



**Taiba Investment Company
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 December 2024

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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Ernst & Young Professional Services (Professional LLC)
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Taiba Investment Company

(A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Taiba Investment Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including accounting policy information.

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

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



INDEPENDENT AUDITOR’S REPORT
To the Shareholders of Taiba Investment Company
(A Saudi Joint Stock Company) (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment and impairment reversal of property and equipment</u></p> <p>As described in Note 7 (Property and equipment), the Group held ﺃ 5,644 million (2023 restated: ﺃ 5,760 million).</p> <p>The carrying values of property and equipment are reviewed annually by management to assess whether there are indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amounts of these assets are less than its carrying value. The group engages an independent certified external valuer to help the management to determine the recoverable amounts, the valuation is carried out using common methodologies and approaches, and this matter is considered a key audit matter as these methodologies and approaches involve significant judgement and estimates like sales price, occupancy rate, market rent, future rental income, discount rates and terminal values, others, including economic fluctuations impact on the Group’s business.</p> <p>Please refer to note (3) of consolidated financial statements for more details regarding significant accounting judgements relating to property and equipment and note (4) for regarding material accounting policy information.</p>	<p>In response to the identified key audit matter, the following audit procedures have been performed:</p> <ul style="list-style-type: none"> • Reviewed management procedures in identifying impairment indicators in respect to property and equipment and obtained an understanding of the key controls relating to the impairment review process and determination of cash flow forecasts; • Tested the mechanical accuracy of the impairment models, with input from our valuation specialists; • Evaluated objectivity, independency, competence and experience of the valuer. • Performed testing on a sample of property and equipment by involving our valuation specialists to review the following: <ul style="list-style-type: none"> ○ The reasonableness of the calculations of value-in-use and the underlying assumptions including cash flow projections and discount rates used. ○ Analyzing significant assumptions and evaluating its impact on the fair values and assessing the impact of changes in the key assumptions to the outcome reached by management • Reviewed minutes of meetings of board of directors in relation to the business plan of property and equipment during the year and future years, if any. • Assessed the completeness and accuracy of disclosures within the financial statements with reference to relevant IFRS requirements.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Taiba Investment Company
(A Saudi Joint Stock Company) (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><u>Projects Under Construction Impairment and Improper capitalization</u></p> <p>As described in Note 8 (Projects Under Construction), the Group held ﷲ 1,230 million (2023 restated: ﷲ 610 million).</p> <p>The Group has a variety of projects under construction, primarily focused on the hospitality sector. These projects include the development of new hotels, expansions within existing hotel properties, and compounds.</p> <p>The typical expenses incurred for such projects include design costs, construction costs, project management and supervision fees, as well as the cost of furniture and fixtures. Borrowing costs associated with financing these projects are also capitalized in accordance with relevant accounting standards. In addition, other soft costs, such as permitting, legal fees, and other administrative expenses directly attributable to the construction process, are also capitalized and added to the carrying value of the projects.</p> <p>The carrying value of these projects under construction are reviewed by management for potentiation indicators of impairment.</p> <p>The impairment of these projects under construction and assessment of capitalized costs is considered a key audit matter since it requires management judgement in reviewing the existence of impairment indicators and assessment over capitalized costs.</p> <p>Please refer to note (3) of consolidated financial statements for more details regarding significant accounting judgements relating to projects under construction and note (4) for regarding material accounting policy information.</p>	<p>In response to the identified key audit matter, the following audit procedures have been performed:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process and key controls surrounding the projects under construction capitalization and impairment. • Assessed the movements in projects under construction, identifying any major movement from year to year or idle projects. • On a sample basis, and applying a low testing threshold we have performed the following on a project level: <ul style="list-style-type: none"> ○ Ensured that capitalized expenses are in line with IAS 16. ○ Arranged meeting with the project managers to understand and assess the plans for the project and discussed the progress of the project with the expectations on the completion date and unusual delays. • Reviewed minutes of meetings of board of directors and investor committees in relation to the business plan of each project. • Assessed the completeness and accuracy of disclosures within the financial statements with reference to relevant IFRS requirements.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Taiba Investment Company (A Saudi Joint Stock Company) (Continued)

Other information included in The Group's 2024 Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and the Group's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are 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 consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Taiba Investment Company
(A Saudi Joint Stock Company) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Taiba Investment Company
(A Saudi Joint Stock Company) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 26 Ramadan 1446H
(26 March 2025)



TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Note</i>	<i>2024</i>	<i>31 December 2023</i> <i>(Restated – note 40)</i>
		ﷲ	ﷲ
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	5,644,260,087	5,760,594,474
Projects under construction	8	1,226,782,434	610,819,613
Goodwill and intangible assets	9	150,713,331	156,869,319
Investment properties	10	731,707,338	735,148,004
Right-of-use assets	11	241,559,097	215,460,461
Financial assets carried at FVOCI	12	711,841,558	576,127,219
Investment in equity accounted investees	13	429,394,894	382,472,472
Derivative financial instruments	38	20,353,337	4,136,864
Amounts due from related parties	14	16,120,807	15,407,282
Advances, prepayments and other receivables - non-current	17	94,846,145	151,855,073
TOTAL NON-CURRENT ASSETS		9,267,579,028	8,608,890,781
CURRENT ASSETS			
Inventories	15	19,113,524	21,598,227
Trade receivables	16	105,586,571	156,015,260
Amounts due from related parties	14	3,624,633	1,665,119
Advances, prepayments, and other receivables	17	74,286,886	80,933,526
Financial assets carried at FVOCI	12	134,999,199	168,080,084
Short-term investments	18	-	100,000,000
Cash and cash equivalents	19	244,818,515	388,501,103
TOTAL CURRENT ASSETS		582,429,328	916,793,319
TOTAL ASSETS		9,850,008,356	9,525,684,100
EQUITY AND LIABILITIES			
Equity			
Share capital	21	2,604,574,830	2,604,574,830
Share premium	22	1,720,000,000	1,720,000,000
Statutory reserve	23	1,000,000,000	1,000,000,000
General reserve	24	221,440,351	208,791,276
Retained earnings		1,063,763,209	899,335,837
Other reserves		237,801,808	125,853,393
Equity attributable to the shareholders of the parent		6,847,580,198	6,558,555,336
Non-controlling interests		81,705,109	108,360,254
TOTAL EQUITY		6,929,285,307	6,666,915,590
NON-CURRENT LIABILITIES			
Employees' defined benefits liabilities	26	96,290,258	83,178,090
Lease liabilities	11	235,944,991	238,420,678
Long-term loans	25	1,352,671,002	1,451,473,438
TOTAL NON-CURRENT LIABILITIES		1,684,906,251	1,773,072,206
CURRENT LIABILITIES			
Lease liabilities – current	11	48,344,625	39,687,428
Long-term loans – current	25	299,344,616	261,002,550
Trade and other payables	27	671,048,548	565,239,747
Amounts due to related parties	14	36,041,098	35,653,789
Dividends payable	28	155,167,604	155,678,170
Zakat payable	29	25,870,307	28,434,620
TOTAL CURRENT LIABILITIES		1,235,816,798	1,085,696,304
TOTAL LIABILITIES		2,920,723,049	2,858,768,510
TOTAL EQUITY AND LIABILITIES		9,850,008,356	9,525,684,100

Mr. Amin Abdullah Albukhari
Chief Financial Officer

Mr. Sultan Badr Alotaibi
Chief Executive Officer

Mr. Badr Abdullah Aleisa
Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

	<i>Note</i>	<i>2024</i>	<i>2023</i>
		<i>ﷲ</i>	<i>(Restated – note 40) ﷲ</i>
Revenues	30	1,315,282,488	536,406,532
Costs of revenues	31	(756,711,625)	(193,325,269)
Gross profit		558,570,863	343,081,263
Selling and marketing expenses		(13,869,461)	(1,012,574)
General and administrative expenses	32	(106,011,850)	(69,598,413)
Reversal of impairment on trade receivables	16	8,749,096	11,941,133
Other operating expenses, net	33	(20,514,883)	(119,754,375)
Operating profit		426,923,765	164,657,034
Dividends from financial assets carried at FVOCI	34	11,245,845	16,243,698
Share of results in equity accounted investees	13	(10,777,595)	(913,722)
Finance costs	36	(89,122,600)	(14,329,593)
Reversal / (provision) for impairment of other receivables	17	5,706,810	(10,706,810)
Loss on sale of investment in subsidiary	1	-	(24,904,388)
Other income / (expenses), net	35	7,847,582	(9,449,799)
Profit before zakat from continuing operations		351,823,807	120,596,420
Zakat expense	29	(19,131,101)	(10,540,352)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		332,692,706	110,056,068
Discontinued operations			
Loss after zakat from discontinued operations	20	-	(885,173)
NET PROFIT FOR THE YEAR		332,692,706	109,170,895
<u>Net profit (loss) for the year attributable to:</u>			
Shareholders of the Parent Company		333,724,736	109,161,022
Non-controlling interests		(1,032,030)	9,873
		332,692,706	109,170,895
Earnings per share:			
Basic and diluted earnings per share attributable to equity holders of the Parent	37	1.28	0.65

Mr. Amin Abdullah Albukhari
Chief Financial Officer

Mr. Sultan Badr Alotaibi
Chief Executive Officer

Mr. Badr Abdullah Aleisa
Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024	2023 <i>(Restated – note 40)</i>
		ﷲ	ﷲ
Net profit for the year		332,692,706	109,170,895
OTHER COMPREHENSIVE INCOME:			
<i>Item that may be reclassified to consolidated statement of income in subsequent periods:</i>			
Net change in fair value of cash flow hedges	38	24,497,224	(9,672,468)
Reclassification of realized portion from cash flow hedge in the consolidated statement of Income	38	(10,789,340)	(3,797,648)
<i>Item that will not be reclassified to consolidated statement of income in subsequent periods:</i>			
Share of OCI in equity accounted investees		994,807	-
Net unrealized gain from revaluation of financial assets carried at FVOCI	12	102,633,454	112,439,623
Re-measurements of employee benefits	26	(5,387,730)	(612,334)
TOTAL OTHER COMPREHENSIVE INCOME		111,948,415	98,357,173
Total comprehensive income for the year		444,641,121	207,528,068
Total comprehensive income (loss) attributable to:			
Shareholders of the Parent Company		445,673,151	207,518,195
Non-controlling interests		(1,032,030)	9,873
		444,641,121	207,528,068

Mr. Amin Abdullah Albukhari
Chief Financial Officer

Mr. Sultan Badr Alotaibi
Chief Executive Officer

Mr. Badr Abdullah Aleisa
Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Equity attributable to the shareholders of the parent						Non-	Total equity	
	Share capital	Share premium	Statutory reserve	General reserve	Other reserves	Retained Earnings	controlling interests		
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	
Balance as at 31 December 2023	2,604,574,830	1,720,000,000	1,000,000,000	208,791,276	125,853,393	899,335,837	6,558,555,336	108,360,254	6,666,915,590
Net profit for the year	-	-	-	-	-	333,724,736	333,724,736	(1,032,030)	332,692,706
Other comprehensive income for the year	-	-	-	-	111,948,415	-	111,948,415	-	111,948,415
Total comprehensive income for the year	-	-	-	-	111,948,415	333,724,736	445,673,151	(1,032,030)	444,641,121
Dividends during the year	-	-	-	-	-	(169,297,364)	(169,297,364)	(468,040)	(169,765,404)
Incorporation of a subsidiary	-	-	-	-	-	-	-	4,000	4,000
Acquisition of non-controlling interests during the year	-	-	-	12,649,075	-	-	12,649,075	(25,159,075)	(12,510,000)
Balance at 31 December 2024	2,604,574,830	1,720,000,000	1,000,000,000	221,440,351	237,801,808	1,063,763,209	6,847,580,198	81,705,109	6,929,285,307
Balance as at 31 December 2022	1,604,574,830	-	1,000,000,000	208,791,276	27,558,030	790,174,815	3,631,098,951	25,529,293	3,656,628,244
Net profit for the year – restated	-	-	-	-	-	109,161,022	109,161,022	9,873	109,170,895
Other comprehensive income for the year	-	-	-	-	98,357,173	-	98,357,173	-	98,357,173
Total comprehensive income for the year	-	-	-	-	98,357,173	109,161,022	207,518,195	9,873	207,528,068
Issuance of new shares	1,000,000,000	1,720,000,000	-	-	-	-	2,720,000,000	-	2,720,000,000
Acquisition of a subsidiary – restated	-	-	-	-	-	-	-	107,950,369	107,950,369
Disposal of a subsidiary	-	-	-	-	-	-	-	(25,129,281)	(25,129,281)
Write-off of specific employee benefits provisions	-	-	-	-	(61,810)	-	(61,810)	-	(61,810)
Balance as at 31 December 2023 – restated (note 40)	2,604,574,830	1,720,000,000	1,000,000,000	208,791,276	125,853,393	899,335,837	6,558,555,336	108,360,254	6,666,915,590

Mr. Amin Abdullah Albukhari
Chief Financial Officer

Mr. Sultan Badr Alotaibi
Chief Executive Officer

Mr. Badr Abdullah Aleisa
Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2024

	Note	2024	2023 (Restated – note 40)
		S	S
OPERATING ACTIVITIES			
Profit before zakat from continuing operations		351,823,807	120,596,420
Loss before zakat from discontinued operations		-	(885,173)
		<u>351,823,807</u>	<u>119,711,247</u>
<i>Adjustments to reconcile income before zakat to net cash flow:</i>			
Depreciation of property and equipment	7	128,385,054	34,032,380
Amortization of intangible assets	9	6,476,899	1,271,299
Depreciation of investment properties	10	11,833,488	10,218,195
Depreciation on right-of-use asset	11	16,133,367	1,338,142
impairment of property and equipment, net		2,050,000	-
Impairment of projects under construction		2,184,716	-
Reversal of impairment of right-of-use assets	11	(29,267,624)	-
Impairment of investment properties	10	-	3,238,663
Loss on sale of property and equipment	35	2,625,402	13,959,502
Provision of employees' defined benefits liabilities	26	14,168,166	4,324,281
Reversal of provision for impairment of trade receivables	16	(8,749,096)	(11,941,133)
(Reversal of) / Provision for impairment of other receivables	17	(5,706,810)	10,706,810
Loss from discontinued operations	20	-	885,173
Loss on disposal of investment in a subsidiary	1	-	24,904,388
Loss / (gain) from impairment of inventories	33	1,554,606	(253,778)
Provision for legal cases obligations	33	3,804,221	59,417,082
Finance costs on term loans	36	70,352,258	12,697,034
Finance costs on lease liabilities	36	18,258,320	1,547,777
Unwinding of discount of due from related parties		(530,323)	(407,282)
Dividends from financial assets carried at FVOCI	34	(11,245,845)	(16,243,698)
Group's share of results of investment in equity accounted investees	13	10,777,595	913,722
Provision for losses of investment in associates	35	2,143,291	2,781,791
		<u>587,071,492</u>	<u>273,101,595</u>
<i>Working capital adjustments:</i>			
Trade receivables		59,177,785	18,000,555
Advances, prepayments and other receivables		12,353,449	19,831,987
Inventories		930,097	1,101,225
Trade and other payables		13,720,652	16,377,763
Related parties		(1,755,406)	(941,772)
		<u>671,498,069</u>	<u>327,471,353</u>
Cash flows from operations			
Employees' defined benefits liabilities paid	26	(6,443,728)	(1,660,071)
Zakat paid	29	(21,695,414)	(7,380,728)
		<u>643,358,927</u>	<u>318,430,554</u>
Net cash flows from operating activities			

The attached notes 1 to 46 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

For the year ended 31 December 2024

	<i>Note</i>	<i>2024</i>	<i>2023</i> <i>(Restated – note 40)</i>
		ﷲ	ﷲ
INVESTING ACTIVITIES			
Dividends received		11,245,845	16,243,697
Cash and cash equivalent acquired on acquisition of subsidiary	40	-	126,190,408
Short-term investments	18	100,000,000	(100,000,000)
Additions to property and equipment	7	(29,467,158)	(43,002,503)
Additions to investment properties	10	(369,652)	(16,684,535)
Additions to projects under construction		(486,818,779)	(205,471,404)
Advances to contractors for projects under development, net		57,008,928	(44,324,476)
Additions to intangible assets	9	(320,911)	(1,094,176)
Financing to investment in an equity accounted investee		-	(15,000,000)
Additions to investment in equity accounted investees	13	(62,853,539)	(1,111,457)
Proceeds from investment in an equity accounted investee upon liquidation		6,148,331	-
Proceeds from disposal of property and equipment		19,874,598	161,862
Proceeds from sale of investment in subsidiary		-	5,500,000
Net movement of assets held-for-sale and associated liabilities		-	(229)
Net cash used in investing activities		(385,552,337)	(278,592,813)
FINANCING ACTIVITIES			
Repayment of term loans		(153,677,549)	(110,815,725)
Proceeds from term loans		86,584,493	303,120,561
Dividends paid		(169,807,929)	(2,617,550)
Payment of lease liabilities	11	(25,041,190)	-
Finance costs paid		(126,568,963)	(28,655,289)
Dividend to NCI		(468,040)	-
Acquisition of NCI		(12,510,000)	-
Net cash (used in) / generate from financing activities		(401,489,178)	161,031,997
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year	19	388,501,103	187,631,365
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		244,818,515	388,501,103
SIGNIFICANT NON-CASH TRANSACTION			
Unrealized gains from revaluation of financial assets at FVOCI	12	102,633,454	112,439,623
Net change in fair value of cash flow hedges	38	24,497,224	(9,672,468)
Transfer from projects under construction to property and equipment	8	15,156,679	269,837,254
Additions to projects under constructions		94,766,031	67,207,549
Capitalization of borrowing costs	8	47,269,406	15,933,090

Mr. Amin Abdullah Albokhari
Chief Financial Officer

Mr. Sultan Badr Alotaibi
Chief Executive Officer

Mr. Badr Abdullah Aleisa
Chairman of the Board

The attached notes 1 to 46 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

Taiba Investment Company (“Taiba”, “The Company” or “Parent Company”) has been formed as per the Royal Decree number M/41 dated 16 Jumada Al-Akhirah 1408H. its formation has been declared according to the decision of His Excellency the Minister of Trade and Investment No. 134 dated 13 Safar 1409H, corresponding to 24 September 1988, and Commercial Register No. 4650012403. The Extraordinary General Assembly held on 14 May 2019, agreed to amend article (2) of the Company’s By-laws regarding changing the name of Taiba Holding Company to Taiba Investment Company. The Company’s by-laws were amended on 21 May 2019.

The Company’s registered office is located at Riyadh, Building Number 6575, As-Safarat District, Post Code 12511 - Kingdom of Saudi Arabia

The Company’s main activities include buying, selling, leasing, operating, and managing real estate, hotels, commercial centers, hospitals, recreational and other residential, non-residential and tourism facilities. The activities also include construction, development and maintenance of commercial, residential and other real estate facilities as well as contracting in architectural, civil, mechanical, electrical, agricultural, industrial, mining, credit and mortgage service.

The Company may have an interest or participate in any way with bodies, companies or individuals that engage in similar activities, or which may assist in achieving its purpose as it may merge or incorporate or purchased and may invest funds that achieves its interests.

The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the concerned authorities, if any.

The consolidated financial statements include the financial statements of the Company and its subsidiaries as of 31 December 2024 (collectively referred to as the “Group”). All these subsidiaries are incorporated in the Kingdom of Saudi Arabia:

(A) Companies subject to the direct control of Taiba Investment Company,

<i>Subsidiary Name</i>	<i>Principal activities</i>	<i>Effective ownership (%)</i>	
		<i>31 December 2024</i>	<i>31 December 2023</i>
Al Aqeeq Real Estate Development Company	Real estate development	100%	100%
DUR Hospitality Company	Hospitality and real estate development	100%	100%

On 21 June 2022, the 36th Ordinary Assembly of Taiba Agriculture Development Company (“TADEC”) approved the recommendation of the Company’s board of directors for voluntary liquidation. Accordingly, the operations and balances of TADEC were presented as discontinued operations in the years 2022 and 2023. During the year ended 31 2023, the Company completed the sale of its total shares in TADEC, amounting to 274,000 shares, which represented 54.8% of the total shares of TADEC, for a total amount of ~~ﷲ~~ 5.5 million. This resulted in a net loss of ~~ﷲ~~ 24.9 million.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION (continued)

(B) Companies subject to the indirect control of Taiba Investment Company,

Subsidiary Name	Principal activities	Effective ownership (%)	
		30 December 2024	31 December 2023
Makkah Hotels Company Limited*	Hospitality	100%	99.44%
Saudi Hotel Services Company*	Hospitality	80%	70%
Alnakheel for Tourist Areas Company Limited	Hospitality	98.73%	98.73%
Nuzul Shada Hospitality Company	Hospitality and real estate development	60%	60%
Tabuk Hotels Company Limited	Hospitality	97.14%	97.14%
Jude Alia Company Limited	Real estate development	99%	99%
Al Sawaed Al Kareemah Investment and Real Estate Development Company	Hospitality and tourism	95%	95%
Sofraa Al Ewaa Hospitality Company (One Person Company)	Hospitality	100%	100%
Dara Oasis Company Limited (One Person Company)**	Tourism	-	100%
Dur Real Estate Communities Company (One Person Company)	Real estate development	100%	100%
Alsarh Alaniq Operation and Maintenance Company (One Person Company)	Cleaning and building maintenance services	100%	100%
Smart Zone Hotel Company	Hospitality	84%	84%

* During the year 2024, the Company purchased the non-controlling interest in Makkah Hotels Company Limited and Saudi Hotel Services Company. The legal formalities are still in progress and will be finalized in due course.

** During the year ended 31 December 2024, Dara Oasis Company Limited was liquidated, and its commercial registration was closed permanently.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for:

- investments in equity instruments at FVOCI and derivative financial instruments, which are measured at fair value; and
- employees’ end of service benefits which are measured under projected credit unit method.

Further, these consolidated financial statements have been prepared using an accrual basis of accounting and on the basis that the Group will continue to operate as a going concern.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (“**ﷲ**”), which is the functional and presentation currency of the Group. These consolidated financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

TAIBA INVESTMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. The management's estimates in the application of accounting policies, calculation methods and main sources of estimates are the same applied in the consolidated financial statements for the year ended 31 December 2023.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Sensitivity analyses (note 26 & note 40)
- Financial risks management (note 41)
- Capital management (note 42)

JUDGMENTS

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated Financial Statements:

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Determining method to estimate variable consideration and assessing the constraints.

Some contracts relating to the sale of goods, or the provision of contractual services result in a variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be is, the due.

The Group determined that the expected value method is the most appropriate way to be used to estimate the variable consideration for selling goods or providing the service as the chosen method better predicts the variable consideration given by the customer based on the limits of quantity provided during the period. Since the group provides the amounts of the goods agreed upon with the price that is variable when the quantity changes.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, uncertainty about the variable consideration will be resolved within a short-term range.

Property lease classification – Group as lessor

The Group has entered into leases on its properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue as a going concern for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

TAIBA INVESTMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material difference in the carrying amounts of assets and liabilities within the subsequent financial year, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are such in the assumptions when they occurrence. The following are information about assumptions and uncertainty from estimation.

Classification of investment properties

The Group determines whether a property qualifies as an investment property in accordance with IAS 40 Investment Property. In making such a judgment, the Group considers whether the property generates cash flows largely independent of other assets held by the Group.

Measurement of employees' defined benefit obligation

The Employees' defined benefit obligations ("DBO") are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed annually. Key assumptions are disclosed in (note 26).

Provision for expected credit losses (ECL) of trade receivables.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. 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 economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in notes (41 and 16).

Useful lives of properties and equipment and investment properties

The management determines the estimated useful lives of property and equipment, investment properties and intangibles for calculating depreciation and amortization. This estimate is determined after considering expected usage and physical wear and tear. Management reviews the residual value and useful lives annually and changes in depreciation and amortization charges (if any) are adjusted in current and future periods.

Estimate of fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2: Inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at December 31, 2024 and December 31, 2023, there is no movement between levels.

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value in (note 43).

TAIBA INVESTMENT COMPANY (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

ESTIMATES AND ASSUMPTIONS (continued)

Leases - Estimating the incremental borrowing rate.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("Group") as of 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it exercises control over the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date the Group obtains control until the date that such control ceases. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, equity, liabilities, income, expenses and cash flows relating to transactions between members of the Group companies are eliminated in full consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, and other components of equity for the subsidiary, while any resultant gain or loss is recognized in the consolidated statement of income. Any investment retained is recorded at fair value.

Non-controlling interest ("NCI") represents the interest in subsidiary companies, not held by the Group. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

TAIBA INVESTMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate non-controlling interests of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in "Other operating income / (expenses)".

When the Group acquires an entity or a business, it assesses the financial assets and liabilities controlled for appropriate classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the percentage of disposed activities from the remaining portion of the cash-generating unit.

4.3 Investment in equity accounted investees

The Group's investment in associate is accounted by equity method. An associate is an entity over which the Group has significant influence. A significant influence is the ability to participate in the financial and operating policy decisions for the investee but is not control or joint control over those policies.

Under the equity method, the investment in an associate is recognized in the consolidated statement of financial position at cost, plus the Group's share in changes after acquiring the business in net assets of the associate. Goodwill related to the associate is added to the investment carrying amount and is not amortized or reviewed on an individual basis to determine the impairment.

The consolidated statement of income reflects the Group's share in the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and disclose this, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same period as the Group. When needed, adjustments are made to match the accounting policies with that of the Group.

After application of the equity method the Group determines whether it is necessary to record an impairment loss for the investment of the Group in Associates. The Group determines at each consolidated statement of financial position date whether there is any objective evidence that the investment in associates is impaired. If so, the Group then accounts the amount of impairment as the difference between the recoverable amount from the associate and its carrying amount, and recognizes the amount in the consolidated statement of income under "impairment losses in investment in investee".

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Investment in equity accounted investees (continued)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

4.4 Investment properties

Investment properties include lands, buildings, and equipment held by the Group for rental or capital appreciation, or both. Investment property is measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated using the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property and equipment.

The cost of replacing a part of an item of investment properties is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of investment properties is recognised in the consolidated statement of income as incurred.

Any income or losses due to disposal of investment properties (representing the difference between the proceeds from disposal and the carrying amount of the disposed property) are recognised in the consolidated statement of income.

The rates of depreciation based on the estimated useful lives are as follows:

<i>Asset</i>	<i>Useful life</i>
Buildings	33 – 75 years
Equipment	5 – 20 years
Furniture and office equipment	5 – 20 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required. Transfers are made from investment properties to other operating properties categories only when there is a change in use evidenced by commencement of related activity such as development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

4.5 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials, direct labor, and any other costs directly attributable to preparing the asset for its intended use, the costs of dismantling, removing, and reinstalling on the job site, and borrowing costs to qualify the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gain or loss is determined when any item of property and equipment is disposed of by comparing the proceeds from disposal with the carrying amount of the asset and is recognized net within other income in the consolidated statement of income.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in consolidated statement of income as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value.

TAIBA INVESTMENT COMPANY (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.5 Property and equipment (continued)

Depreciation is charged in the consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The rates of depreciation based on the estimated useful lives are as follows:

<i>Asset</i>	<i>Useful life</i>
Building and improvements	33 – 75 years
Equipment and furniture	5 – 20 years
Motor Vehicles	5 years

The Group reviews depreciation methods, useful lives and residual value of property and equipment at least at the end of each financial year and in case there are any differences, they are considered as change in accounting estimates (in the change year and the subsequent years).

4.6 Assets and liabilities classified as held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or and group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in consolidated statement of income. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component (cash generating unit) of an entity that either has been disposed of or is classified as held-for-sale and:

- Represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, comparative statements of income and other comprehensive income is re-presented as if the activity had been classified under discontinued operations from the start of the comparative period; whereas, the statement of financial position for the comparative period is not restated.

4.7 Intangible assets

Intangible assets which are acquired are measured separately on initial recognition at cost. Cost of intangible assets acquired based on business combinations represents the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets internally developed (except for capitalized development costs) are not capitalized and expenses are included in the consolidated statement of income at the date of its maturity.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognising intangible assets are measured as the difference between the net of disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

TAIBA INVESTMENT COMPANY (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.7 Intangible assets (continued)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite live are amortised over the useful economic life on a straight-line basis over the life. The useful economic lives of the intangibles are as follows:

<i>Asset</i>	<i>Useful life</i>
Computer software	3 - 5 years
Brands	5 – 10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful lives of intangible assets with finite useful lives are reviewed regularly on the date of each reporting period.

4.8 Projects under construction

Projects under construction are presented at cost and are not depreciated. Depreciation on projects under construction commences when the assets are ready for their intended use and transferred to property and equipment. Finance charges in respect of loans used to finance the construction of the qualifying assets are capitalized during the period of time necessary to complete and prepare the asset for its intended use.

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or instrument of another entity.

Financial assets

Initial recognition, classification and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through comprehensive statement of comprehensive income, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS (15).

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through the consolidated statement of other comprehensive income.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in consolidated statement of income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade accounts receivables and other receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.9 Financial instruments (continued)

Financial assets (continued)

Financial assets classified at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 “Financial Instruments: Presentation” and are not held for trading. The classification is determined on an item-to-item basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of income. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVOCI

Financial assets classified at FVOCI are charged in the consolidated statement of financial position with net changes in fair value included in the consolidated statement of other comprehensive income.

This category includes derivative financial instruments.

The derivative financial instrument included in the mixed contract with the financial liability or the main non-financial contract is separated from the main contract and the instrument is accounted as an independent derivative, in case the economic characteristics and risks are not closely related to the main contract, with another independent instrument with the same terms and conditions that meets the definition of derivative without measuring the mixed contract at fair value through the consolidated statement of comprehensive income. Implicit derivative instruments are measured at fair value with changes in fair value included in the consolidated statement of comprehensive income. Re-estimation occurs only if there is a change in the terms and conditions of the contract that would substantially adjust cash flows or reclassify the financial asset off the fair value through the consolidated statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes the liabilities associated to asset. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through consolidated other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date after forming a provision for accounts receivables not expected to be collected. The Group has made a provision matrix that is based on the experience of prior credit losses, adjusted to future factors related to debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days due. In some cases, the Group may also consider that the financial asset to be in default when internal and external information indicates that it is not probable to receive the full existing contractual amounts before taking into account the credit improvements held by the Group. A financial asset is written off in the case there is no reasonable expectation of from the contractual cash flows.

Financial liabilities

Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the consolidated statement of income - as borrowings and loans - and payables. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable and term loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through the consolidated statement of income

This category includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Implicit independent derivatives are also classified as held for trading unless they are classified as effective hedges.

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

Financial liabilities at amortised cost (borrowings).

This is the category most relevant to the Group. After initial recognition, borrowings bearing interests are subsequently measured at amortised cost using the effective interest method ("EIR"). Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

Derecognition

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recorded in the consolidated statement of income.

TAIBA INVESTMENT COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.9 Financial instruments (continued)

Offsetting of financial instruments

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

4.10 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as a financial liability when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are taken directly to consolidated statement of income, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to consolidated statement of income when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting years for which they were designated.

If a hedging relationship ceased to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

When the Group discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in other comprehensive income if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover (as part of the hedging strategy), or when the hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is retained separately in other comprehensive income until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in other comprehensive income is transferred to consolidated statement of income for the period.

4.11 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on weighted average basis and includes expenditure incurred in bringing them to their existing location and condition. The cost of goods includes all transportation and preparation costs. Net realizable value is the estimated selling price in the ordinary course of business after deducting the estimated costs of completion and sale.

4.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less from the date of the original investment, which are available to the Company without any restrictions, and the consolidated statement of cash flows statement are prepared according to the indirect method.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.13 Employees benefit obligations

Short term employees' benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Retirement benefit in the form of General Organization of Social Insurance ("GOSI") is a defined contribution scheme. The Group has no obligation, other than the contribution payable to GOSI. The Group recognizes contribution payable to GOSI as an expense when due.

End of service benefits

The defined benefit plan is a compensation plan paid to employees after their services are completed and in accordance with the Saudi Labor Law, the Group makes payments to employees upon completion of their services, which are usually based on years of service, salary and reason of termination.

In compliance with the requirements of IAS 19 "Employee Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit method at the end of each financial year. Gains and losses resulting from actuarial revaluation are recorded in the consolidated statement of comprehensive income for the period in which revaluation occurred and is not included in consolidated statement of income. The cost of the previous service is calculated in consolidated statement of income during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit liability.

The cost of the current service of the defined benefit plan is recognized in the statement of income under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are included in the statement of income.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the consolidated statement of comprehensive income in the period in which they arise.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re- measurements

4.14 Provisions, contingent assets and contingent liabilities

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

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.15 Zakat and Tax

Zakat

Zakat is calculated for parent company and its subsidiaries in accordance with the zakat regulation issued by the Zakat, Tax and Customs Authority ("ZATCA") in the KSA, which is also subject to interpretations. The management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation. The zakat provision is charged to the consolidated statement of income. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalised.

Value-Added Tax (VAT)

Income, expenses and assets are recognized at net value (less tax sales) except in the following cases:

- If tax sales are earned on the acquisition of assets or services that are not recoverable from the ZATCA, in which case tax sales are recognized as part of the cost of purchasing the asset or part of the expenses according to the case.
- Include payables and receivables in the amount of tax sales.

The net amount of value added tax recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the consolidated statement of financial position.

4.16 Dividends

Interim dividends are recorded in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the general assembly of shareholders.

4.17 Leases

The Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right to use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are subject to impairment. Refer to the accounting policies in section "Impairment of non-financial assets".

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the payment is made.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.17 Leases (continued)

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

iv) Statement of cash flows

The Group has classified the cash payments of principal and finance cost elements of leases as financing activities.

4.18 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated.

The recoverable amount is the greater of the value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Assets that cannot be tested individually, are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

4.19 Revenue from contracts with customers

The revenues are measured based on the consideration specified in the contract with the customer and the Group recognizes the revenues when it transfers control over the goods or service to the customer over a period of time or at a point in time.

a) Revenues from sales of food and beverages

Revenue are recognized at a point of time when the control over the goods or services is transferred to the customer in an amount that reflects the compensation earned by the Group for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

b) Revenues for rooms

Revenue from rooms occupancy is recognized over time.

c) Revenues from other hospitality services

Revenues from other hospitality services provided in the Group's hotels are recognized when the services are provided to the customer.

d) Leases revenues (revenue of real estate leases)

Leases income are recognized in the statement of income on a straight-line-basis over the lease period. Rental incentives granted are included as part of total rental payments over the lease period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.19 Revenue from contracts with customers (continued)

e) Properties management fees

Management fee are earned from hotels managed by the Group, usually under long-term contracts with the hotel owners. Management fees include a base fee, which is generally a percentage of hotel revenue, and/or an incentive fee, which is generally based on the hotel's profitability; recognised when earned on an accrual basis under the terms of the contract.

4.20 Finance income and finance cost

Finance income includes interest income which is recognized as it accrues in consolidated statement of income, using the effective interest method. Dividend income is recognized in consolidated statement of income on the date that the Group's right to receive payment is established.

Finance costs comprise financial charges on term loans that are recognized in consolidated statement of income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of income using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

4.21 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyal, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of income reflects the amount that arises from using this method.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated financial statements date. All differences are recognised in consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

4.22 Costs and expenses

Expenses are recognized when incurred on the accrual basis of accounting. Expenses are classified as follows:

- (a) Cost of revenue: These include the cost directly attributable to sales of goods and provision of services, i.e. directly related to revenue recognized.
- (b) Selling and marketing: These are arising from the Group's efforts underlying the selling and marketing functions.
- (c) General and administrative expenses: All other expenses other than finance costs are classified as general and administrative expenses.

Allocations between cost of revenue, selling and marketing expenses and general and administrative expenses, when required, are made on a consistent basis.

4.23 Segment reporting

A business segment is a group of assets, operations and entities:

- (i) engaged in business activities from which it earns revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
- (ii) the results of its operations are continuously analyzed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment (for which financial information is discretely available).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

5. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

5.1 New standards, amendments and interpretation issued and effective

Following are amendments to the standards, which are effective for annual periods beginning on or before 1 January 2024:

Name of standard, amendment, or interpretation

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

These amendments had no impact on the consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5.2 New standards, amendments and interpretation issued but not yet effective

There are new and amended standards and interpretations that are issued, but not yet effective, up to the date of consolidated statement of financial position of the Group as listed.

- | | |
|---|---|
| - Amendments to IAS (21): Lack of exchangeability | 1 January 2025 |
| - Amendments to IFRS (9) and IFRS (7): Classification and Measurement of Financial Instruments | 1 January 2026 |
| - Annual improvements to IFRS accounting Standards | 1 January 2026 |
| - IFRS (18): Presentation and Disclosure in Financial Statements – Replaces IAS (1) Presentation of Financial Statements. | 1 January 2027 |
| - IFRS (19) - Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| - Amendments to IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | The effective date of this amendment is postponed indefinitely. |

The Group intends to adopt these standards and amendments, if applicable, when become effective. These standards and amendments will have no impact on the consolidated financial statements of the Group.

6. SEGMENT REPORTING

The Group has the following strategic divisions, which represents its reportable segments. These segments offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

All the Group's businesses are located in the Kingdom of Saudi Arabia. The following summary describes the operations of each reportable segment:

- A) Real estate sector - includes leasing services of residential and commercial centers owned by the Group and managing properties.
- B) Tourism sector - includes the operation and accommodation of hotels, hotel suites and tourist resorts.
- C) Property management sector – includes management and operations of the hotels and properties.
- D) Head office and others - includes corporate office and other support services departments and the financial information regarding other investments owned by the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

6. SEGMENT REPORTING (continued)

Following is a summary of certain financial information for the two years ended 31 December:

	<u>Real Estate</u>	<u>Tourism</u>	<u>Property Management</u>	<u>Head Office and Others</u>	<i>Elimination of inter segment balances and transactions</i>	<u>Total</u>
<u>2024</u>	S	S	S	S	S	S
Revenues	351,883,484	954,668,653	8,730,351	-	-	1,315,282,488
Intersegment revenues	18,676,587	12,574,034	29,469,177	245,000	(60,964,798)	-
Cost of revenues (excluding depreciation)	(59,244,460)	(560,621,814)	(21,461,436)	(22,339,714)	60,309,923	(603,357,501)
Depreciation and amortization	(47,418,626)	(104,882,286)	(1,053,212)	-	-	(153,354,124)
Gross segment profit	263,896,986	301,738,587	15,684,879	(22,094,714)	(654,875)	558,570,863
Segment assets	2,398,468,352	3,827,163,337	7,261	9,558,737,175	(5,934,367,769)	9,850,008,356
Segment liabilities	258,618,943	693,702,095	42,544,958	2,415,602,234	(489,745,181)	2,920,723,049
 <u>2023</u>						
Revenues	210,334,681	324,637,506	1,434,345	-	-	536,406,532
Intersegment revenues	549,332	110,000	2,165,468	-	(2,824,800)	-
Cost of revenues (excluding depreciation)	(23,685,482)	(125,957,386)	(1,446,126)	(540,792)	2,791,051	(148,838,735)
Depreciation and amortization	(12,207,243)	(32,275,777)	(3,514)	-	-	(44,486,534)
Gross segment profit	174,991,288	166,514,343	2,150,173	(540,792)	(33,749)	343,081,263
Segment assets	1,694,903,477	3,648,944,352	687,157	6,926,685,038	(2,745,535,924)	9,525,684,100
Segment liabilities	219,807,412	641,999,697	2,603,116	2,680,197,324	(685,839,039)	2,858,768,510

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

6. SEGMENT REPORTING (continued)

6.1 Reconciliation of information on reportable segments to income before zakat of the Group for the two years 31 December:

	2024 ﷲ	2023 ﷲ
Gross profit of operating segments	558,570,863	343,081,263
Un-allocated amount:		
Selling and marketing expenses	(13,869,461)	(1,012,574)
General and administrative expenses	(106,011,850)	(69,598,413)
Reversal of impairment losses on trade receivables	8,749,096	11,941,133
Other operating expenses	(20,514,883)	(119,754,375)
Dividend from investees at FVOCI	11,245,845	16,243,698
Share of results of equity accounted investees	(10,777,595)	(913,722)
Loss on sale of investment in subsidiary	-	(24,904,388)
Reversal / (provision) for impairment of other receivables	5,706,810	(10,706,810)
Finance costs	(89,122,600)	(14,329,593)
Other income / (expenses), net	7,847,582	(9,449,799)
Total un-allocated amounts	(206,747,056)	(222,484,843)
Income before zakat	351,823,807	120,596,420

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7. PROPERTY AND EQUIPMENT

7.1 Movement in property and equipment during the year ended December 31, 2024, is as follows:

	<i>Land</i> ﷲ	<i>Building</i> ﷲ	<i>Equipment and furniture</i> ﷲ	<i>Motor Vehicles</i> ﷲ	<i>Total</i> ﷲ
Cost:					
At beginning of the year	3,106,404,258	3,568,544,727	943,122,657	8,507,487	7,626,579,129
Additions	-	8,966,251	20,139,795	361,112	29,467,158
Disposals	(22,500,000)	(2,154,973)	(3,755,985)	(134,950)	(28,545,908)
Transfer from projects under construction (note 8)	-	11,189,234	3,967,445	-	15,156,679
Transfers to investment property	-	(11,023,363)	-	-	(11,023,363)
Balance at the end of the year	3,083,904,258	3,575,521,876	963,473,912	8,733,649	7,631,633,695
Accumulated depreciation and impairment					
At the beginning of year	4,780,166	1,304,911,585	548,636,982	7,655,922	1,865,984,655
Charge for the year	-	71,914,230	56,075,210	395,614	128,385,054
Disposals	-	(2,154,973)	(3,755,985)	(134,950)	(6,045,908)
(Reversal) / impairment of property and equipment (note 7.4)	-	(7,500,000)	9,550,000	-	2,050,000
Transfers to investment property	-	(3,000,193)	-	-	(3,000,193)
Balance at the end of the year	4,780,166	1,364,170,649	610,506,207	7,916,586	1,987,373,608
Net book value as at 31 December 2024	3,079,124,092	2,211,351,227	352,967,705	817,063	5,644,260,087

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7. **PROPERTY AND EQUIPMENT (continued)**

7.2 Movement in property and equipment during the year ended December 31, 2023, are as follows:

	<i>Land</i> ﷲ	<i>Building</i> ﷲ	<i>Equipment and furniture</i> ﷲ	<i>Motor Vehicles</i> ﷲ	<i>Total</i> ﷲ
Cost:					
At beginning of the year	1,568,896,008	790,717,553	153,066,125	818,064	2,513,497,750
Acquisition of a subsidiary	1,535,095,678	2,577,226,892	712,010,710	7,557,523	4,831,890,803
Additions	2,412,572	27,840,680	12,617,351	131,900	43,002,503
Disposals/ write-off	-	(11,120,723)	(20,528,458)	-	(31,649,181)
Transfer from projects under construction (note 8)	-	183,880,325	85,956,929	-	269,837,254
Balance at end of the year	<u>3,106,404,258</u>	<u>3,568,544,727</u>	<u>943,122,657</u>	<u>8,507,487</u>	<u>7,626,579,129</u>
Accumulated depreciation and impairment					
At the beginning of year	-	162,976,220	109,474,945	699,971	273,151,136
Acquisition of a subsidiary	4,780,166	1,123,035,357	441,288,959	6,833,514	1,575,937,996
Charge for the year	-	18,900,008	15,182,004	122,437	34,204,449
Disposals/ write-off	-	-	(17,650,754)	-	(17,650,754)
Transferred from investment properties	-	-	341,828	-	341,828
Balance at end of the year	<u>4,780,166</u>	<u>1,304,911,585</u>	<u>548,636,982</u>	<u>7,655,922</u>	<u>1,865,984,655</u>
Net book value as at 31 December 2023	<u><u>3,101,624,092</u></u>	<u><u>2,263,633,142</u></u>	<u><u>394,485,675</u></u>	<u><u>851,565</u></u>	<u><u>5,760,594,474</u></u>

7.3 Depreciation charged is detailed below:

	<i>2024</i> ﷲ	<i>2023</i> ﷲ
Cost of revenues	125,121,999	32,540,043
General and administrative expenses	3,263,053	1,664,406
	<u>128,385,052</u>	<u>34,204,449</u>

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For the year ended 31 December 2024

7. PROPERTY AND EQUIPMENT (continued)

7.4 An aggregate impairment charge of **ﷲ** 28.5 million was recognized in the year on property and equipment relating to a hotel located in Tabuk city and one in Jeddah city.

Further, an impairment reversal of **ﷲ** 26.5 million was recognized in relation of a hotel in Riyadh and arose as a result of the renegotiation of contractual lease agreement, enhancing the cash-generating potential. The recoverable amount was measured at value in use, using a discounted cash flow forecast used to assess the new deal with rentals based on the contractual terms.

In these impairment tests, hotel specific plans were used which use forecasts adjusted for factors specific to the individual property.

7.5 Property and equipment include four plots of land owned by the Group, in Al Madinah Al Munawara and Riyadh, with a total book value of **ﷲ** 522 million mortgaged to a local bank in exchange for a loan to carry out business on it.

7.6 Property and equipment include four plots of land located in Riyadh, which are situated in areas where regulators have currently halted activities related to construction licenses, as well as the sale, purchase, and division of properties, pending the completion of specific economic studies. As a result, the Group has impaired these lands, which are now recorded at a total nominal value of **ﷲ** 0.4 million.

7.7 Property and equipment include two plots of land located in Al Madinah Al Munawara and Riyadh with a carrying amount of **ﷲ** 120.9 million, which are located in areas that are now included in specific municipal development, and the company's management believes that if the regulators decide to acquire the lands, the compensation amount will exceed the carrying amount of the property.

8. PROJECTS UNDER CONSTRUCTION

Movement in projects under construction for the year ended 31 December is as follows:

	2024 ﷲ	2023 ﷲ
At beginning of the year	610,819,613	292,560,808
Acquisition of a subsidiary	-	299,484,016
Additions	633,304,216	288,612,043
Transferred to property and equipment (note 7)	(15,156,679)	(269,837,254)
Impairment of the projects under construction	(2,184,716)	-
Balance at the end of the year	1,226,782,434	610,819,613

8.1 The projects under construction mainly represent the cost of constructing new hotels and commercial centers and renovating existing hotels in addition to other projects. This includes contractors' cost, project management expenses, design expenses, borrowing cost and other miscellaneous amounts.

8.2 Transfers into property and equipment during 2024 represents renovation of a property in Tourism segment in Tabuk city, while in 2023 transfers of **ﷲ** 270 million mainly represent the cost of new residential property in Real Estate segment in Riyadh City in addition to renovation of properties in Real Estate and Tourism segments in Riyadh City and Madinah City.

8.3 The amount of borrowing costs capitalized for the year ended 31 December 2024 was **ﷲ** 47.3 million (2023: **ﷲ** 15.9 million). The rate used to determine the amount of borrowing costs eligible for capitalization is the effective interest rate for the borrowings specific to those qualifying assets.

8.4 The Group reviews the progress of these projects periodically. During their latest review of these projects and based on recent economic outlook for different regions in the Kingdom of Saudi Arabia, and taking into consideration the other projects and other constraints, the Group considers that it would not be continuing with certain projects. The Group has, therefore, impaired the entire capitalized costs of these projects aggregating **ﷲ** 2.2 million was recognized in the year.

9. GOODWILL AND INTANGIBLE ASSETS

	Computer Software ﷲ	Brands with a definite useful life ﷲ	Brand with indefinite useful life ﷲ	Goodwill ﷲ	Total ﷲ
Cost:					
At 1 January 2023	5,821,471	-	-	-	5,821,471
Acquisition of subsidiary (restated)	16,794,570	40,000,000	53,000,000	58,591,937	168,386,507
Additions	1,094,176	-	-	-	1,094,176
At 31 December 2023	<u>23,710,217</u>	<u>40,000,000</u>	<u>53,000,000</u>	<u>58,591,937</u>	<u>175,302,154</u>
Additions	320,911	-	-	-	320,911
At 31 December 2024	<u>24,031,128</u>	<u>40,000,000</u>	<u>53,000,000</u>	<u>58,591,937</u>	<u>175,623,065</u>
Accumulated amortization					
At 1 January 2023	3,801,123	-	-	-	3,801,123
Acquisition of a subsidiary	13,360,413	-	-	-	13,360,413
Amortization during the year	929,632	341,667	-	-	1,271,299
Balance at 31 December 2023	<u>18,091,168</u>	<u>341,667</u>	<u>-</u>	<u>-</u>	<u>18,432,835</u>
Amortization during the year	2,362,835	4,114,064	-	-	6,476,899
Balance at 31 December 2024	<u>20,454,003</u>	<u>4,455,731</u>	<u>-</u>	<u>-</u>	<u>24,909,734</u>
Net carrying amount					
At 31 December 2024	<u><u>3,577,125</u></u>	<u><u>35,544,269</u></u>	<u><u>53,000,000</u></u>	<u><u>58,591,937</u></u>	<u><u>150,713,331</u></u>
At 31 December 2023	<u>5,619,049</u>	<u>39,658,333</u>	<u>53,000,000</u>	<u>58,591,937</u>	<u>156,869,319</u>

9.1 Goodwill is acquired through business combination via acquisition of Dur Hospitality Company (“Dur”). The amount of goodwill has been restated (and does not correspond to the figures in 2023 financial statements) since adjustments to the final valuation of acquisition of Dur were made, as detailed in (note 40).

9.2 Acquisition of Dur Hospitality Company has resulted in the identification and recognition of brands as intangible assets as well.

9.3 Refer (note 40) for information relating to impairment assessment.

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10. INVESTMENT PROPERTIES

	<i>Land</i> ﷲ	<i>Building</i> ﷲ	<i>Furniture and equipment</i> ﷲ	<i>Total</i> ﷲ
Cost:				
At beginning of the year	502,268,599	227,775,307	74,092,111	804,136,017
Acquisition of a subsidiary	-	-	-	-
Additions during the year	-	-	369,652	369,652
Transfers from property and equipment	-	11,023,363	-	11,023,363
Disposals	-	-	-	-
Balance at the end of year	502,268,599	238,798,670	74,461,763	815,529,032
Accumulated depreciation and impairment				
At beginning of the year	1,550,000	45,531,291	21,906,722	68,988,013
Acquisition of a subsidiary	-	-	-	-
Depreciation for the year	-	5,557,102	6,276,386	11,833,488
Transfers from property and equipment	-	3,000,193	-	3,000,193
Disposals	-	-	-	-
Balance at the end of year	1,550,000	54,088,586	28,183,108	83,821,694
Net carrying amount				
At 31 December 2024	500,718,599	184,710,084	46,278,655	731,707,338
At 31 December 2023	500,718,599	182,244,016	52,185,389	735,148,004

10.1 The Group's investment properties consist of 7 commercial properties in Al Madina Al Munawara and Riyadh (2023: 6 properties) including offices, buildings and shops fully leased to other parties.

10.2 The fair value of investment properties amounted to ﷲ 3.02 billion (2023: ﷲ 3.59 billion). The fair value was determined by an independent external real estate evaluator (Jones Lang LaSalle 'JLL') accredited by the Saudi Authority for Accredited Valuers ("TAQEEM") to determine the investment properties fair value. The fair value of investment properties were determined using valuation methodologies including significant judgments and estimations. Any significant change in the assumptions used in the fair valuation of investment properties, such as the discount rate, return, rental growth, etc., will result in a significant change in fair value for these assets.

10.3 During the year 2024, the Group leased out a floor in the office building and accordingly the leased floor was transferred from property and equipment to investment property.

10.4 The investment property includes one plot of land owned by the Group, in Riyadh with a total book value of ﷲ 116 million mortgaged to a local bank in exchange for a loan to carry out business on it.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases several assets including lands and buildings. The Group's lease contracts include extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether this extension option is reasonably certain to be exercised. There were no leases with residual value guarantees to which the Group is committed.

(a) Right-of-use assets

Information about assets for which the Group is a lessee is presented below:

	2024 ﷲ	2023 ﷲ
Balance at beginning of the year	215,460,461	-
Acquisition of subsidiary	-	178,597,483
Impact of lease modification	12,964,379	38,415,611
Depreciation charged during the year	(16,133,367)	(1,552,633)
Reversal of impairment	29,267,624	-
Balance at the end of year	241,559,097	215,460,461

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities recognized and the movements during the year:

	2024	2023
	ﷲ	ﷲ
Balance at beginning of the year	278,108,106	-
Acquisition of subsidiary	-	324,056,688
Interest	18,258,320	5,016,803
Payments during the year	(25,041,190)	-
Impact of modification	12,964,380	(50,965,385)
Balance at the end of year	284,289,616	278,108,106
Less: Current portion	48,344,625	39,687,428
Non-current portion	235,944,991	238,420,678

During the year, the Group renegotiated the terms of a lease agreement, resulting in modification of lease liability and consequently, the right of use asset. Further, an impairment reversal of ﷲ 29.3 was recognized as a result of the renegotiated terms, enhancing the cash-generating potential.

The following are the amounts recognized in consolidated statement of income:

	2024	2023
	ﷲ	ﷲ
Depreciation expense of right-of-use assets	16,133,367	1,128,966
Financial charges on lease liabilities	18,258,320	1,177,704
Total amount recognized in consolidated statement of income	34,391,687	2,306,670

12. FINANCIAL ASSETS CARRIED AT FVOCI

	<i>Note</i>	2024	2023
		ﷲ	ﷲ
Investments in quoted shares	12.1	760,457,757	713,014,652
Investments in unquoted shares	12.2	86,383,000	31,192,651
Total		846,840,757	744,207,303
Less: Current portion*		134,999,199	168,080,084
Non-current portion		711,841,558	576,127,219

Movements during the year for financial assets carried at FVOCI was as following:

	2024	2023
	ﷲ	ﷲ
Balance at beginning of the year	744,207,303	630,051,595
Acquisition of subsidiary	-	1,716,085
Unrealized gain from revaluation, net	102,633,454	112,439,623
Balance at the end of year	846,840,757	744,207,303

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12. FINANCIAL ASSETS CARRIED AT FVOCI (continued)

12.1 Investment in quoted shares

	Shareholding percentage		2024 S	2023 S
	2024	2023		
SABIC for Agri-nutrients*	0.25%	0.25%	134,999,199	168,080,084
Knowledge Economic City Company	9.60%	9.60%	485,442,000	456,771,600
Makkah Construction and Development Company	0.72%	0.72%	140,016,558	88,162,968
Total			760,457,757	713,014,652

* During 2021, the Company decided to sell its shares in SABIC for Agri-nutrients, accordingly 6.7 million shares were sold in prior years resulting in cumulative realized gains of S 444.5 million. The remaining 1.2 million shares are classified in the current assets.

12.2 Investment in unquoted shares

	Shareholding percentage		2024 S	2023 S
	2024	2023		
Kinan International Real Estate Development Company	2.33%	2.33%	76,299,000	29,476,567
National Tourism Company	1.67%	1.67%	10,084,000	1,716,084
Total			86,383,000	31,192,651

13. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

Name	Principle business sector	Country of incorporation	Shareholder Direct (%)		2024	2023
			2024	2023		
Al-Seera City Company for Real Estate Development	Investment properties	Kingdom of Saudi Arabia	20%	20%	147,947	147,947
Saudi Heritage Hospitality Company (note 13.1)	Rendering of tourist services	Kingdom of Saudi Arabia	55%	55%	-	6,148,328
Knowledge Economic City Developers Company	Rendering real estate services	Kingdom Saudi Arabia	35.06%	35.06%	323,823,524	333,339,658
Al Madinah Hotels Company Limited	Rendering real estate services	Kingdom Saudi Arabia	50%	50%	4,142,289	4,142,289
Al-Madina Tower Real Estate Company	Rendering of hotel services	Kingdom of Saudi Arabia	49%	49%	101,281,134	38,694,250
Madinah Airport Hotel Company (note 13.2)	Rendering of hotel services	Kingdom of Saudi Arabia	33.33%	33.33%	-	-
					429,394,894	382,472,472

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13. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

Movement in investment in equity accounted investees during the year is as follows:

	2024 S	2023 S
Balance at beginning of the year	382,472,472	337,656,977
Acquisition of a subsidiary	-	44,617,760
Share in net profit or loss	(10,777,595)	(913,722)
Share in net other comprehensive income	994,807	-
Additions	62,853,541	1,111,457
Proceeds upon liquidation of an equity accounted investee (note 13.1)	(6,148,331)	-
Balance at the end of the year	429,394,894	382,472,472

- 13.1 During 2019, the shareholders agreed to liquidate Saudi Heritage Hospitality Company during the extraordinary assembly meeting of the company. The legal procedures for liquidation were completed during the year ended 31 December 2024 and the Group received its share of the final distribution.
- 13.2 During the year ended 31 December 2023, the partners of Madina Airport Hotel Company (including Taiba Investment Company) decided to support the cash liquidity position of Madinah Airport Hotel Company by providing a long-term loan by signing an “investment agency” contract with Madinah Airport Hotel Company, and Taiba Investment Company paid its share amounting to S 15 million matured on 31 May 2041. Further, the Group has recorded additional share of losses amounting to S 2.1 million (2023: S 2.8 million) (note 35) resulting in accumulated provision against losses of investment in equity accounted investees to be S 11.8 million (2023: S 9.7 million) (note 26). The Group is also liable for a potential liability of S 37.63 million, which represents the value of the guarantee granted by the Group to a financial institution to secure the loan of Madinah Airport Hotel Company and the Group has not registered any provision for this potential obligation.

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13. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

13.3 The following table summarizes the financial information of significant companies accounted at equity method included in their own financial statements, The table also reconciles the summarized financial information to the carrying amount of Group's interest in equity accounted Companies:

	<i>Madinah Airport Hotel Company</i>		<i>Knowledge Economic City Developers Company</i>		<i>Madina Tower Real Estate Company</i>	
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
	31/12/2024	31/12/2023	30/9/2024 *	30/9/2023 *	31/12/2024	31/12/2023
Percentage of ownership interest	33.33%	33.33%	35.06%	35.06%	49%	49%
Assets	111,295,239	122,645,224	734,790,533	766,045,891	421,172,413	258,921,781
Liabilities	146,755,480	151,675,591	2,063,853	3,628,432	213,149,881	179,634,641
Revenues	24,824,400	28,130,795	—	—	—	—
Total comprehensive loss attributable to shareholders	(8,516,507)	(8,396,604)	(11,680,532)	(1,124,373)	(697,085)	(460,527)
Group's share in comprehensive income **	(2,838,551)	(2,798,588)	(4,095,194)	(394,205)	(341,571)	(225,658)

* The financial statements on these dates represent the latest financial statements available to these companies in the date of preparing the financial statements of the Group for the current year and comparative year. The assets item in the financial statements of Knowledge Economic City Developers Company mainly represent an investment in shares in Knowledge Economic City Company, as it owns 83 million shares in Knowledge Economic City Company as at 31 December 2024.

** Group's share in comprehensive income includes ﷲ 2.5 million income pertaining to the prior year on account of recording the actual results of Knowledge Economic City Developers Company for the year ended 31 December 2023.

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14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include the shareholders, the key management personnel and the companies where the Group, the shareholders, the board of directors or key management personnel has control, joint control or significant influence. During its ordinary course of business, the Group transacts with related parties in accordance with the terms approved by management. The transactions represent services exchanged between the entities.

(a) *Due from related parties*

Name	Relationship type	Nature of transactions	Amounts of transactions		Closing balance	
			2024	2023	2024	2023
<u>Amounts due from related parties</u>			ﷲ	ﷲ	ﷲ	ﷲ
Madinah Airport Hotel Company	Equity accounted investee	Financing	713,525	15,000,000	16,120,807	15,407,282
Jazira Bader Compound owned by Assila Investment	Property owned by a shareholder	Management fee income	1,835,681	228,205	2,484,056	648,375
Al-Madinah Tower Real Estate Company	Equity accounted investee	Payments on behalf	753,071	-	753,071	-
Assila Investment Company	Shareholder	Payments on behalf	602,359	379,000	-	602,359
Others	Affiliates through common shareholding	Management fee income & payments on behalf	26,879	2,312,175	387,506	414,385
					19,745,440	17,072,401
Less: Non-current portion					16,120,807	15,407,282
Current portion					3,624,633	1,665,119

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14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Due to related parties

<i>Name</i>	<i>Relationship type</i>	<i>Nature of transactions</i>	<i>Amounts of transactions</i>		<i>Closing balance</i>	
			<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
			<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
Al Jazira and Dawudia Compounds	Owned by a partner in an equity accounted investee	Management fee income	-	-	18,460,369	18,460,369
Al Madinah Hotels Company Limited	Equity accounted investee	Management fee income	-	-	14,651,496	14,651,496
Owners of Taiba Residential and Commercial Center	Associated foundation	Maintenance and service	800,632	5,208,180	1,289,207	2,089,839
Assila Investment Company	Shareholder	Expenses paid on behalf	1,106,228		1,106,228	-
Makarim Al Bait Hotel	Property owned by a shareholder	Management fee income	176,486	236,224	384,203	207,717
Others	Affiliates through common shareholding	Management fee income	94,773	622,521	149,595	244,368
					36,041,098	35,653,789

Transactions with members of the Board of Directors:

There are transactions with financial institutions having common or first-degree relative members of the Board of Directors. The Group obtained facilities from these financial institutions having outstanding balances aggregating ﷲ 606 million as at 31 December 2024 (31 December 2023: ﷲ 692 million).

Compensation of Directors and Key Executive Management Personnel

The senior management represents the key members of the Company's management who have the powers and responsibilities to plan, direct and control the Company's activities. During the year, the compensations are as follows:

	<i>2024</i>	<i>2023</i>
	<i>ﷲ</i>	<i>ﷲ</i>
BOD remuneration, attendance allowance and committee's remuneration	8,760,097	5,701,264
Salaries, allowances and senior executives' remunerations	13,429,462	9,158,886
Employees' terminal benefits - key management personnel	785,227	447,131
	22,974,786	15,307,281

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15. INVENTORIES

	2024 ﷲ	2023 ﷲ
Linens	5,711,669	5,613,029
Spare parts	4,840,484	5,443,973
Accessories and silverware	4,592,193	4,916,231
Food and beverages	2,670,797	3,001,363
Kitchen tools and equipment	2,416,579	2,546,233
Operation supplies	2,238,464	1,609,038
Stationery and printing	567,619	838,035
	<u>23,037,805</u>	<u>23,967,902</u>
Less: Impairment for inventory	(3,924,281)	(2,369,675)
	<u><u>19,113,524</u></u>	<u><u>21,598,227</u></u>

Movement of the provision of impairment in slow moving inventory:

	2024 ﷲ	2023 ﷲ
Balance at beginning of the year	2,369,675	2,733,869
Charge / (reversal) during the year	1,554,606	(253,778)
Written off during the year	-	(110,416)
Balance at the end of the year	<u><u>3,924,281</u></u>	<u><u>2,369,675</u></u>

16. TRADE RECEIVABLES

	2024 ﷲ	2023 ﷲ
Trade receivables	195,763,268	280,399,381
Less: Provision for impairment	(90,176,697)	(124,384,121)
Balance at the end of the year	<u><u>105,586,571</u></u>	<u><u>156,015,260</u></u>

Movement in allowance for impairment of trade receivables is as follows:

	2024 ﷲ	2023 ﷲ
Balance at beginning of the year	124,384,121	102,739,079
Acquisition of a subsidiary	-	39,379,840
Reversal of provision during the year	(8,749,096)	(11,941,133)
Provision written off	(25,458,328)	(5,793,665)
Balance at the end of the year	<u><u>90,176,697</u></u>	<u><u>124,384,121</u></u>

Information about the Group's exposure to credit and market risks and impairment losses in value of trade receivables is presented in (note 41).

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17. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	ﷲ	ﷲ
Advances to suppliers and contractors	132,909,483	162,376,249
Advance for rent	-	43,818,607
Due from sale of associate - current portion	5,000,000	10,706,810
Contract assets	7,038,433	7,381,369
Prepayments	13,940,550	7,171,644
Advances to employees	3,582,026	3,443,890
VAT receivable, net	6,779,974	1,677,592
Others	6,009,450	8,046,133
	<u>175,259,916</u>	<u>244,622,294</u>
Less: non-current portion of advances to suppliers and contractors	94,846,145	151,855,073
	<u>80,413,771</u>	<u>92,767,221</u>
Less: provision	(6,126,885)	(11,833,695)
Advances, Prepayments and Other receivables – current	<u><u>74,286,886</u></u>	<u><u>80,933,526</u></u>

Movement in allowance for impairment of other receivables is as follows:

	2024	2023
	ﷲ	ﷲ
Balance at beginning of the year	11,833,695	862,873
Acquisition of subsidiary	-	264,012
(Reversal) / provision during the year	(5,706,810)	10,706,810
Balance at the end of the year	<u><u>6,126,885</u></u>	<u><u>11,833,695</u></u>

18. SHORT TERM INVESTMENTS

Short term investments comprise of Murabaha investments with a period of more than 3 months but less than a year. As at 31 December 2023, these investments amounted to ﷲ 100 million carrying interest rate of 6.05%. There are no short-term investments as of 31 December 2024.

19. CASH AND CASH EQUIVALENTS

	2024	2023
	ﷲ	ﷲ
Cash in bank (note 19.1)	211,698,321	297,755,171
Cash in hand	620,194	745,932
Murabaha investment (note 19.2)	32,500,000	90,000,000
	<u><u>244,818,515</u></u>	<u><u>388,501,103</u></u>

19.1 Balances at banks include restricted cash held by the Group amounted to ﷲ 102.1 million (31 December 2023: ﷲ 101.8 million ﷲ) related to dividends due to the Group's shareholders and this balance is not available for the general use of the Company.

19.2 Murabaha investments represent investment in Islamic Murabaha with commercial banks and the average maturity of those deposits' ranges between 30 to 90 days and bears an average Murabaha commission of 634 basis points.

19.3 The Group holds bank balances with financial institutions that have a sound credit rating.

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20. DISCONTINUED OPERATIONS

On 21 June 2022, the 36th Ordinary Assembly of Taiba Agriculture Development Company (“TADEC”) approved the recommendation of the Company’s board of directors for voluntary liquidation. Accordingly, the operations and balances of TADEC were presented as discontinued operations in the years 2022 and 2023.

21. SHARE CAPITAL

As at December 31, 2024, the share capital of the Company amounts to ﷲ 2,604 million (December 31, 2023: ﷲ 2,604 million), consisting of 260.5 million shares (December 31, 2023: 260.5 million shares) fully paid up, with a par value of ﷲ 10 each.

22. SHARE PREMIUM

During the year ended 31 December 2023, as part of the business combination, the Company issued 100 million new shares at ﷲ 27.2 per share. Accordingly, the amount in excess of the par value of the shares aggregating ﷲ 1,720 million has been recognized as share premium.

23. STATUTORY RESERVE

In accordance with Regulations for Companies in the Kingdom of Saudi Arabia and the Company’s By-Laws, the Company is required to set aside 10% of its net annual income to a statutory for the Company, and the ordinary General Assembly can decide to stop this transferring to the above-mentioned reserve when it reaches 30% of paid share capital. The Company decided to provide for ﷲ 1,000 million, and then ceased any further transfer. This reserve is not available for distribution.

24. OTHER GENERAL RESERVE

In accordance with the Company’s By-Laws, the General Assembly may decide to form other reserve to the extent that achieves the Group’s interest.

25. TERM LOANS

	2024 ﷲ	2023 ﷲ
Tawarruq financing	1,110,697,723	1,163,849,992
Murabaha financing	541,317,895	548,625,996
Balance at end of the year	1,652,015,618	1,712,475,988
Less: Current portion*	299,344,616	261,002,550
Non-current portion	1,352,671,002	1,451,473,438

The Group has secured term loans from number of local banks in the form of Murabaha and Tawarruq financing with a total carrying value of ﷲ 1,652 million as at 31 December 2024 (2023: ﷲ 1,712 million) which accrue commission at SIBOR plus agreed margin, which are equivalent to the market interest rates. These financing are secured by promissory notes, assignment of proceeds from certain projects’ rentals and lands.

Loan agreements include covenants mainly related to maintaining certain leverage ratios, total debt to equity and other covenants. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. The Group was compliant with the loan covenants as at 31 December 2024.

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26. EMPLOYEES DEFINED BENEFIT LIABILITIES

The Company and its subsidiaries have post-employment defined benefit plans. The benefits are required by Saudi Labor and Workman Law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The most recent actuarial valuation was performed by an independent, qualified actuary, licensed by the Saudi Central Bank, using the projected unit credit method.

Defined benefit plan	2024	2023
	ﷲ	ﷲ
Employees' terminal benefits	96,290,258	83,178,090

Movement of present value of employees' terminal benefits liabilities for the two years ended 31 December:

	2024	2023
	ﷲ	ﷲ
Defined benefits obligation at the beginning of the year	83,178,090	12,932,698
Acquisition of a subsidiary	-	66,968,848
Included in the consolidated statement of income:		
Current service cost	9,931,330	3,755,213
Interest cost on defined benefits obligation	4,236,836	569,068
	14,168,166	4,324,281
Included in consolidated statement of other comprehensive income		
Re-measurements of defined employee benefits liability from continued operations	5,387,730	612,334
Payments and settlements during the year	(6,443,728)	(1,660,071)
	96,290,258	83,178,090

Key actuarial assumptions

	2024	2023
Salary increases rate	5.25% - 5.50%	4.00% - 5.10%
Discount rate	4.65% - 5.30%	4.50% - 5.00%
Number of employees covered under terminal benefits plan	1,728	1,669

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December is shown below:

Assumption	Change	Impact on the liability	
		2024	2023
		ﷲ	ﷲ
Discount rate	0.5% increase	(2,056,303)	(2,416,593)
	0.5% decrease	2,161,362	2,607,542
Rate of change in salaries	0.5% increase	2,089,181	2,647,892
	0.5% decrease	(2,005,552)	(2,486,918)

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27. TRADE AND OTHER PAYABLES

	2024	2023
	S	S
Trade payable	31,478,183	47,366,171
Contract liabilities	178,649,806	158,204,632
Accruals for contractors for projects under construction	166,423,580	67,207,549
Retention payable	73,500,641	55,453,198
Provision for legal cases (note 27.1)	64,858,636	63,742,537
Accrued staff benefits	45,158,953	39,362,812
Accrued financial charges	20,933,853	25,724,497
Accrued professional fees and other services	18,016,803	28,168,735
Provision for impairment of investment in associates (note 13.2)	11,820,080	9,676,789
Payable to contractors	5,701,692	12,352,312
Accrued expenses of BOD members and committees	4,900,000	8,267,000
Other accrued expenses	43,413,577	24,994,108
Others payable	6,192,744	24,719,407
	<u>671,048,548</u>	<u>565,239,747</u>

27.1 Movement of the legal case provision:

Legal case provision	Opening balance	Charge during the year	Utilized during the year	Ending balance
	S	S	S	S
2024	63,742,537	3,804,221	(2,688,122)	64,858,636
2023	5,130,723	59,417,082	(805,268)	63,742,537

28. DIVIDENDS PAYABLE

The Board of Directors, in their meeting held on 26 March 2024, recommended to distribute cash dividend of S 169.3 million (S 0.65 per share) for the year ended 31 December 2023 which was approved by the shareholders in the General Assembly held on 20 May 2024.

The amount of dividends payable represents amounts due to shareholders for dividends that were not claimed by them as at the date of the consolidated statement of financial position.

The Group holds restricted cash amounting to S 102.1 million as at 31 December 2024 (31 December 2023: S 100.5 million) in segregated bank accounts for dividends payable to the Group's shareholders and this balance is not available for the general use of the Group.

29. ZAKAT

29.1 Zakat charge

The main components of the Zakat base for each Company according to the Zakat and income tax system consist of shareholders' equity, provisions at the beginning of the year and adjusted income less discounts for the adjusted net book value of property and equipment, investment properties and properties under development and investments.

Zakat charge for the year ended December 31 was as follows:

	2024	2023
	S	S
Zakat expense	<u>19,131,101</u>	<u>10,540,352</u>

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29. ZAKAT (continued)

29.2 Movement in Zakat provision

	2024	2023
	S	S
Balance at the beginning of the year	28,434,620	11,163,964
Acquisition of a subsidiary	-	14,111,032
Charged during the year	19,131,101	11,049,317
Paid during the year	(21,695,414)	(7,380,728)
Adjustments	-	(508,965)
Balance at the end of the year	25,870,307	28,434,620

29.3 Zakat status of the Group's companies

As at 31 December 2024, the Group's companies Zakat status was as follows:

Taiba Investment Company and Al Aqeeq Real Estate Development Company

From the year 2019, Taiba Investment Company and Al Aqeeq Real Estate Development Company, a wholly owned subsidiary, submitted a consolidated Zakat return. The consolidated Zakat returns have been filed with Zakat, Tax and Customs Authority ("ZATCA") for all years up to 2023 and Zakat certificate is received, valid until 30 April 2025.

The companies have received final Zakat assessments up to the year ended 31 December 2020. There are no outstanding liabilities as at the date of the financial statements.

During 2023 and 2024, ZATCA raised certain queries for the years 2021 to 2022 and 2023 respectively. The companies have provided the necessary information in response to ZATCA, and these are still under the ZATCA's review process.

Dur Hospitality Company

Dur Hospitality Company ("Dur") and its subsidiaries have filed their separate Zakat returns with ZATCA for all years up to 2023 and received Zakat certificates valid until 30 April 2025.

Dur received its final Zakat assessments from ZATCA up to the year ended 31 December 2022.

During 2024, ZATCA has raised certain queries for the year 2023. Dur has provided the necessary information in response to ZATCA, and these are still under the ZATCA's review process.

ZATCA issued zakat assessments for the subsidiaries of Dur for all the years up to 2018, except for Tabuk Hotels Company and Annakheel Company Tourist Areas Limited, which have received assessment till 2020 and Saudi Hotels Services Company, which has received assessment till 2019, Also ZATCA issued zakat assessments for Makah hotels company for the year 2020 and there is no any claims till now.

30. REVENUE

	2024	2023
	S	S
Hospitality services – rooms	723,160,186	250,822,276
Sales of goods - food and beverage	181,361,990	69,791,650
Other hospitality revenues	50,146,477	4,023,580
Total hospitality revenue	954,668,653	324,637,506
Rental - real estate properties	351,883,484	210,334,681
Property management	8,730,351	1,434,345
	1,315,282,488	536,406,532
Timing of revenue recognition	2024	2023
	S	S
Over time	1,133,920,498	466,614,882
At a point in time	181,361,990	69,791,650
	1,315,282,488	536,406,532

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31. COSTS OF REVENUE

	<i>2024</i>	<i>2023</i>
	ﷲ	ﷲ
Salaries and other employee benefits	273,438,159	55,600,083
Depreciation of property and equipment and right of use assets	153,354,124	44,454,846
Operating supplies	108,596,977	17,128,480
Utilities	47,903,598	18,337,922
Food and beverage	47,510,541	18,113,113
Commission for travelling agency and credit cards	38,638,014	9,410,248
Repair and maintenance	32,821,779	17,784,720
Service and operation fees	22,147,013	2,726,717
Advertising and promotion activities	19,097,479	2,541,140
Security and guarding	3,835,341	2,373,391
Others	9,368,600	4,854,609
	756,711,625	193,325,269

32. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2024</i>	<i>2023</i>
	ﷲ	ﷲ
Salaries and other employee benefits	55,283,272	38,514,176
Professional fee	17,808,744	12,534,169
Board of Director remuneration	8,760,097	5,763,429
Subscription	6,273,168	2,372,342
Hospitalities	4,825,899	518,351
Depreciation of property and equipment	3,263,053	1,664,406
Corporate Social Responsibility	3,165,781	3,046,124
Repair and maintenance	2,109,273	1,454,007
Communication and utilities	1,926,819	1,321,662
Others	2,595,744	2,409,747
	106,011,850	69,598,413

33. OTHER OPERATING EXPENSES

	<i>2024</i>	<i>2023</i>
	ﷲ	ﷲ
Pre-opening expenses*	30,120,932	111,162
Reversal of impairment of right of use asset	(29,267,624)	-
Depreciation of property and equipment*	6,211,631	580,527
Provision for legal cases (note 27.1)	3,804,221	59,417,082
Impairment of projects under construction	2,184,716	-
Impairment of property and equipment	2,050,000	-
Consultancy expenses (note 33.1)	1,469,677	49,554,939
Impairment / (reversal) of losses on slow moving inventory	1,554,606	(253,778)
Impairment of investment property	-	3,238,663
Losses from cancellation and termination of leases	-	2,647,019
Others	2,386,724	4,458,761
	20,514,883	119,754,375

* These expenses relate to a property under renovation and construction.

33.1 The Group incurred certain expenses of due diligence and other professional services in relation to merger and post-merger activities.

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34. DIVIDENDS FROM FINANCIAL ASSETS CARRIED AT FVOCI

	2024	2023
	S	S
Sabic for Agri-Nutrients Company	7,297,254	13,378,299
Kinan International Real Estate Development Company	1,818,720	1,678,818
Makkah Construction and Development Company	1,779,871	1,186,581
National Tourism Company	350,000	-
	<u>11,245,845</u>	<u>16,243,698</u>

35. OTHER INCOME / (EXPENSES), NET

	2024	2023
	S	S
Provision against losses of investment in associate (note 13.2)	(2,143,291)	(2,781,791)
Loss on disposal of property and equipment	(2,625,402)	(13,959,502)
Income from settlement of legal cases	3,392,960	-
Profits from sale of investments	3,282,564	-
Murabaha investments income	3,134,877	4,929,405
Income on liquidation of investments	731,368	-
Others	2,074,506	2,362,089
	<u>7,847,582</u>	<u>(9,449,799)</u>

36. FINANCE COSTS

	2024	2023
	S	S
Financial charges on term loans	70,352,258	12,697,034
Financial charges on lease liabilities	18,258,320	1,547,777
Bank charges	512,022	84,782
	<u>89,122,600</u>	<u>14,329,593</u>

37. EARNING PER SHARE

Earnings per share is calculated as follows:

	2024	2023
	S	S
Net profit for the year to shareholders	333,724,736	109,161,022
Weighted average number of ordinary shares	260,457,483	168,790,816
Earning per share - basic and diluted	<u>1.28</u>	<u>0.65</u>

No item for diluting earnings per share that impact weighted average number of ordinary shares.

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38. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has covered the risk of Murabaha rates on some of the loans obtained from local banks. This is to reduce the risk of Murabaha rates that are eligible for designation as “cash flow hedges”. The Group’s share of changes in effective cash flow hedge reserves, subsequent to acquisition is recognized in its equity. According to the Company’s policy, financial derivatives are not used for trading and speculation purposes.

As of 31 December 2024, Murabaha price swap agreements (“swap contracts”) with local banks amounted to a total nominal amount of **ﷲ** 600 million to hedge against future fluctuations in Murabaha rates for part of their loans signed with the bank for financing projects under development.

The tables below provide a summary of hedged items, hedging instruments and derivative trading, the notional amounts, and their fair values. The notional amounts indicate the volume of transactions outstanding at the financial statements date and are neither indicative of market risk nor credit risk.

Maturity date for swap contracts, and average rate of interest are as follow:

	<i>Maturity date</i>				<i>Total</i>
	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>More than 5 years</i>	
	ﷲ	ﷲ	ﷲ	ﷲ	
Murabaha rate swap contracts	—	—	—	600,000,000	600,000,000
Average rate of Murabaha	—	—	—	4.37%	4.37%

The impact of Hedging instrument on the statement of financial position is as below:

<i>Murabaha rate swap contracts as at 31 December</i>	<i>Nominal value</i>	<i>Carrying value</i>	<i>Item in the statement of financial position</i>	<i>Change in fair value</i>
2024	600,000,000	20,353,337	Derivative Financial instruments	ﷲ 24,497,224
2023	600,000,000	4,136,864	Derivative Financial instruments	(9,672,468)

The impact of Cash flow hedges recorded in statement of income and other comprehensive income consist of:

	<i>Profits and losses through other comprehensive income</i>	<i>Non-effectiveness recognized in statement of income</i>	<i>Item in the statement of income</i>	<i>Reclassified amounts through the statement of income</i>	<i>Item in the statement of income</i>
2024	ﷲ 24,497,224	ﷲ —	ﷲ —	ﷲ (10,789,340)	Finance costs
2023	(9,672,468)	—	—	(3,797,648)	Finance costs

39. CONTINGENCIES & COMMITMENTS

As at 31 December 2024, the Group has a guarantee amounted to **ﷲ** 37.63 million (31 December 2023: **ﷲ** 37.63 million) granted to local bank against loans and bank facilities to an associate (Note 13.2). The Group has contingencies in the form of letters of guarantee amounted to **ﷲ** 31.51 million (December 31, 2023: **ﷲ** 31.55 million).

As at December 31, 2024, the Group has capital obligations related to projects under development that represent the remaining value of design and implementation agreements and contracts amounting to **ﷲ** 501 million (31 December 2023: **ﷲ** 1,076 million). Further, the Group has capital commitment in relation to equity accounted investees’ projects under construction of **ﷲ** 39.3 million (31 December 2023: **ﷲ** 35.9 million).

For Zakat related matters, refer to (note 29).

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40. BUSINESS COMBINATION

On 16 Jumada Al-Ula (corresponding to 30 November 2023) Taiba Investment Company acquired 100% of the issued share capital of Dur Hospitality Company ("DUR"), a company based in the Kingdom of Saudi Arabia and listed on Saudi Stock Exchange ("Tadawul") at the time of business combination. Immediately following the acquisition, trading in DUR's shares was suspended on Tadawul and later DUR was delisted after completion of all relevant regulatory procedures.

DUR is involved in the business of construction, acquisition, operation, management, through partnership and rent of hotels, restaurants, motels, rest stops, entertainment centers, travel agencies, private and public roads and tourism areas. The acquisition is in line with the Group's strategy to increase market share and market competitiveness.

The acquisition has been accounted for using the acquisition method under IFRS 3 – "Business Combinations" with the group being the acquirer and DUR being the acquiree.

The net assets recognized in the annual consolidated financial statements for the year ended 31 December 2023 were based on a provisional assessment of their fair values. The valuation had not been completed by the date the 2023 consolidated financial statements were approved for issue by the board of directors.

In September 2024, the group completed the comprehensive purchase price allocation exercise that resulted in the fair value of the identifiable net assets as at acquisition date. The 2023 comparative information was restated to reflect these adjustments to provisional amounts. As a result, there was an increase of intangible assets, an increase in non-controlling interest and decrease in goodwill as detailed further in this note. The goodwill is primarily attributable to the expected future earnings of the acquired business and synergies created by the acquisition. The goodwill is deductible for zakat purposes.

(a) Purchase consideration

100,000,000 shares of Taiba Investment Company

SAR
2,720,000,000

The group issued 100,000,000 ordinary shares as consideration for the 100% in Dur. The fair value of the shares is calculated with reference to the quoted price of the shares of the company at the date of acquisition, which was SAR 27.2 per share. The fair value of the consideration given was therefore SAR 2,720,000. Transaction-related costs of SAR 49.6 million were expensed and are included in Other Operating Expenses. The attributable costs of the issuance of the shares were not material to the consolidated financial statements. As a result, there was an increase in share capital and share premium by SAR 1,000 million and SAR 1,720 million, respectively.

(b) Assets acquired and liabilities assumed

The following table summarizes the fair value of assets acquired and liabilities assumed at the date of acquisition.

Details of assets and liabilities	Fair value
	SAR
ASSETS	
Property and equipment	3,255,780,738
Projects under construction	299,484,016
Intangible assets	96,434,157
Investment property	267,459,668
Right of use assets	216,798,603
Financial assets carried at FVOCI	1,716,084
Investment in equity accounted investees	44,617,760
Inventories	21,732,021
Trade receivables	150,740,237
Amounts due from related parties	2,097,254
Advances prepayments and other receivables	108,666,488
Cash and cash equivalents	126,190,408
TOTAL ASSETS	<u><u>4,591,717,434</u></u>

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40. BUSINESS COMBINATION (Continued)

(b) Assets acquired and liabilities assumed (continued)

LIABILITIES

Employees' defined benefit liabilities	66,968,848
Term loans	1,160,314,288
Lease liabilities	276,560,329
Trade and other payables	227,517,555
Amounts due to related parties	33,314,034
Dividends payable	43,572,916
Zakat payable	14,111,032
TOTAL LIABILITIES	<u>1,822,359,002</u>
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	<u>2,769,358,432</u>

Non-controlling interest measured at proportionate share of identifiable net assets	107,950,369
Goodwill arising on acquisition	58,591,937
PURCHASE CONSIDERATION TRANSFERRED	<u>2,720,000,000</u>

(c) Acquired receivables

The fair value of acquired trade receivables is **ﷲ** 150.7 million. The gross contractual amount for trade receivables due is **ﷲ** 190.1 million, with provision for impairment of **ﷲ** 39.4 million recognized on acquisition.

(d) Accounting policy choice for non-controlling interest

The group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Dur, the group elected to recognize the non-controlling interests at their proportionate share of the acquired net identifiable assets.

(e) Revenue and profit contribution

Dur Hospitality Company contributed revenues of **ﷲ** 59.6 million and net loss of **ﷲ** 6.2 million to the Group for the period from 30 November 2023 to 31 December 2023. If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and net loss for the year ended 31 December 2023 would have been **ﷲ** 1,168 million and **ﷲ** 274.8 million, respectively.

These amounts have been calculated using DUR's results and adjusting them for the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property and equipment, investment property, right of use assets and intangible assets had applied from 1 January 2023.

(f) Analysis of cash flows on acquisition

	ﷲ
Cash and cash equivalent balance acquired	<u>126,190,408</u>

(g) Purchase price allocation

The net assets recognized in the consolidated financial statements for the year ended 31 December 2023 were based on a provisional assessment of their fair value while the Group continued the process of identification of intangible assets and determination of fair values of identified intangible assets and on-balance sheet items. The valuation had not been completed by the date the 2023 consolidated financial statements were approved for issue by the Board of Directors.

The Group has now completed a comprehensive purchase price allocation 'PPA' focusing on, but not limited to, valuation adjustments to the following:

- recognition of intangible assets including brand
- property and equipment and investment property
- other recognized financial and non-financial assets and liabilities.

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40. BUSINESS COMBINATION (Continued)

(g) Purchase price allocation (continued)

The Group has followed Relief for Royalty method, a form of income approach, to value the brands acquired.

The completion of the purchase price allocation exercise within twelve months from the acquisition date, including restatement of provisional fair values at which the net assets were acquired from DUR, has had the following impacts on the consolidated financial statements as at and for the year ended 31 December 2023:

As at and for the year ended 31 December 2023

Consolidated statement of financial position

Description	As previously reported - 31 December 2023 S	Effect of restatement /reclassification S	Restated balance - 31 December 2023 S
Property and equipment	4,884,793,428	875,801,046	5,760,594,474
Goodwill and other intangible assets	1,119,646,950	(962,777,631)	156,869,319
Investment properties	685,817,954	49,330,050	735,148,004
Right of use assets	177,468,517	37,991,944	215,460,461
Total assets	9,521,482,347	4,201,753	9,525,684,100
Retained earnings	899,974,078	(638,241)	899,335,837
Equity attributable to shareholders of the Company	6,559,193,577	(638,241)	6,558,555,336
Non-controlling interest	60,250,318	48,109,936	108,360,254
Total equity	6,619,443,895	47,471,695	6,666,915,590
Lease liabilities	325,234,392	(47,126,286)	278,108,106
Total liabilities	2,902,038,452	(43,269,942)	2,858,768,510

Consolidated statement of income

Description	As previously reported - 31 December 2023 S	Effect of restatement /reclassification S	Restated balance - 31 December 2023 S
Cost of revenues	(193,669,872)	344,603	(193,325,269)
General and administrative expenses	(69,566,725)	(31,688)	(69,598,413)
Finance costs	(13,959,520)	(370,073)	(14,329,593)
Net income for the year	109,919,742	(748,847)	109,170,895
EPS	0.65	(0.00)	0.65

(h) Goodwill and other intangible assets acquired through business combinations

Goodwill acquired through business combinations has been allocated to the cash-generating units (CGUs) in the following sectors:

Name	Amount
- Hotels	S 28.9 million
- Commercial centers	S 6.8 million
- Residential buildings	S 22.9 million

Impairment testing of the goodwill was performed by comparing the estimated recoverable amount of the Group's CGUs that carry goodwill with the carrying amount of net assets of each CGU. The recoverable amounts of the CGUs have been determined through a Value in Use (VIU) model. As at 31 December 2024, no impairment was recorded in the financial statements on the account of the recoverable amounts being higher than the carrying amount for each CGU. The Value in Use has been determined using the "Discounted Cashflow – Profits Method" and the key assumptions used in determining the VIU include the Discount rate ranging from (9.75% to 12.75%) and the capitalization rate ranging from (7.8% to 10.5%). A 0.25% increase in the discount rate and the capitalization rate would cause the fair value of these CGUs to decrease by S 57.5 million and a 0.25% decrease in the discount rate and the capitalization rate would cause the fair value of these CGUs to increase by S 69.4 million.

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40. BUSINESS COMBINATION (Continued)

(h) Goodwill and other intangible assets acquired through business combinations (continued)

Acquisition of Dur Hospitality Company also resulted in the identification of brands as intangible assets. The following brands have been recognized in financial statements:

Name	Amount	Useful life
- Makarem	ﷲ 53 million	Indefinite
- Nur by Makarem	ﷲ 1 million	5 years
- Shada	ﷲ 5 million	10 years
- Dara	ﷲ 6 million	10 years
- Dur Communities	ﷲ 25 million	10 years
-Dur Communities (Awal)	ﷲ 3 million	10 years

Impairment testing of the brand with indefinite life was performed by comparing the estimated recoverable amount of the brand with its carrying amount as at the reporting date. The recoverable amount of the Makarem brand has been determined through a Value in Use (VIU) model. The Value in Use has been determined using the "Relief-from-royalty method" and the key assumptions used in determining the VIU include the Discount rate of 11.5% and Terminal growth rate of 2%. As at 31 December 2024, no impairment was recorded in the financial statements on account of the recoverable amounts being higher than the carrying amount for the brand. A 0.5% increase in the discount rate and the terminal growth rate would cause the fair value of this brand to decrease by ﷲ 1.2 million and a 0.5% decrease in the discount rate and the terminal growth rate would cause the fair value of the brand to increase by ﷲ 1.2 million.

41. FINANCIAL RISK MANAGEMENT

The Group's significant financial liabilities include trade payables, other payables, advance from customers, and due to related parties, are initially measured at fair value and thereafter carried at their amortized cost. Financial assets comprise of trade receivables, due from related parties, other debit balances, and cash and cash equivalents measured at amortized cost, financial assets at fair value through OCI.

The Group is exposed to market risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Group's Treasury Department under a Service Level Agreement that advises on the financial risks and the appropriate financial risk governance framework. The Board reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include two kinds of risks: Commission rate risk and currency risk. Financial instruments affected by market risk include loans.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates.

The Company's exposure to the Group's risk of changes in market commission rates relates primarily to the Group's loans related to floating commission rates.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rate on that portion of loans affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings as follows:

	<i>100 basis point increase</i>	<i>100 basis point decrease</i>
2024	ﷲ (16,520,156)	ﷲ 16,520,156
2023	(17,124,760)	17,124,760

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Company is not exposed to any significant currency risks, as the Group has no material balances as at 31 December 2024 dominated in currencies other than ﷲ and US Dollars.

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41. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The Group's management also continuously monitors credit risk to customers. It recognizes the costs of the necessary decrease against the balances deemed doubtful. To reduce this risk, the Group has a system to reduce credit limits granted to customers based on an extensive assessment of customer rating and payment history.

Receivables are monitored regularly. The credit granted to most of the receivables is secured, where possible, by obtaining letters of credit, bank guarantee deposits, bank guarantees and insurance guarantees.

The Group also deposits its cash balances with a number of financial institutions of good reputation, given the previous business of the banks that the Group deals with the management does not expect any party to be unable to fulfill its obligations towards the other.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	<i>2024</i>	<i>2023</i>
	ﷲ	ﷲ
Financial assets:		
Trade receivables	105,586,571	156,015,260
Cash and cash equivalent	244,818,515	488,501,103
	350,405,086	644,516,363
	ﷲ	ﷲ
	<i>2024</i>	<i>2023</i>
	ﷲ	ﷲ
Financial assets:		
Secured	244,818,515	488,501,103
Unsecured	105,586,571	156,015,260
	350,405,086	644,516,363
	ﷲ	ﷲ

The debt lives of trade receivables are as follows:

31 December 2024	Trade receivables				
	Due days				
	<i>Less 90 days</i>	<i>91- 180 days</i>	<i>180- 360 days</i>	<i>More 360 days</i>	<i>Total</i>
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
Expected losses rate	0.01	0.05	0.24	0.75	0.47
Carrying amount exposed to default	58,233,210	4,542,227	18,365,237	114,622,594	195,763,268
Expected credit loss	(744,027)	(204,864)	(4,429,719)	(84,798,087)	(90,176,697)
31 December 2023	Trade receivables				
	Due days				
	<i>Less 90 days</i>	<i>91- 180 days</i>	<i>181- 360 days</i>	<i>More 360 days</i>	<i>Total</i>
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
Expected losses rate	0.07	0.25	0.09	0.65	0.45
Carrying amount exposed to default	61,603,900	10,911,294	30,701,762	177,182,425	280,399,381
Expected credit loss	(4,152,124)	(2,711,041)	(2,845,633)	(114,675,323)	(124,384,121)

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41. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments, Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows on a regular basis.

Management has developed policies and practices to manage liquidity risk in accordance with risk tolerance and ensure that the Group maintains adequate liquidity. Senior management continuously reviews information on the Group's liquidity developments.

The Group has set a strong mechanism to manage its cash to ensure the best use of available cash resources. This requires the regulation of collection and exchange systems in a way that maximizes the investment of un-invested funds through term deposits and short-term deposits, while reducing the borrowing of funds and ensuring that necessary facilities are available to manage its operations.

At 31 December 2024	<i>Within one year</i> ﷲ	<i>Two years and over</i> ﷲ	<i>Total</i> ﷲ
Trade and other payables	37,179,875	-	37,179,875
Dividend payables	155,167,604	-	155,167,604
Loans liabilities	299,344,616	1,352,671,002	1,652,015,618
Lease liabilities	48,344,625	235,944,991	284,289,616
	<u>540,036,720</u>	<u>1,588,615,993</u>	<u>2,128,652,713</u>

At 31 December 2023	<i>Within one year</i> ﷲ	<i>Two years and over</i> ﷲ	<i>Total</i> ﷲ
Trade and other payables	59,718,483	-	59,718,483
Dividend payables	155,678,170	-	155,678,170
Loans liabilities	261,002,550	1,451,473,438	1,712,475,988
Lease liabilities	39,687,428	238,420,678	278,108,106
	<u>516,086,631</u>	<u>1,689,894,116</u>	<u>2,205,980,747</u>

There is no material difference between the carrying amount and the fair value of these financial liabilities.

42. CAPITAL MANAGEMENT

Capital is equity attributable to the partners' equity of the Group. The Group's main objective when managing capital is to support its business and maximize the Shareholder's return.

Management's policy is to maintain a strong capital base so as to maintain investors and lenders and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Board of Directors monitors the return on capital, which the Group determines by the output of operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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42. CAPITAL MANAGEMENT (continued)

Group's debt to adjusted capital ratio is as follows:

	2024 ﷲ	2023 ﷲ
Total liabilities	2,920,723,049	2,858,768,510
Less: Cash and cash equivalent	(244,818,515)	(388,501,103)
Net debt (less cash and cash equivalents)	<u>2,675,904,534</u>	<u>2,470,267,407</u>
Equity	<u>6,929,285,307</u>	<u>6,666,915,590</u>
Net obligations to equity	<u><u>38.62%</u></u>	<u><u>37.05%</u></u>

43. FINANCIAL INSTRUMENTS

The Group measures financial instruments at fair value as at the date of the financial statements, set aside 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 assumption that selling an asset or transferring an obligation will take 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 may use when pricing the asset or liability and assuming that the participants act for their best interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits arising from the best use of the asset or its sale to another market participant who may be using the best use is taken into account.

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

All assets and liabilities for which fair values are measured or disclosed in the financial statements are classified within the fair value hierarchy, which is illustrated below, on the basis of the minimum inputs that are important to measure the fair values as a whole:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value can be observed directly or indirectly.
- Level 3 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value cannot be observed.

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43. FINANCIAL INSTRUMENTS (continued)

The following are the details of the classification of financial instruments:

	2024				2023			
	Total S	Amortized cost S	Fair value through statement of income S	Fair value through OCI S	Total S	Amortized cost S	Fair value through statement of income S	Fair value through OCI S
Financial Assets								
Financial asset at fair value	846,840,757	—	—	846,840,757	744,207,303	—	—	744,207,303
Trade receivables	105,586,571	105,586,571	—	—	156,015,260	156,015,260	—	—
Due from related parties	19,745,440	19,745,440	—	—	17,072,401	17,072,401	—	—
Cash and cash equivalent	244,818,515	244,818,515	—	—	388,501,103	388,501,103	—	—
Derivative financial instruments	20,353,337	—	—	20,353,337	4,136,864	—	—	4,136,864
TOTAL	1,237,344,620	370,150,526	—	867,194,094	1,309,932,931	561,588,764	—	748,344,167
Financial liabilities								
Trade and other payable	37,179,875	37,179,875	—	—	59,718,483	59,718,483	—	—
Dividend payable	155,167,604	155,167,604	—	—	155,678,170	155,678,170	—	—
Term loans	1,652,015,618	1,652,015,618	—	—	1,712,475,988	1,712,475,988	—	—
	1,844,363,097	1,844,363,097	—	—	1,927,872,641	1,927,872,641	—	—

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44. SUBSEQUENT EVENTS

There are no matters that have occurred up to and including the date of the approval of the consolidated financial statements that would materially affect the consolidated financial statements or require adjustments or disclosures in the consolidated financial statements for the year ended 31 December 2024.

45. COMPARATIVE FIGURES

For better presentation certain expenses relating to a property under construction has been reclassified from costs of revenue to other operating expenses. Further, in addition to the restatements as explained in (note 40), certain prior year numbers have been reclassified to conform with the presentation in the current year.

46. APPROVAL OF THE CONSOLIDATED FINANCIAL

The consolidated financial statements were approved and authorized for issue by the Group's Board Directors on 26 Ramadan 1446H (corresponding to 26 March 2025).