ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

INDEX	**PAGE**

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الريـاض – حي العليا - طريق العروبة
مبنى رقم ٣١٩٣ ، الطابق الأول
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣
هـاتف: ٩٣٦١ ٤١٦ ١١ ٩٦٦+
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Arabian Contracting Services Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Arabian Contracting Services Company **(**the Company**)** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants *(including International Independence Standards)*, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Below is a description of the key audit matters and how they were addressed.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Arabian Contracting Services Company
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Recognition of intangible assets under a service concession arrangement contract During the year 2024, and as stated in the accompanying consolidated financial statements, the Group has recognized a contract primarily classified as a service concession arrangement for the initiation of a project to construct, operate, and maintain outdoor advertising billboards in Riyadh for a period of 10 years. As at December 31, 2024, the carrying amount of the intangible assets arising from the Group's service concession arrangements amounts to SR 10,063 million (December 31, 2023: Nil), and the related amortization expense amounts to SR 59 million (December 31, 2023: Nil). The intangible assets relate to the concession rights for constructing, operating, and maintaining of outdoor advertising billboards in Riyadh. As the Group, being the operator, has the right to charge fees for the use of the services provided. The Group recognized the concession arrangement in accordance with IFRIC 12 – Service Concession Arrangements. The accounting for intangible assets related to service concession arrangements involves complexities and significant judgments regarding the recognition and measurement of service concession arrangement assets, including related additions and amortization expense. This matter has been considered a key audit matter due to the significance of the amounts involved and the critical judgments applied by the management in determining the value of the intangible assets and the corresponding obligation under the service concession arrangement, in relation to the service concession arrangements and other related accounting implications.	We have performed the following procedures in this area among other matters: • Obtained the public service concession arrangement and reviewed the contract and the related documents to ensure that the accounting for the concession assets complies with the requirements of IFRIC 12 – Service Concession Arrangements. • Obtained a copy of the report issued by the external expert appointed by the Group's management regarding the recognition of the service concession arrangement contract in accordance with the requirements of IFRIC 12 – Service Concession Arrangements, and assessed the objectivity and competency of the external expert. • Evaluated the appropriateness of the Group's accounting policies, including the recognition and measurement of the contractual intangible assets. This included examining the assumptions related to the methods used to estimate the present value of concession fees and the amortization of the concession intangible assets. • Engaged with specialists from RSM International to assess the accounting treatment methodologies used by the Group's management and the external expert appointed by management in this regard, and to ensure the reasonableness of the assumptions used. • Assessed the adequacy of the Group's disclosures in the consolidated financial statements regarding the service concession arrangements.
Refer to Note (3) of the consolidated financial statements for the material accounting judgment, estimates and assumptions related to the accounting of service concession arrangements, Note (4) for the material accounting policy information related to the recognition of intangible assets under service concession arrangement contract, and Notes (10) and (11) for the related disclosures.	

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Arabian Contracting Services Company
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Revenue recognition As stated in the accompanying consolidated financial statements, the revenue mainly consists of advertising and printing services, with the Group generating revenues of SR 1,685 million for the year ended December 31, 2024 (December 31, 2023: SR 1,279 million). Revenue recognition has been considered a key audit matter due to the inherent risks of the occurrence of revenue recognition at its actual value or not properly recognizing it before the Group satisfies a performance obligation.	We have performed the following procedures in this area among other matters: • Assessed the appropriateness of the accounting policies relating to the Group's revenue recognition by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Customers" and examined the supporting documents for a sample of revenues transactions. • Assessed the design and implementation and tested the operational effectiveness of the Group's control procedures over revenue recognition in accordance with Group's policy. • Examined on a sample basis revenue transactions made at the beginning or end of the year to assess whether revenues have been recognized in the correct period. • Tested on a sample basis the revenues transactions and verified the supporting documents, which included agreements and receipt notes from customers, to ensure the accuracy and validity of revenue recognition.
Refer to Note (4) of the consolidated financial statements for the material accounting policy information related to revenue recognition and Notes (6) and (25) for the related disclosures.	

Other Information Included in the Group's 2024 Annual Report
Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and auditor's report. Management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of the auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

When we read the Group's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA and the regulations of the Companies' Law and the Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Arabian Contracting Services Company
(A Saudi Joint Stock Company)

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Arabian Contracting Services Company
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia
Thul Qidah 7, 1446 H (corresponding to May 5, 2025)

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(SAUDI RIYAL)

	Notes	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	7	**282,704,724**	282,072,284
Right-of-use assets	8	**1,357,405,229**	1,631,015,221
Licenses and goodwill	9	**730,249,735**	757,275,925
Intangible assets arising from service concession arrangement	10	**10,063,909,100**	-
Investment in an associate	12	**-**	298,063,092
Financial assets at fair value through profit or loss	13	**328,095,364**	-
Lease assets	14	**5,501,199**	-
Total non-current assets		**12,767,865,351**	2,968,426,522
Current assets			
Inventories	15	**49,222,737**	17,345,999
Trade receivables	16	**959,605,940**	836,747,065
Lease assets- current portion	14	**984,404**	-
Prepaid expenses and other current assets	18	**182,796,563**	545,977,339
Due from related parties	17	**95,180,012**	2,411,265
Cash and cash equivalents	19	**318,099,318**	174,082,308
Total current assets		**1,605,888,974**	1,576,563,976
Assets from discontinued operations	30	**-**	383,204
TOTAL ASSETS		**14,373,754,325**	4,545,373,702
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	**550,000,000**	500,000,000
Reserves	20	**73,035,771**	73,035,771
Retained earnings		**764,657,630**	544,504,458
Foreign currency translation reserve		**(15,309,056)**	(4,395,963)
Total equity attributable to equity holders of the parent company		**1,372,384,345**	1,113,144,266
Non-controlling interests		**(1,768,136)**	3,569,097
TOTAL EQUITY		**1,370,616,209**	1,116,713,363
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations	21	**14,992,033**	18,864,246
Lease liabilities	8	**847,485,721**	1,307,000,143
Long-term Murabaha	22-2	**854,610,000**	971,250,000
Obligation under service concession arrangement	11	**9,077,937,179**	-
Total non-current liabilities		**10,795,024,933**	2,297,114,389
Current liabilities			
Lease liabilities - current portion	8	**359,638,426**	251,736,665
Long-term Murabaha - current portion	22-2	**116,640,000**	78,750,000
Short-term loans	22-1	**628,028,033**	418,000,000
Obligation under service concession arrangement- current portion	11	**468,361,568**	-
Trade payables		**252,427,455**	65,076,020
Due to related parties	17	**1,909,752**	-
Accrued expenses and other current liabilities	23	**360,352,829**	294,104,997
Zakat and income tax provision	24	**20,755,120**	23,833,796
Total current liabilities		**2,208,113,183**	1,131,501,478
Liabilities from discontinued operations	30	**-**	44,472
TOTAL LIABILITIES		**13,003,138,116**	3,428,660,339
TOTAL EQUITY AND LIABILITIES		**14,373,754,325**	4,545,373,702

Chairman of Board of Directors	Chief Executive Officer	Chief Financial Officer
Abdul Ellah Al Khereiji	Mohamad Al Khereiji	Nicolas Bou Habib

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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(SAUDI RIYAL)

	Notes	2024	2023
Continuing operations			
Revenues	6 , 25	**1,685,865,915**	1,279,860,653
Cost of revenues	6	**(867,288,226)**	(681,689,264)
Gross profit		**818,577,689**	598,171,389
Selling and marketing expenses	26	**(55,685,486)**	(54,599,945)
General and administrative expenses	27	**(113,501,454)**	(81,049,976)
Expected credit losses	16	**(2,970,866)**	(10,754,260)
Operating profit		**646,419,883**	451,767,208
Finance costs	28	**(447,487,873)**	(114,366,318)
Share of results of an associate	12	**9,204,553**	7,391,080
Revaluation gain of financial assets at fair value through profit or loss	13	**20,827,719**	-
Gain from disposal of leases	8	**56,467,155**	-
Other income, net	29	**4,771,118**	174,766
Profit before zakat and income tax from continuing operations		**290,202,555**	344,966,736
Zakat and income tax	24	**(22,816,907)**	(23,784,966)
Profit for the year from continuing operations		**267,385,648**	321,181,770
Discontinued operations			
Loss for the year from discontinued operations	30	**(236,705)**	(2,213,194)
Profit for the year		**267,148,943**	318,968,576
Profit for the year attributable to:			
Equity holders of the parent company		**271,288,638**	318,237,426
Non-controlling interests		**(4,139,695)**	731,150
		267,148,943	318,968,576
Basic and diluted earnings per share:			
Earnings per share attributable to equity holders of the parent company	33	**4.93**	5.79
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(10,913,093)**	(4,136,564)
Total items that may be reclassified subsequently to profit or loss		**(10,913,093)**	(4,136,564)
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive loss of an associate	12	-	(27,988)
Remeasurement of employees' defined benefits obligations	21	**(1,135,466)**	(1,041,054)
Total items that will not be reclassified subsequently to profit or loss		**(1,135,466)**	(1,069,042)
Total other comprehensive loss for the year		**(12,048,559)**	(5,205,606)
Total comprehensive income for the year		**255,100,384**	313,762,970
Total comprehensive income for the year attributable to:			
Equity holders of the parent company		**259,240,079**	313,273,406
Non-controlling interests		**(4,139,695)**	489,564
		255,100,384	313,762,970

Chairman of Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**
Abdul Ellah Al Khereiji	Mohamad Al Khereiji	Nicolas Bou Habib

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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOILDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(SAUDI RIYAL)

	Share capital	Reserves	Retained earnings	Foreign currency translation reserve	Total equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
Balance as at January 1, 2023	500,000,000	73,035,771	247,336,074	(500,985)	819,870,860	1,089,278	820,960,138
Profit for the year	-	-	318,237,426	-	318,237,426	731,150	318,968,576
Other comprehensive loss for the year	-	-	(1,069,042)	(3,894,978)	(4,964,020)	(241,586)	(5,205,606)
Total comprehensive income for the year	-	-	317,168,384	(3,894,978)	313,273,406	489,564	313,762,970
Dividends (Note 31)	-	-	(20,000,000)	-	(20,000,000)	-	(20,000,000)
Change in non-controlling interests	-	-	-	-	-	1,990,255	1,990,255
Balance as at December 31, 2023	500,000,000	73,035,771	544,504,458	(4,395,963)	1,113,144,266	3,569,097	1,116,713,363
Balance as at January 1, 2024	**500,000,000**	**73,035,771**	**544,504,458**	**(4,395,963)**	**1,113,144,266**	**3,569,097**	**1,116,713,363**
Profit for the year	-	-	**271,288,638**	-	**271,288,638**	**(4,139,695)**	**267,148,943**
Other comprehensive loss for the year	-	-	**(1,135,466)**	**(10,913,093)**	**(12,048,559)**	-	**(12,048,559)**
Total comprehensive income for the year	-	-	**270,153,172**	**(10,913,093)**	**259,240,079**	**(4,139,695)**	**255,100,384**
Change in non-controlling interests	-	-	-	-	-	**(1,197,538)**	**(1,197,538)**
Increase in share capital (Note 1)	**50,000,000**	-	**(50,000,000)**	-	-	-	-
Balance as at December 31, 2024	**550,000,000**	**73,035,771**	**764,657,630**	**(15,309,056)**	**1,372,384,345**	**(1,768,136)**	**1,370,616,209**

Chairman of Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**
Abdul Ellah Al Khereiji	Mohamad Al Khereiji	Nicolas Bou Habib

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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMNT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(SAUDI RIYAL)

	2024	2023
OPERATING ACTIVITIES:		
Profit before zakat and income tax from continuing operations	**290,202,555**	344,966,736
Loss for the year from discontinued operations	**(236,705)**	(2,213,194)
Adjustments:		
Depreciation of property, plant and equipment	**48,600,321**	37,820,471
Depreciation of right-of-use assets	**348,725,308**	440,237,532
Amortization of licenses	**22,026,190**	-
Amortization of intangible assets arising from service concession arrangement	**59,138,882**	-
Share of results of an associate	**(9,204,553)**	(7,391,080)
Revaluation gain of financial assets at fair value through profit or loss	**(20,827,719)**	-
Financing cost income from lease assets	**(591,260)**	-
Expected credit losses	**2,970,866**	10,754,260
Impairment losses on other current assets	**1,344,119**	3,000,000
Provision for slow-moving inventories	**-**	864,464
Loss from disposal of property, plant and equipment	**3,980,067**	932,921
Current service cost of employees' defined benefits obligations	**2,377,736**	2,129,655
Finance costs related to employees' defined benefits obligations	**936,821**	604,278
Finance costs related to short-term loans and long-term Murabaha	**130,299,613**	44,483,489
Finance costs related to lease liabilities	**83,776,858**	69,278,551
Finance costs related to obligation under service concession arrangement	**233,065,841**	-
Gain from adjustments of lease liabilities and right-of-use assets	**(1,244,358)**	(195,958)
Loss from disposal of leases	**(56,467,155)**	-
Changes in working capital:		
Inventories	**(48,071,332)**	(678,446)
Trade receivables	**(125,811,208)**	(270,229,274)
Prepaid expenses and other current assets	**(32,695,978)**	(400,617,834)
Due from / to related parties	**(90,858,995)**	(5,103,720)
Trade payables	**187,351,435**	98,978,583
Accrued expenses and other current liabilities	**(33,323,188)**	(8,634,886)
Change in net assets of discontinued operations	**338,732**	2,255,587
Cash generated from operations	**995,802,893**	361,242,135
Employees' defined benefits obligations paid	**(8,322,188)**	(1,501,091)
Zakat and income tax paid	**(24,785,071)**	(11,987,838)
Net cash flows generated from operating activities	**962,695,634**	347,753,206
INVESTING ACTIVITIES:		
Additions to property, plant and equipment	**(105,848,571)**	(83,465,283)
Proceeds from sale of property, plant and equipment	**31,527,540**	72,765
Additions to intangible assets arising from service concession arrangement	**(48,815,076)**	-
Payment for acquisition of subsidiary, net of cash acquired	**-**	(1,034,375,405)
Net cash flows used in investing activities	**(123,136,107)**	(1,117,767,923)
FINANCING ACTIVITIES:		
Proceeds from short-term loans and long-term Murabaha	**321,456,150**	1,468,000,000
Repayment of short-term loans and long-term Murabaha	**(190,178,117)**	(348,915,747)
Lease liabilities paid	**(337,946,585)**	(211,827,623)
Obligation under service concession arrangement paid	**(380,500,000)**	-
Proceeds from lease assets	**1,200,000**	-
Finance costs paid	**(101,017,955)**	(30,474,525)
Net change in non-controlling interests	**(1,197,538)**	1,990,255
Dividends paid	**-**	(47,043,652)
Net cash flows (used in) / generated from financing activities	**(688,184,045)**	831,728,708
Net change in cash and cash equivalents during the year	**151,375,482**	61,713,991
Foreign currency translation adjustment	**(7,358,472)**	(2,986,221)
Cash and cash equivalents as at the beginning of the year	**174,082,308**	115,354,538
Cash and cash equivalents as at the end of the year	**318,099,318**	174,082,308

Chairman of Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**
Abdul Ellah Al Khereiji	Mohamad Al Khereiji	Nicolas Bou Habib

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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMNT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(SAUDI RIYAL)

	2024	2023
Non-cash transactions:		
Additions to right-of-use assets and lease liabilities	**929,573,327**	299,621,938
Additions to intangible assets arising from service concession arrangement and obligation under service concession arrangement	**10,074,232,906**	-
Amortization of lease liabilities into accrued expenses	**(107,678,550)**	(100,807,689)
Absorption of prepaid expenses into lease liabilities	**14,032,635**	63,164,501
Accrued finance costs	**15,538,386**	18,645,919
Transferred from investment in an associate to financial assets at fair value through profit or loss	**307,267,645**	-
Transferred from property, plant and equipment to inventories	**16,194,594**	-
Transferred from right-of-use assets to lease assets	**(7,094,343)**	-
Amortization provision transferred	**5,000,000**	-
Transferred from retained earnings to share capital	**(50,000,000)**	-
Accrued dividends	**-**	2,956,348

Refer to Note (1) for non-cash transactions related to the acquisition

Chairman of Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**
Abdul Ellah Al Khereiji	Mohamad Al Khereiji	Nicolas Bou Habib

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

1- CORPORATE INFORMATION OF THE GROUP

Arabian Contracting Services Company is a Saudi Joint Stock Company - (the “Company”) registered in Riyadh city on Jumada Al-Ula 18, 1403 H (corresponding to March 3, 1983) under commercial register number 1010048419 and unified number 7018053632.

The head office of the Company is located in Riyadh - Kingdom of Saudi Arabia, P.O. Box: 55905, Postal Code: 11544.

The main activities of the Company consist of general construction of residential buildings, construction of roads, streets, sidewalks and road supplies, construction of bridges and tunnels, construction of railways, pouring bases and foundations, laying electrical wires and laying communication wires.

The Board of Directors have resolved on May 30, 2024, to recommend to the Extraordinary General Assembly to increase the Company’s share capital by 10% by granting free shares through capitalizing an amount of SR 50,000,000 from the retained earnings account, by granting (1) free share for every ten shares owned by the shareholders. The share capital before the increase is SR 500,000,000 and after the increase will become SR 550,000,000. The Capital Market Authority has approved on July 28, 2024 the request of Arabian Contracting Services Company to increase its share capital from SR 500,000,000 to SR 550,000,000. The necessary legal procedures have been completed.

Accordingly, as at December 31, 2024 the Company's share capital amounts to SR 550 million divided into 55 million shares, the value of each share is SR 10 (As at December 31, 2023: SR 500 million shares).

These accompanying consolidated financial statements include the results of the business, assets, liabilities, and activities of the Company and its following branches. The details of these branches are as follows:

Branch name	Location	Activity of the branch	Commercial register number
Raweyah Printing Press Arabian Company Factory	Riyadh	Printing, engraving and photoengraving on metal or plastic plates zinc graph	1010057812
Arabian Contracting Services Company	Riyadh	Publicity and advertisement entities and agencies	1010062303
Ain Al Arabia Company for Advertising and Publicity	Riyadh	Publicity and advertisement entities and agencies, organization and management of exhibitions and conferences, wholesale of gifts and luxuries	1010500526
Arabian Contracting Services	Jeddah	Publicity and advertisement entities and agencies	4030058296
Raweyah Printing Press Arabian Company Factory	Jeddah	Printing, book printing, printing of advertisements, posters and information leaflets, printing of business stationery, invoices and printing using photocopiers, engraving and photoengraving on metal or plastic plates (zinc graph) and bookbinding	4030275525

1- CORPORATE INFORMATION OF THE GROUP (CONTINUED)

Acquisition of a subsidiary – Faden Agency Media and Advertising Company in 2023

The Group's Board of Directors resolved on Rabi' Al Awwal 15, 1444 H (corresponding to October 11, 2022) to approve a purchase agreement on the acquisition of the entire shares of Faden Agency Media and Advertising Company (A One-person Limited Liability Company) with a share capital amounting to SR 60 million. The total value of the acquisition deal amounts to SR 1,050,000,000. Accordingly, the Group signed on July 31, 2023 a sale and purchase agreement for the shares of Faden Agency Media and Advertising Company. All procedures related to the acquisition deal were completed on October 31, 2023 and the economic rights and obligations were accounted for commencing from November 1, 2023.

The activities of Faden Agency Media and Advertising Company consist of advertising entities and agencies, providing marketing services on behalf of others, and installing and assembling neon signs. The Group has concluded the acquisition as a business as per IFRS 3 "Business Combinations" and accordingly accounted for the business combination using the acquisition method as per IFRS 3 "Business Combinations" with the Arabian Contracting Services Company being the acquirer (the "acquirer") and Faden Agency Media and Advertising Company as the acquiree (the "acquiree"). The Group has engaged with an independent expert to determine the fair value of the assets and liabilities of Faden Agency Media and Advertising Company as part of the purchase price allocation exercise.

On August 13, 2024, the Group has completed the procedures related to the financial impact of the acquisition in the consolidated financial statements for the year ended December 31, 2024, which were finalized based on the purchase price allocation report issued by the independent expert.

Below is the final fair value of identifiable assets and liabilities as at the date of acquisition:

	(Saudi Riyal)
Assets	
Cash and cash equivalents	15,624,595
Trade receivables	50,347,746
Prepaid expenses and other current assets	20,193,532
Investment in an associate (Note 12)	290,700,000
Right-of-use assets (Note 8)	368,155,332
Property, plant and equipment (Note 7)	38,755,058
Total assets	783,776,263
Liabilities	
Trade payables	42,140,101
Accrued expenses and other current liabilities	43,458,091
Lease liabilities (Note 8)	391,734,845
Long-term loans	9,602,608
Zakat provision (Note 24)	749,999
Employees' defined benefits obligations (Note 21)	3,366,544
Total liabilities	491,052,188
Net identifiable assets as at the date of acquisition	292,724,075
Intangible assets arising from acquisition (Note 9)	228,390,337
Goodwill arising from acquisition (Note 9)	528,885,588
Purchase consideration	1,050,000,000

From the date of acquisition, Faden Agency Media and Advertising Company has contributed an amount of SR 24,112,949 from the revenues and an amount of SR 14,152,114 from profit for the year from continuing operations. If the acquisition had occurred at the beginning of the year 2023, revenues would have been an amount of SR 135,153,172 and the profit for the year from continuing operations would have been an amount of SR 20,998,306 for the year ended December 31, 2023.

Acquisition related costs with an amount of SR 10,365,652 were included in the consolidated statement of comprehensive income for the year ended December 31, 2023.

1- CORPORATE INFORMATION OF THE GROUP (CONTINUED)

Acquisition of a subsidiary – Faden Agency Media and Advertising Company in 2023 *(continued)*

Below is an analysis of cash flows arising from acquisition:

	(Saudi Riyal)
Purchase consideration	1,050,000,000
Transaction costs of the acquisition (included in the cash flows from operating activities)	(10,365,652)
Net cash acquired from the subsidiary (included in cash flows from investing activities)	(15,624,595)
Net cash flows used in acquisition	1,024,009,753

Intangible assets arising from acquisition:

Below are intangible assets recognized along with valuation methodology used to measure fair value:

Intangible assets	Fair value at date of acquisition	Valuation methodology used
Licenses	228,390,337	Multi-period excess earnings method (MEEM)
Total	**228,390,337**	

2- BASIS OF PREPARATION

2-1 Statement of compliance

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

2-2 Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis unless the IFRSs require the use of another basis of measurement as stated in the material accounting policies information applied in Note (4). In addition, these consolidated financial statements are prepared using accrual basis of accounting and going concern basis.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal (SR), which is the Group’s functional and presentation currency. All amounts are rounded off to nearest Saudi Riyal unless otherwise indicated.

2-4 Devaluation of Egyptian currency

During the year ended December 31, 2024, the Egyptian pound recorded an average of 37.8% devaluation in rate against the Saudi Riyal (December 31, 2023: 20.1%). As a result, the impact of this devaluation in foreign currency translation for operations in Egypt was recorded as a foreign currency translation reserve.

2- BASIS OF PREPARATION (CONTINUED)

2-5 Basis of consolidation

The consolidated financial statements include the financial statements of the Group and entities controlled by the Company and its subsidiaries as at the reporting date.

Control is achieved when the Group:
- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns of the investment.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Group, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stakeholders' meetings.

The process of consolidating the financial statements of a subsidiary begins when the Group gains control over the subsidiary and ceases when the Group loses control of the subsidiary. In particular, the revenues and expenses of the subsidiary acquired, disposed of or sold during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date that the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is recorded in the consolidated statement of changes in equity.

The consolidated statement of comprehensive income and each component of the consolidated other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance within the consolidated equity.

If the Group loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in the consolidated statement of comprehensive income.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their material accounting policies information in line with the Group's material accounting policies information.

All intergroup assets and liabilities, equity, revenues, expenses and cash flows relating to transactions between companies of the Group are eliminated upon consolidating the financial statements.

2- BASIS OF PREPARATION (CONTINUED)

2-5 Basis of consolidation (continued)

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries (collectively referred to as the "Group"). The details of these subsidiaries are as follows:

Subsidiary name	Country of incorporation	Main activity of the subsidiary	Ownership %	
			2024	2023
Al-Arabia Out of Home Advertising FZ - LLC (A)	UAE	Media and marketing services, outdoor advertising activities	100	100
Al-Taer Al-Arabi Trading Company a One-person Company (liquidated) (B)	KSA	Storage, wholesaling on a fee or contract basis, wholesale of other household goods, retailing by mail order fulfillment houses or via the internet	-	100
Arabian United Company for Advertising Services (C)	Egypt	Publicity and advertising by all audio, print and visual means, supplying, installing and operating digital screens, project management	49.99	49.99
Faden Agency Media and Advertising Company (D)	KSA	Advertising entities and agencies, providing marketing services on behalf of others, and installing and assembling neon signs	100	100
Al Arabia Alliance for Smart Advertisements Company (E)	KSA	Advertising and publicity agencies, provision of marketing services on behalf of others, maintenance and operation of pollution control equipment, installation of industrial process control equipment, installation of telecommunications equipment, artificial intelligence technologies, establishment of infrastructure for web hosting and data processing services, and related activities.	90	-

(A) Al-Arabia Out of Home Advertising FZ – LLC – is a Limited Liability Company registered in the United Arab Emirates and it is a 100% owned subsidiary of the Company with a share capital of AED 100,000.

(B) Al-Taer Al-Arabi Trading Company is a One-person Limited Liability Company registered in the Kingdom of Saudi Arabia and was a 100% owned subsidiary of the Company with a share capital of SR 50,000. The company was liquidated, and all statutory procedures related to the liquidation were completed on Ramadan 17, 1445 H (corresponding to March 27, 2024) and is not subject to business combination as at December 31, 2024 (Note 30).

(C) Arabian United Company for Advertising Services is a Joint Stock Company registered in the Arab Republic of Egypt and it is a 49.99% owned subsidiary of the Company with a paid share capital of Egyptian Pounds 7,500,000. The subsidiary was consolidated by 49.99% due to the presence of control over the majority of the voting rights.

(D) Faden Agency Media and Advertising Company is a One-person Limited Liability Company registered in the Kingdom of Saudi Arabia and it is a 100% owned subsidiary of the Company with a share capital of SR 60 million (Note 1).

(E) Al Arabia Alliance for Smart Advertisements Company is a Limited Liability Company registered in the Kingdom of Saudi Arabia, and it is a 90% owned subsidiary of the Company with a share capital of SR 1,000,000 (Note 10).

2- BASIS OF PREPARATION (CONTINUED)

2-5 Basis of consolidation (continued)

The following is the summarized financial information disclosed for the consolidated subsidiary in which the Group does not hold a full ownership interest and which has non-controlling interests to the Group:

For the year ended December 31, 2024:

	(Saudi Riyal)	
	Al Arabia Alliance for Smart Advertisements Company	**Total**
Non-current assets	**10,063,909,100**	**10,063,909,100**
Current assets	**102,638,091**	**102,638,091**
Non-current liabilities	**9,077,937,179**	**9,077,937,179**
Current liabilities	**1,165,239,004**	**1,165,239,004**
Net equity	**(76,628,992)**	**(76,628,992)**
Total revenues	**346,747,563**	**346,747,563**
Total comprehensive loss	**(77,628,992)**	**(77,628,992)**

As stated in the financial information above, the current liabilities exceeded the current assets by an amount of SR 1,062 million. The Group's management has made an assessment of the subsidiary's ability to continue as a going concern and is satisfied that the subsidiary has the resources to continue in business in the foreseeable future.

During the year ended December 31, 2023, the Group does not own a share in Al Arabia Alliance for Smart Advertisements Company, as Al Arabia Alliance for Smart Advertisements Company was established during 2024.

2-6 Business combination and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the asset acquired or liabilities assumed as at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and are included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in the original contracts through the acquisition. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in the consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. Goodwill is initially measured as the excess of the purchase price over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of comprehensive income as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the purchase are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

3- MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are difficult to obtain directly from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the accounting estimates are revised, if the changed estimates affect both current and future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:
- Sensitivity analysis disclosures (Note 21)
- Financial instruments risk management (Note 34)

3-1 Judgements

In the process of applying the Group's material accounting policies information, management has made the following judgements, which may have significant effect on the amounts recognised in the consolidated financial statements:

Leases - extension and termination options – Group as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

3-2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the consolidated statement of financial position, that have a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when preparing the consolidated financial statements. A change in circumstances, assumptions and future estimates may occur due to changes in the market or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The following are details of estimates and assumptions:

Accounting for service concession arrangements

Some of the Group's service concession arrangements are accounted for in accordance with the requirements of IFRIC 12 "Service Concession Arrangements." Although IFRIC 12 does not define "public-private service concession arrangements", it describes typical features of such arrangements, including the infrastructure used to deliver the services, the contractual arrangement between the grantor and the operator, which specifies the services to be provided by the operator using the infrastructure, and the basis on which the operator will be compensated, and constructing, upgrading, operating, and maintaining the infrastructure by the operator.

Management has assessed that some of the Group's concession arrangements fall within the scope of IFRIC 12. The key judgments and sources of estimation uncertainty that affect the amounts associated with accounting for concession arrangements relate to the recognition, measurement, and derecognition of concession assets and related obligations due to the inherent complexities of concession arrangements; and the assessment of any internal or external indicators of impairment. Management has used the best available estimates for the initial recognition of intangible assets and the calculation of amortization. The reasonableness of the estimates and assumptions is consistent with prevailing market practices.

3- MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3-2 Estimates and assumptions *(continued)*

Calculation of expected credit losses
When measuring the expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future changes of different economic factors and how these factors will affect each other.

Expected credit losses are an estimate of the loss due to default. It is based on the difference between the contractual cash flows due and those that the debtor would expect to receive, taking into consideration the cash flows from guarantees and credit enhancements that form an integral part of the amounts due.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default during a certain period of time, in which its calculation is based on historical data, assumptions and expectations of future conditions.

Useful lives of property, plant and equipment, right-of-use assets, and intangible assets with finite life
The Group determines the estimated useful lives of its property, plant and equipment, right-of-use assets, and intangible assets with finite life for the purpose of calculating depreciation or amortization. These estimates are determined after considering the expected usage of the asset or physical wear and tear from usage. Management reviews the residual value and useful lives annually and future depreciation or amortization charges are adjusted where the management believes the useful lives differ from previous estimates.

Impairment of non-financial assets
At each consolidated statement of financial position date, non-financial assets (except biological assets measured at fair value, inventories and deferred tax assets) are reviewed to determine whether there are any circumstances that indicate an impairment loss has occurred or the impairment loss has reversed. If such indication exists, the recoverable amount of those assets is estimated to determine the amount of the impairment loss or reversal of impairment loss, if any.

The cash-generating unit to which goodwill is allocated to is tested for impairment annually or more frequently when there is an indication that the unit will be impaired. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis for distribution can be identified, the joint assets are allocated to the individual cash-generating units, or otherwise distributed to the smaller group of cash-generating units for which a reasonable and consistent basis of allocation can be identified.

Intangible assets with indefinite useful lives, as well as intangible assets that are not yet available for use, are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the assets (or cash-generating unit) is estimated to be below its carrying amount, the carrying amount of the assets (or cash-generating unit) is impaired to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the assets (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had the impairment loss of the assets (or cash-generating unit) has not been recognized in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of comprehensive income.

3- MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3-2 Estimates and assumptions *(continued)*

Right-of-use assets / lease liabilities
The Group's management determines the discount rate based on the incremental borrowing rate, and at the end of each financial period, the Group reviews whether there is an impairment in the right-of-use or not, or if there are events or changes in circumstances indicating that the carrying amounts may not be recoverable.

Contingent liabilities
As stated in Note (32) of these consolidated financial statements, the Group is exposed to various contingent liabilities during the normal business cycle. Management regularly reviews the status of these exposures to assess the likelihood that the Group will incur the related liabilities. However, provisions are not made in the consolidated financial statements, based on management's assessment, except when a present obligation has occurred.

Discount rate used to determine the carrying amount of the employees' defined benefits obligations
The determination of the employees' defined benefits obligations depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived.

These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's consolidated financial statements within the next financial year. Further information on the carrying amounts of the employees' defined benefits obligations and the sensitivity of those amounts to changes in discount rate are provided in Note (21).

Uncertain zakat and tax positions
The Group's current zakat and tax payable relates to management's assessment of the amount of zakat and tax payable on open zakat and tax positions where the final liabilities remain to be agreed with Zakat, Tax, and Customs Authority.

Due to the uncertainty associated with such zakat and tax items, it is possible that, on finalization of assessments by Zakat, Tax, and Customs Authority at a future date, the final outcome may differ significantly. The status of zakat and tax assessments has been disclosed in Note (24).

4- MATERIAL ACCOUNTING POLICIES INFORMATION

The following are material accounting policies information applied by the Group in preparing these consolidated financial statements:

Current / non-current assets and liabilities classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is classified as current assets when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the date of the consolidated statement of financial position; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months from the date of the consolidated statement of financial position.

All other assets are classified as non-current assets.

A liability is classified as current liabilities when it is:
- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the date of the consolidated statement of financial position; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the consolidated statement of financial position.

All other liabilities are classified as a non-current liabilities.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Fair value measurement
The Group measures financial instruments at fair value at the date of each consolidated statement of financial position.

Fair value is the price that would be received to sell assets or paid to transfer liabilities 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 assets or transfer liabilities takes place either:
- In the principal market for these assets or liabilities; or
- In the absence of a principal market, in the most advantageous market for the assets or liabilities.

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

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

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

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

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

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

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

Foreign currencies
Transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate prevailing at the date of preparing the consolidated financial statements. All differences arising from settlement or transactions on monetary items are recorded in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated primarily at the exchange rate prevailing at the date of the transactions. Non-monetary items in a foreign currency that are measured at fair value are translated at the currency rate prevailing at the date when their fair value was determined. Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gains and losses arising from a change in the fair value of that item. (i.e. translation differences for items whose fair value gains and losses are recognized in the consolidated statement of comprehensive income is recognized in other comprehensive income, and items whose fair value gains and losses are recognized in profit and losses are recognized in profit and losses).

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. Projects under progress and lands are not depreciated. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria is met. When significant parts of property, plant and equipment are replaced at certain intervals, the Group recognizes those parts as individual assets with a definite useful life and depreciation. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Depreciation (in years)
Buildings	20
Fixed and motion advertising billboards	5 - 10
Motor vehicles	3 - 5
Furniture and fixtures	3 - 10
Machinery, devices and equipment	3 - 10

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statement of comprehensive income when the asset is derecognized.

The residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjustments are made on a prospective basis, if required.

Projects under progress
Assets that are still in the construction or development stage are capitalized in the projects under progress account. An asset under construction or development is transferred to the appropriate category of property, plant and equipment when the asset is in the location and / or condition necessary to make it capable of operating as intended by management. The cost of projects under progress item consists of the purchase price, construction / development costs and any costs directly attributable to the construction of the asset or its acquisition by management.

The costs associated with the trial run of the asset (before it is ready for use) are capitalized net of proceeds from the sale of any production during the trial run period. Finance costs related to qualifying assets are capitalized as part of the cost of the qualifying assets until the start of commercial production. Projects under progress are measured at cost less any impairment recognized. Projects under progress are not depreciated. Depreciation begins when the assets are capable of economically operating as intended by management after they have been transferred to the appropriate class of assets.

Leases
The determination of whether an agreement represents or contains a lease depends on the substance of the agreement at the date of its inception. The agreement represents or includes a lease if its fulfillment is based on the use of a particular asset or assets, or the agreement grants the right to use a particular asset or assets even if that right is not expressly mentioned in the contract.

Right-of-use assets and lease liabilities
The Group has recognized new assets and liabilities for its operating leases of various types of contracts including advertising billboards sites, warehouses, and warehouse facilities, housing, office rentals, and others. Each lease payment is allocated between the liabilities and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease term so as to accomplish a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost which comprise of the following:
- The amount of initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, or renewal costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Leases (continued)

Right-of-use assets and lease liabilities (continued)
Lease liabilities include (the net present value of the fixed lease payments) including in-substance fixed payments less any lease incentives receivable, variable lease payments that are based on an index or a rate, and amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, the lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of small items relating to office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management generally considers certain factors including historical lease durations and the costs of business disruption required to replace the leased asset.

Classification of sublease
A sublease is classified as either a finance lease or an operating lease based on the terms and conditions of the sublease and not of the head lease. The classification is determined by evaluating whether substantially all risks and rewards incidental to ownership of the underlying asset are transferred to the sublessee.

Classifying a sublease as a finance lease
The Group derecognizes the right-of-use asset relating to the head lease to the extent of the sublease. A lease asset is recognized at the present value of lease payments to be received from the sublessee. The lease asset is subsequently measured at amortized cost using the effective interest method. Interest income is recognized in the consolidated statement of comprehensive income over the lease term, reflecting a constant periodic rate of return on the lease assets.

Classifying a sublease as an operating lease
The Group continues to recognize the underlying right-of-use asset. Lease income is recognized on a straight-line basis over the lease term unless another systematic basis that better represents the pattern in which the benefit from the use of the underlying asset is diminished.

Intangible assets
Intangible assets acquired separately are measured at initial recognition at cost. After initial recognition, intangible assets are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. When certain conditions are demonstrated, development expenditure that gives rise to an internally generated intangible asset is capitalized. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the consolidated statement of comprehensive income in the period it is incurred.

Intangible assets are amortized over their useful economic life when the intangible assets have a finite useful life and impairment is assessed when there is an indication that their value may be impaired. The amortization period and the amortization method for intangible assets are reviewed if there is an indication of a change since the preparation of the last annual consolidated financial statements, and are subsequently modified, if necessary. Intangible assets are amortized in the consolidated statement of comprehensive income in the expense category in line with the function of those intangible assets.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives as follows:

Category	**Amortization (in years)**
Licenses	10

When the useful life of intangible assets is indefinite, intangible assets are not amortized, rather, it is tested for impairment annually or when there is an indication that it is impaired.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Intangible assets (continued)
The gain or loss resulting from derecognition of intangible assets is measured on the basis of the difference between the net disposal proceeds and the carrying amount of the intangible assets, and is recognized in the consolidated statement of comprehensive income when those intangible assets are derecognized.

Investments in associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of the revenues, expenses, and movements of equity accounted investees, after adjusting the accounting policies to align with the Group's accounting policies, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment in an associate, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Intangible assets arising from service concession arrangements
The Group's operations are related to the contract for constructing, operating, and maintaining outdoor advertising billboards in Riyadh. The Group (the operator) recognizes concession rights in the contract for constructing, operating, and maintaining outdoor advertising billboards in Riyadh city arising from a service concession arrangement which are under the control of the public sector (the grantor), or which regulates the services provided and the fixed prices, and also controls any significant remaining interest in the infrastructure, such as property, plant and equipment in the case of the grantor's infrastructure, or those constructed or purchased by the Group as part of the service concession arrangement.

The Group recognizes intangible assets arising from service concession arrangements when it has the right to charge users for the use of the concession infrastructure. Intangible assets received as cash consideration for the provision of construction or development services under the service concession agreement are measured at fair value upon initial recognition by reference to the fair value of the services. The concession rights of the contract for constructing, operating, and maintaining outdoor advertising billboards in Riyadh city include the construction of concession assets, which are expected to directly contribute in generating concession revenues. Any amounts paid by the operator to the grantor as consideration for the rights related to the concession arrangement, which are substantially fixed, are recognized as part of the service concession assets.

Service concession rights also include fixed and motion advertising billboards, which are classified as intangible assets under IFRIC 12 "Service Concession Arrangements." The intangible element of the service concession arrangement is the period during which the Group can charge the public for the use of the outdoor advertising billboards in Riyadh city until the end of the 10-year concession term.

The Group has applied the outdoor advertising billboard utilization model, which represents the primary source of economic benefits from the concession arrangements, to amortize the intangible assets (using the units of production method – based on utilized units), as it best reflects the pattern in which the asset's future economic benefits are consumed. This approach is deemed appropriate given the nature of the arrangement. Amortization for the year is calculated by dividing the actual number of units received by the total number of billboard sites expected to be received over the concession period, based on a reasonable and determinable basis in accordance with the terms of the concession arrangement.

The gain or loss arising from derecognizing the asset in the service concession arrangement is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the consolidated statement of comprehensive income upon derecognition of the asset.

Impairment of non-financial assets
The Group assesses at the date of preparing the consolidated financial statements whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the fair value of the asset or cash-generating unit (CGU) less cost to sell or the value in use of the asset, whichever is higher.

It is specified for a single asset unless the asset generates cash flows that are not significant independent of the flows generated by assets or other groups of assets and when the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the value of the asset must be decreased to its recoverable amount.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Impairment of non-financial assets (continued)
In determining value in use, the future cash flows are deducted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks related to the asset. In determining fair value less costs to sell, new market transactions are considered, when available, or an appropriate valuation model is used. These values are verified by comparing them with the valuation multiples and the prices of the listed shares of the subsidiaries offered for public trading or through any other fair value indicators.

In calculating impairment, the Group relies on detailed budgets and discretionary accounts that are prepared separately for each cash-generating unit (CGU) of the Group to which the individual assets are allocated. These detailed budgets and discretionary accounts usually cover five years. To cover longer periods, a long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.
Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income within the expenses appropriate to the function of the assets that have impaired. An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, no longer exist or have decreased. The reversal of the impairment loss is recognized in the consolidated statement of comprehensive income.

Inventories
Inventories are stated at the lower of cost or net realizable value. Paper, printing materials and other consumables, and spare parts of inventories are valued on a weighted average cost basis. When necessary, a provision is charged for slow-moving and obsolete inventories.

Trade receivables
Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After the initial measurement, in accordance with IFRS 9 "Financial Instruments", these financial assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment. Amortized cost is calculated by taking into consideration any discount or premium on acquisition, fees or costs that are an integral part of the effective interest rate method. The effective interest rate method amortization is included in the consolidated statement of comprehensive income. The losses arising from impairment are included in the consolidated statement of comprehensive income.

Contract assets and liabilities
When one of the parties to a contract performs, the Group shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, based on the relationship between the Group's performance and the customer's payment. Contract assets represent the Group's right to compensation for services that the Group has transferred to the customer. Contract liabilities represent the Group's obligation to transfer services to the customer, for which the Group has received consideration (or consideration is due) from the customer.

Transactions with related parties
Related parties represent all affiliates, major shareholders, directors and the Group’s key management and include those companies controlled, jointly controlled or influenced by those related parties.

Prepaid expenses and other current assets
Prepaid expenses and other current assets are recognized in the value of amounts paid to service suppliers for services that will be received in the future, or in the value of amounts that have been paid to third parties and will be recovered in the future.

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise of cash at banks and on hand, which are not exposed to risks of significant changes in value.

Financial assets

Initial recognition and measurement
Financial assets are classified on initial recognition as being subsequently measured at amortized cost, or at fair value through other comprehensive income, or at fair value through profit or loss. All financial assets are recognized on initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial assets (continued)

Subsequent measurement
The subsequent measurement of financial assets depends on their classification, as described below:

Financial assets at amortized cost
After initial measurement, those financial assets are measured at amortized value using the effective interest rate method and are subject to impairment. Gains or losses are recognized in the consolidated statement of comprehensive income when the asset is disposed of, or modifications are made, or impaired.

Financial assets at amortized cost in the Group consist of cash and cash equivalents and trade receivables.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily measured at fair value. Financial assets are classified as held for trading if they are acquired with the intention of being sold in the near term. Derivatives, including embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are measured at fair value through profit or loss, regardless of the business model. Despite the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as outlined above, debt instruments may be designated at fair value through profit or loss upon initial recognition if doing so significantly reduces or eliminates an accounting mismatch.

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

Derecognition of financial assets
Financial assets are derecognised only when:

- Contractual rights in the cash flows of a financial asset expire; or
- The Group has transferred its rights to receive cash flows from the asset or has committed to pay the cash flows in full without delay to a third party through a “transfer” agreement, and whether (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained a substantially all the risks and rewards of the asset, but it has transferred its right to control it.
- If the Group has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses to what extent it retains the risks and rewards associated with the asset. An asset is recognized to the extent that the Group's relationship with it continues if it has neither transferred nor retained all the risks and rewards associated with the asset nor transferred its right to control it. In that case, the Group also recognizes the liabilities associated to that assets. The transferred asset and associated liabilities are measured on a basis that reflects the rights and obligations that the Group has retained.
- Continuing relationship that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount that the Group can be required to pay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses for all debt instruments not carried at fair value through profit or loss.

The allowance for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, expected credit losses are recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses).

For trade receivables, the Group applies a simplified approach to the calculation of expected credit losses. Therefore, the Group has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors specific to the debtors and the economic environment.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified on initial recognition, as financial liabilities at fair value through profit or loss, or as loans and trade payables, or as financial derivatives that are used as hedging instruments for covering risks.

All financial liabilities are initially recognized at fair value and in the case of loans, advances and trade payables, net of directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost
After initial recognition, financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective interest method. Gains and losses resulting from the reversal of interest expense through the effective interest rate amortization process and upon derecognition of the financial liabilities are recognized in the consolidated statement of comprehensive income.

The amortization cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is included as a finance cost in the consolidated statement of comprehensive income.

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

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

Derecognition of financial liabilities
Financial liabilities are derecognised when the obligation is paid, canceled or the obligation under the contract expires.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

Employees' defined benefits obligations
The employees' defined benefit cost is determined by defined benefit programs separately for each program using the projected unit credit method.

The remeasurement, which consists of actuarial gains and losses, is recognized immediately in the consolidated statement of financial position and within the retained earnings through other comprehensive income in the period in which they occur. The remeasurement is not reclassified to the consolidated statement of comprehensive income in subsequent periods.

End of service payments are mainly based on the employees' final salaries, allowances and accumulated years of service, as defined by the labor law in the Kingdom of Saudi Arabia.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Trade payables
These amounts represent liabilities related to goods and services provided to the Group before the end of the financial year that have not been paid, and are considered unsecured. Trade payables and notes payable are presented as current liabilities unless payment is not due within 12 months after the date of the consolidated statement of financial position, and are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method.

Accrued expenses and other current liabilities
Accrued expenses and other current liabilities are obligations to pay for goods or services that have been received or provided, whether or not invoices have been submitted or formally agreed with the supplier.

Loans
Loans are measured on initial recognition at fair value less transaction costs directly attributable to the loans. They are classified as current liabilities unless the Group obtains the right to postpone the obligation for a period of not less than 12 months after the date of the consolidated statement of financial position. These liabilities are subsequently measured at amortized cost using the effective interest rate.

Borrowing / finance costs
Borrowing costs associated directly with the acquisition or establishing or producing an asset that necessarily takes a substantial period to get ready for its intended use or sale are recognized as part of the cost of the respective asset. All other costs are recorded as expenses in the period in which they are due. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Deferred tax
Deferred tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on the applicable or enacted tax rates and tax laws at the reporting date. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxing authority. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax, except for the following:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of assets or as part of the expenses item, as applicable.
- Trade receivables and trade payables are stated, including the amount of value added tax.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other current assets or other current liabilities in the consolidated statement of financial position.

Provisions
General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of provisions to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to the provision is presented in the consolidated statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects, when appropriate, current market assessments of the time value of money and the risks specific to the liability. The increase in the discount is recognized as a finance cost.

Zakat and income tax provision
The zakat and income tax provision is calculated in accordance with the regulations of the Zakat, Tax, and Customs Authority (ZATCA) at the end of each financial year.
The zakat and income tax provision is recorded at the end of the financial year within the items of the consolidated statement of comprehensive income, and the differences resulting from the final assessment are recognized within the same item in the year in which the zakat and income tax assessment is approved.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Revenue recognition
The Group recognizes revenue in accordance with contract terms and accrual basis when providing services to customers. The Group's revenues mainly consist of renting road advertising billboards, media advertisements and fixed art billboards, printing, and setup and construction revenues.

Revenue from contracts with customers is recognized upon fulfilling the performance obligations for the services provided to the customer for the value that reflects the consideration that the Group expects to receive in exchange for this performance.

The Group applies revenue from contracts entered into with customers based on a five-step model as described in IFRS 15:
Step 1: Defining the contract with the customer: The contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the criteria that must be fulfilled.
Step 2: Defining performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determination of the transaction price: The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the agreed goods or services to the customer, except for the amounts collected on behalf of third parties.
Step 4: Allocating the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expect to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognize revenue when the Group satisfies the performance obligation.

Revenues from road advertising and services rendered is recorded as revenue over time at which the service is provided. Revenues from printing is recognized at a point in time. Performance obligations are satisfied and revenue from advertising billboard rental and services are recognized when displaying advertising materials to customers on advertising billboards of the agreed contracts on a "ready-to-ready" basis. Performance obligations are ready obligations and are usually agreed upon that the nature of the promise in a ready obligation is that the customer will receive a good or service.

Setup and construction revenues
Revenues from setup and construction services under service concession arrangements is recognized over time in accordance with the Group's accounting policy for revenue recognition from setup construction contracts.

Other income
Other income is recognized when earned.

Discount given to customers
The Group provides a discount for some customers when the value of contracts executed during the period exceeds a certain amount in the contract. Discounts are deducted from the amounts receivable from the customer. The Group applies the requirements for the recognition of variable consideration estimates and recognizes a refund liability for expected future discounts.

Discontinued operations
A disposal group is considered to qualify as a discontinued operation if it is a component of the disposal entity as follows:
- Represents a separate major business activity or geographic area of operations.
- It is part of a single coordinated plan to sell the independent principal business or geographic area of operations.
- An acquired subsidiary for the sole purpose of being sold.
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount representing after-tax profit or loss from discontinued operations in the consolidated statement of comprehensive income.

Cost of revenues and expenses
Costs that are directly attributable to the goods or services provided are classified as cost of revenues. Selling and marketing expenses principally comprise of costs incurred in the selling and marketing of the Group's products and services. Other expenses are classified as general and administrative expenses. General and administrative expenses include direct and indirect expenses that are not directly related to cost of revenues in accordance with generally accepted accounting standards. Expenses are allocated, if necessary, between general and administrative expenses and cost of revenues on a consistent basis.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Dividends
Dividends are recorded as a liability when approved at the Group's annual General Assembly meeting.

Contingent liabilities
Contingent liabilities are disclosed when the Group has a contingent liability as a result of past events, in which its existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Subsequent events
The consolidated financial statements are affected by subsequent events that require an adjustment to the consolidated financial statements while subsequent events that do not require an adjustment to the consolidated financial statements are disclosed.

5- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

5-1 New standards, amendments to standards and interpretations issued

The Group has adopted the following new standards and amendments for the first time that are effective from January 1, 2024:

5-1-1 Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants"

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

5-1-2 Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

5-1-3 Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

5-1-4 (IFRS S1) “General Requirements for Disclosure of Sustainability-related Financial Information”

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

5-1-5 (IFRS S2) “Climate-related Disclosures”

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

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

5-2 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after January 1, 2025 and earlier application is permitted, however the Group has not early adopted them in preparing these consolidated financial statements:

5-2-1 Amendments to IAS 21 "Lack of Exchangeability"

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

5-2-2 Amendments to IFRS 9 “Financial Instruments” and IFRS 7 "Financial Instruments: Disclosures"

The amendments are as follows:

- Clarification of the timing requirements for the recognition and derecognition of certain financial assets and liabilities, with a new exception introduced for certain financial liabilities settled through an electronic cash transfer system.
- Clarification and additional guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
- Introduction of new disclosures for certain instruments with contractual terms that may alter cash flows (such as instruments with features linked to environmental, social, and governance (ESG) targets); and
- Updates to disclosures related to equity instruments designated at fair value through other comprehensive income (FVOCI).

5- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

5-2 Standards issued but not yet effective (continued)

5-2-3 IFRS 18 "Presentation and Disclosure in Financial Statements"

The new standard on presentation and disclosure in the consolidated financial statements, with a focus on updates to the consolidated statement of comprehensive income, introduces key new concepts under IFRS 18, including:

- The structure of the statement of profit or loss;
- Required disclosures in the consolidated financial statements for certain profit or loss performance measures reported outside the entity's consolidated financial statements (i.e., management-defined performance measures); and
- Strengthening the principles of aggregation and classification applicable to the consolidated financial statements and notes in general.

5-2-4 IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

6- OPERATING SEGMENTS

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

Basis of segment reporting

The Group has the following strategic segments which are considered strategic segments to the Group. These segments provide different services and are managed separately because they have different economic characteristics - such as sales growth trends, rates of return, and capital investment level - and also have different marketing strategies.

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

Segment reports	**Operations / Activity**
Advertising segment	Indoor and outdoor advertisements
Others	All types of printing work and retail sales by mail

Information on segment reporting

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

	(Saudi Riyal)				
For the year ended December 31, 2024	**Advertising segment**	**Others**	**Total segments**	**Reconciliation and elimination**	**Consolidated**
Revenues					
Customers	**1,618,424,071**	**67,441,844**	**1,685,865,915**	**-**	**1,685,865,915**
Transactions between segments	**-**	**12,519,551**	**12,519,551**	**(12,519,551)**	**-**
Total revenues	**1,618,424,071**	**79,961,395**	**1,698,385,466**	**(12,519,551)**	**1,685,865,915**
Depreciation and amortization	**475,436,384**	**3,054,317**	**478,490,701**	**-**	**478,490,701**
Profit of the year	**263,771,354**	**3,377,589**	**267,148,943**	**-**	**267,148,943**

	(Saudi Riyal)				
For the year ended December 31, 2023	**Advertising segment**	**Others**	**Total segments**	**Reconciliation and elimination**	**Consolidated**
Revenues					
Customers	1,253,261,853	26,598,800	1,279,860,653	-	1,279,860,653
Transactions between segments	-	11,451,951	11,451,951	(11,451,951)	-
Total revenues	1,253,261,853	38,050,751	1,291,312,604	(11,451,951)	1,279,860,653
Depreciation and amortization	474,972,318	3,085,685	478,058,003	-	478,058,003
Profit of the year	312,283,580	8,898,190	321,181,770	-	321,181,770

6- OPERATING SEGMENTS (CONTINUED)

Information on segment reporting (continued)

The activities of the Company and its subsidiaries are mainly concentrated in the Kingdom of Saudi Arabia, the Arab Republic of Egypt, and United Arab Emirates. Below is a summary of some financial information for each separate geographic region:

	(Saudi Riyal)	
Geographic information	**2024**	2023
Revenues from customers		
Kingdom of Saudi Arabia	**1,634,875,935**	1,245,801,487
Arab Republic of Egypt	**41,653,647**	34,059,166
United Arab Emirates	**9,336,333**	-
Total (Note 25)	**1,685,865,915**	1,279,860,653

For the year ended December 31, 2024:

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	**Arab Republic of Egypt**	**United Arab Emirates**	**Total**
Revenues	**1,634,875,935**	**41,653,647**	**9,336,333**	**1,685,865,915**
Cost of revenues	**(830,963,860)**	**(27,258,683)**	**(9,065,683)**	**(867,288,226)**
Gross profit	**803,912,075**	**14,394,964**	**270,650**	**818,577,689**

For the year ended December 31, 2023:

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Revenues	1,245,801,487	34,059,166	-	1,279,860,653
Cost of revenues	(653,250,169)	(28,439,095)	-	(681,689,264)
Gross profit	592,551,318	5,620,071	-	598,171,389

6- OPERATING SEGMENTS (CONTINUED)

Information on segment reporting (continued)
The main markets for the Group's products are located in the Kingdom of Saudi Arabia, the Arab Republic of Egypt, and United Arab Emirates. The following is an analysis of the Group's geographical sectors:

For the year ended December 31, 2024:

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	**Arab Republic of Egypt**	**United Arab Emirates**	**Total**
Net book value of property, plant and equipment	**243,972,454**	**13,283,158**	**25,449,112**	**282,704,724**
Intangible assets arising from service concession arrangement	**10,063,909,100**	**-**	**-**	**10,063,909,100**
Total assets	**13,808,914,918**	**39,226,513**	**525,612,894**	**14,373,754,325**
Total liabilities	**12,439,229,068**	**30,008,060**	**533,900,988**	**13,003,138,116**

For the year ended December 31, 2023:

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	**Arab Republic of Egypt**	**United Arab Emirates**	**Total**
Net book value of property, plant and equipment	242,618,213	13,112,380	26,341,691	282,072,284
Total assets	4,420,176,882	41,567,970	83,628,850	4,545,373,702
Total liabilities	3,330,171,607	16,950,165	81,538,567	3,428,660,339

Revenues between segments and business units are eliminated upon consolidation, and are stated in the “reconciliation and elimination” column. The Group’s management monitors the operating results of its business units separately for the purpose of decision-making about resource allocation and performance assessment. Segment performance is measured and evaluated on the basis of consolidated statement of comprehensive income.

The Group derives its revenues from providing advertising services over a period of time and revenues from printing services at a point in time.

7- PROPERTY, PLANT AND EQUIPMENT

(Saudi Riyal)

	Land	Buildings (*)	Fixed and motion advertising billboards	Motor vehicles	Furniture and fixtures	Machinery, devices and equipment	Projects under progress (**)	Total
Cost:								
As at January 1, 2023	1,358,770	17,114,172	224,390,361	10,323,952	6,005,372	30,220,321	34,618,526	324,031,474
Additions	-	130,000	36,897,763	362,000	477,506	672,987	44,925,027	83,465,283
Disposals	-	-	(7,091,045)	(456,968)	-	(617,696)	-	(8,165,709)
Transferred from projects under progress	-	-	21,508,067	-	-	-	(21,508,067)	-
Acquisition of subsidiary	-	-	52,132,242	253,950	2,907,036	-	10,045,008	65,338,236
Foreign currencies translation adjustment	-	-	(944,820)	-	(15,620)	(3,692)	-	(964,132)
As at December 31, 2023	1,358,770	17,244,172	326,892,568	10,482,934	9,374,294	30,271,920	68,080,494	463,705,152
Additions	**-**	**-**	**14,055,433**	**4,217,029**	**1,927,880**	**2,734,820**	**82,913,409**	**105,848,571**
Disposals	**-**	**-**	**(42,522,188)**	**(390,940)**	**-**	**(2,992,283)**	**(7,981,534)**	**(53,886,945)**
Transferred from projects under progress	**-**	**-**	**58,946,137**	**-**	**-**	**-**	**(58,946,137)**	**-**
Transferred to inventories	**-**	**-**	**-**	**-**	**-**	**-**	**(16,194,594)**	**(16,194,594)**
Foreign currencies translation adjustment	**-**	**-**	**(3,031,949)**	**(48)**	**(23,854)**	**(5,626)**	**(2,596,098)**	**(5,657,575)**
As at December 31, 2024	**1,358,770**	**17,244,172**	**354,340,001**	**14,308,975**	**11,278,320**	**30,008,831**	**65,275,540**	**493,814,609**
Accumulated depreciation:								
As at January 1, 2023	-	10,527,681	83,048,791	7,332,668	3,780,544	19,754,823	-	124,444,507
Charged for the year	-	656,860	33,228,108	1,131,340	547,781	2,256,382	-	37,820,471
Disposals	-	(6,145,714)	-	(456,968)	-	(557,341)	-	(7,160,023)
Acquisition of subsidiary	-	-	23,795,335	59,262	2,728,581	-	-	26,583,178
Foreign currencies translation adjustment	-	-	(53,696)	83	(1,388)	(264)	-	(55,265)
As at December 31, 2023	-	5,038,827	140,018,538	8,066,385	7,055,518	21,453,600	-	181,632,868
Charged for the year	**-**	**658,461**	**43,495,533**	**1,375,765**	**957,339**	**2,113,223**	**-**	**48,600,321**
Disposals	**-**	**-**	**(14,996,115)**	**(390,940)**	**-**	**(2,992,283)**	**-**	**(18,379,338)**
Foreign currencies translation adjustment	**-**	**(23)**	**(738,608)**	**372**	**(4,111)**	**(1,596)**	**-**	**(743,966)**
As at December 31, 2024	**-**	**5,697,265**	**167,779,348**	**9,051,582**	**8,008,746**	**20,572,944**	**-**	**211,109,885**
Net Book Value:								
December 31, 2024	**1,358,770**	**11,546,907**	**186,560,653**	**5,257,393**	**3,269,574**	**9,435,887**	**65,275,540**	**282,704,724**
December 31, 2023	1,358,770	12,205,345	186,874,030	2,416,549	2,318,776	8,818,320	68,080,494	282,072,284

7- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(*) The buildings are constructed on lands owned by the Group, as these buildings belong to the Group's labor housing.

(**) Projects under progress represent advertising billboards that are being manufactured and the expected additional value until its completion as at December 31, 2024 amounts to SR 8,131,731 (December 31, 2023: SR 12,351,423) (Note 32).

The following is a list of the distribution of depreciation expenses related to property, plant and equipment during the year:

	(Saudi Riyal)	
	2024	2023
Cost of revenues	**47,668,506**	37,058,558
General and administrative expenses (Note 27)	**913,270**	757,055
Selling and marketing expenses (Note 26)	**18,545**	4,858
Total	**48,600,321**	37,820,471

8- RIGHT-OF-USE ASSETS / LEASE LIABILITIES

The rights-of-use assets have been measured at an amount equal to the lease liabilities and adjusted for the amounts of prepayments and accrued lease payments related to leases recognized in the consolidated statement of financial position.

	(Saudi Riyal)	
	2024	2023
Right-of-use assets		
Balance as at the beginning of the year	**2,328,223,898**	2,322,130,961
Additions during the year	**929,573,327**	299,621,938
Acquisition of subsidiary (Note 1)	**-**	489,580,781
Transferred to lease assets (Note 14)	**(7,094,343)**	-
Adjustments (A)	**(21,168,392)**	(42,471,521)
Disposals (B)	**(1,270,058,112)**	(740,638,261)
Balance as at the end of the year	**1,959,476,378**	2,328,223,898
Right-of-use assets accumulated depreciation		
Balance as at the beginning of the year	**697,208,677**	876,183,957
Depreciation	**339,601,726**	443,918,842
Acquisition of subsidiary (Note 1)	**-**	121,425,449
Foreign currency translation adjustment	**762,156**	-
Adjustments (A)	**9,123,582**	(3,681,310)
Disposals (B)	**(444,624,992)**	(740,638,261)
Balance as at the end of the year	**602,071,149**	697,208,677
Net book value for right-of-use assets	**1,357,405,229**	1,631,015,221
Lease liabilities		
Balance as at the beginning of the year	**1,558,736,808**	1,216,568,766
Additions during the year	**929,573,327**	299,621,938
Acquisition of subsidiary (Note 1)	**-**	391,734,845
Adjustments (A)	**(22,412,750)**	(42,667,479)
Adjustments on finance costs (Note 28)	**2,923,642**	8,340,070
Disposals (B)	**(881,900,275)**	-
Adjustment of accrued rents (A)	**19,372,350**	5,406,774
	1,606,293,102	1,879,004,914
(Deduct) / Add:		
Absorption of prepaid expenses (C)	**(14,032,635)**	(63,164,501)
Paid during the year	**(337,946,585)**	(211,827,623)
Finance costs (Note 28)	**80,853,216**	60,938,481
Amortization of accrued expenses (D)	**(127,050,900)**	(106,214,463)
Foreign currency translation adjustment	**(992,051)**	-
Balance as at the end of the year	**1,207,124,147**	1,558,736,808
Current portion	**359,638,426**	251,736,665
Non-current portion	**847,485,721**	1,307,000,143
	1,207,124,147	1,558,736,808

8- RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONTINUED)

The depreciation expense related to right-of-use assets has been distributed as follows:

	(Saudi Riyal)	
	2024	2023
Cost of revenues	**345,913,841**	438,370,172
General and administrative expenses (Note 27)	**2,811,467**	1,676,984
Selling and marketing expenses (Note 26)	**-**	190,376
Total	**348,725,308**	440,237,532

(A) The adjustments to the right-of-use assets and lease liabilities during the year represent the additional term period that has been exercised by the Group after the expiry of the contractual period of some of the leases by agreeing with the lessor to determine the additional term period that the Group will exercise.

(B) As at December 31, 2024, majority of the disposals represent expired leases whose net book value is nil. During the year ended December 31, 2024, a gain on disposal of right of use assets resulted in an amount of SR 56 million.

(C) The Group agrees with the lessor to make an advance payment for leases that has been agreed with the lessor before the commencement date of the lease, and at the commencement date of the lease, these prepaid expenses are absorbed and reduced from the lease liabilities.

(D) The Group agrees with the lessor in the lease contract to make lease payments due only upon receipt of an invoice from the lessor. Accordingly, the Group records accrued expenses for the payments due which no invoices have been received from the lessor till date.

9- LICENSES AND GOODWILL

	(Saudi Riyal)		
<u>Cost:</u>	**Goodwill (*)**	**Licenses**	**Total**
Balance as at January 1, 2023	-	-	-
Acquisition of subsidiary (Note 1)	528,885,588	228,390,337	757,275,925
Balance as at December 31, 2023	528,885,588	228,390,337	757,275,925
Balance as at December 31, 2024	**528,885,588**	**228,390,337**	**757,275,925**
<u>Accumulated amortization:</u>			
Balance as at January 1, 2023	-	-	-
Balance as at December 31, 2023	-	-	-
Amortization provision transferred	**-**	**5,000,000**	**5,000,000**
Charged during the year (Note 27)	**-**	**22,026,190**	**22,026,190**
Balance as at December 31, 2024	**-**	**27,026,190**	**27,026,190**
<u>Net Book Value:</u>			
Balances as at December 31, 2024	**528,885,588**	**201,364,147**	**730,249,735**
Balance as at December 31, 2023	528,885,588	228,390,337	757,275,925

(*) Goodwill and licenses arose when Faden Agency Media and Advertising Company, a subsidiary of the Group, was acquired in 2023. This goodwill is allocated to the Group's operating business segments. For more information about the acquisition, refer to (Note 1).

Goodwill impairment testing:

The Group tests goodwill and licenses for impairment annually when there is an indication of impairment. For the purpose of impairment testing, goodwill and licenses are allocated to the subsidiary (i.e. cash-generating unit). The recoverable amount of the cash-generating unit has been determined based on the value-in-use calculation using cash flow projections based on financial budgets approved by the management of Faden Agency Media and Advertising Company.

As at December 31, 2024, the carrying amount of goodwill and licenses were reviewed and no impairment was identified.

The amortization related to licenses during the year was as follows:

	(Saudi Riyal)	
	2024	2023
Amortization provision transferred	**5,000,000**	-
Charged during the year (Note 27)	**22,026,190**	-
Balance as at the end of the year	**27,026,190**	-

10- INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENT

The Group signed a contract for constructing, operating, and maintaining outdoor advertising billboards in Riyadh city with Remat Al Riyadh Development Company for a duration of 10 years. Remat Al Riyadh Development Company is the developmental arm of the Riyadh Municipality and the strategic enabler of public-private partnerships aimed at enhancing municipal services and contributing to the improvement of quality of life in the Riyadh region.

In addition, the Group established a special-purpose entity, Al Arabia Alliance for Smart Advertisements Company (a subsidiary), in compliance with the terms of the contract for constructing, operating, and maintaining outdoor advertising billboards in Riyadh city. This company will provide the full scope of services and operations throughout the duration of the project contract for constructing, operating, and maintaining outdoor advertising billboards in Riyadh city where at the end of the contract term, it will be transferred to the granting authority.

The contract for constructing, operating, and maintaining outdoor advertising billboards in Riyadh city stipulates the payment of fixed and variable annual returns, in addition to annual advertising fees, throughout the duration of the contract. The fixed annual returns have been recognized as an intangible asset at the present value in accordance with IFRIC 12 – Service Concession Arrangements, with the corresponding liabilities recognized as an obligation under the service concession agreement. The variable annual returns under the contract are recognized in the consolidated statement of comprehensive income when incurred.

	(Saudi Riyal)			
	Fixed and motion advertising billboards (*)	**Projects under progress (**)**	**Service concession arrangements**	**Total**
Cost:				
Additions during the year	**-**	**48,815,076**	**10,074,232,906**	**10,123,047,982**
Transferred from projects under progress	**13,623,721**	**(13,623,721)**	**-**	**-**
Balance as at December 31, 2024	**13,623,721**	**35,191,355**	**10,074,232,906**	**10,123,047,982**
Accumulated amortization:				
Charged for the year (Note 25)	**-**	**-**	**59,138,882**	**59,138,882**
Balance as at December 31, 2024	**-**	**-**	**59,138,882**	**59,138,882**
Net Book Value:				
December 31, 2024	**13,623,721**	**35,191,355**	**10,015,094,024**	**10,063,909,100**

(*) All billboards were transferred from projects under progress as at December 31, 2024. Accordingly, the amortization of these assets will begin in 2025.

(**) Projects under progress represent advertising billboards that are currently being manufactured and the expected additional cost until its completion as at December 31, 2024 amounts to SR 4,005,658. In addition, the Group has capital commitments amounting to SR 750 million as at December 31, 2024, related to the contract of constructing, operating, and maintaining outdoor advertising billboards in Riyadh city over the duration of the contract. These commitments pertain to the construction of the advertising billboards in Riyadh city in accordance with the contract and will be classified as intangible assets arising from service concession arrangements (Note 32).

11- OBLIGATION UNDER SERVICE CONCESSION ARRANGEMENT

	(Saudi Riyal)	
	Service concession arrangement	**Total**
Additions during the year	**10,074,232,906**	**10,074,232,906**
Add / (Deduct):		
Finance costs (Note 28)	**233,065,841**	**233,065,841**
Paid / accrued during the year	**(761,000,000)**	**(761,000,000)**
Balance as at December 31, 2024	**9,546,298,747**	**9,546,298,747**
Current portion	**468,361,568**	**468,361,568**
Non-current portion	**9,077,937,179**	**9,077,937,179**

For information about the service concession arrangement, please refer to Note (10). In addition, the contract includes an agreement to convert a portion of the dues (i.e., annual returns) into shares to Remat Al Riyadh Development Company during the contract term, so that Remat Al Riyadh Development Company owns 10% of the shares of Arabian Contracting Services Company, subject to the approval of the relevant authorities.

12-INVESTMENT IN AN ASSOCIATE

The investment in an associate is in Wave Media and Advertising Company (A Saudi Closed Joint Stock Company) registered in the Kingdom of Saudi Arabia and is 42.50% owned by the Group. The associate carries out the activity of providing advertising and publicity services.

The movement in the investment in an associate during the years was as follows:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**298,063,092**	-
Acquisition of subsidiary (Note 1)	**-**	290,700,000
Share of profit or loss	**9,204,553**	7,391,080
Transferred to financial assets at fair value through profit or loss (Note 13)	**(307,267,645)**	-
Share of other comprehensive loss	**-**	(27,988)
Balance as at the end of the year	**-**	298,063,092

This investment has been transferred as a financial asset at fair value through profit or loss (see Note 13).

The financial information of the associate disclosed for the year and for the acquisition period was as follows:

	(Saudi Riyal)	
	2024	2023
Current assets	**-**	517,282,908
Non-current assets	**-**	980,346,978
Current liabilities	**-**	(274,873,118)
Non-current liabilities	**-**	(872,592,403)
Equity	**-**	350,164,365

The financial information disclosed above is as at December 31, 2024 and for the acquisition period.

	(Saudi Riyal)	
	2024	2023
Revenues	**119,053,206**	33,038,509
Profit for the year	**21,657,772**	17,390,777
Share of results	**9,204,553**	7,391,080
Other comprehensive loss for the year	**-**	(65,853)
Share of other comprehensive loss	**-**	(27,988)

13- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

On March 6, 2024, the Group has transferred its entire ownership in Wave Media and Advertising Company, which represents 42.5% of the shares of Wave Media and Advertising Company, into a fund regulated by the Capital Market Authority (the Fund) with the Group being the sole owner of the Fund's units. Derayah Financial Company is acting as the Fund manager and the Saudi Fransi Capital Company acting as the custodian.

Accordingly, Derayah Private Fund No. 40 (the Fund) was established in accordance with the Investment Fund Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia. This Fund is a private closed-ended investment fund offered privately whose aim is to achieve a high return on invested capital over the long-term by investing primarily in the shares of Wave Media and Advertising Company. The term of the Fund is 10 years and the Fund manager may elect to extend the Fund for two additional periods of one year each. The Fund's offering period is from December 27, 2023 to March 31, 2024. Accordingly, these asset have be classified as non-current assets.

The number of units owned by the Group as at December 31, 2024 represents 3,000,000 units (100%).

The value of the Fund's revaluation profits as at December 31, 2024, amounts to SR 20,827,719.

The following is the movement in the financial assets at fair value through profit or loss:

	(Saudi Riyal)	
	2024	2023
Transferred from investment in an associate (Note 12)	**307,267,645**	-
Revaluation gain of the Fund	**20,827,719**	-
Balance as at the end of the year	**328,095,364**	-

14- LEASE ASSETS

	(Saudi Riyal)	
	2024	2023
Transferred from Right-of-use assets (Note 8)	**7,094,343**	-
Lease assets financing cost income (Note 28)	**591,260**	-
Proceeds from lease assets	**(1,200,000)**	-
Balance as at the end of the year	**6,485,603**	-
Current portion	**984,404**	-
Non-current portion	**5,501,199**	-

15- INVENTORIES

	(Saudi Riyal)	
	2024	2023
Paper and other materials	**13,555,119**	13,324,941
Spare parts and consumables	**38,205,642**	6,559,082
Total	**51,760,761**	19,884,023
(Less): provision for slow-moving inventories	**(2,538,024)**	(2,538,024)
Net	**49,222,737**	17,345,999

The movement in the provision for slow-moving inventories during the year was as follows:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**2,538,024**	1,673,560
Charged during the year	**-**	864,464
Balance as at the end of the year	**2,538,024**	2,538,024

16- TRADE RECEIVABLES

	(Saudi Riyal)	
	2024	2023
Trade receivables	**890,612,479**	644,217,518
Trade receivables - related parties (Note 17)	**95,417,150**	216,253,120
Contracts assets	**6,177,538**	5,925,321
(Less): expected credit losses	**(32,601,227)**	(29,648,894)
Net	**959,605,940**	836,747,065

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

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**29,648,894**	17,899,804
Charged during the year	**2,970,866**	10,754,260
Foreign currency translation adjustment	**(18,533)**	-
Acquisition of subsidiary	**-**	994,830
Balance as at the end of the year	**32,601,227**	29,648,894

The credit period granted to customers ranges from 30 to 90 days, and no commissions are calculated on these accounts. The Group records impairment on trade receivables taking into consideration several factors including the ageing of the receivables and the financial situation of customers, where available. The concentration of credit risk is limited due to the large and unrelated customer base (see Note (34) “Financial instruments risk management” regarding credit risk).

17- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

A related party is a person, or an entity related to the Group, where a person is considered related if he has control or significant influence over the Group or is a member in key management. An entity is considered related if the entity and the Company are members of the same group as a company, subsidiary, associate, linked to a joint venture, or both entities are a joint venture for a third-party.

During the year, the Group has entered into transactions with the related parties as described below. The terms of these transactions and expenses have been approved by the Group's management and it is within the Group’s normal course of business.

Name of related party	**Type of relationship**
Engineer Holding Group Company	Shareholder
MBC Group Company	Shareholder
House of Skill Company for Contracting and Trading	Affiliate
National Signage Industrial Company	Affiliate
East Bridge Capital Company	Affiliate
SMC Advertising Company FZ - LLC	Affiliate
Elegant Hotel Company for Tourism and Hotels	Affiliate
Multaqa Al Zad Company for Tourism	Affiliate
Saudi Media Company for Advertising and Publicity	Affiliate
Green Box Trading Company	Affiliate
MBC Media Solutions Limited Company	Affiliate
Upscale Brands Food Company	Affiliate
MBC Company – FZ LLC	Affiliate
Mawaqie Company for Advertising and Publicity	Affiliate
Prime Outdoor Company	Affiliate
Almeezza Outdoor Advertising Company FZ - LLC	Affiliate

17- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

During the year, the Group has entered into transactions with the related parties as described below. The terms of these transactions and expenses have been approved by the Group's management and it is within the Group's normal course of business (continued):

Name of related party	Type of relationship
Mr. Hamdan Mohammad Obaid	Partner in a subsidiary
Saudi Company for Artificial Intelligence	Affiliate
Root Advertising Services Company	Affiliate
Mr. Mohammad Alnabigha Mohammad Omar Alsaadi	Partner in a subsidiary

The following are the significant transactions made with the related parties during the year:

		(Saudi Riyal)	
Related party name	**Nature of transaction**	**2024**	2023
Saudi Media Company for Advertising and Publicity	Sales	**2,246,523**	190,163,069
	Purchases	**(2,769,500)**	(1,917,809)
	Collections	**(124,656,475)**	(76,713,264)
	Bills payment	**3,494,006**	-
National Signage Industrial Company	Bills payment	**47,754,336**	23,339,865
	Advertising billboards cost	**-**	(45,858,467)
	Purchases	**(48,558,873)**	-
	Sales	**1,760**	48,168
	Collections	**(256,651)**	(1,000,000)
MBC Media Solutions Limited Company	Purchases	**(6,346,109)**	(2,381,504)
	Sales	**11,102,776**	22,433,661
	Bills payment	**-**	3,709,311
	Collections	**-**	(21,000,000)
MBC Company – FZ LLC	Collections	**(22,430,702)**	(13,200,842)
	Sales	**22,693,043**	17,364,147
Mawaqie Company for Advertising and Publicity	Payments	**-**	20,700,000
	Purchases	**-**	(5,750,000)
	Rental	**-**	(18,400,000)
Engineer Holding Group Company	Expenses paid on behalf	**(50,741)**	(1,189,896)
	Collections on behalf	**-**	4,257,816
	Bills payment	**1,546,470**	-
	Dividends paid	**-**	35,500,000
	Collections	**(12,199,107)**	(14,645)
	Sales	**5,565**	29,289
	Dividends	**-**	(10,000,000)
East Bridge Capital Company	Bills payment	**-**	506,000
	Purchases	**-**	(7,314,000)
MBC Group Company	Collections	**(2,832,942)**	-
	Dividends	**-**	(4,000,000)

The following is a list of compensation for key management personnel incurred during the year:

	(Saudi Riyal)	
	2024	2023
Salaries, wages, and rewards	**17,196,192**	19,680,926
Employees' defined benefits obligation (year-end balance) (*)	**7,099,593**	6,395,185
Total	**24,295,785**	26,076,111

17- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(*) The following is the movement in the defined benefits obligation for key management personnel during the year:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**6,395,185**	5,826,275
Charged for the year	**704,408**	568,910
Balance as at the end of the year	**7,099,593**	6,395,185

Key management personnel include members of the board of directors, chief executive officer, chief financial officer, and executive managers as they have the authority and responsibility to plan, direct and control the Group's activities.

Trade receivables - related parties (Note 16)

	(Saudi Riyal)	
	2024	2023
Saudi Media Company for Advertising and Publicity	**65,878,398**	188,009,274
MBC Media Solutions Limited Company	**24,808,825**	20,052,157
MBC Company – FZ LLC	**4,729,927**	4,467,586
MBC Group Company	**-**	2,832,942
Multaqa Al Zad Company for Tourism	**-**	628,454
Green Box Trading Company	**-**	130,610
Elegant Hotel Company for Tourism and Hotels	**-**	60,927
House of Skill Company for Contracting and Trading	**-**	48,704
Upscale Brands Food Company	**-**	22,466
Total	**95,417,150**	216,253,120

Other current assets from related parties represent the following:

	(Saudi Riyal)	
	2024	2023
Mr. Hamdan Mohammad Obaid	**89,032,478**	1,531,500
Mawaqie Company for Advertising and Publicity	**5,870,577**	510,500
Almeezza Outdoor Advertising Company FZ - LLC	**176,957**	-
Saudi Company for Artificial Intelligence	**100,000**	-
Prime Outdoor Company	**-**	369,265
Total	**95,180,012**	2,411,265

Other payables - related parties (Note 23)

	(Saudi Riyal)	
	2024	2023
East Bridge Capital Company	**-**	6,808,000
SMC Advertising Company FZ - LLC	**-**	1,953,863
Total	**-**	8,761,863

Due to a related parties represent the following:

	(Saudi Riyal)	
	2024	2023
Root Advertising Services Company	**967,834**	-
Mr. Mohammad Alnabigha Mohammad Omar Alsaadi	**941,918**	-
Total	**1,909,752**	-

18- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	(Saudi Riyal)	
	2024	2023
Prepaid rent of advertising billboard sites (*)	**127,473,653**	461,424,856
Advances to suppliers	**13,143,423**	9,782,242
Value added tax	**8,040,986**	48,874,591
Employee receivables and advances	**3,097,195**	1,921,246
Securing of bank guarantees and letters of credit (Note 32)	**199,864**	837,722
Others	**35,185,561**	26,136,682
Total	**187,140,682**	548,977,339
Impairment losses on other current assets (**)	**(4,344,119)**	(3,000,000)
Net	**182,796,563**	545,977,339

(*) Includes lease payments for contracts that have not yet commenced, which the Group is committed to.

(**) The movement in the impairment losses of other current assets during the year was as follows:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**3,000,000**	-
Charged during the year (Note 27)	**1,344,119**	3,000,000
Balance as at the end of the year	**4,344,119**	3,000,000

19- CASH AND CASH EQUIVALENTS

	(Saudi Riyal)	
	2024	2023
Balances at banks	**316,932,845**	173,298,397
Cash on hand	**1,166,473**	783,911
Total	**318,099,318**	174,082,308

The Group deposits its cash in good rated banks. The Group's management does not believe that the expected credit losses on its bank balances are material.

20- RESERVES

In accordance with the Company’s Bylaws, the General Assembly determines the reserves to be distributed that the shareholders previously resolved to set aside, including any reserves that were set aside in accordance with any regulatory requirements that precede the date of adopting of the Bylaws.

Regarding the non-forming of reserves and the cancellation of the requirement to allocate it as a statutory reserve, the Group will present the future reserve goals to the shareholders at the General Assembly meeting to make the appropriate decision.

21- EMPLOYEES’ DEFINED BENEFITS OBLIGATIONS

The Group’s policy states that employees’ defined benefits obligations is payable to all employees who complete the qualifying service period under the labor law in the Kingdom of Saudi Arabia. The annual provision is based on the actuarial valuation. The latest actuarial valuation was carried out by an independent expert assigned by the Group’s management, using the actuarial projected unit credit method as at December 31:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**18,864,246**	13,223,916
Current service cost	**2,377,736**	2,129,655
Remeasurement charged to other comprehensive income	**1,135,466**	1,041,054
Interest cost (Note 28)	**936,821**	604,278
Acquisition of subsidiary (Note 1)	**-**	3,366,544
Foreign currency translation adjustment	**(48)**	(110)
Paid during the year	**(8,322,188)**	(1,501,091)
Balance as at the end of the year	**14,992,033**	18,864,246

21- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (CONTINUED)

Key actuarial assumptions used:

	2024	2023
Discount rate	**4.85%**	5.86%
Salary increase rate	**3.55%**	3.88%
Employee turnover	**Low**	Moderate
Retirement age	**60 years**	60 years

The sensitivity analysis of the key actuarial assumptions is as follows:

	(Saudi Riyal)	
	2024	2023
Discount rate 1% (+/-)		
Increase	**10,334,879**	14,906,152
Decrease	**12,803,869**	19,277,205
Expected salary increase rate 1% (+/-)		
Increase	**12,888,132**	19,394,750
Decrease	**10,248,354**	14,773,419

Risks associated with employees' defined benefits obligations:

Salary increase risks:
The most common type of retirement benefit is the one in which benefits are connected to final salaries. The risk arises when the actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:
The actual withdrawal risk that varies with the valuation assumptions could pose a risk to the benefit obligations. The movement in the obligation can proceed in both directions.

22- SHORT-TERM LOANS AND LONG-TERM MURABAHA

22-1 Short-term loans

The Group has bank facilities in the form of short-term loans from local commercial banks. The short term loans as at December 31, 2024, amounts to SR 628,028,033 (December 31, 2023: SR 418,000,000). The short-term loans are subject to interest rates prevailing in Saudi banks plus an agreed profit margin. The carrying amount of the short-term loans is denominated in Saudi Riyal and is secured by promissory notes payable upon request and guarantees and collaterals against assets and others.

The movement in short-term loans is as follows:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**418,000,000**	348,915,747
Proceeds during the year	**321,456,150**	418,000,000
Repayment during the year	**(111,428,117)**	(348,915,747)
Balance as at the end of the year	**628,028,033**	418,000,000

22-2 Long-term Murabaha

In October 2023, the Group obtained long-term Murabaha from a number of financial institutions in the Kingdom of Saudi Arabia to finance the acquisition deal (Note 1) with an amount of SR 1,050 million. The Murabaha is subject to the Saudi-Interbank Offered Rate (SAIBOR) plus a profit margin with a grace period of 6-months from date of signing the agreement. Installment payments are due on a quarterly basis with an amount of SR 26.5 million where the last installment will be paid in 2031 with an amount of SR 315 million. The agreement includes covenants to maintain certain levels of financial ratios. This agreement is secured by promissory notes issued by the Group's CEO.

During the first quarter of 2025, the Group rescheduled the repayment of the long-term Murabaha installments from a financial institution in the Kingdom of Saudi Arabia for an amount of SR 972 million (Note 36). This Murabaha is subject to the Saudi-Interbank Offered Rate (SAIBOR) plus a profit margin. Installment payments are due on a quarterly basis with an amount of SR 38.8 million where the last installment will be paid in 2031. The agreement includes covenants to maintain certain levels of financial ratios. This agreement is secured by promissory notes issued by the Group's CEO and guarantees and collaterals against assets.

22- SHORT-TERM LOANS AND LONG-TERM MURABAHA (CONTINUED)

22-2 Long-term Murabaha (continued)

The details of movement in long-term Murabaha is as follows:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**1,050,000,000**	-
Proceeds during the year	**-**	1,050,000,000
Repayment during the year	**(78,750,000)**	-
Balance as at the end of the year	**971,250,000**	1,050,000,000

The following is a breakdown of the non-current and current portion of long-term Murabaha:

	(Saudi Riyal)	
	2024	2023
Non-current portion of long-term Murabaha	**854,610,000**	971,250,000
Current portion of long-term Murabaha	**116,640,000**	78,750,000
Total	**971,250,000**	1,050,000,000

23- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	(Saudi Riyal)	
	2024	2023
Discounts due to customers	**93,855,003**	64,776,640
Accrued rents for municipilaities	**91,893,497**	114,063,159
Other creditors	**34,585,084**	12,187,380
Accrued commissions	**28,282,408**	38,452,099
Other financial liabilities	**24,826,330**	-
Accrued interest cost	**15,538,386**	18,645,919
Advances from customers	**8,649,365**	6,637,350
Contract liabilities	**6,900,069**	3,692,060
Accrued employee salaries and benefits	**6,707,500**	3,827,302
Other creditors - related parties (Note 17)	**-**	8,761,863
Dividends payable	**-**	2,956,348
Others	**49,115,187**	20,104,877
Total	**360,352,829**	294,104,997

24- ZAKAT AND INCOME TAX PROVISION

The main elements of the zakat base are as follows:

	(Saudi Riyal)	
	2024	2023
Adjusted profit for the year	**289,457,411**	365,032,273
Share capital	**550,000,000**	500,000,000
Debts and its equivalent and carried forward provisions and other items	**2,704,306,930**	2,551,854,394
Less: non-current assets and others	**(2,703,956,251)**	(2,968,426,522)

The main elements for calculating income tax is as follows:

	(Saudi Riyal)	
	2024	2023
Total income	**11,232,757**	3,143,489
Income tax as per subsidiary “Arab Republic of Egypt”	**22.5%**	22.5%
Income tax	**2,527,370**	707,285
Adjustments	**(304,203)**	28,431
Accrued income tax	**2,223,167**	735,716

24- ZAKAT AND INCOME TAX PROVISION (CONTINUED)

The movement on zakat and income tax provision during the year is as follows:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**23,833,796**	11,286,669
Zakat charged for the year	**19,115,445**	22,248,081
Income tax charged for the year	**2,223,167**	735,716
Acquisition of subsidiary (Note 1)	**-**	749,999
Zakat assessments	**1,407,007**	100,000
Zakat differences on zakat provision of a previous year	**71,288**	701,169
Foreign currency translation adjustment	**(1,110,512)**	-
Paid during the year	**(24,785,071)**	(11,987,838)
Balance as at the end of the year	**20,755,120**	23,833,796

Zakat and income tax assessments and certificates status:

Arabian Contracting Services Company:
The Company has submitted its Zakat returns up to the financial year ended December 31, 2023, and has obtained a certificate from the Zakat, Tax and Customs Authority.

During the year, the Company received the final zakat assessments for the years 2021, 2022, and 2023 amounting to SR 1,303,152. The Company has fully settled the final zakat assessments during the year ended December 31, 2024.

Faden Agency Media and Advertising Company (subsidiary):
The company has submitted its financial statements and zakat returns until the financial year ended December 31, 2023 and has obtained a certificate from Zakat, Tax, and Customs Authority. During the year, the company received the final zakat assessment for the year 2019 amounting to SR 103,855. The company has fully settled the final zakat assessments during the year ended December 31, 2024.

Al-Arabia Alliance for Smart Advertising Company (subsidiary):
The financial statements of Al-Arabia Alliance for Smart Advertising Company are the first special purpose financial statements issued by the company, covering the period from July 9, 2024 (date of commercial register) to December 31, 2024.

Arabian United Company for Advertising Services (subsidiary):
The company has submitted its financial statements until the financial year ended December 31, 2023 and the company has not been notified of any taxes due until December 31, 2023.

Al-Arabia Out of Home Advertising FZ - LLC (subsidiary):
The Company will file its first tax return for the fiscal year ending December 31, 2024, on or before September 30, 2025, in accordance with the corporate tax regulations in the United Arab Emirates.

25- REVENUES

	(Saudi Riyal)	
	2024	2023
Outdoor advertisements	**1,487,766,884**	1,163,932,946
Indoor advertisements	**130,657,187**	89,328,907
Printing	**18,626,768**	26,598,800
Setup and construction revenues (Note 25-1)	**48,815,076**	-
Total (Note 6)	**1,685,865,915**	1,279,860,653

The Group derives its revenues from providing advertising services over a period of time and revenues from printing services at a point in time.

25- REVENUES (CONTINUED)

Depreciation of right-of-use assets (Note 8), depreciation of property, plant and equipment (Note 7), and intangible assets arising from service concession arrangement (Note 10) constitute 53% from the total cost of revenues.

25-1 Revenue and costs of setup and construction in accordance with IFRIC (12) – Service Concession Arrangements:

	(Saudi Riyal)	
	2024	2023
Setup and construction revenues	**48,815,076**	-
Setup and construction cost	**48,815,076**	-

In accordance with IFRIC 12 – Service Concession Arrangements, the Group recognized construction revenues of SR 48.8 million during the year ended December 31, 2024 (December 31, 2023: Nil) related to the construction of outdoor advertising sites and billboards in the city of Riyadh. The construction revenue represents the fair value of construction services rendered in connection with the development of these outdoor advertising sites and billboards. No margin was recognized, as in the management's opinion, the fair value of the construction services provided approximates the construction cost.

26- SELLING AND MARKETING EXPENSES

	(Saudi Riyal)	
	2024	2023
Sales and marketing commission	**34,046,697**	35,947,544
Salaries, wages and other benefits	**17,218,233**	10,166,569
Depreciation of property, plant and equipment (Note 7)	**18,545**	4,858
Depreciation of right-of-use assets (Note 8)	**-**	190,376
Others	**4,402,011**	8,290,598
Total	**55,685,486**	54,599,945

27- GENERAL AND ADMINISTRATIVE EXPENSES

	(Saudi Riyal)	
	2024	2023
Salaries, wages and other benefits	**53,925,251**	36,070,897
Amortization of licenses (Note 9)	**22,026,190**	-
Professional and consulting fees	**9,853,037**	23,667,825
Insurance of assets	**3,143,178**	1,492,818
Depreciation of right-of-use assets (Note 8)	**2,811,467**	1,676,984
Impairment losses on other current assets (Note 18)	**1,344,119**	3,000,000
Depreciation of property, plant and equipment (Note 7)	**913,270**	757,055
Electricity and water	**748,124**	274,718
Repair and maintenance	**291,409**	207,666
Others	**18,445,409**	13,902,013
Total	**113,501,454**	81,049,976

28- FINANCE COSTS

	(Saudi Riyal)	
	2024	2023
Interest cost on obligation under service concession arrangement (Note 11)	**233,065,841**	-
Interest cost on short-term loans and long-term Murabaha	**130,299,613**	44,483,489
Interest cost on lease liabilities (Note 8)	**83,776,858**	69,278,551
Interest cost on employees' defined benefits obligations (Note 21)	**936,821**	604,278
Total	**448,079,133**	114,366,318
(Less): Financing cost income from lease assets (Note 14)	**(591,260)**	-
Net	**447,487,873**	114,366,318

29- OTHER INCOME, NET

	(Saudi Riyal)	
	2024	2023
Losses on disposal of property, plant and equipment	**(3,980,067)**	(932,921)
Other income	**8,751,185**	1,107,687
Total	**4,771,118**	174,766

30- DISCONTINUED OPERATIONS

The Group's management decided on October 26, 2022 to cease the operations of Al-Taer Al-Arabi Trading Company, a wholly owned subsidiary, and has been liquidated (voluntarily liquidation) and all statutory procedures in this regard were completed during the year. Accordingly, the Group did not include this subsidiary in its consolidated financial statements. Hence, Al-Taer Al-Arabi Trading Company has been classified as a discontinued operation. The results of the operations of Al-Taer Al-Arabi Trading Company for the years were presented in the consolidated statement of comprehensive income as follows:

	(Saudi Riyal)	
	2024	2023
Sales	**-**	1,643,277
Cost of sales	**-**	(2,502,697)
Gross loss	**-**	(859,420)
General and administrative expenses	**(236,705)**	(1,343,055)
Zakat	-	(10,719)
Loss for the year from discontinued operations	**(236,705)**	(2,213,194)

The following is a statement of the assets and liabilities of Al-Taer Al-Arabi Trading Company, which have been classified as discontinued operations:

	(Saudi Riyal)	
	2024	2023
Assets		
Prepaid expenses and other current assets	**-**	383,054
Cash and cash equivalents	**-**	150
Assets from discontinued operations	**-**	383,204
Liabilities		
Accrued expenses and other current liabilities	**-**	33,753
Zakat provision	**-**	10,719
Liabilities from discontinued operations	**-**	44,472
Net assets directly related to discontinued operations	**-**	338,732

31- DIVIDENDS

The Group's Board of Directors recommended in their meeting held on Dhul Qidah 1, 1444 H (corresponding to May 21, 2023) to declare an annual dividends for the second half of the year 2022 with an amount of SR 20 million (SR 0.40 per share). The Board of Directors presented this to the shareholders and have been approved in the Extraordinary General Assembly meeting held on Dhul Hijjah 3, 1444 H (corresponding to June 21, 2023).

32- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

	(Saudi Riyal)	
	2024	2023
Letters of guarantee *	**510,590,101**	780,963,691
Letters of credit	**23,790,184**	10,931,936
Capital commitments **	**762,137,389**	12,351,423

* Letters of guarantee are corresponded with secured cash deposited at banks as at December 31, 2024 with an amount of SR 199,864 (December 31, 2023: SR 837,772 – (Note 18)).

** The Group has capital commitments as at December 31, 2024 with an amount of SR 12,137,389 (December 31, 2023: SR 12,351,423) related to advertising billboards that are being manufactured (projects under progress) (Note 7).

In addition, the Group has capital commitments amounting to SR 750 million as at December 31, 2024, related to the contract of constructing, operating, and maintaining outdoor advertising billboards in Riyadh over the duration of the contract. These commitments pertain to the construction of the advertising billboards in Riyadh in accordance with the contract (Note 10). The Group also incurs annual advertising fees of SR 400 per square meter for the advertising sites received.

33- EARNINGS PER SHARE

Basic earnings per share attributable to the shareholders of the parent company are calculated on the basis of the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by adjusting basic earnings per share by the weighted average number of additional ordinary shares that would have been issued assuming the conversion of all potential dilutive shares into ordinary shares. The weighted average number of shares as at December 31, 2024, was 55 million shares, following the Company's share capital increase through the issuance of bonus shares to shareholders. The weighted average number of shares has been retrospectively adjusted for the comparative year for the purpose of calculating earnings per share.

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group is exposed to the following risks as a result of its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Commission rate risk
- Foreign currency risk
- Price risk
- Capital risk management

This note shows information about the Group's exposure to each of the above risks, the Group's objectives, policies and methods for measuring and managing risks.

GENERAL FRAMEWORK FOR RISK MANAGEMENT

The overall responsibility for the preparation and monitoring of risk management rests with the Group's management. The Group's risk management policies are designed to identify and analyze the risks faced by the Group and to set appropriate controls and limits on the extent of exposure to those risks and then monitor them to ensure that the limits set are not exceeded. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Group's activities. The Group's management aims, through training, standards and procedures set by the management, to develop a constructive and organized control environment so that each employee understands his role and the duties assigned to him.

CREDIT RISK

Credit risk represents the inability of one party to meet its obligations, which leads to the other party incurring a financial loss. The Group's policy states that all customers who wish to deal on a deferred basis are subject to a credit check. Financial instruments that are subject to concentration of credit risk mainly consist of customer receivables. The Group deposits cash with a number of financial institutions with good credit rating, and it has a policy based on setting limits on its deposited balances with each financial institution.

The Group does not believe that there are significant risks from the inefficiency of these institutions and the Group does not consider itself exposed to concentrations of credit risks with respect to debtors due to the diversity of its customer base working in various activities and located in multiple regions.

The maximum credit risk to which the Group is exposed is represented by the value of the financial assets stated in the consolidated statement of financial position as follows:

	(Saudi Riyal)	
	2024	2023
Trade receivables	**959,605,940**	836,747,065
Other current assets	**46,523,606**	77,770,241
Cash at banks	**316,932,845**	173,298,397
Total	**1,323,062,391**	1,087,815,703

Exposing the Group to credit risks are primarily affected by the individual characteristics for each customer separately. Management takes into account also the factors that may have an impact on the credit risks of the Group's clients' base, including the risks of failure in the clients' sector where the clients operate their activities.

The Group has made a credit policy to analyze each new client separately to verify its credit ability before presenting the payment's terms and conditions of the Group. The Group's review includes the external classifications in case it is available and in some cases the bank references. Sales limitations are being set for each customer and are being reviewed quarterly.

The impairment for expected credit losses on trade receivables has been estimated as at December 31, 2024 with an amount of SR 32,601,227 (December 31, 2023: SR 29,648,894) (Note 16) in accordance with the Group's applied policy and IFRS 9 "Financial Instruments".

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT(CONTINUED)

CREDIT RISK (CONTINUED)
As at the date of the consolidated statement of financial position, the aging of trade receivables was as follows:

December 31, 2024	(Saudi Riyal)			
Receivables aging (in days)	**Carrying amount**	**Expected credit losses**	**Weighted average loss rate**	**Net**
From 0 to 90	**649,276,997**	**764,466**	**2.34%**	**648,512,531**
From 91 to 180	**116,993,905**	**574,694**	**1.76%**	**116,419,211**
From 181 to 270	**49,726,895**	**703,903**	**2.16%**	**49,022,992**
From 271 to 360	**29,550,587**	**869,369**	**2.67%**	**28,681,218**
More than 360	**146,658,783**	**29,688,795**	**91.07%**	**116,969,988**
Total	**992,207,167**	**32,601,227**		**959,605,940**

December 31, 2023	(Saudi Riyal)			
Receivables aging (in days)	Carrying amount	Expected credit losses	Weighted average loss rate	Net
From 0 to 90	567,672,001	1,181,333	3.99%	566,490,668
From 91 to 180	88,370,635	605,332	2.04%	87,765,303
From 181 to 270	69,282,472	1,394,742	4.70%	67,887,730
From 271 to 360	46,164,912	1,523,006	5.14%	44,641,906
More than 360	94,905,939	24,944,481	84.13%	69,961,458
Total	866,395,959	29,648,894		836,747,065

The movement on expected credit losses during the year is as follows:

	(Saudi Riyal)	
	2024	2023
Balance as at the beginning of the year	**29,648,894**	17,899,804
Charged during the year	**2,970,866**	10,754,260
Foreign currency translation adjustment	**(18,533)**	-
Acquisition of subsidiary	**-**	994,830
Balance as at the end of the year	**32,601,227**	29,648,894

CONCENTRATIONS RISK OF MAXIMUM EXPOSURE TO CREDIT RISK
Concentrations arise when a number of the opposite parties involve in similar activities or in the same geographic area, or when they have similar economic characteristics, which may lead their ability to fulfill the contractual obligations affected similarly with the changes of the economic circumstances or policy or other. Concentrations indicate to the material sensitivity for the Group' performance toward the developments which may effect on the business or on a specific geographic area.

LIQUIDITY RISK
Liquidity risk represents the Group's difficulties in raising funds to meet commitments related to financial instruments. Liquidity risk can result from the inability to sell any financial asset quickly at an amount close to its fair value. The Group's terms of sale stipulate that the amounts are paid in cash when supplying goods or providing services on a deferred basis.

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK (CONTINUED)

The following are contractual accruals of non-derivative financial liabilities:

	(Saudi Riyal)			
December 31, 2024	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**More than a year**
Trade payables	**252,427,455**	**252,427,455**	**252,427,455**	**-**
Due to related parties	**1,909,752**	**1,909,752**	**1,909,752**	**-**
Accrued expenses and other current liabilities	**360,352,829**	**360,352,829**	**360,352,829**	**-**
Short-term loans and long-term Murabaha	**1,599,278,033**	**1,599,278,033**	**744,668,033**	**854,610,000**
Lease liabilities	**1,207,124,147**	**1,207,124,147**	**359,638,426**	**847,485,721**
Obligation under service concession arrangement	**9,546,298,747**	**9,546,298,747**	**468,361,568**	**9,077,937,179**
Total	**12,967,390,963**	**12,967,390,963**	**2,187,358,063**	**10,780,032,900**

	(Saudi Riyal)			
December 31, 2023	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**More than a year**
Trade payables	65,076,020	65,076,020	65,076,020	-
Accrued expenses and other current liabilities	294,104,997	294,104,997	294,104,997	-
Short-term loans and long-term Murabaha	1,468,000,000	1,468,000,000	496,750,000	971,250,000
Lease liabilities	1,558,736,808	1,558,736,808	251,736,665	1,307,000,143
Total	3,385,917,825	3,385,917,825	1,107,667,682	2,278,250,143

MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk which are ***commission rate risk***, ***foreign currency risk and price risk*** and other risks such as equity price risk and commodity price risk.

COMMISSION RATE RISK

Commission rate risk represents the risk arising from the fluctuation of the value of financial instruments due to changes in commission rates prevailing in the market. The Group is subject to commission rate risk on intra-group borrowings.

FOREIGN CURRENCY RISK

Foreign currency risk represents the risks resulting from the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. Management monitors fluctuations in foreign exchange rates (US Dollars, Egyptian Pound, Euro, and Emirates Dirham), and believes that the Group is not exposed to significant currency risks.

PRICE RISK

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to a significant price risk.

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to:

- Safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, or return capital to shareholders, and issue new shares or sell assets to reduce debt.

The Group seeks to maintain a balance between the highest return that can be achieved in the event of borrowing to the highest possible extent, and the preference and security derived from a strong capital position.

The following is a statement showing the debt-to-adjusted capital ratio:

	(Saudi Riyal)	
	2024	2023
Total debt	**1,599,278,033**	1,468,000,000
Less: cash and cash equivalents	**(318,099,318)**	(174,082,308)
Net debt	**1,281,178,715**	1,293,917,692
Net equity	**1,372,384,345**	1,113,144,266
Adjusted capital	**1,370,616,209**	1,116,713,363
Debt to adjusted capital ratio	**0.93**	1.16

35- FAIR VALUE OF FINANCIAL INSTRUMENTS

For the purpose of fair value disclosures of financial instruments, all financial assets and liabilities of the Group are not measured at fair value, as they are measured at amortized cost except for financial assets at fair value through profit or loss which are measured at fair value level 3.

36- SIGNIFICANT AND SUBSEQUENT EVENTS

On February 3, 2025, the Group signed a long-term Shariah-compliant banking facility agreement with a local bank with an amount of SR 972 million, to be repaid over a period of 8 years (Note 22-2).

On January 1, 2025, the Group signed a contract with the Roads General Authority to operate advertisements on intercity roads in the Kingdom of Saudi Arabia, under a shared revenue arrangement with total expected revenues of SR 694 million, and the contract term will be 10 years.

As per management opinion, there are no other significant and subsequent events after the year ended December 31, 2024 that could have a material impact on the Group's consolidated financial position or the results of its operations other than the mentioned above.

37- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Group's Board of Directors on Shawal 30, 1446 H (corresponding to April 28, 2025).