

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
AND INDEPENDENT AUDITOR'S REVIEW REPORT

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

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Independent Auditor's Review Report on Condensed Interim Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Arabian Contracting Services Company (the Company) and its subsidiaries (collectively referred to as the "Group") as at March 31, 2025 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

RSM Allied Accountants Professional Services



**Mohammed Bin Farhan Bin Nader
License No. 435**

Riyadh, Kingdom of Saudi Arabia

Dhul Qidah 16, 1446 H (corresponding to May 14, 2025)



ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2025
(SAUDI RIYAL)

	Notes	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	284,738,622	282,704,724
Right-of-use assets	7	1,664,612,040	1,357,405,229
Licenses and goodwill	8	724,539,977	730,249,735
Intangible assets arising from service concession arrangement	9	9,977,604,736	10,063,909,100
Financial assets at fair value through profit or loss	11	333,202,598	328,095,364
Lease assets		4,807,518	5,501,199
Total non-current assets		12,989,505,491	12,767,865,351
Current assets			
Inventories		47,469,642	49,222,737
Trade receivables	12	1,151,510,595	959,605,940
Lease assets – current portion		1,063,817	984,404
Prepaid expenses and other current assets		214,430,932	182,796,563
Due from related parties	13	98,323,606	95,180,012
Cash and cash equivalents		217,781,265	318,099,318
Total current assets		1,730,579,857	1,605,888,974
TOTAL ASSETS		14,720,085,348	14,373,754,325
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	550,000,000	550,000,000
Reserves		73,035,771	73,035,771
Retained earnings		812,881,219	764,657,630
Foreign currency translation reserve		(15,285,764)	(15,309,056)
Total equity attributable to equity holders of the parent company		1,420,631,226	1,372,384,345
Non-controlling interests		(8,932,233)	(1,768,136)
TOTAL EQUITY		1,411,698,993	1,370,616,209
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations		16,224,427	14,992,033
Lease liabilities	7	1,180,459,040	847,485,721
Long-term Murabaha	14-2	844,480,000	854,610,000
Obligation under service concession arrangement	10	8,242,669,877	9,077,937,179
Total non-current liabilities		10,283,833,344	10,795,024,933
Current liabilities			
Lease liabilities - current portion	7	329,248,056	359,638,426
Long-term Murabaha - current portion	14-2	162,520,000	116,640,000
Short-term loans	14-1	827,158,745	628,028,033
Obligation under service concession arrangement - current portion	10	1,042,269,887	468,361,568
Trade payables		214,323,048	252,427,455
Due to related parties	13	946,644	1,909,752
Accrued expenses and other current liabilities		421,572,246	360,352,829
Zakat and income tax provision	15	26,514,385	20,755,120
Total current liabilities		3,024,553,011	2,208,113,183
TOTAL LIABILITIES		13,308,386,355	13,003,138,116
TOTAL EQUITY AND LIABILITIES		14,720,085,348	14,373,754,325

Chairman of Board of Directors
Abdul Ellah Al Khereiiji



Chief Executive Officer
Mohamad Al Khereiiji



Chief Financial Officer
Nicolas Bou Habib



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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(SAUDI RIYAL)

	Notes	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Continuing operations			
Revenues	5	543,721,516	439,072,967
Cost of revenues	5	(294,688,371)	(235,535,417)
Gross profit		249,033,145	203,537,550
Selling and marketing expenses		(8,303,759)	(18,077,098)
General and administrative expenses		(28,534,266)	(24,652,640)
Expected credit losses	12	(1,850,000)	(1,850,000)
Operating profit		210,345,120	158,957,812
Finance costs		(165,967,984)	(60,440,778)
Share of results of an associate		-	9,204,553
Revaluation gain of financial assets at fair value through profit or loss	11	1,039,653	-
Other income, net		1,369,548	355,155
Profit for the period before zakat and income tax		46,786,337	108,076,742
Zakat and income tax	15	(5,749,939)	(5,750,000)
Profit for the period from continuing operations		41,036,398	102,326,742
Discontinued operations			
Loss for the period from discontinued operations	16	-	(236,705)
Profit for the period		41,036,398	102,090,037
Profit for the period attributable to:			
Equity holders of the parent company		48,223,589	100,822,892
Non-controlling interests		(7,187,191)	1,267,145
		41,036,398	102,090,037
Basic and diluted earnings per share:			
Earnings per share attributable to equity holders of the parent company	18	0.88	1.83
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		46,386	49
Total other comprehensive income for the period		46,386	49
Total comprehensive income for the period		41,082,784	102,090,086
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		48,246,881	100,822,941
Non-controlling interests		(7,164,097)	1,267,145
		41,082,784	102,090,086

Chairman of Board of Directors
Abdul Ellah Al Khereiji



Chief Executive Officer
Mohamad Al Khereiji



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Nicolas Bou Habib



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ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(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
For the three-month period ended March 31, 2024							
Balance as at January 1, 2024 (Audited)	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 period	-	-	100,822,892	-	100,822,892	1,267,145	102,090,037
Other comprehensive income for the period	-	-	-	49	49	-	49
Total comprehensive income for the period	-	-	100,822,892	49	100,822,941	1,267,145	102,090,086
Balance as at March 31, 2024 (Unaudited)	500,000,000	73,035,771	645,327,350	(4,395,914)	1,213,967,207	4,836,242	1,218,803,449
For the three-month period ended March 31, 2025							
Balance as at January 1, 2025 (Audited)	550,000,000	73,035,771	764,657,630	(15,309,056)	1,372,384,345	(1,768,136)	1,370,616,209
Profit for the period	-	-	48,223,589	-	48,223,589	(7,187,191)	41,036,398
Other comprehensive income for the period	-	-	-	23,292	23,292	23,094	46,386
Total comprehensive income for the period	-	-	48,223,589	23,292	48,246,881	(7,164,097)	41,082,784
Balance as at March 31, 2025 (Unaudited)	550,000,000	73,035,771	812,881,219	(15,285,764)	1,420,631,226	(8,932,233)	1,411,698,993

Chairman of Board of Directors
Abdul Ellah Al Khareiji



Chief Executive Officer
Mohamad Al Khareiji



Chief Financial Officer
Nicolas Bou Habib



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ARABIAN CONTRACTING SERVICES COMPANY
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(SAUDI RIYAL)

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
<u>OPERATING ACTIVITIES:</u>		
Profit for the period before zakat and income tax from continuing operations	46,786,337	108,076,742
Loss for the period from discontinued operations	-	(236,705)
<u>Adjustments:</u>		
Depreciation of property, plant and equipment	13,704,810	11,692,846
Depreciation of right-of-use assets	79,045,484	77,262,049
Amortization of licenses	5,709,758	-
Amortization of intangible assets arising from service concession arrangement	97,192,416	-
Share of results of an associate	-	(9,204,553)
Revaluation gain of financial assets at fair value through profit or loss	(1,039,653)	-
Expected credit losses	1,850,000	1,850,000
(Gains) / losses from disposal of property, plant and equipment	(201,785)	1,040,943
Current service cost of employees' defined benefits obligations	3,138,287	2,384,670
Finance costs related to short-term loans and long-term Murabaha	25,578,971	40,737,872
Finance costs related to lease liabilities	18,542,366	19,702,906
Finance costs related to obligation under service concession arrangement	121,842,104	-
Gains from adjustments of right-of-use assets	1,388,205	-
<u>Changes in working capital:</u>		
Inventories	1,753,095	(1,130,608)
Trade receivables	(193,754,655)	(192,225,900)
Prepaid expenses and other current assets	(34,190,029)	(170,453,883)
Due from / to related parties	(4,106,702)	369,325
Trade payables	(38,104,407)	4,829,403
Accrued expenses and other current liabilities	(26,704,844)	117,360,194
Change in net assets of discontinued operations	-	338,732
Cash generated from operations	118,429,758	12,394,033
Employees' defined benefits obligations paid	(1,905,893)	(1,360,575)
Zakat and income tax paid	-	(90,630)
Net cash flows generated from operating activities	116,523,865	10,942,828
<u>INVESTING ACTIVITIES:</u>		
Additions to property, plant and equipment	(15,738,711)	(34,943,966)
Proceeds from sale of property, plant and equipment	201,785	-
Additions to intangible assets arising from service concession arrangement	(10,888,052)	-
Purchase of financial assets at fair value through profit or loss	(4,067,581)	-
Net cash flows used in investing activities	(30,492,559)	(34,943,966)
<u>FINANCING ACTIVITIES:</u>		
Proceeds from short-term loans and long-term Murabaha	1,297,000,000	112,137,094
Repayment of short-term loans and long-term Murabaha	(1,062,119,288)	-
Lease liabilities paid	(29,117,172)	(34,723,607)
Obligation under service concession arrangement paid	(383,201,087)	-
Proceeds from lease assets	614,268	-
Finance costs paid	(9,571,329)	(32,637,772)
Accrued dividends paid	-	(2,956,348)
Net cash flows (used in) / generated from financing activities	(186,394,608)	41,819,367
Net change in cash and cash equivalents during the period	(100,363,302)	17,818,229
Foreign currency translation adjustment	45,249	(307)
Cash and cash equivalents as at the beginning of the period	318,099,318	174,082,308
Cash and cash equivalents as at the end of the period	217,781,265	191,900,230
<u>Non-cash transactions:</u>		
Additions to right-of-use assets and lease liabilities	385,870,726	1,916,530
Adjustments to right-of-use assets and lease liabilities	1,765,797	5,341,224
Amortization of lease liabilities into accrued expenses	(71,916,619)	(42,844,464)
Absorption of prepaid expenses into lease liabilities	(2,555,660)	(11,032,635)
Accrued finance costs	(16,007,642)	26,746,019

Chairman of Board of Directors
Abdul Ellah Al Khereiji

Chief Executive Officer
Mohamad Al Khereiji

Chief Financial Officer
Nicolas Bou-Habib

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ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

1- CORPORATE INFORMATION OF THE GROUP

Arabian Contracting Services Company is a Saudi Joint Stock Company - (the "Company") registered in Riyadh on Jumada Al-Ula 18, 1403 H (corresponding to March 3, 1983) under 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 Company's main activities include printing, engraving, and photogravure on metal or plastic plates (zincograph), manufacturing components for plasma display panels, polymer and liquid crystal display (LCD) screens, screen production, general construction of residential buildings, construction of roads, streets, pavements, and related infrastructure, construction of bridges and tunnels, construction of railway lines, casting foundations and bases, installation of electrical wiring, installation of telecommunications wiring, wholesale of electronic and household electrical appliances, wholesale of television receiving devices (including import), wholesale of software (including import), land transportation of goods, transportation of goods and heavy equipment, light transport, advertising and publicity agencies, repair and maintenance of screens, keyboards, mice, and other similar accessories.

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, the Company's share capital as at March 31, 2025 amounts to SR 550 million divided into 55 million shares, the value of each share is SR 10 (December 31, 2024: SR 550 million).

These accompanying condensed interim 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 and book printing, printing of correspondence papers, business stationery, and invoices, printing using photocopying machines, engraving and photogravure on metal or plastic plates (zincograph), and bookbinding	4030275525

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

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	290,700,000
Right-of-use assets	368,155,332
Property, plant and equipment	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	391,734,845
Long-term loans	9,602,608
Zakat provision	749,999
Employees' defined benefits obligations	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	228,390,337
Goodwill arising from acquisition	528,885,588
Purchase consideration	1,050,000,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

2- BASIS OF PREPARATION

2-1 Statement of compliance

The Group's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, and therefore they should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2024. The results for the period are not an indication of the annual results of the Group.

2-2 Basis of measurement

The condensed interim consolidated financial statements have been prepared under historical cost basis except for what was described in the relevant material accounting policies information in the annual consolidated financial statements for the year ended December 31, 2024.

2-3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Riyal (SR), unless otherwise stated. The Saudi Riyal is the functional and presentation currency of the Group.

2-4 Devaluation of Egyptian currency

During the period ended March 31, 2025, the exchange rate of the Egyptian pound against the Saudi riyal remained stable without any significant decline (March 31, 2024: 53.6%).

2-5 Basis of consolidation

The condensed interim 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.

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 period are included in the condensed interim consolidated statement of comprehensive income from the date the Group obtains control until the date that the Group ceases to control the subsidiary.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

2-BASIS OF PREPARATION (CONTINUED)

2-5 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is recorded in the condensed interim consolidated statement of changes in equity.

The condensed interim consolidated statement of comprehensive income and each component of condensed interim 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 condensed interim consolidated non-controlling interests having a deficit balance.

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 condensed interim 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 members of the Group are eliminated upon consolidating the condensed interim financial statements.

The accompanying condensed interim 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 %	
			March 31, 2025	December 31, 2024
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	-	-
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 a One-person 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	90

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

2- BASIS OF PREPARATION (CONTINUED)

2-5 Basis of consolidation (continued)

- (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 March 31, 2025 (Note 16).
- (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 a One-person Company is a 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 9).

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 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 condensed interim 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 condensed interim 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 purchase commitments 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.

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2- BASIS OF PREPARATION (CONTINUED)

2-7 Significant accounting estimates and assumptions

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of material accounting policies information and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's material accounting policies information and the key sources of estimation uncertainty were the same as those described in the Group's last annual consolidated financial statements for the year ended December 31, 2024.

3- CONSISTENT MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies information followed and the methods of calculation applied in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024.

4- STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are new standards and number of amendments to standards which are effective from January 1, 2025 which have been explained in the Group's annual consolidated financial statements, however, having no material impact on the Group's condensed interim consolidated financial statements.

5- 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:

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

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5- OPERATING SEGMENTS (CONTINUED)

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:

<i>For the three-month period ended March 31, 2025 (Unaudited)</i>	(Saudi Riyal)				
	Advertising segment	Others	Total segments	Reconciliation and elimination	Total
Revenues					
Customers	537,489,914	6,231,602	543,721,516	-	543,721,516
Transactions between segments	-	2,607,712	2,607,712	(2,607,712)	-
Total revenues	537,489,914	8,839,314	546,329,228	(2,607,712)	543,721,516
Depreciation and amortization	194,931,659	720,809	195,652,468	-	195,652,468
Profit of the period	40,061,409	974,989	41,036,398	-	41,036,398
<i>For the three-month period ended March 31, 2024 (Unaudited)</i>	(Saudi Riyal)				
	Advertising segment	Others	Total segments	Reconciliation and elimination	Total
Revenues					
Customers	435,435,988	3,636,979	439,072,967	-	439,072,967
Transactions between segments	-	4,306,302	4,306,302	(4,306,302)	-
Total revenues	435,435,988	7,943,281	443,379,269	(4,306,302)	439,072,967
Depreciation and amortization	88,191,707	763,188	88,954,895	-	88,954,895
Profit of the period	100,487,230	1,602,807	102,090,037	-	102,090,037

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

<i>Geographic information</i>	(Saudi Riyal)	
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Revenues from customers		
Kingdom of Saudi Arabia	520,828,293	428,505,037
Arab Republic of Egypt	12,827,984	10,567,930
United Arab Emirates	10,065,239	-
Total	543,721,516	439,072,967

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5- OPERATING SEGMENTS (CONTINUED)

Information on segment reporting (continued)

For the three-month period ended March 31, 2025 (Unaudited):

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Revenues	520,828,293	12,827,984	10,065,239	543,721,516
Cost of revenues	(279,780,636)	(7,331,378)	(7,576,357)	(294,688,371)
Gross profit	241,047,657	5,496,606	2,488,882	249,033,145

For the three-month period ended March 31, 2024 (Unaudited):

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Revenues	428,505,037	10,567,930	-	439,072,967
Cost of revenues	(228,161,905)	(7,373,512)	-	(235,535,417)
Gross profit	200,343,132	3,194,418	-	203,537,550

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

For the three-month period ended March 31, 2025 (Unaudited):

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Net book value of property, plant and equipment	237,404,261	13,367,750	33,966,611	284,738,622
Right-of-use assets	1,288,556,562	551,943	375,503,535	1,664,612,040
Intangible assets arising from service concession arrangement	9,977,604,736	-	-	9,977,604,736
Total assets	14,134,280,577	42,679,388	543,125,383	14,720,085,348
Total liabilities	12,721,598,964	31,673,112	555,114,279	13,308,386,355

For the year ended December 31, 2024 (Audited):

	(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
Right-of-use assets	977,677,607	790,755	378,936,867	1,357,405,229
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

Revenues between segments and between business units are eliminated upon consolidation, and 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 condensed interim consolidated statement of comprehensive income.

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

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6- PROPERTY, PLANT AND EQUIPMENT

	(Saudi Riyal)	
	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(Unaudited)	(Audited)
<u>Cost:</u>		
Balance as at the beginning of the period / year	493,814,609	463,705,152
Additions for the period / year	15,738,711	105,848,571
Disposals for the period / year	(1,689,451)	(53,886,945)
Transferred to inventories during the period / year	-	(16,194,594)
Foreign currencies translation adjustment during the period / year	(541)	(5,657,575)
	<u>507,863,328</u>	<u>493,814,609</u>
<u>Accumulated depreciation:</u>		
Balance as at the beginning of the period / year	211,109,885	181,632,868
Depreciation for the period / year	13,704,810	48,600,321
Disposals for the period / year	(1,689,451)	(18,379,338)
Foreign currencies translation adjustment during the period / year	(538)	(743,966)
Balance as at the end of the period / year	<u>223,124,706</u>	<u>211,109,885</u>
<u>Net book value:</u>	<u>284,738,622</u>	<u>282,704,724</u>

As at March 31, 2025, property, plant and equipment include projects under progress with an amount of SR 50 million (December 31, 2024: SR 65 million), which represents advertising billboards that are being manufactured and the expected additional value until its completion as at March 31, 2025 amounts to SR 4 million (December 31, 2024: SR 8 million) (Note 17).

Property, plant and equipment also include buildings constructed on lands owned by the Group, as these buildings belong to the Group's labor housing.

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7- 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 condensed interim consolidated statement of financial position.

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
<u>Right-of-use assets</u>		
Balance as at the beginning of the period / year	1,959,476,378	2,328,223,898
Additions for the period / year	385,870,726	929,573,327
Transferred to lease assets	-	(7,094,343)
Adjustments (A)	1,765,797	(21,168,392)
Disposals (B)	(47,803,147)	(1,270,058,112)
Balance as at the end of the period / year	2,299,309,754	1,959,476,378
<u>Right-of-use assets accumulated depreciation</u>		
Balance as at the beginning of the period / year	602,071,149	697,208,677
Depreciation	79,045,484	339,601,726
Foreign currency translation adjustment	(3,977)	762,156
Adjustments (A)	1,388,205	9,123,582
Disposals (B)	(47,803,147)	(444,624,992)
Balance as at the end of the period / year	634,697,714	602,071,149
Net book value for right-of-use assets	1,664,612,040	1,357,405,229
<u>Lease liabilities</u>		
Balance as at the beginning of the period / year	1,207,124,147	1,558,736,808
Additions for the period / year	385,870,726	929,573,327
Adjustments (A)	1,765,797	(22,412,750)
Adjustments on finance costs	(1,601,930)	2,923,642
Disposals (B)	-	(881,900,275)
Adjustment of accrued rents (A)	-	19,372,350
	1,593,158,740	1,606,293,102
<u>(Deduct) / add:</u>		
Absorption of prepaid expenses (C)	(2,555,660)	(14,032,635)
Paid during the period / year	(29,117,172)	(337,946,585)
Finance costs	20,144,296	80,853,216
Amortization of accrued expenses (D)	(71,916,619)	(127,050,900)
Foreign currency translation adjustment	(6,489)	(992,051)
Balance as at the end of the period / year	1,509,707,096	1,207,124,147
 Current portion	 329,248,056	 359,638,426
Non-current portion	1,180,459,040	847,485,721
	1,509,707,096	1,207,124,147

(A) The adjustments to the right-of-use assets and lease liabilities during the period / 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 March 31, 2025, disposals represent expired leases whose net book value is Nil (December 31, 2024: Nil).

(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.

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8- LICENSES AND GOODWILL

	(Saudi Riyal)		
Cost:	Goodwill	Licenses	Total
Balance as at January 1, 2024	528,885,588	228,390,337	757,275,925
Balance as at December 31, 2024	528,885,588	228,390,337	757,275,925
Balance as at March 31, 2025	528,885,588	228,390,337	757,275,925
Accumulated amortization:			
Amortization provision transferred	-	5,000,000	5,000,000
Charged during the year	-	22,026,190	22,026,190
Balance as at December 31, 2024	-	27,026,190	27,026,190
Charged during the period	-	5,709,758	5,709,758
Balance as at March 31, 2025	-	32,735,948	32,735,948
Net Book Value:			
Balances as at March 31, 2025 (Unaudited)	528,885,588	195,654,389	724,539,977
Balance as at December 31, 2024 (Audited)	528,885,588	201,364,147	730,249,735

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

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	27,026,190	-
Amortization provision transferred	-	5,000,000
Charged during the period / year	5,709,758	22,026,190
Balance as at the end of the period / year	32,735,948	27,026,190

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9- 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 condensed interim consolidated statement of comprehensive income when incurred.

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Cost:		
Balance as at the beginning of the period / year	10,123,047,982	-
Additions for the period / year	10,888,052	10,123,047,982
	10,133,936,034	10,123,047,982
Accumulated amortization:		
Balance as at the beginning of the period / year	59,138,882	-
Charged for the period / year	97,192,416	59,138,882
Balance as at the end of the period / year	156,331,298	59,138,882
Net book value:	9,977,604,736	10,063,909,100

Intangible assets arising from service concession arrangement as at March 31, 2025 include projects under progress with an amount of SR 43 million (December 31, 2024: SR 35 million) which represent advertising billboards that are currently being manufactured and the expected additional cost until its completion as at March 31, 2025 amounts to SR 4 million (December 31, 2024: SR 4 million). In addition, the Group has capital commitments amounting to SR 739 million as at March 31, 2025 (December 31, 2024: SR 750 million), 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 arrangement.

10- OBLIGATION UNDER SERVICE CONCESSION ARRANGEMENT

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Additions during the period / year	9,546,298,747	10,074,232,906
Add / (Deduct):		
Finance costs	121,842,104	233,065,841
Paid / accrued during the period / year	(383,201,087)	(761,000,000)
Balance as at the end of the period / year	9,284,939,764	9,546,298,747
Current portion	1,042,269,887	468,361,568
Non-current portion	8,242,669,877	9,077,937,179

For information about the service concession arrangement, please refer to Note (9). 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.

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11- 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 assets have been classified as non-current assets.

The number of units owned by the Group as at March 31, 2025 represents 3 million units (100%) (December 31, 2024: 3 million units (100%)).

The Fund's revaluation gain as at March 31, 2025 amounts to SR 117,668 (as at December 31, 2024: SR 20,827,719).

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

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	328,095,364	-
Additions during the period / year (*)	4,067,581	-
Transferred from investment in an associate	-	307,267,645
Revaluation gain (*)	1,039,653	20,827,719
Balance as at the end of the period / year	333,202,598	328,095,364

(*) During the period, the Group has purchased shares in Derayah Financial Company with an amount of SR 4,067,851, which resulted in a gain of SR 921,985.

12-TRADE RECEIVABLES

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Trade receivables	1,093,153,048	890,612,479
Trade receivables - related parties (Note 13)	88,498,456	95,417,150
Contract assets	4,310,794	6,177,538
(Less): expected credit losses	(34,451,703)	(32,601,227)
Net	1,151,510,595	959,605,940

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

	(Saudi Riyal)	
	March 31, 2025	March 31, 2024
	(Unaudited)	(Unaudited)
Balance as at the beginning of the period	32,601,227	29,648,894
Charged during the period	1,850,000	1,850,000
Foreign currency translation adjustment	476	-
Balance as at the end of the period	34,451,703	31,498,894

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 aging 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.

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13- 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 parent company, subsidiary, associate, linked to a joint venture, or both entities are a joint venture for a third-party.

The Group has entered into transactions during the period 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
National Signage Industrial Company	Affiliate
Saudi Media Company for Advertising and Publicity	Affiliate
MBC Media Solutions Limited Company	Affiliate
MBC Company – FZ LLC	Affiliate
Mawaqie Company for Advertising and Publicity	Affiliate
Prime Outdoor Company	Affiliate
Root Advertising Services Company	Affiliate
East Bridge Capital Company	Affiliate
Saudi Company for Artificial Intelligence	Affiliate
Almeezza Outdoor Advertising Company FZ - LLC	Affiliate
Mr. Hamdan Mohammad Obaid	Partner in a subsidiary
Mr. Mohammad Alnabigha Mohammad Omar Alsaadi	Partner in a subsidiary

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

Related party name	Nature of transaction	(Saudi Riyal)	
		March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Saudi Media Company for Advertising and Publicity	Sales	43,127,040	163,151
	Purchases	(42,982,695)	-
	Collections	-	(10,000,387)
National Signage Industrial Company	Bills payment	5,883,025	17,348,021
	Advertising billboards cost	(2,123,484)	(5,980,035)
	Sales	-	1,760
Engineer Holding Group Company	Expenses paid on behalf	(20,652)	(18,700)
	Collections	(12,000,000)	-
	Dividends paid	-	2,956,348
	Sales	-	3,450
	Bills payment	-	6,808,000
MBC Group Company	Collections	-	(2,832,942)
MBC Media Solutions Limited Company	Purchases	-	(3,322,412)
	Sales	-	3,893,325
	Bills payment	-	619,045
	Collections	(7,500,000)	-
MBC Company – FZ LLC	Sales	-	7,975,596
	Collections	(1,713,305)	-
Mawaqie Company for Advertising and Publicity	Payments	-	(4,025,000)
	Purchases	-	(575,000)

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13- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

	(Saudi Riyal)	
	March 31, 2025	March 31, 2024
	(Unaudited)	(Unaudited)
Salaries, wages and rewards	2,682,657	2,424,048
Employees' defined benefits obligation (period-end balance) (*)	7,297,260	6,571,302
Total	9,979,917	8,995,350

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

	(Saudi Riyal)	
	March 31, 2025	March 31, 2024
	(Unaudited)	(Unaudited)
Balance as at the beginning of the period	7,099,593	6,395,185
Charged for the period	197,667	176,117
Balance as at the end of the period	7,297,260	6,571,302

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 12)

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Saudi Media Company for Advertising and Publicity	66,022,743	65,878,398
MBC Media Solutions Limited Company	17,308,825	24,808,825
MBC Company – FZ LLC	3,790,195	4,729,927
Root Advertising Services Company	1,376,693	-
Total	88,498,456	95,417,150

Other current assets from related parties represents the following:

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Mr. Hamdan Mohammad Obaid	89,032,478	89,032,478
Mawaqie Company for Advertising and Publicity	9,047,740	5,870,577
Prime Outdoor Company	143,388	-
Saudi Company for Artificial Intelligence	100,000	100,000
Almeezza Outdoor Advertising Company FZ - LLC	-	176,957
Total	98,323,606	95,180,012

Due to related parties represents the following:

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Mr. Mohammad Alnabigha Mohammad Omar Alsaadi	946,644	941,918
Root Advertising Services Company	-	967,834
Total	946,644	1,909,752

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14- SHORT-TERM LOANS AND LONG-TERM MURABAHA

14-1 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 March 31, 2025 amounts to SR 827,158,745 (December 31, 2024: SR 628,028,033). 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 the short-term loans is as follows:

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	628,028,033	418,000,000
Proceeds during the period / year	290,000,000	321,456,150
Paid during the period / year	(90,869,288)	(111,428,117)
Balance as at the end of the period / year	827,158,745	628,028,033

14-2 Long-term Murabaha

In October 2023, the Group has 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 period ended March 31, 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. 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.

The movement in the long term Murabaha is as follows:

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	971,250,000	1,050,000,000
Proceeds during the period / year	1,007,000,000	-
Paid during the period / year	(971,250,000)	(78,750,000)
Balance as at the end of the period / year	1,007,000,000	971,250,000

The details of the current/non-current portions of long-term Murabaha is as follows:

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Non-current portion of long-term Murabaha	844,480,000	854,610,000
Current portion of long-term Murabaha	162,520,000	116,640,000
Total	1,007,000,000	971,250,000

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15- ZAKAT AND INCOME TAX PROVISION

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

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	20,755,120	23,833,796
Zakat charged for the period / year	5,749,939	19,115,445
Income tax charged for the period / year	-	2,223,167
Zakat assessments	-	1,407,007
Zakat differences on zakat provision of a previous year	-	71,288
Foreign currency translation adjustment	9,326	(1,110,512)
Paid during the period / year	-	(24,785,071)
Balance as at the end of the period / year	26,514,385	20,755,120

Zakat and income tax assessments and certificates status:

Arabian Contracting Services Company:

The Company has submitted its zakat returns until the financial year ended December 31, 2024 and has obtained the certificate from Zakat, Tax, and Customs Authority.

Faden Agency Media and Advertising Company (subsidiary):

The Company has submitted its financial statements and zakat returns until the financial year ended December 31, 2024 and has obtained the certificate from Zakat, Tax, and Customs Authority.

Al-Arabia Alliance for Smart Advertising Company (subsidiary):

The first set of financial statements of Al-Arabia Alliance for Smart Advertising Company are the first special purpose financial statements issued by the company which covers the period from July 9, 2024 (date of commercial register) to December 31, 2024. No zakat is due on this company as of the reporting date.

Arabian United Company for Advertising Services (subsidiary):

The company has submitted its financial statements until the financial year ended December 31, 2024.

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.

16- DISCONTINUED OPERATIONS

The Group's management decided on October 26, 2022 to cease the operations of Al-Taer Al-Arabi Trading Company, subsidiary that was wholly owned by the Group, and has been liquidated (voluntarily liquidation) and all statutory procedures in this regard were completed. 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 were presented in the condensed interim consolidated statement of comprehensive income as follows:

	(Saudi Riyal)	
	March 31, 2025	March 31, 2024
	(Unaudited)	(Unaudited)
General and administrative expenses	-	(236,705)
Loss for the period from discontinued operations	-	(236,705)

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17- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

	(Saudi Riyal)	
	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Letters of guarantee *	616,591,690	510,590,101
Letters of credit	22,863,582	23,790,184
Capital commitments **	743,354,831	762,137,389

* Letters of guarantee are corresponded with secured cash deposited at banks as at March 31, 2025 with an amount of SR 199,864 (December 31, 2024: SR 199,864).

** The Group has capital commitments as at March 31, 2025 amounting to SR 8 million (December 31, 2024: SR 12 million) related to advertising billboards that are being manufactured (projects under progress) (Note 6 and 9).

In addition, the Group has capital commitments amounting to SR 739 million as at March 31, 2025 (December 31, 2024: SR 750 million), 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 9). The Group also incurs annual advertising fees of SR 400 per square meter for the advertising sites received.

The Group also incurs annual advertising fees of SR 400 per square meter for the advertising sites received.

18- EARNINGS PER SHARE

Basic earnings per share attributable to the equity holders of the parent company are calculated on the basis of the weighted average number of shares outstanding during the period and the prior period. 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 March 31, 2025 is 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 period for the purpose of calculating earnings per share.

19- 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 1 and level 3.

20- SUBSEQUENT EVENTS

As per management opinion, there are no significant subsequent events after the period ended March 31, 2025 that could have a material impact on the Group's condensed interim consolidated financial position or the results of its operations.

21- APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were approved by the Group's Board of Directors on Dhul Qidah 16, 1446 H (corresponding to May 14, 2025).