

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA

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

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Index	Pages
Independent auditor's report	1-2
Statement of financial position	3
Statement of profit or loss and other comprehensive income	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7-29

INDEPENDENT AUDITOR'S REPORT

To the shareholders TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY (Joint Stock Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Time Entertainment Unlisted Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and publications issued by SOCPA and Regulations for Companies and the Company's bylaws and for such internal control as management determines necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY

(Joint Stock Company)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

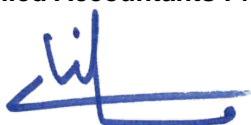
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee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

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

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

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

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader

License No. 435

Riyadh, Kingdom Saudi Arabia

24 Ramadan 1446 AH (corresponding to 24 March 2025)



**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(Saudi Riyals)**

	Notes	2024	2023
Assets			
Non-current assets			
Property and equipment	5	85,702	32,307
Right of use assets	6	1,408,300	2,512,254
Intangible assets	7	92,187	3
Total non-current assets		1,586,189	2,544,564
Current assets			
Advances to purchase intangible assets	8	101,494	-
Prepaid expenses and other assets	9	295,074	173,317
Accounts receivable	10	11,919,571	3,924,558
Cash and cash equivalents	11	22,620,094	11,420,545
Total current assets		34,936,233	15,518,420
Total assets		36,522,422	18,062,984
Equity and liabilities			
Equity			
Share capital	1	10,000,000	10,000,000
Statutory reserve	12	100,000	100,000
Defined employees' benefit plan obligations reserve		(202,682)	(160,515)
Retained earnings		4,846,653	2,303,119
Total equity		14,743,971	12,242,604
Liabilities			
Non-current liabilities			
Lease obligations – non-current portion	6	-	1,017,141
Defined employees' benefit plan obligations	13	667,000	521,000
Total non-current liabilities		667,000	1,538,141
Current liabilities			
Lease obligations – current portion	6	1,038,134	1,088,105
Dividend payable	23	1,109,315	2,591
Accounts payable	15	16,599,794	1,540,421
Accrued expenses and other liabilities	16	1,961,734	1,327,130
Zakat provision	17	402,474	323,992
Total current liabilities		21,111,451	4,282,239
Total liabilities		21,778,451	5,820,380
Total equity and liabilities		36,522,422	18,062,984

The accompanying notes (1) to (30) form an integral part of these financial statements

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

	Notes	2024	2023
<u>Profit or loss</u>			
Revenue	18	104,905,774	36,483,318
Cost of revenue	19	(85,084,563)	(24,535,633)
Gross profit		19,821,211	11,947,685
General and administrative expenses	20	(10,764,939)	(6,727,678)
Finance cost	22	(139,888)	(134,675)
Operating profit		8,916,384	5,085,332
Other income	21	193,774	36,919
Net profit for the year before Zakat		9,110,158	5,122,251
Zakat	17	(402,474)	(323,992)
Net profit for the year		8,707,684	4,798,259
<u>Other comprehensive income</u>			
Items are not reclassified subsequently to statement of profit or loss			
(Loss) / gain from re-measurement of defined employee benefit plan obligations	13	(42,167)	172,560
Total other comprehensive (loss) / income for the year		(42,167)	172,560
Total comprehensive income for the year		8,665,517	4,970,819
<u>Earnings per share</u>			
Basic and diluted earnings per share from net profit for the year	24	8.71	4.80

The accompanying notes (1) to (30) form an integral part of these financial statements

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

	Notes	Share capital	Additional paid in capital	Statutory reserve	Defined employees' benefit plan obligations reserve	Retained earnings	Total
<u>2023</u>							
Balance as at 1 January 2023		300,000	9,700,000	100,000	(333,075)	2,844,298	12,611,223
Capital increase		9,700,000	(9,700,000)	-	-	-	-
Net profit for the year		-	-	-	-	4,798,259	4,798,259
Other comprehensive income		-	-	-	172,560	-	172,560
Dividend distribution		-	-	-	-	(5,339,438)	(5,339,438)
Balance as at 31 December 2023		10,000,000	-	100,000	(160,515)	2,303,119	12,242,604
<u>2024</u>							
Balance as at 1 January 2024		10,000,000	-	100,000	(160,515)	2,303,119	12,242,604
Net profit of the year		-	-	-	-	8,707,684	8,707,684
Other comprehensive loss		-	-	-	(42,167)	-	(42,167)
Dividend distribution	23	-	-	-	-	(6,164,150)	(6,164,150)
Balance as at 31 December 2024		10,000,000	-	100,000	(202,682)	4,846,653	14,743,971

The accompanying notes (1) to (30) form an integral part of these financial statements

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

	Notes	2024	2023
Cash flows from operating activities			
Net profit for the year before zakat		9,110,158	5,122,251
Adjustments for non-cash Items			
Depreciation of property and equipment	5	23,823	178,285
Gains on sale of property and equipment	21	(52,074)	-
Depreciation of right of use assets	6	1,103,954	1,001,837
Amortization of intangible assets	7	13,169	543
Provision for expected credit loss	10	340,030	81,306
Finance costs	22	139,888	134,675
Provision for the defined employees' benefit plan obligations charged	13	86,000	91,000
Cash flows after adjusting non-cash transactions		10,764,948	6,609,897
Changes in operating assets and liabilities			
Prepaid expenses and other assets		(121,757)	1,403,198
Accounts receivable		(8,335,043)	7,221,445
Accounts payable		15,059,373	(1,530,473)
Accrued expenses and other liabilities		634,604	(4,254,326)
Cash generated from operations		18,002,125	9,449,741
Defined employees' benefit plan obligations paid	13	(11,167)	(22,440)
Zakat paid	17	(323,992)	(458,572)
Net cash generated from operating activities		17,666,966	8,968,729
Cash flows from investing activities			
Additions to property and equipment	5	(77,220)	(5,651)
Proceeds from sale of property and equipment		52,076	-
Advances to purchase intangible assets	8	(101,494)	-
Additions to intangible assets	7	(105,353)	-
Net cash used in investing activities		(231,991)	(5,651)
Cash flows from financing activities			
Lease obligation paid	6	(1,178,000)	(1,298,000)
Dividends paid	23	(5,057,426)	(5,336,847)
Net cash used in financing activities		(6,235,426)	(6,634,847)
Net change in cash and cash equivalents		11,199,549	2,328,231
Cash and cash equivalents at the beginning of the year		11,420,545	9,092,314
Cash and cash equivalents at the ending of the year	11	22,620,094	11,420,545

The accompanying notes (1) to (30) form an integral part of these financial statements

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY (JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 - Organization and Activities

A- Establishment

Time Entertainment Joint Stock Unlisted Company registered as a Joint Stock Company ("the Company") in Riyadh city under CR No. 1010328133 dated on 19 Rabi' al-Awwal 1433 AH (corresponding to 11 February 2012).

B- Change in legal entity

On 6 Rabi' al-Awwal 1445 AH (corresponding to 21 September 2023), the legal structure of the Company was amended from a Limited Liability Company (LLC) to an Unlisted Joint Stock Company. This change encompasses all its rights, obligations, workforce, classifications, licenses, and all its financial, technical, and administrative elements, with the shares being converted into stocks. The shareholders acknowledge their joint liability with their personal assets towards third parties, confirming that the full capital was paid before the transformation and that all necessary regulatory procedures for the transformation and obtaining the articles of association have been completed.

C- Main Activity

The Company's main activity is organizing entertainment events and operating entertainment event facilities

D- Share capital

On 3 Jumada Al-Akhirah 1444 AH (corresponding to 27 December 2022), the Company's share capital was increased to SAR 10,000,000, consisting of 1,000,000 fully paid shares with a nominal value of SAR 10 each. The increase was achieved by transferring SAR 9,700,000 from the additional paid-in capital to the share capital account, raising the capital from SAR 300,000 to SAR 10,000,000. The legal formalities were completed, and the bylaws were amended on 8 Jumada Al-Akhirah 1444 AH (corresponding to 1 January 2023).

In accordance with the partners' decision dated 18 Safar 1445 AH (corresponding to 3 September 2023), new partners were admitted, and one of the partner transferred part of their shares. All parties have duly fulfilled their respective rights and obligations.

The Company's share capital at 31 December 2024 amounted to SAR 10,000,000 (2023: SAR 10,000,000), consisting of 1,000,000 (2023: 1,000,000) fully paid and issued shares of SAR 10 each.

E- Company's Listing

On 19 March 2024, the Company obtained approval from the Saudi Tadawul Group to list the shares of Time Entertainment Unlisted Joint Stock Company with a capital of SAR 10,000,000 through an Initial Public Offering (IPO). This approval is conditional upon the Company obtaining approval from the Capital Market Authority (CMA) for the registration and IPO request in accordance with the relevant rules and regulations and meeting liquidity requirements. The Company must obtain CMA approval for the registration request or related registration and offering request within twelve months from the date of conditional approval by the Saudi Tadawul Group for the listing request. If CMA approval is not obtained within this period, the conditional approval from the Saudi Tadawul Group will be deemed void, and the Company must resubmit its request if it wishes to list its shares.

On 25 December 2024, the Capital Market Authority (CMA) announced the issuance of a decision by the CMA Board approving the request of Time Entertainment Unlisted Joint Stock Company ("the Company") to register its shares and offer 200,000 shares, representing 20% of its total shares, on the Parallel Market "Nomu". The CMA's approval of the request is valid for a period of 6 months from the date of the CMA Board's decision. The approval will be considered void if the offering and listing of the Company's shares are not completed within this period.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

1 - Organization and Activities (continued)

F- Main Address

Time Entertainment Unlisted Joint Stock Company
King Fahd Road, Al Olaya, 3587
Riyadh, Kingdom of Saudi Arabia
P.O: 25231

2- Basis of preparation of financial statements

Statement of compliance

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

Basis of measurement

These financial statements have been prepared on the basis of the historical cost principle, except when the International Financial Reporting Standards require the use of another measurement basis, as indicated in the accounting policies applied in Note No. (3) "Material Accounting Policy Information" Furthermore, these financial statements have been prepared using the accrual basis of accounting and going concern basis.

Functional and presentation currency

The financial statements are presented in Saudi riyals (SAR) which is the functional and presentation currency of the Company and are rounded to the nearest SAR.

3- Significant accounting judgement estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates, and assumptions at reporting date that affect the reported amounts of assets, liabilities, revenues, and expenses. However, these estimates and assumptions are based upon management's experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The following are information about the assumptions and estimates that have a material impact on the amounts reported in the financial statements:

Estimated useful lives of property, equipment and intangible assets

Management reviews the useful lives of property, equipment and intangible assets to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence, and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods, if any.

Lease interest rate

The Company cannot easily determine the interest rate implicit in the lease and, therefore, it uses an incremental borrowing rate to measure its lease obligations. The incremental borrowing rate is the interest rate that the Company would have to pay to borrow the necessary financing over a similar term and with the same collateral to obtain an asset of the same value as a "right-of-use" asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company "has to pay" which requires estimation when observable rates are not available or need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available, which requires making some of its own estimates.

Fair value measurement

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

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

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

3- Significant accounting judgement estimates and assumptions (continued)

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

The Company's management periodically reviews the book value of non-financial assets to determine whether there is any indication that such assets may be subject to any impairment loss. If there is any indicator, the recoverable amount of assets is estimated to determine the extent of impairment loss. If the amount of recoverable assets is estimated to be below its carrying amount, the carrying amount of the asset decreases to its recoverable value, and the impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

Provision for expected credit losses of accounts receivable

The Company uses a provision matrix to calculate Expected Credit Loss (ECL) for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to change over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast of economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Defined employees' benefit plan obligations

Post-employment defined benefits and the current value of those benefits are determined through actuarial valuations. The actuarial valuation includes further assumptions regarding variables that are required such as discount rates, rate of salary increase, mortality rates, withdrawal rate, age of retirement. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every statement of financial position

Zakat provision

In calculating zakat for the current year, the Company adjusted its net profit and applied a certain discount to its zakat base to calculate zakat expenses. The Company made the best estimates of these assumptions.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4- Material accounting policy information

A. New standards, amendments to standards and interpretations:

The Company adopted the following new standards and amendments for the first time as of 1 January 2024:

Amendments to IFRS 16 – Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or noncurrent amendments

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows, and exposure to liquidity risk.

The adoption of the above amendments does not have any material impact on the Financial Statements during the year.

B. Standards issued but not yet effective:

The following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025. Earlier application is permitted for certain new standards and amendments; however, the Company has not early adopted them in preparing these Financial Statements. The Company is currently evaluating the impact of the adoption of these standards on the Financial Statements.

Amendments to IAS 27 – Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

These amendments:

- Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environmental, social, and governance (ESG) targets).
- Update disclosures for equity instruments designated at Fair Value Through Other Comprehensive Income (FVOCI).

IFRS 18 – Presentation and Disclosure in Financial Statements

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss.
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4- Material accounting policy information (continued)

The following is material accounting policy information that has been applied by the Company:

Current and non-current classification

The Company presents assets and liabilities in the statement of financial position on current/non-current basis. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the date of the statement of financial position; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months from the date of the statement of financial position.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the date of the statement of financial position.; or
- That there is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the statement of financial position.

All other liabilities are classified as non-current liabilities.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of assets. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Sold or disposed assets and their accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated useful life for depreciation of the assets are as follows:

Item	Percentage %
Leasehold Improvement	20% or lease period whichever is lower
Vehicles	20%
Office equipment	25%
Furniture and fixtures	20%

Depreciation method and useful lives are reviewed periodically to ensure that the depreciation method is appropriate with the expected economic benefits of property and equipment.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4- Material accounting policy information (continued)

Intangible assets (continued)

The useful lives of intangible assets are estimated to be either definite or indefinite.

Amortization is calculated from the date when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Item	Useful life
Computer programs	4 years

Leases

The determination of whether an agreement constitutes or contains a lease depends on the substance of the agreement at its inception date. The agreement represents or includes a lease if its fulfilment depends on the use of a specific asset or assets, or that the agreement grants the right to use a specific asset or assets even if this right is not expressly stated in the contract.

Company as a lessee

The lease is recognized as a right-of-use asset with its corresponding obligations on the date that the leased asset is ready for use by the Company. Each lease payment is allocated between the obligation and the financing cost.

The finance cost is recognized in the statement of profit or loss and other comprehensive income over the lease term. Right-of-use assets are depreciated over the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost and consist of the following:

The initial measurement amount of the lease obligation,

- Any lease payments made on or before the lease commencement date less any lease incentives received,
- Any initial direct costs, and
- Recovery costs, when applicable

Finance lease contracts

On the inception date of the lease, the Company records the lease obligations measured at the present value of the lease payments made over the term of the lease. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives receivable and variable rent payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

The lease payments include the price to exercise the purchase option when there is reasonable certainty that the Company will exercise it and payments for penalties for cancelling the lease if the terms of the lease provide for the Company to exercise the option to cancel. For variable lease payments that are not dependent on an index or rate, they are recorded as an expense in the period in which the payment is made.

Lease payments are discounted using the interest rate included in the lease or the Company's incremental borrowing rate.

Short-term and low value lease contracts

Short-term leases are contracts with a lease term of 12 months or less. Low value leases are those that do not meet the Company's capitalization limits and are not material to the Company's statement of financial position as a whole. Payments for short-term lease contracts and lease contracts with low value assets are recognized on a straight-line basis in the statement of profit or loss and other comprehensive income.

Impairment of non financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication that assets have suffered an impairment loss, the recoverable amount of any affected asset (or group of assets) is estimated and compared to its carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4- Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

Financial assets

Financial assets are classified into the following specified categories: Financial assets 'at fair value through profit or loss' (FVTPL), Financial assets measured at fair value through other comprehensive income, and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

a) Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through the statement of profit or loss if they have been acquired or held for the purpose or selected to be classified in this category.

Financial assets are classified as held for trading if:

- If they were acquired mainly to be sold in the near future.
- If they represent a known portfolio of financial instruments managed by the Company and include the actual pattern of a financial instrument that generates profits in the short term.
- If they represent a derivative but not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in the statement profit or loss. Company does not have any financial assets measured at FVTPL.

b) Financial assets measured at Fair value through other comprehensive income (FVOCI)

Quoted shares owned by the Company which they are traded in an active financial market classified as financial assets at FVOCI. Gains and losses arising from changes in fair value are included in the statement of other comprehensive income and are added to statement of accumulated changes in fair value of investments within equity other than impairment losses which are included in the statement of profit and loss. If investment is disposed or suffered an impairment, profits and losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.

c) Financial assets measured at amortized cost

Accounts receivable, including trade and other receivables, cash and cash at banks are measured at amortized cost using the effective interest method less any impairment loss and charged to the statement profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognized in the statement of profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4- Material accounting policy information (continued)

. Financial Instruments (continued)

Financial assets (continued)

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

Impairment in the value of financial assets

The Company recognizes an allowance for expected credit losses for all debt instruments not carried at fair value through the statement of comprehensive income. The provision for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, ECL is recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses).

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

Accounts receivable

Accounts receivable are stated at the original invoice amount, less the allowance for any amounts that are deemed uncollectible. An expected credit loss allowance is recognized when there is objective evidence indicating that the Company will be unable to collect the amounts due in accordance with the original terms of the receivables. Bad debts are written off when determined, against the related provisions. The provisions are charged to the profit or loss statement, and any subsequent recoveries of receivables that were previously written off are added to other income.

Financial liabilities

Financial liabilities (including loans and trade payables) are measured subsequently at amortised cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, canceled, or have expired. The difference between the carrying amount of disposed financial liabilities and the amount paid is charged to the statement of profit or loss and other comprehensive income.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and short-term Murabaha deposits that are due within three months or less, and are not subject to significant risks of changes in value.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

**4- Material accounting policy information (continued)
Employees' benefits**

Defined employees' benefit plan obligations

Defined employees' benefit plan obligations are determined using the projected unit credit method with an actuarial valuation carried out at the end of each annual financial period. Remeasurement that includes actuarial gains and losses is included in the statement of financial position, while gains and losses are included in other comprehensive income for the period in which they are incurred, the re-measurement recognized in other comprehensive income is recognized immediately in retained earnings and is not re-recognized in the statement of profit or loss.

Retirement benefit

The Company contributes for a defined benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits related to wages and salaries are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Accounts payables and accruals

Liabilities are recognized against amounts to be paid in the future for the goods or services received, whether or not they are provided with invoices by suppliers

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured to the best of the expected fair value of the liability as at the date of statement of financial position, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount are confirmed and the amount can be measured reliably

Contingent liabilities

Contingent liabilities are not recognized in the financial statements and are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed where an inflow of economic benefits is probable.

Zakat provision

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

Value added tax

The Company is subject to value-added tax in accordance with the value-added tax system applied in the Kingdom of Saudi Arabia. The tax amount is determined by applying the tax rate to the value of the supply, which represents the difference between the output and input tax. The Company accounts for revenues and purchases/services after deducting the value-added tax for all periods presented in the statement of profit or loss and other comprehensive income.

Withholding taxes

The Company charges taxes on transactions on non-resident parties in the Kingdom of Saudi Arabia and on dividends paid to non-resident shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4- Material accounting policy information (continued)

Revenue from contracts with customers

The Company primarily generates revenue from providing event management services and operating entertainment event facilities for customers.

Revenue is recognized at the fair value of the consideration received or receivable for the services provided, net of returns, trade discounts, and allowances.

The Company recognizes revenue from contracts with customers based on five steps as set out in IFRS 15:

Step 1: Identify contract(s) with a customer:

A contract is an agreement between two or more parties that creates enforceable rights and obligations and specifies the criteria that must be fulfilled.

Step 2: Identify performance obligations in the contract:

A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

Step 3: Determine the transaction's price: The transaction price is the amount of consideration that the Company expects to be entitled to in exchange for transferring the promised goods or services to a customer, except for the amounts collected on behalf of third parties.

Step 4: Allocate the transaction's price to the performance obligations in the contract:

For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration, which the Company expects to be entitled to in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when the Company satisfies a performance obligation:

Revenue from events management

Revenue from event management is derived from various sources, including planning fees, venue rentals, catering services, and ticket sales for public events. Additional income streams include sponsorships, vendor management, partnerships, event-related merchandise, and logistics services such as transportation. Post-event services, including video recordings and event analytics, also contribute to total revenue. Revenue is recognized progressively over time in line with the event's execution and completion. The customer pays the full amount as per the agreed terms of the contract.

Other income

Other income is recognized when earned.

Cost of revenue

The cost of revenue comprises all direct expenses incurred in generating revenue, such as salaries, wages, and allocated indirect costs. All other expenses are categorized as general and administrative expenses.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

5- Property and equipment

A- This item consists of the following:

	Leasehold improvements	Vehicles	Office equipment	Furniture & fixture	Total
2024					
Cost					
Balance at the beginning of the year	1,606,466	125,000	317,217	341,646	2,390,329
Additions during the year	-	-	71,220	6,000	77,220
Disposals during the year	-	(125,000)	(13,124)	-	(138,124)
Balance at the end of the year	1,606,466	-	375,313	347,646	2,329,425
Accumulated depreciation					
Balance at the beginning of the year	1,604,656	122,917	288,816	341,633	2,358,022
Charge for the year (Note – 20)	1,807	2,083	19,433	500	23,823
Disposals during the year	-	(125,000)	(13,122)	-	(138,122)
Balance at the end of the year	1,606,463	-	295,127	342,133	2,243,723
Net book value	3	-	80,186	5,513	85,702
2023					
Cost					
Balance at the beginning of the year	1,606,466	125,000	311,566	341,646	2,384,678
Additions during the year	-	-	5,651	-	5,651
Balance at the end of the year	1,606,466	125,000	317,217	341,646	2,390,329
Accumulated depreciation					
Balance at the beginning of the year	1,495,630	97,917	270,844	315,346	2,179,737
Charge for the year (Note – 20)	109,026	25,000	17,972	26,287	178,285
Balance at the end of the year	1,604,656	122,917	288,816	341,633	2,358,022
Net book value	1,810	2,083	28,401	13	32,307

B- The cost of fully depreciated property and equipment amounted to SAR 2,218,370 as at 31 December 2024, (2023: SAR 2,191,104).

C- Leasehold improvements amounting to SAR 1,606,466 as at 31 December 2024 (2023: SAR 1,606,466) were made on leased buildings, related to branches and staff housing, under operating leases with renewable terms (Note 6).

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

6 - Right of use assets and lease obligations

A- This item consists of the following:

2024	Note	Warehouse	Office	Total
Cost				
Balance at the beginning of the year		193,881	2,986,854	3,180,735
Balance at the end of the year		193,881	2,986,854	3,180,735
Accumulated depreciation				
Balance at the beginning of the year		4,736	663,745	668,481
Charge for the year	20	108,336	995,618	1,103,954
Balance at the end of the year		113,072	1,659,363	1,772,435
Net book value		80,809	1,327,491	1,408,300
2023		Warehouse	Office	Total
Cost				
Balance at the beginning of the year		324,898	2,279,839	2,604,737
Additions during the year		193,881	2,986,854	3,180,735
Disposals during the year		(324,898)	(2,279,839)	(2,604,737)
Balance at the end of the year		193,881	2,986,854	3,180,735
Accumulated depreciation				
Balance at the beginning of the year		219,526	2,051,855	2,271,381
Charge for the year	20	110,108	891,729	1,001,837
Disposals during the year		(324,898)	(2,279,839)	(2,604,737)
Balance at the end of the year		4,736	663,745	668,481
Net book value		189,145	2,323,109	2,512,254

B- The following is the movement of lease obligations:

	Note	2024	2023
Balance at the beginning of the year		2,105,246	117,836
Additions during the year		-	3,180,735
Finance cost	22	110,888	104,675
Paid during the year		(1,178,000)	(1,298,000)
Balance at the end of the year		1,038,134	2,105,246

C- The lease obligations are classified as follows:

	2024	2023
Non - current portion	-	1,017,141
Current portion	1,038,134	1,088,105
	1,038,134	2,105,246

D- The right of use assets represents warehouse and office leases that were obtained under operational lease contracts for renewable periods.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

7 - Intangible assets

		Computer programs	
	Note	2024	2023
Cost			
Balance at the beginning of the year		159,126	159,126
Additions during the year		105,353	-
Balance at the end of the year		264,479	159,126
Accumulated amortization			
Balance at the beginning of the year		159,123	158,580
Charge for the year	20	13,169	543
Balance at the end of the year		172,292	159,123
Net book value		92,187	3

8 - Advances to purchase of intangible assets

During the year, the Company paid SAR 101,494 to acquire a new accounting system. The total cost of the accounting system will amount to SAR 115,000 and the implementation and usage will be completed in 2025.

9 - Prepaid expenses and other assets

A- This item consists of the following

	2024	2023
Prepaid expenses	153,019	6,568
Advances to suppliers	100,562	9,668
Other receivables	13,633	-
Refundable deposits	9,233	-
Employees receivable	829	36,461
Letters of guarantee	-	119,120
Others	17,798	1,500
	295,074	173,317

10 - Accounts receivable

A- This item consists of the following:

	2024	2023
Accounts receivable	12,340,907	4,005,864
Provision for expected credit loss - C	(421,336)	(81,306)
	11,919,571	3,924,558

B- The aging of accounts receivable is as follows:

	2024		2023	
	Gov. & Semi Gov	Private	Gov. & Semi Gov	Private
1-90 Days	920,000	7,728,451	3,132,322	-
91-180 Days	-	-	-	-
181-365 Days	-	-	-	-
More than 365 Days	3,692,456	-	873,542	-
Total	4,612,456	7,728,451	4,005,864	-
Grand Total	12,340,907		4,005,864	

C- The movement of the expected credit loss is as follows:

	Note	2024	2023
Balance at the beginning of the year		81,306	-
Charge for the year	20	340,030	81,306
Balance at the end of the year		421,336	81,306

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

10 - Accounts receivable (continued)

D- The lifetime expected loss provision for trade receivables is as follows:

	1 – 90 Days	91 – 180 Days	181 – 365 Days	More than 365 Days	Total
2024					
Gross carrying value	8,648,451	-	-	3,692,456	12,340,907
Expected loss rate	0.18%	-	-	11%	-
Expected credit loss provision	15,166	-	-	406,170	421,336
	1 – 90 Days	91 – 180 Days	181 – 365 Days	More than 365 Days	Total
2023					
Gross carrying value	3,132,322	-	-	873,542	4,005,864
Expected loss rate	0.1%	-	-	9%	-
Expected credit loss provision	2,850	-	-	78,542	81,306

The Company takes into account any changes in the credit quality of accounts receivable from the date of granting credit until the end of the reporting period. Based on past experience, it is expected that all receivables, which have not declined in value, will be collected. The Company considers governmental and semi-governmental receivables to be of high credit quality. (Note 26)

11 - Cash and cash equivalents

A- This item consists of the following:

	2024	2023
Cash at banks	22,620,094	6,397,701
Short term murabaha deposits – B	-	5,022,844
	22,620,094	11,420,545

B- The Company invested in bank Murabaha deposits with local banks during the year amounting to SAR 10,000,000 (2023:SAR 5,000,000) at an average interest rate of 5.46% and an average maturity of 30 days. This resulted in bank Murabaha deposit interest income of SAR 70,445 for the year ended 31 December 2024 (2023: SAR 22,844)

12 - Statutory reserve

According to the Company's Articles of Association, the General Assembly, when determining the share of profits to be distributed to the shareholders, may decide to form reserves to the extent that serves the Company's interests or ensures the distribution of fixed dividends to the shareholders. The General Assembly did not determine a specific percentage to be allocated from the net profit of the year for the formation of any reserves.

13 - Defined employees' benefit plan obligations

A- The Company determines the present value of the defined employees' benefit plan measurement obligations by conducting an actuarial valuation using the projected credit unit method after considering the following set of assumptions:

	2024	2023
Discount rate	5.80%	4.90%
Salary increase rate	4.00%	3.00%
Employee turnover rate	1.00-25.00%	1.00-25.00%
Retirement age	65 years	60 years

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

13 - Defined employees' benefit plan obligations (continued)

B- The following is the movement of defined employees' benefits plan obligations:

	Note	2024	2023
Balance at the beginning of the year		521,000	595,000
<u>Stated in statement of profit or loss</u>			
Current service cost		86,000	91,000
Finance cost	22	29,000	30,000
<u>Stated in other comprehensive income</u>			
Loss / (gain) from remeasurement of employees' defined benefit plan		42,167	(172,560)
<u>Movement in cash</u>			
Employees' defined benefit plan obligations paid		(11,167)	(22,440)
Balance at the end of the year		667,000	521,000

C- The following is a sensitivity analysis of employees' defined benefits plan obligations:

	2024		2023	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	609,000	739,000	477,000	573,000
Salary increase rate	740,000	607,000	574,000	476,000
Employee turnover rate	673,000	659,000	526,000	515,000

The sensitivity analysis are based on the change in assumptions while all other assumptions are held constant. From a scientific point of view, this is unlikely to happen and some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' defined benefits plan to a fundamental actuarial assumption, the same method is applied (the present value of employees' defined benefits plan is calculated on the basis of the projected unit credit method).

14 - Related parties

During the year, there were transactions with related parties as part of the Company's normal course of business and with management approval. The transactions with the related parties are approved by the management. This item includes the following:

A- The significant transactions with related parties are as follows:

Related party	Nature of relationship	Nature of transaction	Transaction volume	
			2024	2023
Ameera Eidaan Naif Al-Tawil Al-Otaibi	Shareholder	Dividends	5,239,528	5,054,963
		Dividends Paid	(4,430,213)	(5,054,963)
Al-Jawhara Eidaan Naif Al-Tawil Al-Otaibi	Shareholder	Dividends	308,208	284,475
		Dividends Paid	(210,799)	(281,884)
Ahmed Eidaan Naif Al-Tawil Al-Otaibi	Shareholder	Dividends	308,208	-
		Dividends Paid	(208,208)	-
Bader Eidaan Naif Al-Tawil Al-Otaibi	Shareholder	Dividends	308,208	-
		Dividends Paid	(208,208)	-

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

14 - Related parties (continued)

B- Salaries and benefits of senior executives

Compensation of key management personnel represents those amounts paid to persons who have authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any manager (whether executive or otherwise). Compensation of key management personnel includes: (short-term benefits, long-term benefits, post-employment benefits, termination benefits).

The remuneration and benefits key management personnel are presented as follows:

	Nature of relationship	Nature of transaction	2024	2023
Senior executives	Employees	Salaries & benefits	748,935	720,900
Board of Directors and its Subcommittees	Charged with governance	Attendance fees Rewards	76,000 300,000	- -

15 - Accounts payable

The accounts payable balance amounted to SAR 16,599,794 as at 31 December 2024 (2023:SAR 1,540,421). These balances represents the amounts due to commercial suppliers for normal business transactions and do not bear any commission.

16 - Accrued expenses and other liabilities

	2024	2023
Accrued bonus and attendance fees	976,000	232,252
Accrued expenses	420,350	352,986
Accrued employees' salaries and benefits	283,674	144,888
Value added tax	171,874	510,342
Withholding tax	47,057	31,183
Employees' payable	2,049	16,714
Other	60,730	38,765
	<u>1,961,734</u>	<u>1,327,130</u>

17 - Zakat provision

A- The movement of zakat provision for the two years ended is as follow:

	2024	2023
Balance, at the beginning of the year	323,992	458,572
Charge during the year	402,474	323,992
Zakat paid during the year	(323,992)	(458,572)
Balance, at the end of the year	<u>402,474</u>	<u>323,992</u>

B- Zakat status

The Company finished its zakat status until 2018. The Company submitted the financial statements and zakat declarations to the Zakat, Tax, and Customs Authority for all years from 2019 until 2023, and the amount due was paid based on those declarations and obtained the required certificates. The Company has not received any zakat assessments until the issuance of these financial statements.

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

18 - Revenue

A- Type of revenue

	<u>2024</u>	<u>2023</u>
Revenue from organizing entertainment events	<u>104,905,774</u>	<u>36,483,318</u>

B- Customer type:

	<u>2024</u>	<u>2023</u>
Governmental and semi - governmental	<u>96,553,839</u>	<u>26,534,424</u>
Private sector	<u>8,351,935</u>	<u>9,948,894</u>
	<u>104,905,774</u>	<u>36,483,318</u>

C- Timing of revenue recognition

	<u>2024</u>	<u>2023</u>
Over a period of time	<u>104,905,774</u>	<u>36,483,318</u>

D- Geographical source of revenue

All revenue is generated from customers based in the geographical locations of Kingdom of Saudi Arabia.

19 - Cost of revenue

	<u>2024</u>	<u>2023</u>
Project costs	<u>34,350,825</u>	<u>6,762,666</u>
Travel and hotel expenses	<u>20,558,493</u>	<u>1,228,510</u>
Operating and leasing equipment	<u>19,547,936</u>	<u>12,398,923</u>
Outsourced manpower and freelancers	<u>10,627,309</u>	<u>4,145,534</u>
	<u>85,084,563</u>	<u>24,535,633</u>

20 - General and administrative expenses

	Note	<u>2024</u>	<u>2023</u>
Employees' salaries and benefits		<u>6,365,777</u>	<u>3,684,345</u>
Depreciation of right-of-use assets	6	<u>1,103,954</u>	<u>1,001,837</u>
Incentives and bonuses		<u>976,000</u>	<u>232,252</u>
Professional and consulting fees		<u>360,000</u>	<u>264,500</u>
Provision for expected credit loss	10	<u>340,030</u>	<u>81,306</u>
Social insurance		<u>273,029</u>	<u>154,149</u>
Withholding tax		<u>234,535</u>	<u>487,002</u>
Medical insurance		<u>129,959</u>	<u>100,788</u>
Utilities		<u>121,882</u>	<u>63,132</u>
Repairs and maintenance		<u>64,084</u>	<u>19,068</u>
Travel and transportation		<u>43,313</u>	<u>15,570</u>
Bank charges		<u>36,595</u>	<u>28,394</u>
Depreciation of property and equipment	5	<u>23,823</u>	<u>178,285</u>
Amortization of intangible assets	7	<u>13,169</u>	<u>543</u>
Others		<u>678,789</u>	<u>416,507</u>
		<u>10,764,939</u>	<u>6,727,678</u>

**TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)**

21 - Other income

	2024	2023
Income from short term Murabaha deposits	70,445	22,844
Gain on sale of property and equipment	52,074	-
Government support for entities	24,000	6,000
Scrap sales	32,516	-
Training revenue	13,633	-
Insurance surplus	1,106	8,075
	193,774	36,919

22 - Finance cost

	Note	2024	2023
Finance costs for lease obligations	6	110,888	104,675
Finance costs for employees' defined benefit plan obligations	13	29,000	30,000
		139,888	134,675

23 - Dividend Distribution

	2024	2023
Dividend payable (Note 14-A)	1,109,315	2,591
	1,109,315	2,591

Annual Dividend Distribution

The General Assembly of Shareholders, in its meeting dated 14 Ramadan 1445 AH (corresponding to 24 March 2024), approved the Board of Directors' proposal to distribute cash dividends to shareholders for the year 2023, totaling SAR 2,000,000. These dividends were paid in cash during 2024.

Quarterly Dividend Distribution

With the authorization of the General Assembly of Shareholders, the Board of Directors, in its meeting dated 16 Safar 1446 AH (corresponding to 20 August 2024), decided to distribute cash dividends to shareholders for the period ending 30 June 2024, totaling SAR 2,164,150. Of this amount, SAR 1,554,835 was paid in cash during 2024.

Additionally, with the authorization of the General Assembly of Shareholders, the Board of Directors, in its meeting dated 18 Jamda Al-Awal 1446 AH (corresponding to 20 November 2024), decided to distribute cash dividends to shareholders for the period ending 30 September 2024, totaling SAR 2,000,000 out of total amount, SAR 1,500,000 was paid in cash during 2024.

The opening balance of dividend payable was paid during the year.

24 - Earnings per share

The basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding at the end of the year, as follows:

	2024	2023
Net profit for the year	8,707,684	4,798,259
Weighted average number of shares	1,000,000	1,000,000
Basic and diluted earnings per share	8.71	4.80

25 - Financial commitments and contingent liabilities

The Company has contingent liabilities related to bank guarantees issued by local banks on behalf of the Ministry of Culture for the purpose of the project for the study and planning of marketing and communication for the Music Authority's initiatives, in the amount of SAR 0 as at 31 December 2024 (2023: SAR 119,120)

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)

26 - Financial instruments and risk management and fair value

Financial instruments

Financial instruments have been categorized as follows:

Financial assets:

	2024	2023
Accounts receivable	12,340,907	4,005,864
Other assets	23,695	155,581
Cash and cash equivalents	22,620,094	11,420,545
	34,984,696	15,581,990

Financial liabilities:

	2024	2023
Lease liabilities	1,078,000	2,256,000
Accounts payable	16,599,794	1,540,421
Dividend payable	1,109,315	2,591
	18,787,109	3,799,012

Financial risk and risk management

The Company has an exposure to the following risks from its use of the financial instruments:

- Credit risk
- Liquidity risk
- Capital risk
- Market risk

This note shows information about the Company's exposure to each of the risks above, the goals of the Company, policies, methods of measurement and risk management.

Risk Management

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management frameworks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities, through its training and management procedures and standards, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's policy states that all customers who want to deal on a forward basis are subject to credit check. Financial instruments that are subject to concentration of credit risk consist mainly of customer receivables. The Company deposits bank balances with a number of financial institutions with a good credit rating and has a policy of setting limits on its balances deposited with each financial institution.

Credit risk related to accounts receivable

Customers are evaluated according to the Company's standards. The Company does not believe that there is a significant risk of inefficiency of these institutions and does not consider itself exposed to credit risk concentrations in relation to debtors due to the diversity of its customer base.

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)

26 -Financial instruments and risk management and fair value (continued)

Risk management (continued)

Credit risk related to cash and cash equivalents and other assets:

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Cash is substantially placed with national banks with sound credit ratings. The Company does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Management has conducted an assessment in accordance with the requirements of International Financial Reporting Standard (9), and based on this assessment, management believes that there is no need to recognize a material impairment loss in cash and cash equivalents and other financial assets.

ECL assessment for accounts receivable

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The key inputs into the measurement of ECL are the following variables:

- Probability of default ("PD") using statistical model (i.e. normal distribution curve)
- GDP and inflation of KSA, as a macroeconomic variable to adjust the historic loss rate

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

	2024	2023
Account receivables	11,919,571	3,924,558
Cash and cash equivalents	22,620,094	11,420,545
Other assets	23,695	155,581
	34,539,665	15,500,684

Liquidity risk

Liquidity risk represents the Company's difficulties in meeting commitments associated with its financial liabilities. The Company's approach to managing liquidity risk is to maintain sufficient cash and cash equivalents and ensure that funds are available meet commitments as they fall due.

The management monitors the risk of liquidity shortage using forecast models to determine the effects of operating activities on the overall liquidity availability, and maintains an available cash liquidity ratio, which ensures debt repayment when due.

The table below summarizes the maturity dates of the Company's financial liabilities based on contractual payments:

	From 1 to 12 months	From 1 to 5 years	Total
2024			
Lease obligation	1,078,000	-	1,078,000
Accounts payable	16,599,794	-	16,599,794
Dividend payable	1,109,315	-	1,109,315
	18,787,109	-	18,787,109
2023			
Lease obligation	1,178,000	1,078,000	2,256,000
Accounts payable	1,540,421	-	1,540,421
Dividend payable	2,591	-	2,591
	2,721,012	1,078,000	3,799,012

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)

26 -Financial instruments and risk management and fair value (continued)

Risk management (continued)

Capital risk

The Company's policy is to maintain a strong capital base to maintain the confidence of users of the financial statements and to sustain the future development of the business. The Company manages its capital structure and adjusts it in light of changes in economic conditions. Management monitors the return on capital, which the company determines as the result of operating activities divided by total equity. There were no changes in the Company's method of managing capital during the year.

Management also monitors the level of dividend distributions to owners. The Company is committed to these requirements.

Market risk

Market risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to changes in market prices. Market risk comprises three types of risks: Interest rate risk, currency risk and other price risk such as commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Commodity price risk is not significant.

Currency risk

Currency risks refer to the risks arising from fluctuations in the value of a financial instrument due to changes in foreign exchange rates. Currency risks arise when future commercial transactions and recognized liabilities are denominated in currencies different from the company's functional currency. The Company's exposure to foreign exchange risks is primarily related to transactions with suppliers in U.S. dollars, euros, Canadian dollars, and UAE dirhams. The fluctuations in exchange rates against the U.S. dollar, euro, and Canadian dollar are monitored continuously. The following quantitative data outlines the Company's exposure to foreign currency risks:

	Amount in foreign currency	Foreign currency	Amount in SAR
<u>2024</u>			
Payables to suppliers	34,824	AED	35,713
Payables to suppliers	21,000	USD	79,044
<u>2023</u>			
Payables to suppliers	46,877	Canadian Dollar	130,074

Interest rate risk

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments because of a change in the interest rate of the market. The Company's financial assets and liabilities as of the balance sheet date are not exposed to interest rate risk.

Fair value and fair value hierarchy

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)

26 -Financial instruments and risk management and fair value (continued)

Fair value and fair value hierarchy (continued)

Financial instruments by category

<u>31 December 2024</u>	<u>Carrying amount</u>			<u>Total Carrying amount</u>
	<u>Financial instruments - FVTPL</u>	<u>Financial instruments - FVOCI</u>	<u>Financial instruments at amortized cost</u>	
Financial assets				
Current:				
Other assets	-	-	23,695	23,695
Accounts receivable	-	-	12,340,907	12,340,907
Cash and cash equivalents	-	-	22,620,094	22,620,094
Total financial assets	-	-	34,984,696	34,984,696
Financial liabilities				
Current:				
Lease liabilities	-	-	1,078,000	1,078,000
Accounts payable	-	-	16,599,794	16,599,794
Dividend payable	-	-	1,109,315	1,109,315
Total financial liabilities	-	-	18,787,109	18,787,109
<u>31 December 2023</u>				
Current:				
Other assets	-	-	155,581	4,005,864
Accounts receivable	-	-	4,005,864	155,581
Cash and cash equivalents	-	-	11,420,545	11,420,545
Total financial assets	-	-	15,581,990	15,581,990
Financial liabilities				
Current:				
Lease liabilities	-	-	2,256,000	2,256,000
Accounts payable	-	-	1,540,421	1,540,421
Dividend payable	-	-	2,591	2,591
Total financial liabilities	-	-	3,799,012	3,799,012

As at the year end, the Company does not have any financial instruments measured at fair value categorised within the fair value hierarchy based on the lowest level of input (Level 1, Level 2 or Level 3).

27 -Cashflow information

A- Non-cash items

- Additions to right-of-use assets and lease liabilities. (Note 6)
- Dividend payable (Note 23)

B- Changes in liabilities arising from financing activities

<u>2024</u>	<u>1 January 2024</u>	<u>Cashflows</u>	<u>Non-Cash</u>	<u>31 December 2024</u>
Lease obligations	2,105,246	(1,178,000)	110,888	1,038,134
<u>2023</u>	<u>1 January 2023</u>	<u>Cashflows</u>	<u>Non-Cash</u>	<u>31 December 2023</u>
Lease obligations	117,836	(1,298,000)	3,285,410	2,105,246

28 -Comparative figures

Some of the prior year figures have been reclassified to conform to the current year's presentation.

TIME ENTERTAINMENT UNLISTED JOINT STOCK COMPANY
(JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Saudi Riyals)

29 -Subsequent events

Management believes that there are no significant subsequent events after the date of the financial statements and prior to the issuance of these statements that require their amendment or disclosure.

30 -Approval of financial statements

The financial statements were approved by the Company's Board of directors on 23 Ramadan 1446 AH (corresponding to 23 March 2025)