

Earnings Release

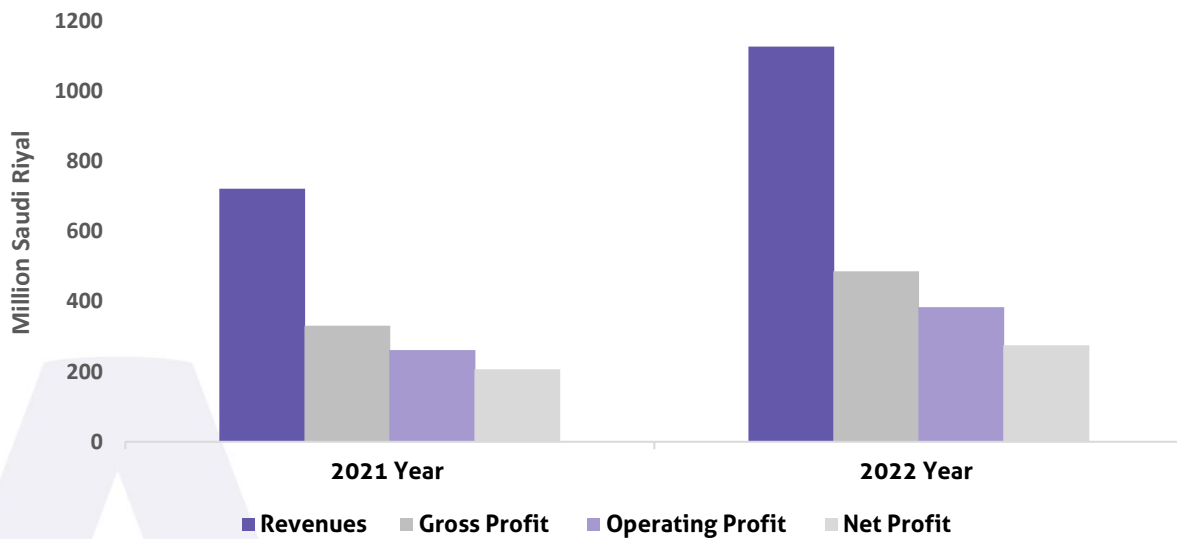
For the year ended on 31 December 2022



Arabian Contracting Services Co. achieved growth in revenues at a rate of 56%, to record figures that exceeded SAR 1.126 billion during the year 2022.

Consolidated Financial Result Summary for The Year 2022:

Item All figures are in (Thousands) SAR	2022	2021	Change %
Revenues	1,126,182	720,632	%56
Gross Profit	486,989	330,284	%47
Operating Profit	383,960	261,330	%47
Net Income for the period¹	274,700	206,247	%33
Earnings per share²	5.49	4.12	%33



¹ The net profit for the shareholders of Arabian Contracting Services Co. excluding non-controlling interests.

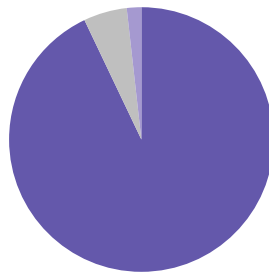
² EPS is calculated by dividing the profit attributable to the shareholders of the Arabian Contracting Services Co. excluding non controlling interests by the average number of shares of 50 million shares.

Financial Results Analysis for The Year 2022:

Revenues:

The revenues of the Arabian Contracting Services Co. jumped to SAR 1.126 billion during 2022, compared to SAR 720.6 million in the previous year, with a growth rate equivalent to 56% and an increase of SAR 405.5 million over its revenues at the end of the previous year, this is due to the positive increase in revenues from all the company's operational sectors and the growth of its clients base, and the continuation of the digital transformation of advertising faces contributed to increasing advertising spaces to accommodate a larger segment of clients by providing a smart advertising faces based on the latest technological solutions in data collection and analysis.

Operational Sectors



■ Outdoor Advertisements ■ Indoor Advertisements ■ Printing

- Outdoor Advertisements:

The outdoor advertising revenues for the year 2022 increased to SAR 1.046 billion compared to SAR 678.8 million for the previous year, with an increase of 54%. Outdoor advertisements had the largest percentage of the company's revenues, since they represent the main activity of the company, as it constitute 93% of the total revenues for the year.

- Indoor Advertisements:

The Indoor advertising revenues for the year 2022 increased to SAR 59.8 million compared to SAR 28.1 million for the previous year, with an increase of 113%.

With the aim of expanding its business in the indoor advertising market, the Arabian Contracting Services Co. concluded numerous exclusive advertising contracts with the owners of commercial centers across the Kingdom of Saudi Arabia.

- Printing:

The printing revenues for the year 2022 increased to SAR 20.0 million compared to SAR 13.7 million for the previous year, with an increase of 46%.

Selling and Marketing Expenses:

The selling and marketing expenses for the year 2022 amounted to SAR 46.3 million, as they increased by 49% compared to the previous year, the increase in the selling and marketing expenses resulted from an increase in the sales and distribution commissions percentage by 129% compared to the previous year, which is a result of the unique growth in revenues for the year 2022.

General and Administrative Expenses:

The general and administrative expenses for the year 2022 amounted to SAR 49.4 million, as they increased by 22% compared to the previous year, this is due to the increase in the company's expenses resulting from the consolidation of the financial statements with the new subsidiaries, in addition to the new recruitment after the listing on the Saudi Stock Exchange (Tadawul).

Finance Cost:

The increase rate in financing costs for the year 2022 was 70% compared to the previous year, this is due to the high rates of SIBOR compared to the previous year, which led to increases in both the lease liabilities financing cost by 84% and increases in the interest rate of short-term loans and bank facilities by 37%.

Net Profit:

Arabian Contracting Services Co. recorded an increase in net profit for the year 2022 by 33% compared to the previous year, this is due to many main reasons, including focusing on the company's approach and strategy, and continuing geographical expansion locally and regionally, which resulted in entering into new alliances and projects that support the company's marketing and advertising plans and achieve sustainable growth in all of the company's operational sectors, and the continuation of digitalization processes contributed to increase the availability of the company's advertising spaces and increasing the absorptive capacity of a larger segment of local and international clients, in addition to the increase in revenues by 56% has reflected positively on the financial results during the year 2022.

Working Capital:

The working capital as of December 31, has increased from SAR 112.9 million for the previous year to SAR 206.5 million for the year 2022 by 83%, this is due to a decrease in the short-term loans and bank facilities by 22% and a decrease in the lease liabilities – the current portion by 38%.

The Statement of Cash Flows for The Year Ended on Dec 31, 2022:

-The net cash flow generated from operating activities increased from SAR 207.9 million to SAR 500.6 million, with a value of SAR 292.7 million, with an increase of 141% compared to the previous year.

-The net cash flow used in investing activities decreased from outflow cash amounted to SAR 77.8 million to outflow cash amounted to SAR 48.9 million, with a value of SAR 28.8 million, with a decreasing percentage of 37% compared to the previous year, this is due to the decrease in the company's purchase rate for the property, plants, and equipment by 37% as a result of the company's continued of the digital transformation, which resulted in an increase in available advertising spaces.

The Statement of Cash Flows for The Year Ended on Dec 31, 2022: (continued)

- The net cash flow (used in) generated from financing activities decreased from inflow cash amounted to SAR 33.2 million during the year 2021 to outflow cash amounted to SAR 525.7 million during the year 2022, this is due to the increase in the rate of repayment of short-term loans at a rate of 145% and decreased the percentage of loans proceeds by 30%, in addition to the distribution of cash dividends to shareholders during the year 2022 amounted to SAR 188 million.

Important Events:

- Signing of a purchase agreement with Faden Media for the full acquisition of the company in the value of one billion and fifty million (1,050,000,000) Saudi Riyals.
- Signing of an exclusive agent agreement with Al Bait Development and Constructions LLC. in the Clock Towers Centre in Makkah AL-Mukarramah for a period of 5 years.
- The board's decision to liquidate the subsidiary Arabian Bird Trading Company (Sindebaad).

The Chief Executive Officer, Mr. Mohammed Al-Khereiji, stated that the financial results during the year 2022 witnessed qualitative leaps and systematic growth that exceeded the expectations that were mentioned in the IPO, and this confirms that Arabian Contracting Services Co. is proceeding in the direction drawn by the company's management and the Board of Directors. Moreover, one of the main priorities of Arabian Contracting Services Co. lies in continuing to adhere to the strategy of geographical expansion locally and regionally, seizing the increasing opportunities in light of the abundant reforms of Vision 2030, and following the digital transformation process at a steady and deliberate pace to preserve the pioneering financial and operational performance.

Mr. Mohammed Al-Khereiji also added that the oldest advertising media (outdoor advertising) proved that it was not affected by the digital advertising media entry, but continued to flourish and still holds a bright future, as outdoor advertising was able to constantly renew itself over the past four years to become now at the height of its technological emergence, through digital outdoor advertising media choices and the use of smart solutions based on data collection and analysis. It is worth mentioning that, by the end of 2022, the percentage of smart digital faces reached 66% of the total advertising faces, as we aim to convert 80% of our advertising faces to smart digital faces by the end of 2025.

About Al-Arabia:

Arabian Contracting Services Company is a Saudi Joint Stock company, registered in Riyadh, Kingdom of Saudi Arabia on 18 Jumada Alula 1403H (corresponding to March 3, 1983) under Commercial Registration number 1010048419. Its shares were listed on the Saudi Stock Exchange on November 15, 2021.

Arabian Contracting Services Co. has led the outdoor advertising sector in the Kingdom of Saudi Arabia for the past 40 years, as it introduced the latest technologies and advertising means to the local market. Arabian Contracting Services Co. is also considered one of the main influential parties in the Saudi advertising sector through its strategy to continue modernizing its products and providing its services. Taking into consideration, Arabian Contracting Services Co. controls 62.3% of the market size in outdoor advertising and more than 23% of the market share in the advertising sector as a whole, the company's capital is 500 million Saudi riyals, divided into 50 million shares, and the par value of each share is 10 Saudi riyals.

Consolidated Financial Statements

All figures are in (Thousands) Saudi Arabia, Riyals

Financial Position	As of 31 Dec 2022	As of 31 Dec 2021
Non-current assets	1,645,534	2,220,124
Current assets	992,224	1,019,609
Assets from discontinuing operations	4,485	-
Total assets	2,642,243	3,239,733
Shareholders' equity	819,871	731,279
Non-controlling interests	1,089	-
Non-current liabilities	1,033,639	1,601,777
Current liabilities	785,753	906,677
Liabilities from discontinuing operations	1,891	-
Total shareholders' equity and liabilities	2,642,243	3,239,733

Profit or Loss	For the year ended On 31 Dec 2022	For the year ended On 31 Dec 2021
Revenue	1,126,182	720,632
Cost of revenue	(639,193)	(390,348)
Gross profit	486,989	330,284
Selling and marketing expenses	(46,324)	(31,163)
General and administrative expenses	(49,403)	(40,477)
(Impairment) / Reverse expected credit losses	(7,302)	2,686
Operating profit	383,960	261,330
Other expenses	(8,536)	(11,264)
Finance cost	(55,205)	(32,522)
Losses from disposal of property and equipment	(24,357)	-
Profit before zakat from continuing operations	295,862	217,544
Zakat	(11,380)	(11,297)
Net Income for the year before discontinuing operations	284,482	206,247
Losses from discontinuing operations	(9,089)	-
Profit for the year	275,393	206,247
Profit for the year attributable to:		
Equity holders of the parent	274,700	206,247
Non-Controlling interests	693	-

Cash Flow	For the year ended On 31 Dec 2022	For the year ended On 31 Dec 2021
Net cash flows from operating activities	500,596	207,869
Net cash used in investing activities	(48,944)	(77,774)
Net cash (used in) from financing activities	(525,664)	33,229
Net change in cash and cash equivalents during the year	(74,012)	163,324
Foreign currency translation reserve	(543)	-
Cash and cash equivalents at the beginning of the year	189,909	26,585
Cash and cash equivalents at the end of the year	115,354	189,909

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