

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed 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, 2026, and the related interim condensed consolidated statements of comprehensive income, changes in equity, cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as 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.

Emphasis of Matter – Restatement of comparative interim condensed consolidated financial information

We draw attention to Note (15) to the interim condensed consolidated financial information, which indicates that the comparative information presented for the three-month period ended March 31, 2025 have been restated as a result of the Group, through one of its subsidiaries, reassessed the accounting policy for the recognition of one of its contracts in order to determine the most appropriate accounting policy applicable to this type of contract, due to the availability of new information relating to this contract, in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" 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
24 Dhual-Qa'dah 1447H (corresponding to 11 May 2026)



ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

AS AT MARCH 31, 2026

(SAUDI RIYAL)

	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		479,330,436	464,934,979
Right-of-use assets	6	3,857,730,885	3,542,252,524
Goodwill and licenses	7	701,700,943	707,410,701
Financial assets at fair value through profit or loss		371,652,739	372,178,812
Net investment in finance sub-lease non-current portion		3,584,193	4,304,992
Prepaid expenses and other- non-current assets		839,089,700	1,050,676,426
Total non-current assets		6,253,088,896	6,141,758,434
Current assets			
Inventories		93,311,988	79,813,114
Trade receivables	8	1,132,640,332	1,163,247,721
Net investment in finance sub-lease - current portion		1,223,325	1,196,207
Prepaid expenses and other current assets		815,360,142	637,700,393
Due from related parties	9	21,800,959	21,831,391
Cash and cash equivalents		354,985,556	203,475,688
Total current assets		2,419,322,302	2,107,264,514
TOTAL ASSETS		8,672,411,198	8,249,022,948
EQUITY AND LIABILITIES			
EQUITY			
Share capital		550,000,000	550,000,000
Reserves		73,035,771	73,035,771
Retained earnings		949,915,029	941,033,569
Foreign currency translation reserve		(12,524,690)	(12,479,510)
Total equity attributable to equity holders of the parent company		1,560,426,110	1,551,589,830
Non-controlling interests		17,026,535	13,192,087
TOTAL EQUITY		1,577,452,645	1,564,781,917
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations		21,990,817	25,993,255
Lease liabilities	6	2,488,222,480	2,873,760,414
Other long-term financial liabilities		19,121,012	19,625,533
Long-term Murabaha	10	722,151,527	760,840,000
Total non-current liabilities		3,251,485,836	3,680,219,202
Current liabilities			
Lease liabilities - current portion	6	1,191,001,625	623,846,500
Long-term Murabaha - current portion	10	164,498,719	162,520,000
Short-term loans	10	1,823,135,937	1,567,394,160
Trade payables		249,057,346	279,407,411
Due to related parties	9	1,002,081	1,003,869
Accrued expenses and other current liabilities		378,303,401	340,314,731
Zakat and income tax provision	11	36,473,608	29,535,158
Total current liabilities		3,843,472,717	3,004,021,829
TOTAL LIABILITIES		7,094,958,553	6,684,241,031
TOTAL EQUITY AND LIABILITIES		8,672,411,198	8,249,022,948

Chairman of Board of Directors
Mohamad Abdul Allah Al Khereiji

Chief Executive Officer
Mansour Mohammed Al-Obaikan

Chief Financial Officer
Ahmed Adel Dawood

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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(SAUDI RIYAL)

	Notes	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited) Restated – Note 15
<u>Profit or loss</u>			
Revenues	5	415,648,941	532,833,464
Cost of revenues	5	(262,299,573)	(246,165,612)
Gross profit		153,349,368	286,667,852
Selling and marketing expenses		(5,574,975)	(8,303,759)
General and administrative expenses		(27,188,954)	(28,534,266)
Expected credit losses	8	(1,850,000)	(1,850,000)
Operating profit		118,735,439	247,979,827
Finance costs		(99,381,079)	(76,310,404)
Unrealized (loss) /gain from revaluation of financial assets at fair value through profit or loss		(526,073)	1,039,653
Other income, net		1,009,702	1,369,548
Profit for the period before zakat and income tax		19,837,989	174,078,624
Zakat and income tax	11	(7,098,890)	(5,749,939)
Profit for the period		12,739,099	168,328,685
Profit for the period attributable to:			
Equity holders of the parent company		8,881,460	162,786,647
Non-controlling interests		3,857,639	5,542,038
		12,739,099	168,328,685
Basic and diluted earnings per share:			
Earnings per share attributable to equity holders of the parent company	13	0.16	2.96
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		(68,371)	46,386
Total (Other comprehensive loss) / other comprehensive income for the period		(68,371)	46,386
Total comprehensive income for the period		12,670,728	168,375,071
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		8,836,280	162,809,939
Non-controlling interests		3,834,448	5,565,132
		12,670,728	168,375,071

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Mohamad Abdul Ellah Al Khereiiji



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ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

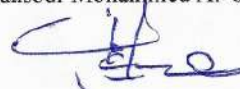
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(SAUDI RIYAL)

	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, 2025							
Balance as at January 1, 2025 (Audited) As previously reported	550,000,000	73,035,771	764,657,630	(15,309,056)	1,372,384,345	(1,768,136)	1,370,616,209
Impact of adjustments to the opening balance of retained earnings	-	-	13,302,588	-	13,302,588	1,478,065	14,780,653
Balance as at January 1, 2025 (Audited) (Restated – Note 15)	550,000,000	73,035,771	777,960,218	(15,309,056)	1,385,686,933	(290,071)	1,385,396,862
Profit for the period (Restated – Note 15)	-	-	162,786,647	-	162,786,647	5,542,038	168,328,685
Total Other comprehensive income for the period	-	-	-	23,292	23,292	23,094	46,386
Total comprehensive income for the period	-	-	162,786,647	23,292	162,809,939	5,565,132	168,375,071
Balance as at March 31, 2025 (Unaudited)	550,000,000	73,035,771	940,746,865	(15,285,764)	1,548,496,872	5,275,061	1,553,771,933
For the three-month period ended March 31, 2026							
Balance as at January 1, 2026 (Audited)	550,000,000	73,035,771	941,033,569	(12,479,510)	1,551,589,830	13,192,087	1,564,781,917
Profit for the period	-	-	8,881,460	-	8,881,460	3,857,639	12,739,099
Total Other comprehensive loss for the period	-	-	-	(45,180)	(45,180)	(23,191)	(68,371)
Total comprehensive income for the period	-	-	8,881,460	(45,180)	8,836,280	3,834,448	12,670,728
Balance as at March 31, 2026 (Unaudited)	550,000,000	73,035,771	949,915,029	(12,524,690)	1,560,426,110	17,026,535	1,577,452,645

Chairman of Board of Directors
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ARABIAN CONTRACTING SERVICES COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(SAUDI RIYAL)

	<u>March 31, 2026</u> (Unaudited)	<u>March 31, 2025</u> (Unaudited) (Restated – Note 15)
OPERATING ACTIVITIES:		
Profit for the period before zakat and income tax	19,837,989	174,078,624
<i>Adjustments to reconcile profit before zakat and income tax to net cash generated from / (Used in) operating activities:</i>		
Depreciation of property, plant and equipment	15,586,673	14,064,707
Depreciation of right-of-use assets	117,000,309	127,438,362
Amortization of licenses	5,709,758	5,709,758
Unrealized Losses / (gains) from revaluation of financial assets at fair value through profit or loss	526,073	(1,039,653)
Expected credit losses	1,850,000	1,850,000
Losses / (gains) from disposal of property, plant and equipment	502,545	(201,785)
Current service cost employees' defined benefits obligations	1,612,021	3,138,287
Finance costs related to short-term loans and long-term Murabaha	41,949,027	25,578,971
Finance costs related to lease liabilities	57,501,268	50,726,889
Finance costs related to other long-term financial liabilities	306,131	337,087
Recognized portion of deferred revenues	(60,652)	(8,973)
Gains from adjustments of lease liabilities and right-of-use assets	-	1,388,205
<i>Changes in working capital:</i>		
Inventories	(13,498,874)	1,753,095
Trade receivables	28,757,389	(193,754,655)
Prepaid expenses and other current assets	18,100,383	(364,595,565)
Due from / to related parties	28,644	(4,106,702)
Trade payables	(30,350,065)	(38,104,407)
Accrued expenses and other current liabilities	28,282,421	172,239,950
Cash generated from / (used in) operations	293,641,040	(23,507,805)
Employees' defined benefits obligations paid	(5,617,226)	(1,905,893)
Net cash flows generated from / (used in) operating activities	288,023,814	(25,413,698)
INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(30,621,357)	(26,626,763)
Proceeds from sale of property, plant and equipment	63,984	201,785
Proceeds from net investment in finance sub-lease	693,681	614,268
Additions to financial assets at fair value through profit or loss	-	(4,067,581)
Net cash flows used in investing activities	(29,863,692)	(29,878,291)
FINANCING ACTIVITIES:		
Proceeds from loans and long-term Murabaha	273,910,856	1,297,000,000
Repayment of loans and long-term Murabaha	(54,878,833)	(1,062,119,288)
Lease liabilities paid	(286,774,950)	(269,630,696)
Paid from other long-term financial liabilities	(750,000)	(750,000)
Finance costs paid	(37,718,727)	(9,571,329)
Net cash flows used in financing activities	(106,211,654)	(45,071,313)
Net change in cash and cash equivalents during the period	151,948,468	(100,363,302)
Foreign currency translation adjustment	(438,600)	45,249
Cash and cash equivalents as at the beginning of the period	203,475,688	318,099,318
Cash and cash equivalents as at the end of the period	354,985,556	217,781,265
Non-cash transactions:		
Additions to right-of-use assets and lease liabilities	433,720,991	562,066,477
Amortization of lease liabilities into accrued expenses	(5,475,949)	(71,916,619)
Absorption of prepaid expenses into lease liabilities	(15,826,594)	(2,555,660)
Adjustments to right-of-use assets and lease liabilities	-	1,765,797
Reconciliation to right-of-use assets and lease liabilities	1,218,191	-

Chairman of Board of Directors
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The accompanying notes form an integral part of these interim condensed consolidated financial information

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

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 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 Company's principal activities represent printing, engraving and photochemical etching on metal or plastic plates – zincograph, manufacturing components for display screens such as plasma, polymer and liquid crystal displays (LCD); manufacturing display screens, general construction of residential buildings, construction of roads, streets, sidewalks and road-related works, construction of bridges and tunnels, construction of railway lines, casting of foundations and bases, installation of electrical wiring, installation of telecommunications wiring, wholesale of household electronic and electrical appliances, wholesale of television receiving equipment, including import, wholesale of software, including import, land transportation of goods, transportation of goods and equipment - heavy transport, light transport, advertising and publicity agencies, providing marketing services on behalf of others, building maintenance services activities, and repair and maintenance of screens, keyboards, and other similar accessories.

These accompanying interim condensed consolidated financial information include the results of the business, assets, liabilities, and activities of the Company and its 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 zincograph	1010057812
Arabian Contracting Services Company	Riyadh	Publicity and advertising entities and agencies	1010062303
Ain Al Arabia Company for Advertising and Publicity	Riyadh	Publicity and advertising entities and agencies, organization and management of exhibitions and conferences, wholesale of gifts and luxuries	1010500526
Arabian Contracting Services	Jeddah	Publicity and advertising 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 (zincograph) and bookbinding	4030275525

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

2- BASIS OF PREPARATION

2-1 Statement of compliance

The Group's interim condensed consolidated financial information 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).

This interim condensed consolidated financial information do not include all the information and disclosures required for a complete set of consolidated financial information prepared in accordance with International Financial Reporting Standards, and therefore they should be read in conjunction with the Group's annual consolidated financial information for the year ended December 31, 2025. The results for the period are not an indication of the annual results of the Group.

2-2 Basis of measurement

The interim condensed consolidated financial information have been prepared under historical cost basis except for what was described in the relevant material accounting policies information in the annual consolidated financial information for the year ended December 31, 2025.

As stated in the financial information in the accompanying consolidated financial information, current liabilities exceeded current assets by SR 1.42 billion (December 31, 2025: SR 896.8 million). The Group's management has performed an assessment of the Group's ability to continue as a going concern, and they are satisfied that the Group has sufficient resources to continue its operations in the foreseeable future.

2-3 Functional and presentation currency

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

2-4 The change in the Egyptian Pound exchange rate

During the period ended March 31, 2026, the Egyptian pound recorded an average of 0.14% decrease in rate against the Saudi Riyal (March 31, 2025: Increase by an average of 0.6%). As a result, the impact in foreign currency translation for operations in Egypt was recorded as a foreign currency translation reserve.

2-5 Basis of consolidation

The interim condensed consolidated financial information include the financial information 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 the company invested in.
- 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.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

2-BASIS OF PREPARATION (CONTINUED)

2-5 Basis of consolidation (continued)

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, their facts and circumstances included:

- 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 information 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 interim condensed 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 interim condensed consolidated statement of changes in equity.

The interim condensed consolidated statement of comprehensive income and each component of interim condensed consolidated other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the interim condensed 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 shares and other components of equity, while any resultant gain or loss is recognized in the interim condensed consolidated statement of comprehensive income.

When necessary, adjustments are made to the financial information 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 interim condensed financial information.

The accompanying interim condensed consolidated financial information includes 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	Ownership %	
		March 31, 2026	December 31, 2025
Al-Arabia Out of Home Advertising FZ - LLC (A)	UAE	100%	100%
Arabian United Company for Advertising Services (B)	Egypt	49.99%	49.99%
Faden Agency Media and Advertising Company (C)	KSA	100%	100%
Al Arabia Alliance for Smart Advertisements Company (D)	KSA	90%	90%
Digital Screens Advertising Company (E)	KSA	50%	50%

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

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 is a wholly owned subsidiary of the Company with a share capital of AED 100,000. The Company's principal activity is in media and marketing services, outdoor advertising. The consolidated financial statements of Al - Arabia Out of Home Advertising FZ-LLC include the accounts of the Company and its following subsidiaries:

Subsidiary name	Country of incorporation	Ownership %	
		March 31, 2026	December 31, 2025
Al - Arabia Out of Home Digital Advertising LLC	UAE	75%	75%
Al - Arabia Out of Home Advertising MIFZ LLC	UAE	100%	100%

(B) Arabian United Company for Advertising Services is a joint stock company registered in the Arab Republic of Egypt and is a subsidiary in which the Company holds a 49.99% ownership percentage, with a paid capital of Egyptian Pounds of 7,500,000. The subsidiary has been consolidated at percentage of 49.99% due to the presence of control over the majority of voting rights, which is represented by the Board of Directors at percentage of 57%. The Company's principal activities include advertising and publicity through all audio, print, and visual media; the supply, installation, and operation of digital screens; and projects management.

(C) Faden Agency Media and Advertising Company– a one-person company is a limited liability company registered in the Kingdom of Saudi Arabia and is a wholly owned subsidiary of the Company by 100% with a share capital of SR 60 million. The Company's principal activities include advertising and publicity agencies, providing marketing services on behalf of others, and the installation and assembly of neon signboards. The consolidated financial statements of Faden Agency Media and Advertising Company include the accounts of the Company and its following subsidiaries:

Subsidiary name	Country of incorporation	Ownership %	
		March 31, 2026	December 31, 2025
Faden Agency Media and Advertising Company – Dubai	UAE	100%	100%
Derayah Private Fund No. 40	KSA	100%	100%

(D) Al Arabia Alliance for Smart Advertisements Company is a limited liability company registered in the Kingdom of Saudi Arabia and is a subsidiary in which the Group hold a 90% ownership percentage, with a share capital of SR 1,000,000. The Company's principal activities include advertising and publicity agencies, providing 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, and the establishment of infrastructure for web hosting, data processing services, and related activities.

(E) Digital Screens Advertising Company is a limited liability company registered in the Kingdom of Saudi Arabia and is a subsidiary in which the Company holds a 50% ownership percentage, with a share capital of SR 100,000.

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 at the date of 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

2-BASIS OF PREPARATION (CONTINUED)

2-6 Business combination and goodwill (continued)

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 interim condensed 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 interim condensed 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 acquire 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.

2-7 Significant accounting estimates and assumptions

In preparing this interim condensed consolidated financial information, management has made judgements and estimates that affect the application of material accounting policies 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 and the key sources of estimation uncertainty are the same as those described in the Group's last annual consolidated financial statements for the year ended December 31, 2025.

3- CONSISTENT MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies information followed and the methods of calculation applied in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2025.

4- STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are new issued standards, and number of amendments to standards that are effective for annual periods commencing on or after January 1, 2026 which are disclosed in the Group's annual financial statements, and it was adopted and the Group do not have a material impact on the interim condensed financial information

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.

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5- OPERATING SEGMENTS (CONTINUED)

Basis of segment reporting (continued)

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

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:

For the three-month period ended March 31, 2026 (Unaudited)

	(Saudi Riyal)				
	<u>Advertising segment</u>	<u>Others</u>	<u>Total segments</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
<u>Revenues</u>					
Customers	409,931,215	5,717,726	415,648,941	-	415,648,941
Transactions between segments	-	1,196,745	1,196,745	(1,196,745)	-
Total revenues	<u>409,931,215</u>	<u>6,914,471</u>	<u>416,845,686</u>	<u>(1,196,745)</u>	<u>415,648,941</u>
Depreciation and amortization	<u>137,475,280</u>	<u>821,460</u>	<u>138,296,740</u>	-	<u>138,296,740</u>
Profit /(loss) for the period	<u>13,040,914</u>	<u>(301,815)</u>	<u>12,739,099</u>	-	<u>12,739,099</u>

For the three- month period ended March 31, 2025 (Unaudited) (Restated – Note 15)

	(Saudi Riyal)				
	<u>Advertising segment</u>	<u>Others</u>	<u>Total segments</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
<u>Revenues</u>					
Customers	526,601,862	6,231,602	532,833,464	-	532,833,464
Transactions between segments	-	2,607,712	2,607,712	(2,607,712)	-
Total revenues	<u>526,601,862</u>	<u>8,839,314</u>	<u>535,441,176</u>	<u>(2,607,712)</u>	<u>532,833,464</u>
Depreciation and amortization	<u>146,492,018</u>	<u>720,809</u>	<u>147,212,827</u>	-	<u>147,212,827</u>
Profit of the period	<u>167,353,754</u>	<u>974,931</u>	<u>168,328,685</u>	-	<u>168,328,685</u>

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5- OPERATING SEGMENTS (CONTINUED)

Information on segment reporting (continued)

The Company's and its subsidiaries' activities are primarily concentrated in the Kingdom of Saudi Arabia, the Arab Republic of Egypt, and the United Arab Emirates. Set out below is a summary of certain financial information for each geographical segment.

For the three-month period ended March 31, 2026 (Unaudited):

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Revenues	360,596,853	21,235,956	33,816,132	415,648,941
Cost of revenues	(228,071,776)	(16,196,564)	(18,031,233)	(262,299,573)
Gross profit	132,525,077	5,039,392	15,784,899	153,349,368

For the three-month period ended March 31, 2025 (Unaudited) (Restated – Note 15):

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Revenues	509,940,241	10,065,239	12,827,984	532,833,464
Cost of revenues	(231,257,877)	(7,576,357)	(7,331,378)	(246,165,612)
Gross profit	278,682,364	2,488,882	5,496,606	286,667,852

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, 2026 (Unaudited):

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Property, plant and equipment	370,346,941	32,582,802	76,400,693	479,330,436
Licenses And goodwill	701,700,943	-	-	701,700,943
Total assets	7,946,489,212	83,953,151	641,968,835	8,672,411,198
Total liabilities	6,378,899,778	67,681,984	648,376,791	7,094,958,553

For the year ended December 31, 2025 (Audited):

	(Saudi Riyal)			
	Kingdom of Saudi Arabia	Arab Republic of Egypt	United Arab Emirates	Total
Property, plant and equipment	357,702,132	32,947,652	74,285,195	464,934,979
Licenses And goodwill	707,410,701	-	-	707,410,701
Total assets	7,544,822,733	74,209,771	629,990,444	8,249,022,948
Total liabilities	5,979,867,577	61,669,303	642,704,151	6,684,241,031

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 interim condensed 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- 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 interim condensed consolidated statement of financial position.

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	(Unaudited)	(Audited)
<u>Right-of-use assets</u>		
Balance as at the beginning of the period / year	4,282,805,939	4,075,076,991
Additions during the period / year	433,720,991	962,501,290
Reconciliation (A)	(1,218,191)	(130,904,590)
Disposals (B)	(3,008,413)	(623,867,752)
Balance as at the end of the period / year	4,712,300,326	4,282,805,939
<u>Accumulated depreciation</u>		
Balance as at the beginning of the period / year	740,553,415	699,979,923
Charged during the period / year	116,864,971	602,047,987
Foreign currency translation adjustment	24,130	(38,559)
Reconciliation (A)	135,338	54,601,417
Disposals (B)	(3,008,413)	(616,037,353)
Balance as at the end of the period / year	854,569,441	740,553,415
Net book value for right-of-use assets	3,857,730,885	3,542,252,524
<u>Lease liabilities</u>		
Balance as at the beginning of the period / year	3,497,606,914	3,256,887,852
Additions during the period / year	433,720,991	962,501,290
Adjustments (A)	(1,218,191)	(130,904,590)
Adjustments on finance costs	(96,950)	24,026,721
Disposals (B)	-	(10,340,036)
Adjustment of accrued rents (A)	-	776,500
	3,930,012,764	4,102,947,737
<u>(deduct) / add:</u>		
Absorption of prepaid expenses (C)	(15,826,594)	(2,555,660)
Paid during the period / year	(286,774,950)	(745,714,027)
Finance costs	57,598,218	186,410,887
Amortization of accrued expenses (D)	(5,475,949)	(43,494,582)
Foreign currency translation adjustment	(309,384)	12,559
Balance as at the end of the period / year	3,679,224,105	3,497,606,914
Current portion	1,191,001,625	623,846,500
Non-current portion	2,488,222,480	2,873,760,414
	3,679,224,105	3,497,606,914

(A) The reconciliation 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) Disposal as at March 31, 2026 relate to expired lease contracts with a net book value of nil (December 31, 2025: gain amounting to SR 2.5 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. There has been no material change in credit risk since December 31, 2025.

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

(E) Included within the right-of-use assets and lease liabilities is an amount related to a single contract only, where the balance of right-of-use assets amounted to SR 2 billion (December 31, 2025: SR 2 billion), and lease liabilities amounted to SR 2.2 billion (December 31, 2025: SR 2.2 billion). This contract includes an obligation for a single lease payment of SR 1.5 billion as a penalty in the event of contract termination. The contract also includes an agreement to convert part of the annual returns into equity shares in the Group to Remat Al Riyadh Development Company during the term of the contract, which is enable Remat Al Riyadh Development Company to acquire 10% of the shares of Arabian Contracting Services Company which is subject to the approval of the relevant authorities. During 2025, The contract term has also been extended for an additional period, with the expiry date set for December 31, 2035 instead of September 5, 2033.

7- LICENSES AND GOODWILL

	(Saudi Riyal)		
<u>Cost:</u>	<u>Goodwill</u>	<u>Licenses</u>	<u>Total</u>
Balance as at December 31, 2025	528,885,588	228,390,337	757,275,925
Balance as at March 31, 2026	528,885,588	228,390,337	757,275,925
<u>Accumulated amortization:</u>			
Balance as at January 1, 2025	-	27,026,190	27,026,190
Charged during the year	-	22,839,034	22,839,034
Balance as at December 31, 2025	-	49,865,224	49,865,224
Charged during the period	-	5,709,758	5,709,758
Balance as at March 31, 2026	-	55,574,982	55,574,982
<u>Net Book Value:</u>			
Balances as at March 31, 2026 (Unaudited)	528,885,588	172,815,355	701,700,943
Balance as at December 31, 2025 (Audited)	528,885,588	178,525,113	707,410,701

Goodwill and licenses arose on the acquisition of Faden Advertising Agency Company during 2023, a subsidiary of the Group. This goodwill is allocated to the Group's operating segments. The management performs goodwill impairment testing at the end of each financial year to ensure there is no impairment loss. Management has concluded that no impairment loss was identified as of December 31, 2025. For the period ended March 31, 2026, the management of the Company believes that there are no indicators requiring the recognition of an impairment loss on goodwill since the latest impairment assessment performed as at December 31, 2025.

8- TRADE RECEIVABLES

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Trade receivables	1,104,240,826	1,137,867,300
Trade receivables - related parties (Note 9)	80,852,829	74,342,936
Contract assets	3,679,286	5,320,390
(Less): expected credit losses	(56,132,609)	(54,282,905)
Net	1,132,640,332	1,163,247,721

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

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>March 31, 2025</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Balance as at the beginning of the period / year	54,282,905	32,601,227
Charged during the period	1,850,000	1,850,000
Foreign currency translation adjustment	(296)	476
Balance as at the end of the period / year	56,132,609	34,451,703

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. There has been no material change in credit risk since December 31, 2025.

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9- 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. Balances due to or from related parties do not carry any financing arrangements and are payable on demand.

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	Partner in a subsidiary
Prime Outdoor Company	Affiliate
Almeezza Outdoor Advertising Company FZ - LLC	Affiliate
Mr. Hamdan Mohammed Obaid	Former partner in a subsidiary
Saudi Company for Artificial Intelligence	Partner in a subsidiary
Root Advertising Services Company	Partner in a subsidiary
Mr. Mohammad Alnabigha Mohammad Omar Alsaadi	Partner in a subsidiary
Wave Media and Advertising Company	Affiliate
MBC Media Saudi Limited Company	Affiliate

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

Related party name	Nature of transaction	(Saudi Riyal)	
		March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Saudi Media Company for Advertising and Publicity	Sales	397,153	43,127,040
	Collections	(517,500)	-
	Purchases	-	(42,982,695)
National Signage Industrial Company	Bills payment	8,209,807	5,883,025
	Advertising billboards cost	(9,637,750)	(2,123,484)
Wave Media and Advertising Company	Bills payment	30,024,138	-
	Collections	(6,277,482)	-
Engineer Holding Group Company	Expenses paid on behalf	-	(20,652)
	Collections	-	(12,000,000)
MBC Group Company	Collections	-	(7,500,000)
MBC Company – FZ LLC	Sales	1,536,535	-
	Collections	-	(1,713,305)
MBC Media Saudi Limited Company	Sales	7,514,103	-
	Collections	(2,829,029)	-

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9- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>March 31, 2025</u>
	(Unaudited)	(Unaudited)
Salaries, wages and rewards	2,435,563	2,682,657
Employees' defined benefits obligation	134,576	176,117
Total	2,570,139	2,858,774

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 8)

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	(Unaudited)	(Audited)
Saudi Media Company for Advertising and Publicity	52,557,009	52,677,356
MBC Media Saudi Limited Company	14,538,431	9,859,106
MBC Media Solutions Limited Company	9,420,325	9,420,325
MBC Company – FZ LLC	3,791,113	2,254,578
Root Advertising Services Company	532,087	129,294
Prime Outdoor Company	13,864	-
Elegant Hotel Company for Tourism and Hotels	-	2,277
Total	80,852,829	74,342,936

Due from related parties represent the following:

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	(Unaudited)	(Audited)
Mawaqie Company for Advertising and Publicity	21,632,697	21,633,756
Almeezza Outdoor Advertising Company FZ - LLC	168,262	168,262
House of Skill Company for Contracting and Trading	-	29,373
Total	21,800,959	21,831,391

Trade payables – related parties

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	(Unaudited)	(Audited)
Wave Media and Advertising Company	29,794,665	53,541,321
National Signage Industrial Company	6,577,469	8,569,209
Total	36,372,134	62,110,530

Due to related parties represents the following:

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	(Unaudited)	(Audited)
Mr. Mohammad Alnabigha Mohammad Omar Alsaadi	1,002,081	1,003,869
Total	1,002,081	1,003,869

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10- SHORT-TERM LOANS AND LONG-TERM MURABAHA

10-1 Short-term loans

The Group has bank facilities - short-term loans from local commercial banks. The short-term loans as at March 31, 2026, amount to SR 1.82 billion (December 31, 2025: SR 1.57 billion). 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.

The movement in the short-term loans is as follows:

	(Saudi Riyal)	
	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	1,567,394,160	628,028,033
Proceeds during the period / year	271,740,610	1,371,678,585
Paid during the period / year	(15,998,833)	(432,312,458)
Balance as at the end of the period / year	1,823,135,937	1,567,394,160

10-2 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 of Faden Agency Media and Advertising Company 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 signed an agreement with another local bank to settle the Murabaha mentioned above. Accordingly, the Group fully settled the Murabaha previously obtained from those local banks amounting to SR 972 million. This Murabaha is subject to the Saudi Interbank Offered Rate (SAIBOR) plus an agreed profit margin. Repayments are due in quarterly installments of SR 38.8 million, with the final installment due in 2031. The agreement includes covenants to maintain certain financial ratios. This agreement is secured by promissory notes issued by the Group's CEO.

A subsidiary of the Group obtained deferred sales facilities from a local bank to finance working capital amounting to Saudi Riyals 35 million. These facilities are subject to SIBOR (Saudi Interbank Offered Rate) plus an agreed profit margin. The facilities are repayable in semi-annual instalments of Saudi Riyals 7 million, commencing in August 2026, with the final instalment due in February 2028.

This arrangement is secured by promissory notes issued by the Group's CEO.

The subsidiary also obtained Tawarruq financing facilities from another local bank to finance working capital amounting to Saudi Riyals 33 million. These facilities are subject to SIBOR (Saudi Interbank Offered Rate) plus an agreed profit margin. The facilities are repayable in semi-annual instalments of Saudi Riyals 6.6 million, commencing in January 2027, with the final instalment due in January 2029.

The agreement includes covenants to maintain certain financial ratios. This arrangement is secured by promissory notes issued by the Group's CEO. The movement in the long term Murabaha are as follows:

	(Saudi Riyal)	
	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	923,360,000	971,250,000
Proceeds during the period / year	2,170,246	1,040,000,000
Paid during the period / year	(38,880,000)	(1,087,890,000)
Balance as at the end of the period / year	886,650,246	923,360,000

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

	(Saudi Riyal)	
	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Non-current portion of long-term Murabaha	722,151,527	760,840,000
Current portion of long-term Murabaha	164,498,719	162,520,000
Total	886,650,246	923,360,000

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11- ZAKAT AND INCOME TAX PROVISION

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

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	29,535,158	20,755,120
Zakat charged for the period / year	5,800,000	27,542,498
Foreign currency translation adjustment	(160,440)	250,512
Income tax charged for the period / year	1,298,890	843,269
Paid during the period / year	-	(19,856,241)
Balance as at the end of the period / year	36,473,608	29,535,158

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, 2025 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, 2025 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 financial statements issued by the company which covers the period from July 9, 2024 (date of commercial register) to December 31, 2025. The Company has filed its zakat returns up to the financial year ended 31 December 2025 and has obtained a certificate from the Zakat, Tax and Customs Authority ("ZATCA").

Arabian United Company for Advertising Services (subsidiary):

The Company has submitted its financial statements and tax returns up to the financial year ended 31 December 2025, and no tax assessments have been raised against the Company up to 31 December 2025.

Al-Arabia Out of Home Advertising FZ - LLC (subsidiary):

The Company has filed its first tax return for the fiscal year ending December 31, 2024, in accordance with the corporate tax regulations in the United Arab Emirates.

12- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>December 31, 2025</u>
	(Unaudited)	(Audited)
Letters of credit	10,899,235	15,508,462
Letters of guarantee (A)	515,754,488	629,309,968
Capital commitments (B)	676,090,788	696,237,057
Lease commitments (C)	1,633,462,500	1,828,462,500
Significant contract Termination Penalties (D)	1,522,000,000	1,522,000,000

A- Letters of guarantee are secured by cash deposits at banks as of March 31, 2026 with an amount of SR 199,864 (December 31, 2025: SR 199,864) (March 31, 2025: SR 199,864).

B- As at 31 March 2026, the Group had capital commitments amounting to SR 676 million (31 December 2025: SR 696 million) relating to advertising billboards under manufacturing (capital work-in-progress).

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(UNAUDITED) (CONTINUED)
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12- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (CONTINUED)

- C- Lease commitments represent the total minimum lease payments for lease contracts that are not subject to IFRS 16 (Leases), of which the current portion amounts to SR 176.4 million. The Group assesses each new contract to determine whether it meets the definition of a lease. Where the party granting advertising display spaces retains a substantial substitution right—that is, the ability to replace any allocated space with another at any time during the contract term to meet its operational needs (except for maintenance or repair activities)—the arrangement does not transfer to the Group the right to control an identified asset.
- D- The amount represents a penalty related to one of the contracts recognized under right-of-use assets and lease liabilities in the event the contract is terminated before the end of its term.

13- EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Parent company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated after taking into consideration the effect of potentially dilutive financial instruments, if any.

The Group has no dilutive financial instruments as of March 31, 2026 and 2025; therefore, diluted earnings per share equals basic earnings per share. The weighted average number of shares during the year was 55 million shares (31 March 2025: 55 million shares).

	(Saudi Riyal)	
	<u>March 31, 2026</u>	<u>March 31, 2025</u>
	(Unaudited)	(Unaudited)
Profit for the year attributable to shareholders of the Parent Company	8,881,460	162,786,647
Weighted average number of shares	55,000,000	55,000,000
Earnings per share attributable to shareholders of the Parent Company	<u>0.16</u>	<u>2.96</u>

14- 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.

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15- RESTATEMENT AND RECLASSIFICATION OF THE COMPARATIVE INTERIM CONSOLIDATED FINANCIAL INFORMATION

During 2024, the Group, through one of its subsidiaries, “Al Arabia Alliance for Smart Advertisements Company”, signed a project contract for the construction, operation and maintenance of outdoor advertising billboards in the city of Riyadh with Remat Riyadh Development Company for a period of 10 years. The project contract stipulates the payment of fixed and variable annual returns in addition to annual advertising fees throughout the contract term. Accordingly, the Group recognized the fixed annual returns as intangible assets at present value in accordance with the guidance of IFRIC 12 “Service Concession Arrangements”, with the corresponding liability recognized as an obligation under the service concession arrangement for the year ended December 31, 2024.

During 2025, the management of the subsidiary reassessed the accounting treatment for the recognition of this contract in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), in light of new information and interpretations by the parties involved in the contract. As a result, the contract was accounted for in compliance with IFRS (16) “Leases.”

As a result of these adjustments, the impact on equity as of January 1, 2025 was an increase of SR 14,780,653, of which the portion attributable to the equity holders of the Parent Company increased by SR 13,302,588, and the portion attributable to non-controlling interests increased by SR 1,478,065.

The following represents the adjustments made to the interim condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2025:

- Derecognition of finance costs arising from the derecognition of the obligation under the service concession arrangement amounting to SR 121,842,104 and recognition of finance costs amounting to SR 32,184,524 resulting from the recognition of lease liabilities. Accordingly, the net impact was a decrease in finance costs of SR 89,657,580.
- Derecognition of amortization amounting to SR 96,832,519 resulted from the derecognition of intangible assets arising from the service concession arrangement, along with the derecognition of revenues and cost of revenues amounting to SR 10,888,052 which had been recognized as additions to projects under progress within property, plant and equipment. In addition, depreciation expense charged amounting to SR 48,392,878 related to right-of-use assets charged to cost of revenues. Furthermore, an amount of SR 10,804,934 was charged to cost of revenues representing the amortized portion of the conversion of part of the annual returns into equity interests in the Group to Remat Riyadh Development Company, in proportion to the sites received. Accordingly, the net impact of the adjustment was a decrease in cost of revenues of SR 48,522,759 and a decrease in revenues of SR 10,888,052.

The following presents the impact of the restatement on the interim condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2025:

	(Saudi Riyal)		
	Balance before adjustment	Impact of restatement	Balance after adjustment
Revenue	543,721,516	(10,888,052)	532,833,464
Cost of revenues	(294,688,371)	48,522,759	(246,165,612)
Finance costs	(165,967,984)	89,657,580	(76,310,404)
Total impact of restatement		127,292,287	
Profit for the period attributable to:			
Equity holders of the parent Company	48,223,589	114,563,058	162,786,647
Non-controlling interests	(7,187,191)	12,729,229	5,542,038
	41,036,398	127,292,287	168,328,685
Total comprehensive income for the period attributable to:			
Equity holders of the parent Company	48,246,881	114,563,058	162,809,939
Non-controlling interests	(7,164,097)	12,729,229	5,565,132
	41,082,784	127,292,287	168,375,071

The following presents the impact of the restatement on the interim condensed consolidated statement of cash flows for the three-month period ended March 31, 2025:

	(Saudi Riyal)		
	Balance before adjustment	Impact of restatement	Balance after adjustment
Net cash flows generated from / (Used in) operating activities	116,523,865	(141,937,563)	(25,413,698)
Net cash flows used in investing activities	(30,492,559)	614,268	(29,878,291)
Net cash flows used in financing activities	(186,394,608)	141,323,295	(45,071,313)
Net change in cash and cash equivalents during the period	(100,363,302)	-	(100,363,302)

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16- SIGNIFICANT EVENTS

In March 2026, geopolitical instability in the Middle East region increased, which has had an impact on all countries in the region. The Group was affected by this instability, as revenues declined during the three-month period ended March 31, 2026, compared to previous periods. Management is closely monitoring these geopolitical developments.

Management and those charged with governance continue to assess if there are any potential future impacts on the Group's operations

17- SUBSEQUENT EVENTS

As per management opinion, there are no significant subsequent events after the period ended March 31, 2026 that could have a material impact on the Group's interim condensed consolidated financial position or the results of its operations.

18- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This interim condensed consolidated financial information was approved and authorized by the Group's Board of Directors on 24 Dhual-Qa'dah 1447H (corresponding to 11 May 2026).