</b>	34,200,371
<b>NET INCREASE (DECREASE) IN IN CASH AND CASH EQUIVALENTS</b>	<b>14,364,222</b>	(6,789,110)
Cash and cash equivalents at the beginning of the year	<b>11,550,030</b>	18,339,140
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>25,914,252</b>	11,550,030

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

(A Closed Joint Stock Company)

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**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

For the year ended 31 December 2024

	<b>2024</b>	<b>2023</b>
	<b>SR</b>	<b>SR</b>
<b><u>NON-CASH TRANSACTIONS:</u></b>		
Transfer from inventory to property, plant and equipment	<b>(7,911,276)</b>	(6,196,476)
Loss (gain) on remeasurement of employees defined benefit obligations	<b>1,684,389</b>	(1,657,657)
Additions to lease contracts and lease liabilities	<b>1,158,454</b>	7,744,809
Transfer from property, plant and equipment to intangible assets	<b>1,144,250</b>	-

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The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**  
(A Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

**1- GENERAL INFORMATION**

Saleh Abdulaziz Al-Rashed and Sons Company (the "Company") is a closed joint-stock company established in accordance with the provisions of the Companies Law and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010008417 dated 12 Rajab 1395 AH (corresponding to 22 July 1975).

The Company's registered address is Al-Aziziyah District, Riyadh, Kingdom of Saudi Arabia, P.O. Box: 4293, Riyadh 11491.

The Company's activities include importing, exporting, and wholesale and retail trading in crushers, crusher spare parts, building materials, and graded gravel; purchasing land for building construction; investing in these buildings through cash sales, installments, or leasing for the Company; managing, maintaining, and developing real estate; purchasing and owning real estate for the Company; and selling, purchasing, and exploiting real estate and land for the Company.

During 2023, the Company was transformed from a limited liability company into a closed joint-stock company with its rights and obligations, while maintaining the same commercial registration number and without changing the fiscal year. The regulatory procedures were completed on 29 Jumada Al-Akhirah 1444 H, corresponding to 22 January 2023. The Company increased its capital to become 186 million Saudi riyals (18,600,000 shares), with a share value of 10 Saudi riyals.

The Company operates through the following branches:

<b>Branch</b>	<b>CR No</b>	<b>Date</b>	<b>City</b>
Saleh Abdulaziz Al-Rashed and Sons Company	1010440978	08/04/1437 H	Riyadh
Saleh Abdulaziz Al-Rashed and Sons Company	1120100785	06/11/1440 H	Rumah
Saleh Abdulaziz Al-Rashed and Sons Company Branch	2031105350	27/06/1442 H	Al-Ahsa
Saleh Abdulaziz Al-Rashed and Sons Company	1010624636	05/06/1441 H	Riyadh
Saleh Abdulaziz Al-Rashed and Sons Company	1110000810	22/01/1435 H	Dhurma
Saleh Abdulaziz Al-Rashed and Sons Company	1010829013	29/02/1444 H	Riyadh
Saleh Abdulaziz Al-Rashed and Sons Company	1011149858	14/10/1443 H	Al-Kharj
Saleh Abdulaziz Al-Rashed and Sons Company	1010773510	15/06/1443 H	Riyadh
Saleh Abdulaziz Al-Rashed and Sons Company	4651103758	28/03/1444 H	Al-Ula
Saleh Abdulaziz Al-Rashed and Sons Company	4030417830	27/10/1442 H	Jeddah
Saleh Abdulaziz Al-Rashed and Sons Company	1120001936	12/02/1437 H	Rumah
Environmental Exports Maintenance Company	1010440977	08/04/1437 H	Riyadh
Saleh Abdulaziz Al-Rashed and Sons Company	4030246026	25/06/1434 H	Jeddah
Saleh Abdulaziz Al-Rashed and Sons Company	5900120939	06/04/1441 H	Jizan
Saleh Abdulaziz Al-Rashed and Sons Company	3550126764	25/05/1444 H	Tabuk
Saleh Abdulaziz Al-Rashed and Sons Company for Trading	5855032113	12/04/1430 H	Khamis Mushait
Saleh Abdulaziz Al-Rashed and Sons Company Branch	4650227710	27/06/1442 H	Medina
Saleh Abdulaziz Al-Rashed and Sons Company	3554102049	07/08/1444 H	Tayma
Saleh Abdulaziz Al-Rashed and Sons Company	1011153066	03/11/1444 H	Al-Kharj

The following is a statement of the subsidiaries included in these consolidated financial statements:

<b>Company</b>	<b>Country of incorporation</b>	<b>Direct and actual ownership percentage</b>	
		<b>2024</b>	<b>2023</b>
Quality Rocks Mining Company (One Person Company)	Riyadh	100%	100%
Company Al-Rammal Al-Hamra Company for Mining (One Person Company) (A)	Riyadh	100%	-
Dorra Al-Mobani Company for Mining (One Person Company) (B)	Riyadh	100%	-
National Shield Mining Company (Limited Liability Company) (C)	Riyadh	80%	-

- On 3 October 2024, the Company acquired 100% of the voting shares of Dorra Al-Mobani Company for Mining (a one-person company), a company specializing in the construction of roads, streets, sidewalks, and road supplies, operating quarries, and selling gravel and sand, registered under Commercial Registration No. 1010817100 dated 7 Muharram 1444H (corresponding to 5 August 2022) (Note 28).
- On 4 October 2024, the Company acquired 100% of the voting shares of Company Al-Rammal Al-Hamra Company for Mining (a one-person company), a company specializing in the operation of quarries and sand or gravel mines, registered under Commercial Registration No. 1010849331 dated 3 Jumada Al-Awwal 1444 H (corresponding to 22 December 2022) (Note 28).

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

(A Closed Joint Stock Company)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

### 1- GENERAL INFORMATION (Continued)

- c) On 20 November 2024, the Company decided to establish the National Shield Mining Company (a limited liability company). The company specializes in operating quarries, sand or gravel mines, crushers, and land freight transportation, and is registered under Commercial Registration No. 1009138756 dated 18 Jumada Al-Awwal 1446 H, corresponding to 20 November 2024.

### 2- BASIS OF PREPARATION

#### 2-1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS as endorsed in KSA").

#### 2-2 Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain assets, which are investments in financial instruments carried at fair value through profit or loss, and the recognition of defined benefit obligations at the present value of future obligations using the projected unit credit method.

#### 2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group.

#### 2-4 New and Amended Standards and Interpretations

The Group has applied for the first time the following standards and amendments, effective for periods beginning on or before 1 January 2024, and which have no impact on the Group's financial statements:

##### Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

Amendments to improve the information provided by an entity regarding compliance with the conditions that an entity must comply with during the twelve-month period following the reporting period on the classification of liabilities.

##### Amendments to IAS 7 and IFRS 7: Disclosure of Supplier Financing Arrangements

Disclosures to enhance the transparency of supplier arrangements and their effects on an entity's liabilities, cash flows, and exposure to liquidity risk.

##### Amendments to IFRS 16: Lease Liabilities in Sale and Leaseback Transactions

Amendments to clarify how an entity accounts for sale and leaseback transactions after the transaction date to ensure that a lessee-seller does not recognize any gain or loss related to the right to use and retain the asset.

#### 2-5 Standards issued but not yet effective

The following are new standards and amendments to standards effective for annual periods beginning on or after 1 January 2025, with early adoption permitted. However, the Group has not applied them in preparing these financial statements. The Group is currently evaluating the impact of applying these standards on its consolidated financial statements, and these standards and interpretations are not expected to have any material impact on the Group at the date of their effective date.

<b>Standard, amendment, or interpretation</b>	<b>Effective Date</b>
Amendments to IAS 21: Non-Exchangeability of Currency for a Foreign Currency.	1 January 2025
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments.	1 January 2026
Issue 11: Annual Improvements to International Financial Reporting Standards.	1 January 2026
Amendments to IFRS 9 and IFRS 7: Power Purchase Agreements.	1 January 2026
IFRS 18: Presentation and Disclosure in Financial Statements - replaces IAS 1: Presentation of Financial Statements.	1 January 2027
IFRS 19: Subsidiaries without Public Accountability.	1 January 2027
Amendments to IFRS 10 and IFRS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture.	Not yet determined

## **SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

(A Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

### **3- BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS**

The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the ("Group")) as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In particular, the Group controls an investee only when the Group has:

- Power over the investee company (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure to risks and has rights to receive variable returns through its relationship with the investee; and
- The ability to use its power over the investee to affect its returns.

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

- Contractual arrangements with the voting rights holders of other members of the investee group,
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group gains control over the subsidiary and ceases when the Group ceases to exercise such control.

The assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to exercise such control.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All inter-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between Group companies are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizing the assets (including goodwill) and liabilities of the subsidiary
- Derecognizing the carrying amount of any non-controlling interest
- Recognizing the fair value of the consideration received
- Recognizing the fair value of any investment retained
- Recognizing any surplus or deficit in profit or loss

Reclassifying shareholders' share of items previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, and as would be required if the Group had directly disposed of the related assets or liabilities.

### **4- SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including future expectations.

#### **4-1 Key sources of accounting estimation uncertainty**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

(A Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 4- SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES (continued)

### 4-1 Key sources of accounting estimation uncertainty

#### **Determining the lease term of contracts with renewal and termination options**

Management of the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

#### **Estimated useful lives of property, plant and equipment**

The Group's management determines the estimated useful lives of its property, plant and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives as necessary, and future depreciation charges are adjusted when management believes the useful lives differ from previous estimates.

#### **Provision for expected credit losses on trade receivables**

The Group uses a provision matrix to calculate expected credit losses on trade receivables. The provision rates are determined based on days past due for groupings of various customer segments that have similar loss patterns (i.e., geographic region, product type, customer type, price, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on observed historical default rates. The Group calibrates the matrix to adjust historical credit losses for forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the entertainment sector, the historical default rates are adjusted. At each consolidated reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of expected credit losses is affected by changes in circumstances and of forecast economic conditions. The Group's past credit losses and estimated economic conditions may not be representative of a customer's actual default in the future.

#### **Impairment of non-financial assets**

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is calculated based on available data from binding sales transactions conducted at arm's length for similar assets or observable market prices less costs incidental to the disposal of the asset. Value in use is calculated using the discounted cash flow method. The Group's management determines the lease term with renewal and termination options.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

#### **Employee end of service benefits**

The present value of employee defined benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used to determine the net cost (income) for termination of service include the discount rate. Note that any changes in these assumptions will affect the carrying value of employee defined benefits.

The Group determines the appropriate discount rate at the end of the year; this is the interest rate used to determine the fair value of the expected future cash flows expected to be required to settle the obligations.

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

(A Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 4- SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES (continued)

### 4-1 Key sources of accounting estimation uncertainty

#### Contingent liabilities

By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgements and estimates of the outcome of future events.

#### Impairment of inventory

Inventory is stated at the lower of cost or market value. When inventory becomes old or obsolete, an estimate of its market value is made. For individually significant amounts, this estimate is made for each amount separately for amounts that are individually immaterial but considered old or obsolete, they are collectively assessed and the provision is made on the basis of type of inventory and its age or degree of obsolescence based on historical selling prices.

#### Going concern

These consolidated financial statements have been prepared on a going concern basis. The Group's management has conducted an assessment of the Group's ability to continue to as going concern and the opinion that the Group has sufficient resources to continue to operate in the future. Furthermore, Management is not aware of any material uncertainty that would cast doubt on the Group's ability to continue as going concern.

#### Zakat liabilities and zakat and tax position for years not yet agreed with the ZATCA

The zakat provision included in the consolidated statement of financial position represents management's best estimate of the outstanding obligation for the years not yet agreed upon with the Zakat, Tax, and Customs Authority.

The zakat base has been calculated based on management's understanding of the zakat and tax regulations that are applied the Kingdom of Saudi Arabia. Zakat and tax regulations in the Kingdom of Saudi Arabia are subject to different interpretations. The assessments that might be raised by ZATCA may differ from the declarations filed by the Group.

## 5- MATERIAL ACCOUNTING POLICIES

The following are the accounting policies applied in the preparation of these consolidated financial statements:

#### **Current versus non-current classification**

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

- it expects to realize the asset, or intends to sell or consume it, in the Group's normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting date; or
- the asset is cash at banks, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

The Group shall classify all other assets as non-current. When the Group normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The Group classifies a liability as current when:

- it expects to settle the liability in the Group's normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting date; or
- the entity does not have unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The group classifies all other liabilities as non-current liabilities.

#### **Cash and cash equivalents**

Bank balances include cash deposited with local banks, cash on hand. These balances are subject to an immaterial risk of changes in value.

#### **Inventory**

Inventory is initially measured at cost, which includes purchase costs, conversion costs and other costs incurred in bringing the inventory to its current location and condition. The Group uses the weighted average cost method when measuring inventories. Under the weighted average cost formula, the cost of each item is determined based on the weighted average cost of similar items at the beginning of a given period and the cost of similar items purchased during the year. Inventories are subsequently measured at cost or net realizable value, whichever is lower.

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

(A Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 5- MATERIAL ACCOUNTING POLICIES (continued)

### **Inventory (continued)**

#### Impairment

At each reporting date, inventory is assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in the consolidated statement of profit and loss and other comprehensive income.

### **Financial instruments**

Financial assets, upon initial recognition and subsequently measured at amortized cost, are classified as fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets upon initial recognition depends on the cash flow characteristics of the financial asset and the Group's business model for managing it.

#### Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. At initial recognition, transaction costs directly related to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate. Transaction costs directly related to the acquisition of financial assets measured at fair value through profit or loss are recognized directly in the consolidated statement of profit or loss and other comprehensive income.

#### Financial assets

#### Subsequent measurement for financial instruments

The Group has the following financial assets:

#### Financial assets at amortized cost:

This category includes accounts receivable, notes receivable, and amounts due from related parties. Financial assets are measured at amortized cost only if they meet both of the following conditions and are not carried at fair value through profit or loss:

- Acquiring the financial asset within the business model for the purpose of acquiring financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset, at specified dates, result in cash flows that consist solely of payments of principal and interest on the principal outstanding.

Subsequently measured at amortized cost using the actual commission rate method and subject to impairment. Gains and losses on profit and loss are recognized in the consolidated statement of profit and loss and other comprehensive income when an asset is derecognized, adjusted or impaired.

#### Equity investments held at fair value through profit or loss

Equity investments classified as held at fair value through profit or loss unless they are designated as equity investments not held for trading or are contingent consideration arising in a business combination, are measured at fair value through other comprehensive income upon initial recognition.

#### Reclassification

Financial assets are not reclassified after initial recognition, except for the period following a change in the business model for managing financial assets.

#### Impairment of financial assets

The Group applies the simplified method prescribed in IFRS 9 to measure expected credit losses over the life of trade receivables. Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit losses, adjusted for the factors of the debtors, general economic conditions, and the assessment of both the current and expected market trends at the date of the financial statements, including the time value of money if appropriate.

#### Derecognition of financial assets

The Group ceases to prove financial assets only when the rights related to receiving cash flows from the assets or the Group transfers the financial assets and all the risks and benefits associated with the asset owner to another party. In cases where the Group does not transfer or retain all the risks and benefits associated with the owner or in which control over the asset is not transferred, the Group proves the remaining share in the asset and the related liability by the amount it is required to pay. If the Group retains all the risks and benefits associated with the transferred financial asset owner, the Group continues to recognize the financial asset.

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 5- MATERIAL ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### Financial assets (continued)

##### Derecognition of financial assets (continued)

When a financial asset measured at amortized cost is derecognized, the difference between the asset's carrying amount and the amount of consideration received or receivable is recognized in the consolidated statement of profit or loss and other comprehensive income. Conversely, when the Group derecognizes an equity investment that the Group chose to measure at fair value through other comprehensive income upon initial recognition, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the consolidated statement of profit or loss and other comprehensive income, but is transferred to retained earnings.

##### Financial liabilities

The Group classifies its financial liabilities as measured at amortized cost or fair value through profit or loss. Financial liabilities at initial recognition are classified at fair value through profit or loss if they are classified as financial liabilities acquired for trading purposes or as derivatives or have been designated as such on initial recognition.

The Group's financial liabilities include trade payables, accounts receivable, other accounts payable, and Murabaha financing.

##### Subsequent measurement for financial liabilities

All liabilities of the Group are measured at amortized cost.

##### Derecognition of financial liabilities

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

##### Offsetting of financial instruments

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

### Property, plant and equipment

Property, plant and equipment are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. When these assets are created internally, their cost includes all the amounts necessary to bring the asset to its current state and location to be ready for its intended use by the Company. This excludes all other costs such as general and administrative expenses and training costs. Any costs for the business case are charged to expense as incurred unless they relate to a specific asset that is created internally and directly attributable to it.

The Group adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of that item when the cost is incurred if the replacement part is expected to generate additional future benefits to the Group; and the carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are charged directly to profit or loss in the consolidated statement of comprehensive income and loss during the period in which they are incurred.

Asset depreciation is charged to spread the cost of assets less their estimated residual value over their estimated useful lives using the straight-line method.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are recognized in profit or loss in the consolidated statement of profit and loss and other comprehensive income. Key spare parts are eligible for recognition as plant and equipment when the Group expects to use them for more than one year. Transfers are made to the relevant operational asset class when these items are available for use.

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 5- MATERIAL ACCOUNTING POLICIES (continued)

### Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows.

<u>Property, plant and equipment category</u>	<u>Years</u>
Buildings and caravans	10-20
Machinery and equipment	5
Vehicles	5-7
Furniture and fixture	4
Electrical appliances	4
Leasehold improvements	10 or the lease term, whichever is less

Residual values, useful lives and depreciation methods for assets are reviewed and adjusted prospectively, if appropriate, at the end of each financial period. Any item of property, plant and equipment and any significant portion thereof that is initially recognized shall be derecognized when it is retired or when there are no expected future benefits from its use. Any gains or losses arising from the derecognition of the asset (which are calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in profit or loss in the consolidated statement of profit and loss and other comprehensive income.

### Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Subsequent to initial recognition, intangible assets are recorded at cost less any accumulated amortization and any accumulated impairment losses, if any.

The useful lives of intangible assets are classified as either finite or indefinite. Intangible assets with finite lives are amortized over their estimated economic useful lives and assessed for impairment whenever there is any indication that the intangible asset may be impaired. The amortization period and method for any intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits associated with the asset are accounted for by changing the amortization period or method, where appropriate, and are treated as changes in accounting estimates. Amortization expense for intangible assets with finite lives is recognized in the consolidated statement of profit or loss and other comprehensive income within the expense category consistent with the function of the intangible asset.

Intangible assets with finite useful lives are amortized as follows:

<u>Intangible Assets Category</u>	<u>years</u>
Computer Software	10 years
Mining license	5 years

### Leases

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

#### Group as lessee

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

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

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

The right-of-use asset is depreciated using the straight-line method over the lease term or the estimated useful lives of the assets. The lease term for workers' housing, warehouses, and land is estimated to be between 2 and 15 years.

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 5- MATERIAL ACCOUNTING POLICIES (continued)

### Leases (continued)

Group as lessee (continued)

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### iii) Short-term leases and leases of low-value asset

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

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit and loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified, upon inception, as finance leases or operating leases. Leases in which the Group transfers substantially all the risks and rewards of ownership are classified as finance leases.

### Impairment of non-financial assets

The Group assesses, at each consolidated reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's (or CGU's) fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The group impairment calculation is based on the detailed budget and forecast calculations which are prepared separately for each of the group CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to projected future cashflows after the budget period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of comprehensive income.

### Employees benefits

#### Short-term employees' benefits

A liability is recognized of commitment to pay the benefits due to employees on salaries, wages, annual leaves and travel tickets expected to be paid in full within twelve months after the end of the period during which employees provide related services. The liability for the undiscounted amount of the benefits expected to be paid for those services.

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 5- MATERIAL ACCOUNTING POLICIES (continued)

### Employees benefits (continued)

#### End of service benefits for employees

The defined benefit obligation for employees is determined using the expected credit unit method, in addition to the actuarial valuations performed at the end of each fiscal year. Re-measurements, including actuarial gains and losses, are shown immediately in the statement of financial position with the increase or decrease shown in other comprehensive income in the period in which they occur. recognized remeasurements within other comprehensive income are immediately shown in retained earnings and will not be reclassified to the consolidated statement of profit and loss and other comprehensive income in subsequent periods.

Changes in the present value of the defined benefit obligation, resulting from programmed adjustments or direct labor reductions, are recognized directly in the consolidated statement of profit and loss and other comprehensive income as pre-service costs. The commission is calculated by applying the discount rate at the beginning of the period to the net defined benefit liabilities or assets.

Defined benefit assets or liabilities consist of the present value of defined benefit liabilities, less past service costs and the present value of program assets from which the liabilities must be paid. At present, the program is not funded and has no assets.

### Provisions

Provisions are recognized when there are existing (legal or constructive) obligations on the Group arising from past events, and it is probable that the use of resources involving economic benefits will be required to settle the obligation, so that the amount of the obligation can be reliably estimated. Where the Group expects to recover part or all of the provision, for example under an insurance contract, amounts recovered are recognized as a separate asset only when the recovery is virtually certain. The expense relating to the provision is presented in the consolidated statement of profit and loss and other comprehensive income net of any recoveries. If the effect of the time value of money is material, provisions are discounted using a current pre-Zakat rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### Zakat and value added tax

#### Zakat

The Company is subjected to zakat in accordance with the Zakat, Tax and Customs Authority's Regulations ("ZATCA"). A provision of zakat shall be charged to the consolidated statement of profit or loss and other comprehensive income. Differences, if any, at the finalization of assessments are accounted for when such amounts are determined In accordance with the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" endorsed in the Kingdom of Saudi Arabia.

#### Value added tax

Revenues, expenses, and assets are recognized net of VAT when the VAT incurred on the purchase of assets or services is not recoverable from the Authority. In this case, VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, as the case may be. Receivables and payables are proved with VAT included. The net amount of recoverable or payable VAT shall be included as part of receivables or payables in the consolidated statement of financial position.

### Fair value measurement

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

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

All assets and liabilities whose fair values are measured or disclosed in the consolidated financial statements are classified in the fair value hierarchy and disclosed below, based on the lowest level input that is considered significant to the measurement as a whole:

# SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

## 5- MATERIAL ACCOUNTING POLICIES (continued)

### Fair value measurement (continued)

- First level: quoted (unadjusted) in active markets for similar assets and liabilities that can be obtained on the measurement date.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year. The Group determines the policies and procedures for measuring both the fair value of recurring and non-recurring items.

On the date of each reporting date, the Group analyzes the changes in the values of assets and liabilities that need to be re-measured or re-assessed in accordance with the Group's accounting policies. For this analysis, the Group verifies the key inputs applied in the last assessment by matching the information in the valuation calculation with the contracts and other relevant documents. The Group also compares the change in the fair value of each asset or liability with other external factors to determine whether the change is reasonable for fair value purposes and disclosures. The Group has identified the categories of assets and liabilities based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as described above.

### Revenue recognition

The Group recognizes revenue under IFRS No. (15) using the five-step model:

Step 1: Identify the contract with the client	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the standards for each contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligation	For a contract that contains more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that determines the amount of consideration the Company expects to receive in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group earns revenue when (or whenever) it fulfills a performance obligation by transferring the goods or services promised to the customer under the contract.

The Group recognizes revenue from the following main sources:

#### Sales of the following goods directly to customers:

- Sales of construction materials.
- Sales of spare parts.

The Group recognizes revenue when control of the sold products is transferred to the customer, which is considered in the context of the five-step revenue recognition method and the application of applicable shipping terms.

In some cases, the Group identifies delivery services as a distinct and identifiable component of the sale of goods. Revenue from these services is recognized when the Group transfers control of the goods at the Group's loading locations and provides delivery services to the buyer's location. The Group allocates a portion of the total transaction price to the delivery services based on the best estimate of similar independent services.

#### Other revenue

Other revenue is recognized after services are provided in accordance with agreements and contracts concluded with customers.

### Cost of revenue

All expenses are recognized on the accrual basis. Operating costs are recognized on the historical cost basis. Direct production and manufacturing costs are classified as cost of sales. This includes raw materials, direct labor, and other attributable overhead costs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

### 5- MATERIAL ACCOUNTING POLICIES (continued)

#### **Selling and marketing expenses**

These expenses include any costs incurred to carry out or facilitate all of the Group's sales activities. These costs typically include marketing, selling, and logistics expenses, as well as provision for certain general expenses.

#### **General and administrative expenses**

These expenses relate to operating expenses that are not directly related to the production or sale of any goods or services. They also include allocations for general expenses not specifically attributable to cost of sales or selling and marketing expenses. Expenses are allocated to cost of revenue, selling and marketing expenses, and general and administrative expenses, where applicable, on a consistent basis based on pre-determined rates as appropriate by the Group.

#### **Foreign currency transactions**

Transactions in foreign currencies shall be converted to Saudi Riyals using the prevailing exchange rates at the time of such transactions. Cash assets and liabilities denominated in foreign currencies are translated into Saudi Riyals using the prevailing exchange rates as at the date of the report. For non-monetary assets and liabilities measured at fair value in a foreign currency, they are translated into the activity currency using exchange rates at the date of determination of fair value. Non-monetary items measured at historical cost in a foreign currency are translated on the basis of exchange rates at the transaction date. Gains and losses resulting from changes in exchange rates are recognized in the consolidated statement of profit and loss and other comprehensive income.

#### **Dividend distributions**

Final dividends are recognized as a liability upon their approval by the general assembly. The corresponding amount is recognized directly in the consolidated statement of changes in equity.

#### **Earnings per share**

The Group presents basic and diluted earnings per share, if any, for its ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the financial year.

#### **Segment Information**

The Group reviews its performance and makes resource allocation decisions at the level of a single operating unit. All of the Group's operations have similar economic characteristics and operate in a single market environment, meaning they constitute a single operating segment. Accordingly, separate segment information is not presented in these consolidated financial statements, as there are no multiple operating segments that require disclosure.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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#### 6- PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings and caravans SR	Machinery and equipment SR	Vehicles SR	Furniture and fixture SR	Electrical appliances SR	Leasehold improvements SR	Projects in progress SR	Total SR
Cost:									
At 1 January 2024	1,752,000	30,014,436	216,349,652	119,832,171	8,096,939	3,842,741	2,030,057	1,549,452	<b>383,467,448</b>
Additions	-	1,570,470	4,582,221	50,312,951	1,217,526	441,036	786,900	1,075,066	<b>59,986,170</b>
Transferred from inventory	-	3,976	5,071,296	2,746,210	89,794	-	-	-	<b>7,911,276</b>
Transfers	-	-	578,858	-	-	-	-	(578,858)	<b>-</b>
Transferred to intangible assets	-	-	-	-	-	-	-	(1,144,250)	<b>(1,144,250)</b>
Disposals	-	(1,998,245)	(23,121,359)	(4,146,191)	(741,262)	(628,556)	-	(472,897)	<b>(31,108,510)</b>
<b>At 31 December 2024</b>	<b>1,752,000</b>	<b>29,590,637</b>	<b>203,460,668</b>	<b>168,745,141</b>	<b>8,662,997</b>	<b>3,655,221</b>	<b>2,816,957</b>	<b>428,513</b>	<b>419,112,134</b>
<b>Accumulated depreciation:</b>									
As at 1 January 2024	-	8,020,032	124,905,930	48,749,891	5,078,237	2,163,487	1,349,741	-	<b>190,267,318</b>
Charged for the year	-	1,834,249	32,227,453	14,781,737	1,142,250	767,726	360,235	-	<b>51,113,650</b>
Disposals	-	(439,104)	(23,089,598)	(3,144,696)	(735,747)	(601,224)	-	-	<b>(28,010,369)</b>
<b>At 31 December 2024</b>	<b>-</b>	<b>9,415,177</b>	<b>134,043,785</b>	<b>60,386,932</b>	<b>5,484,740</b>	<b>2,329,989</b>	<b>1,709,976</b>	<b>-</b>	<b>213,370,599</b>
Net book value:									
As of December 31, 2024	<b>1,752,000</b>	<b>20,175,460</b>	<b>69,416,883</b>	<b>108,358,209</b>	<b>3,178,257</b>	<b>1,325,232</b>	<b>1,106,981</b>	<b>428,513</b>	<b>205,741,535</b>

In 1 January 2024, the Group's management amended the useful life of buildings and caravans to 10-20 years instead of 20 years, machinery and equipment to 5 years instead of 7 years, vehicles and trucks to 5-7 years instead of 5 years, and furniture and fixture to 4 years instead of 10 years. This amendment resulted in an increase in depreciation expense of SR 3,888,554.

Land includes land registered in the name of Abdulaziz Saleh Al-Rashed (shareholder) with a value of SR 1,200,000 (2023: SR 1,200,000). The legal procedures for transferring ownership of the land to the Company had not been completed as of the date of issuance of the consolidated financial statements.

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**6- PROPERTY, PLANT AND EQUIPMENT (continued)**

	Lands SR	Buildings and Caravans SR	Machinery and equipment SR	Vehicles SR	Furniture and fixture SR	Electrical appliances SR	Leasehold improvements SR	Projects in progress SR	Total SR
Cost:									
1 January 2023	1,752,000	20,361,111	178,210,597	73,482,243	5,182,536	2,698,440	2,064,346	1,947,228	285,698,501
Additions	-	2,157,639	19,935,974	54,059,337	2,927,602	1,244,193	31,145	20,353,419	100,709,309
Transfer from inventory	-	5,151,210	1,045,266	-	-	-	-	-	6,196,476
Transferred from projects in progress	-	2,352,676	18,398,519	-	-	-	-	(20,751,195)	-
Disposals	-	(8,200)	(1,240,704)	(7,709,409)	(13,199)	(99,892)	(65,434)	-	(9,136,838)
At 31 December 2023	<u>1,752,000</u>	<u>30,014,436</u>	<u>216,349,652</u>	<u>119,832,171</u>	<u>8,096,939</u>	<u>3,842,741</u>	<u>2,030,057</u>	<u>1,549,452</u>	<u>383,467,448</u>
Accumulated depreciation									
1 January 2023	-	6,659,680	108,178,402	35,781,653	3,826,603	1,844,814	1,181,982	-	157,473,134
Charged for the year disposals	-	1,363,849	17,968,229	15,131,839	1,264,136	402,673	181,762	-	36,312,488
disposals	-	(3,497)	(1,240,701)	(2,163,601)	(12,502)	(84,000)	(14,003)	-	(3,518,304)
At 31 December 2023	<u>-</u>	<u>8,020,032</u>	<u>124,905,930</u>	<u>48,749,891</u>	<u>5,078,237</u>	<u>2,163,487</u>	<u>1,349,741</u>	<u>-</u>	<u>190,267,318</u>
<i>Net book value:</i>									
As at 31 December 2023	<u><u>1,752,000</u></u>	<u><u>21,994,404</u></u>	<u><u>91,443,722</u></u>	<u><u>71,082,280</u></u>	<u><u>3,018,702</u></u>	<u><u>1,679,254</u></u>	<u><u>680,316</u></u>	<u><u>1,549,452</u></u>	<u><u>193,200,130</u></u>

The depreciation is charged to consolidated statement of profit or loss and the other comprehensive income as follows:

	2024 SR	2023 SR
Cost of revenue	<u>49,017,229</u>	34,596,347
General and administrative expenses	<u>2,096,421</u>	1,716,141
	<u><u>51,113,650</u></u>	<u><u>36,312,488</u></u>

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**7- LEASE CONTRACTS**

## a) Right-of-use assets

Right-of-use assets represent leases related to leases of workers' housing, warehouses, and land. The movement in right-of-use assets is as follows:

	<b>2024</b>	2023
	<b>SR</b>	SR
Cost:		
As at the beginning of the year	<b>7,744,809</b>	-
Additions	<b>1,158,454</b>	7,744,809
Disposals	<b>(1,224,633)</b>	-
	<b>7,678,630</b>	7,744,809
Accumulated depreciation		
As at the beginning of the year	<b>1,270,868</b>	-
Charge for the year	<b>2,125,819</b>	1,270,868
Disposals	<b>(100,333)</b>	-
	<b>3,296,354</b>	1,270,868
Net book value:		
At the end of the year	<b>4,382,276</b>	6,473,941

The depreciation is charged to consolidated statement of profit or loss and the other comprehensive income as follows:

	<b>2024</b>	2023
	<b>SR</b>	SR
Cost of revenue	<b>1,359,903</b>	747,033
General and administrative expenses	<b>765,916</b>	523,835
	<b>2,125,819</b>	1,270,868

## b) Lease liabilities

The carrying amount of the fixed lease liability and changes during the year are as follows:

	<b>2024</b>	2023
	<b>SR</b>	SR
At the beginning of the year	<b>6,423,894</b>	-
Additions	<b>1,158,454</b>	7,744,809
Finance costs	<b>496,322</b>	302,714
Disposals	<b>(1,128,713)</b>	-
Amounts paid	<b>(3,259,890)</b>	(1,623,629)
	<b>3,690,067</b>	6,423,894
Current portion of lease liabilities	<b>2,130,339</b>	2,928,463
Non-current portion of lease liabilities	<b>1,559,728</b>	3,495,431
	<b>3,690,067</b>	6,423,894

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**8- INTANGIBLE ASSETS**

Intangible assets consist of SAP software, other software, and a building materials mining license. The movement in intangible assets during the year was as follows:

	SAP Program SR	Mining license SR	2024 SR	2023 SR
Cost:				
At 1 January	755,102	-	<b>755,102</b>	737,702
Additions - note (1 & 28)	32,000	7,842,248	<b>7,874,248</b>	17,400
Transferred from projects in progress	1,144,250	-	<b>1,144,250</b>	-
Disposals	(154,769)	-	<b>(154,769)</b>	-
As at 31 December	<u>1,776,583</u>	<u>7,842,248</u>	<u><b>9,618,831</b></u>	<u>755,102</u>
<b>Accumulated Amortization:</b>				
At 1 January	529,453	-	<b>529,453</b>	464,604
Charge for the year	126,708	473,239	<b>599,947</b>	64,849
Disposals	(150,836)	-	<b>(150,836)</b>	-
As at 31 December	<u>505,325</u>	<u>473,239</u>	<u><b>978,564</b></u>	<u>529,453</u>
<b>Net book value:</b>				
<b>As at 31 December</b>	<u><u>1,271,258</u></u>	<u><u>7,369,009</u></u>	<u><u><b>8,640,267</b></u></u>	<u><u>225,649</u></u>

The amortization is included in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 SR	2023 SR
Cost of revenue	<b>485,309</b>	64,849
General and administrative expenses	<b>114,638</b>	-
	<u><b>599,947</b></u>	<u>64,849</u>

**9- INVENTORY**

	2024 SR	2023 SR
Finished goods	<b>94,541,500</b>	90,197,578
Spare parts	<b>28,551,926</b>	20,114,201
Raw materials	<b>9,349,385</b>	10,439,291
Production in progress	<b>6,634,617</b>	9,147,195
	<u><b>139,077,428</b></u>	<u>129,898,265</u>
Less: Provision for impairment of inventory	<u><b>(9,669,462)</b></u>	<u>(7,668,133)</u>
	<u><u><b>129,407,966</b></u></u>	<u><u>122,230,132</u></u>

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**9- INVENTORY (continued)**

The movement in impairment provision is as follows:

	<b>2024</b>	2023
	<b>SR</b>	SR
At the beginning of the year	<b>7,668,133</b>	7,420,210
Provided during the year	<b>2,001,329</b>	247,923
At the end of the year	<b>9,669,462</b>	7,668,133

**10- TRADE RECEIVABLES AND NOTES RECEIVABLE**

	<b>2024</b>	2023
	<b>SR</b>	SR
Trade receivables	<b>50,068,245</b>	52,180,609
Less: provision for expected credit losses	<b>(4,415,280)</b>	(6,013,282)
	<b>45,652,965</b>	46,167,327
Note receivables (*)	<b>9,289,040</b>	-
	<b>54,942,005</b>	46,167,327

(\*) Notes receivables were collected following the date of financial position.

The movement in provision for expected credit losses during the year was as follows:

	<b>2024</b>	2023
	<b>SR</b>	SR
At the beginning of the year	<b>6,013,282</b>	1,456,025
(Reversal of provision) charged for the year	<b>(600,308)</b>	4,581,881
Witten off	<b>(997,694)</b>	(24,624)
at the end of the year	<b>4,415,280</b>	6,013,282

	<b>Days past due – trade receivables</b>					Total SR
	0-90 days SR	SR 91-180 days	181-270 days SR	271-360 days SR	More than 1 year SR	
<b>2024</b>						
Total Amount	<b>43,264,769</b>	<b>2,149,415</b>	<b>2,412,231</b>	<b>976,512</b>	<b>1,265,318</b>	<b>50,068,245</b>
2023						
Total Amount	44,214,106	4,300,374	1,657,907	405,328	1,602,894	52,180,609

Based on past experience, it is expected that all unimpaired receivables will be recovered.

**11- PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>2024</b>	2023
	<b>SR</b>	SR
Advance payments to suppliers	<b>10,993,653</b>	11,659,832
Prepaid Expenses	<b>9,852,736</b>	5,585,569
Cash advances and covenants	<b>2,243,500</b>	2,945,995
Provision of bank guarantees	<b>150,000</b>	-
Deferred costs	-	2,740,020
	<b>23,239,889</b>	22,931,416

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**12- TRANSACTIONS WITH RELATED PARTIES**

Related parties include shareholders, affiliates, executive management personnel, and entities controlled, (jointly controlled or significantly influenced by such parties). The processes with the relevant parties and their terms are approved by the Company's management. The following are the statements of transactions with related parties and their balances:

Related Party	Relationship
Najd Roads Contracting Company	Owned by a shareholder
Mohammed Abdulaziz Saleh Al-Rashed	Former partner in a subsidiary

The following is a statement of significant transactions with related parties:

		Transaction Amount	
		2024 SR	2023 SR
<b>Related party</b>	<b>Nature of transaction</b>		
Najd Roads Contracting Company	Sales	116,930,704	106,091,964
Mohammed Abdulaziz Saleh Al-Rashed	Balance payment	399,500	-

Amounts due from related parties are reflected in the consolidated statement of financial position within current assets and consist of the following:

	2024 SR	2023 SR
Najd Roads Contracting Company (owned by a shareholder)	49,934,444	20,470,656

Amounts due to related parties are shown in the consolidated statement of financial position within current liabilities, consist of the following:

	2024 SR	2023 SR
Mohammed Abdulaziz Saleh Al-Rashed	-	399,500

**Compensation of key management personnel:**

Key management personnel are defined as those who having authority and responsibility for planning, directing, and controlling the activities of the Group (directly or indirectly), including members of the Board of directors and executives. Compensation of members of the Board of Directors and key management personnel includes:

	2024 SR	2023 SR
Chairman of the board of directors' allowances and bonuses	9,460,891	8,083,173
Short-term salaries and benefits - executive management	1,280,000	1,354,056
Allowances and remuneration of members of the board of directors and other committees	572,500	300,000
Employee defined benefit obligations – executive management	80,000	217,443
	<b>11,393,391</b>	<b>9,954,672</b>

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**13- INVESTMENT IN FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This item represents investments in the shares of the following companies listed on the Saudi stock markets:

	Fair value as at 31 December	
	2024	2023
	SR	SR
Osool and Bakheet Investment Company	2,509,400	1,898,388
Knowledge Network Computer Company	1,356,070	1,595,376
Al Saif Gallery Company	-	1,189,350
Saudi Limestone Industries Company	611,195	658,210
	<u>4,476,665</u>	<u>5,341,324</u>

The movement in investment in financial instruments carried at fair value through profit or loss was as follows:

	2024	2023
	SR	SR
At the beginning of the year	5,341,324	2,843,432
Additions	3,679,289	5,512,600
Disposals	(4,868,639)	(1,625,732)
Revaluation gain (loss)	324,691	(1,388,976)
At the end of the year	<u>4,476,665</u>	<u>5,341,324</u>

The fair value of investments in equity instruments carried at fair value through profit or loss is determined by reference to published price quotations in an active market.

**14- CASH AND CASH EQUIVALENTS**

	2024	2023
	SR	SR
Bank balances	25,575,209	11,499,542
Cash in investment portfolio	339,043	50,488
	<u>25,914,252</u>	<u>11,550,030</u>

Bank balances are held in local banks and are dominated in Saudi Riyals.

**15- CAPITAL**

The Company's capital consists of 18,600,000 shares, each share value 10 Saudi Riyals as at 31 December 2024 (18,600,000 shares, each share value 10 Saudi Riyals as at 31 December 2023), distributed as follows:

shareholders	Number of Shares	Ownership %	Total value SR
Abdulaziz Saleh Abdulaziz Al-Rashed	6,664,380	35.83%	66,643,800
Abdullah Saleh Abdulaziz Al-Rashed	3,875,124	20.83%	38,751,240
Abdulaziz Saad Saleh Al-Rashed	1,395,000	7.5%	13,950,000
Saud Saad Saleh Al-Rashed	1,395,000	7.5%	13,950,000
Noura Saleh Al-Rashed	1,007,748	5.42%	10,077,480
Sarah Saleh Al-Rashed	1,007,748	5.42%	10,077,480
Areej Saud Al-Dhabaan	697,500	3.75%	6,975,000
Danah Saad Saleh Al-Rashed	697,500	3.75%	6,975,000
Lulua'a Saad Saleh Al-Rashed	697,500	3.75%	6,975,000
Noura Saad Saleh Al-Rashed	697,500	3.75%	6,975,000
Maryam Saad Al-Rashed	465,000	2.5%	4,650,000
Total	<u>18,600,000</u>	<u>100%</u>	<u>186,000,000</u>

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**16- RESERVE**

During 2023, the Company amended its Articles of Association to comply with the provisions of the new Saudi Companies Law issued by Royal Decree No. M/132 dated 30 June 2022. As a result, the Company is no longer required to maintain a statutory reserve. Accordingly, the statutory reserve balance maintained in previous years is subject to the shareholders' decision in the future, whether to retain it as a general reserve or return it to retained earnings.

**17- MURABAHA FINANCING**

The Group obtained Murabaha financing and bank facilities that charged Murabaha commissions at prevailing market rates plus a profit margin, as stipulated in the various financing agreements. These facilities are secured by promissory notes and personal guarantees from certain of the Group's shareholders. Under the terms of the agreement, the Bank has the right to demand immediate repayment of the financing in the event of non-fulfillment of any of these covenants. The Group was in compliance with these covenants as at 31 December 2024.

	<b>2024</b>	2023
	<b>SR</b>	SR
Current portion of Murabaha financing	<b>34,466,798</b>	35,824,000
Non-current portion of Murabaha financing	<b>10,666,668</b>	-
	<b>45,133,466</b>	35,824,000

Finance costs charged to the consolidated statement of profit or loss and other comprehensive income for the fiscal year ended 31 December 2024 amounted SR 3,783,011 (31 December 2023: SR 1,949,353).

**18- EMPLOYEE BENEFIT OBLIGATIONS**

The Group grants defined benefit obligations ("Benefit Program") to its employees subject to the requirements of the Labor Law in the Kingdom of Saudi Arabia. The benefits granted under this benefits program represent a lump sum calculated on the basis of the employees' last salaries and allowances and their accumulated years of service at the date of termination of service.

Benefit obligations recognized in the consolidated statement of financial position for employees' end-of-service benefits are stated at the present value of the defined benefit obligations at the date of reporting date of the consolidated financial statements. The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

	<b>2024</b>	2023
	<b>SR</b>	SR
As at the beginning of the year	<b>8,214,327</b>	9,381,546
Current service cost	<b>2,603,085</b>	1,970,737
Financing costs	<b>375,371</b>	417,139
Payments	<b>(1,423,663)</b>	(1,897,438)
Loss (gain) on remeasurement charged to other comprehensive income	<b>1,684,389</b>	(1,657,657)
As at end of year	<b>11,453,509</b>	8,214,327

The following are the significant assumptions used in determining the employee end-of-service gratuity liability:

	<b>2024</b>	2023
Discount rate	<b>5.5%</b>	5.5%
Salary increases rate	<b>4%</b>	2%

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31 December 2024

**18- EMPLOYEE BENEFIT OBLIGATIONS (continued)**

The following is a sensitivity analysis of the employee defined benefit obligation to changes in the weighted average of the key assumptions:

Significant assumptions	Change in assumption	2024	2023
Discount rate	+1%	10,769,442	7,782,943
	-1%	12,233,105	8,697,372
Salary increases rate	+1%	12,294,639	8,709,811
	-1%	10,703,241	7,764,801

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

	2024 SR	2023 SR
Accrued Expenses	21,467,924	14,853,072
Advance payments from customers	6,491,487	5,549,867
VAT	4,197,460	2,260,706
Other	8,651,454	3,373,014
	<b>40,808,325</b>	<b>26,036,659</b>

**20- ZAKAT**

The Company and its subsidiaries submit zakat returns based on the separate financial statements of each company.

**a. Zakat expense charged for the year**

The zakat charged for the year amounted to SR 4,300,062 (2023: SR 4,090,314).

**b. Movement of Zakat provision:**

	2024 SR	2023 SR
At the beginning of the year	4,118,000	1,990,034
Charged during the year	4,300,062	4,090,314
Paid during the year	(4,094,950)	(1,966,391)
Related to Acquisition of Subsidiaries	4,682	4,043
At the end of the year	<b>4,327,794</b>	<b>4,118,000</b>

**c. Zakat position:****Saleh Abdulaziz Al-Rashed and Sons Company**

The Company submitted its Zakat returns to the Zakat, Tax and Customs Authority "ZATCA" for all years until 2023, paid the zakat due accordingly, and obtained the zakat certificates. The Company obtained Zakat assessments until 2015 and paid its zakat dues. Zakat assessments have not been received for the rest of the years from the Authority yet.

**Rock Quality Mining Company**

The Company submitted its Zakat returns to the ZATCA for all years until 2023, paid its due zakat and obtained Zakat certificates. Zakat assessments for previous years have not yet been received from ZATCA.

**Company Al-Rammal Al-Hamra Company for Mining**

The Company submitted its Zakat returns to the ZATCA for all years until 2023, paid its due zakat and obtained Zakat certificates. Zakat assessments for previous years have not yet been received from ZATCA.

**Dorra Al-Mobani Company for Mining**

The Company submitted its Zakat returns to the ZATCA for all years until 2023, paid its due zakat and obtained Zakat certificates. Zakat assessments for previous years have not yet been received from ZATCA.

**National Shield Mining Company**

The Company was established in 20 November 2024, and therefore the Company has not yet filed any zakat returns.

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

31 December 2024

**21- REVENUE**

	<u>2024</u> SR	<u>2023</u> SR
Sales of building materials	491,623,636	383,599,606
Sales of spare parts	107,960,527	115,093,086
Sales are recognized at a point in time	<u>599,584,163</u>	<u>498,692,692</u>

**Geographical markets:**

	<u>2024</u> SR	<u>2023</u> SR
In Kingdom of Saudi Arabia	599,091,517	498,692,692
Outside Kingdom of Saudi Arabia	492,646	-
	<u>599,584,163</u>	<u>498,692,692</u>

**22- COST OF REVENUE**

	<u>2024</u> SR	<u>2023</u> SR
Materials and operating supplies	237,020,458	175,439,216
Salaries, wages and related benefits	67,827,078	57,882,819
Maintenance and repair	58,989,556	48,151,465
Depreciation of property, plant and equipment	49,017,229	34,596,347
Transportation	34,720,254	49,918,829
Government expenses	22,676,939	16,585,520
Equipment rental	9,213,724	9,603,072
Insurance expenses	3,695,133	2,826,781
Slow-moving inventory provision	2,001,329	247,923
Service expenses	1,682,580	1,864,952
Depreciation of right-of-use assets	1,359,903	747,033
Amortization of intangible assets	485,309	64,849
Other	4,200,824	3,414,890
	<u>492,890,316</u>	<u>401,343,696</u>

**23- GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2024</u> SR	<u>2023</u> SR
Salaries of employees and related benefits	29,464,701	26,348,023
Fees and consultations	2,438,122	931,589
Depreciation of property, plant and equipment	2,096,421	1,716,141
Subscriptions	1,617,711	652,544
Government expenses	1,196,110	1,014,006
Insurance	1,135,104	989,516
Depreciation of right-of-use assets	765,916	523,835
Service expenses	610,054	580,992
Bank expenses	608,424	537,931
Short-term lease	387,398	533,070
Transportation	320,365	594,578
Maintenance	297,495	445,764
Amortization of intangible assets	114,638	-
(Reversal) provision for expected credit losses - trade receivables	(600,308)	4,581,881
Other	899,863	1,282,791
	<u>41,352,014</u>	<u>40,732,661</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

**24- SELLING AND MARKETING EXPENSES**

	<u>2024</u> SR	<u>2023</u> SR
Sale commissions	1,374,146	1,634,735
Advertising	763,001	605,518
	<u>2,137,147</u>	<u>2,240,253</u>

**25- FINANCING COSTS**

	<u>2024</u> SR	<u>2023</u> SR
Financial charges on Murabaha financing	3,783,011	1,949,353
Finance costs related to lease liabilities	496,322	302,714
Finance costs related to employee benefits	375,371	417,139
	<u>4,654,704</u>	<u>2,669,206</u>

**26- OTHER REVENUE (LOSSES), NET**

	<u>2024</u> SR	<u>2023</u> SR
Scrap sales	2,054,753	363,341
Gain on disposal of property, plant, and equipment	1,386,335	827,053
Profit (losses) on the sale of investment in financial instruments at fair value through profit or loss	1,733,257	(179,872)
Gains (losses) of revaluation of investment in financial instruments at fair value through profit or loss	324,691	(1,388,976)
Gains on disposal of right-of-use assets	4,413	-
Losses on disposal of intangible assets	(3,933)	-
Foreign currency losses	(61,873)	(179,862)
	<u>5,437,643</u>	<u>(558,316)</u>

**27- FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the value at which an asset or a liability would be exchanged between knowledgeable willing parties in an arm's length transaction.

Financial instruments consist of financial assets acquired at fair value through profit or loss, trade receivables, note receivables, cash and cash equivalents, and amounts due from related parties while financial liabilities consist of Murabaha financing, trade receivables, note receivables, amounts due to related parties, accrued expenses, other current liabilities, and lease liabilities.

Management has assessed that the fair value of its assets and financial liabilities is close to its carrying amount, largely due to the short-term maturity year of these instruments.

The Group recognizes transfers between the levels of the fair value hierarchy at the end of the fiscal year during which the change occurs. There were no transfers between levels 1, 2 or 3 during the year ended 31 December 2024 (31 December 2023: the same). As at the reporting date, there were no Level 1, 2 or 3 assets or liabilities.

**28- BUSINESS COMBINATIONS**

**Acquisition of Dorra Al-Mobani Company for Mining**

In 3 October 2024, the Company acquired 100% of the voting shares in Dorra Al-Mobani Company for Mining (a one-person company), which is engaged in the construction of roads, streets, sidewalks, road supplies, quarrying operations, and the sale of gravel and sand. The Company acquired Durrat Al-Mabani Mining Company as it plans to expand products in the mining sector.

## SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

#### 28- BUSINESS COMBINATIONS (continued)

##### Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities assumed for the acquisition of Dorra Al-Mobani Company for Mining as of the acquisition date was as follows:

	Fair value recognized upon acquisition SR
<b>Assets</b>	
Prepayments and other current assets	150,000
Cash and cash equivalents	25,000
<b>Total Assets</b>	<u>175,000</u>
<b>Liabilities</b>	
Accrued expenses and other current liabilities	10,991
Amounts due to a related party	75,000
Provision for Zakat	4,682
<b>Total Liabilities</b>	<u>90,673</u>
Net assets recognizable at book value	<u>84,327</u>
Intangible asset arising from acquisition	7,842,248
Goodwill	73,425
Consideration Paid	<u>8,000,000</u>

The acquisition resulted in the following intangible assets:

- 1- An intangible asset amounting to SR 7,842,248 representing the purchase price allocation for the quarrying license, which is amortized over five years from the license date.
- 2- Goodwill amounting SR 73,425. The Company fully amortized the goodwill in the consolidated statement of profit or loss and other comprehensive income during the year.

##### Acquisition of Company Al-Rammal Al-Hamra Company for Mining

In 4 October 2024, the Company acquired 100% of the voting shares in Company Al-Rammal Al-Hamra Company for Mining (a one-person company), which is engaged in the construction of roads, streets, sidewalks, road supplies, quarrying operations, and the sale of gravel and sand. The Company acquired Company Al-Rammal Al-Hamra Company for Mining as it plans to expand products in the mining sector.

## SALEH ABDULAZIZ AL RASHED AND SONS COMPANY

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2024

#### 28- BUSINESS COMBINATIONS (continued)

##### Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities assumed for the acquisition of Company Al-Rammal Al-Hamra Company for Mining as of the acquisition date was as follows:

	Fair value recognized upon acquisition SR
<b>Assets</b>	
Amounts due from related party	100,000
<b>Total Assets</b>	<u>100,000</u>
<b>Liabilities</b>	
Accrued expenses and other current liabilities	8,099
<b>Total Liabilities</b>	<u>8,099</u>
Net assets recognizable at book value	<u>91,901</u>
Goodwill	<u>8,099</u>
<b>consideration Paid</b>	<u>100,000</u>

The acquisition resulted in goodwill of SR 8,099. The Company amortized the full value of goodwill in the profit or loss statement and consolidated other comprehensive income during the year.

#### 29- EARNINGS PER SHARE (“EPS”)

Basic EPS is calculated by dividing net profit attributable to ordinary shares by the weighted average number of common shares outstanding during the year. Diluted EPS is similar to basic EPS because the company has no dilutive shares outstanding.

	2024 SR	2023 SR
Dividends for the year attributable to shareholders	<u>59,688,293</u>	47,058,246
Weighted average number of outstanding shares	<u>18,600,000</u>	18,600,000
Basic and diluted earnings per share	<u>3.21</u>	<u>2.53</u>

The weighted average number of shares was calculated as if the capital increase had taken place as of the beginning of 2023, as the capital increase did not result from an injection of funds from outside the company, in accordance with the requirements of the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia.

#### 30- CONTINGENCIES AND COMMITMENTS

As at 31 December 2024, the Group had outstanding letters of guarantee amounting SR 12,836,091, and the guarantees against the letters of guarantee amounted SR 150,000 (31 December 2023: outstanding letters of guarantee amounting SR 12,418,750 and no cash guarantee).

## **SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

31 December 2024

#### **31- FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Group's principal financial liabilities consist of Murabaha financing, trade payables, amounts due to related parties, accrued expenses, other current liabilities and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include financial assets at fair value through profit or loss, trade receivables, notes receivable, cash and cash equivalents, and amounts due from related parties that arise directly from its operations.

The Group is exposed to shares price risk, market risk, credit risk and liquidity risk. The Board of Directors and senior management of the Group oversee the management of these risks.

#### **A) Shares price risk**

Shares price risk represents the risk resulting from the fluctuation in the value of financial instruments as a result of changes in market prices. The Group's investments are exposed to market price risk resulting from uncertainty about future prices. Management manages these risks by diversifying the investment portfolio in terms of sector concentrations.

#### **B) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk includes three types of risks: financing cost price risk, foreign exchange risk, commodity price risk, and equity price risk. Financial instruments affected by market risk include loans and deposits.

#### **Financing cost commission risks**

Finance cost commission risk represents the risk that the value of a financial instrument will fluctuate due to changes in prevailing market financing rates. The Group's exposure to the risk of changes in prevailing market financing rates relates primarily to the Group's borrowings with variable financing rates.

A reasonably possible change in commission rates of 50 basis points, with all other variables held constant, for commission-with Murabaha financing would have an impact on the consolidated statement of profit or loss and other comprehensive income of SR 248,941 (2023: SR 119,413).

#### **Foreign exchange rate risk**

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. Management monitors fluctuations in foreign exchange rates, and the Group believes it is not exposed to significant currency risk, as it does not conduct significant transactions in foreign currencies other than the Saudi Riyal and the US Dollar.

#### **Commodity price risks**

Commodity price risk is the risk associated with changes in the prices of certain commodities, primarily diesel and bitumen, which could have an adverse impact on the Group's costs and cash flows. This commodity price risk arises from anticipated purchases of certain raw materials used in the Group's operations. The Group manages commodity price risk by regularly monitoring global commodity markets to determine appropriate measures to mitigate exposure to commodity price risk.

#### **C) Credit Risk**

Credit risk is the risk that a party fail to discharge its obligations, resulting in a financial loss to the other party. The Company seeks to manage credit risks related to banks by dealing only with banks with a good reputation, and in terms of receivables, a continuous credit risk assessment is conducted for credit risks related to receivables.

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

31 December 2024

**31- FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****D) Liquidity Risk**

Liquidity risk represents the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk results from the inability to sell a financial asset quickly at an amount equal to its fair value. The Group manages liquidity risk by ensuring the availability of banking facilities and financing. The Group's forward sales terms provide for repayment within 30 to 60 days from the date of sale. Accounts payable are typically repaid within 90 days from the date of purchase. All liabilities shown on the Group's consolidated statement of financial position, except for the non-current portion of lease obligations and defined benefit obligations, are contractually due on demand.

The table below summarizes the maturity profile of the Group's undiscounted financial liabilities as of 31 December based on contractual repayment dates and current market interest rates:

As at 31 December 2024	Within a year SR	1 to 5 years SR	More than five years SR	Total SR
Trade payables	44,652,404	-	-	44,652,404
Accrued expenses and other current liabilities	40,808,325	-	-	40,808,325
Murabaha financing	34,466,798	10,666,668	-	45,133,466
Lease liabilities	2,185,020	1,303,746	740,000	4,228,766
	<b>122,112,547</b>	<b>11,970,414</b>	<b>740,000</b>	<b>134,822,961</b>

As at 31 December 2023	Within a year SR	1 to 5 years SR	More than five years SR	Total SR
Trade payables	39,683,665	-	-	39,683,665
Amounts due to related parties	399,500	-	-	399,500
Accrued expenses and other current liabilities	26,036,659	-	-	26,036,659
Murabaha financing	35,824,000	-	-	35,824,000
Lease liabilities	3,289,060	3,843,674	1,208,974	8,341,708
	<b>105,232,884</b>	<b>3,843,674</b>	<b>1,208,974</b>	<b>110,285,532</b>

**E) Capital Management**

The Group manages its capital to ensure that it is able to operate in accordance with going concern principle while increasing the return to shareholders by increasing the balance of equity. The Group's overall strategy has not changed from the previous year.

The Group's objectives when managing capital are as follows:

- Maintain the Group's ability to continue operating under going concern principle, so that it can continue to generate returns for shareholders and benefits for other related parties.
- Maintain an optimal capital structure to reduce cost of capital.

"To maintain or amend the capital structure, the Group may amend dividends to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt." Consistent with others in mining, the Group controls capital using leverage ratio (net debt to equity ratio) which is calculated by dividing net debt by total equity.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

31 December 2024

**32- FAIR VALUE MEASUREMENT**

The following table shows the hierarchy for measuring the fair value of the Group's financial assets:

The hierarchy for measuring the fair value of assets as at 31 December 2024:

	<u>Calendar Date</u>	<u>Total SR</u>	Fair value measurement using		
			<u>Prices traded in active markets (level 1) SR</u>	<u>significant observable inputs (level 2) SR</u>	<u>significant unobservable inputs (Level 3) SR</u>
Financial assets measured at fair value:					
Equity investments in listed equity instruments (Note 13):					
	31 December 2024	4,476,665	4,476,665	-	-

Hierarchy for measuring the fair value of assets as at 31 December 2023:

	<u>Calendar Date</u>	<u>Total SR</u>	Fair value measurement using		
			<u>Prices traded in active markets (level 1) SR</u>	<u>significant observable inputs (level 2) SR</u>	<u>significant unobservable inputs (Level 3) SR</u>
Financial assets measured at fair value:					
Equity investments in listed equity instruments (Note 13):					
	31 December 2023	5,341,324	5,341,324	-	-

**33- DIVIDENDS**

During the year, the shareholders approved a dividend payment of SR 9,300,000 (31 December 2023: SR nil) that was paid in cash.

**34- SUBSEQUENT EVENTS**

Management believes that there are no significant subsequent events at the end of the year that may require disclosure or modification to these consolidated financial statements.

**35- COMPARATIVE FIGURES**

Certain amounts relating to the prior year have been reclassified to conform to the current year presentation.

**36- APPROVAL OF FINANCIAL STATEMENTS**

The Company's consolidated financial statements for the year ended 31 December 2024 were approved by the Board of Directors on 17 Ramadan 1446H (corresponding to 17 March 2025)