MBC Group Prospectus

Offering Period: Five days

commencing on Thursday 01/06/1445H (corresponding to 14/12/2023G)

and ending at 5:00 pm on Monday 05/06/1445H (corresponding to 18/12/2023G)

GROUP

A Saudi unlisted joint stock company registered under Commercial Registration No. 1010876295 dated 29/09/1444H (corresponding to 20/04/2023G)

Offering of thirty-three million, two hundred and fifty thousand (33,250,000) ordinary shares representing 10% of the share capital of MBC Group after the capital increase (which represents 11.11% of the Company's share capital before the capital increase) through an initial public offering, at an Offer Price of SAR [●] per share.

MBC Group Company (hereinafter referred to as the "**Company**" or the "**Issuer**") was incorporated on 29/09/1444H (corresponding to 20/04/2023G) as a Saudi closed joint stock company registered under Commercial Registration No. 1010876295 dated 29/09/1444H (corresponding to 20/04/2023G), with its head office at 3237, Abu Qasim Al-Majriti, Diplomatic Quarter, 6501, Riyadh 12511, the Kingdom of Saudi Arabia (the "**KSA**"). The Company and its Subsidiaries are collectively referred to as the ("**Group**" or "**MBC Group**").

MBC Group's history dates back to 1991G, when it began operations in London, UK, and launched the first private Arab satellite channel. The Company then expanded its business and now has a prominent presence in many Arab jurisdictions, including the KSA, the UAE, Lebanon, Syria, Jordan, Iraq and Egypt.

Upon the incorporation of the Company, the Company's Substantial Shareholders conducted a restructuring of MBC Group, whereby ownership of all the Group Companies was transferred from MBC Group Holdings (BVI) to the Company, leading to the Company's direct and indirect ownership of all 35 Subsidiaries of the Group (for more information on the incorporation, history and restructuring of the Group and its Subsidiaries, please refer to Section 4.2 ("**Structure of the Group**"), Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**") and Section 12.4 ("**Subsidiaries**") of this Prospectus).

The Company's current share capital is two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) fully paid shares of equal value with a nominal value of ten Saudi Riyals (SAR 10) per share.

The Company was established on 29/09/1444H (corresponding to 20/04/2023G) with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) shares, all of which are of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share. All of the shares are fully paid cash shares. On 03/05/1445H (corresponding to 20/09/2023G), the Extraordinary General Assembly of the Company approved the increase of the share capital from five hundred thousand Saudi Riyals (SAR 500,000) to two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000) through the capitalization of two billion, nine hundred and ninety-two million Saudi Riyals (SAR 2,992,000,000) from Shareholders' additional contributions, represented by part of the book value of the companies which the Shareholders transferred from MBC Group Holdings (BVI) (the former parent company of the subsidiaries) to the Company according to the Group Restructuring process and the issuance of two hundred and ninety-nine million, two hundred thousand (299,200,000) new shares (for more details on the Group Restructuring process, please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**") and Section 12 ("**Legal Information**") of this Prospectus). On 28/04/1445H (corresponding to 12/11/2023G), the Extraordinary General Assembly approved the increase of the share capital from two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) ordinary cash shares with a nominal value of SAR 10 per share to SAR three billion, three hundred and twenty-five million Saudi Riyals (SAR 3,325,000,000) through the issuance of thirty-three million, two hundred and fifty thousand (33,250,000) new ordinary shares (representing 10% of the Company's share capital after the increase) for subscription through an initial public offering (for more information, please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**") of this Prospectus).

The initial public offering of the Company's shares (the "**Offering**") will consist of thirty-three million, two hundred and fifty thousand (33,250,000) ordinary shares (collectively, the "**Offer Shares**" and each an "**Offer Share**"). The offer price will be SAR [[●]] per Offer Share (the "**Offer Price**"), with each Offer Share carrying a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The Offer Shares account for 10% of the Company's share capital after the capital increase.

The Offering shall be limited to two tranches of investors (the "**Investors**") as follows:

Tranche (A): Participating Parties: This tranche comprises a number of institutions and companies, including investment funds, qualified foreign investors ("**QFIs**"), and GCC investors with legal personality (collectively referred to as the "**Participating Parties**") who are entitled to participate in the book building process as specified under the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) (the "**Book Building Instructions**") issued by the Capital Market Authority ("**CMA**"). Please refer to Section 1 ("**Definitions and Abbreviations**") for more information. Participating Parties will initially be allocated thirty-three million, two hundred and fifty thousand (33,250,000) Offer Shares, representing 100% of the total Offer Shares, and the final allocation will be made after the end of the subscription period for the Individual Subscribers. In the event that Individual Subscribers (as defined in Tranche (B) below) subscribe for the Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to twenty-nine million, nine hundred and twenty-five thousand (29,925,000), representing ninety percent (90%) of the Offer Shares. The Financial Advisors, in coordination with the Company (each as defined in Section 1 ("**Definitions and Abbreviations**"), shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares as deemed appropriate by the Company and the Financial Advisors.

Tranche (B): Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals, in each case, who have a bank account, and are entitled to open an investment account, with of the Receiving Agents (collectively referred to as the "**Individual Subscribers**", and each an "**Individual Subscriber**" and together with the Participating Parties as the "**Subscribers**"). A subscription for Shares made by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of three million, three hundred and twenty-five thousand (3,325,000) Offer Shares, representing 10% of the Offer Shares, shall be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Offer Shares allocated thereto, the Lead Manager, in cooperation with the Company, may reduce the number of Shares allocated to Individual Subscribers in proportion to the number of Shares to which they subscribed.

The Company's current Shareholders own all of the Company's shares prior to the Offering as follows: Mr. Waleed Ibrahim Abdulaziz Al Ibrahim, a Saudi national, with an ownership percentage of 40%; and Istedamah Holding Company, a single person closed joint stock company registered in the Riyadh Commercial Register under No. 1010613807, dated 03/04/1439H ("**Istedamah Holding Company**"), with an ownership percentage of sixty percent (60%). They are the Substantial Shareholders of the Company (the "**Substantial Shareholders**"). Upon completion of the Offering, the Substantial Shareholders will collectively own ninety percent (90%) of the Company's share capital and will consequently retain a controlling interest in the Company (for further information, please refer to Section 5.1 ("**Company's Share Capital and Ownership Structure**") of this Prospectus). Therefore, on the Listing Date, the Public will own 10% of the Company's share capital. However, the current Substantial Shareholders will work towards increasing the public's ownership in the Company to 15% within a period not exceeding 3 years after Listing and to 30% within a period not exceeding 10 years after the date of increase to 15%. Such increases shall be effected by way of a sale by the Substantial Shareholders of part of their Shares, or by the Company offering new Shares. Such contemplated increases will each be subject to the market conditions and/or the strategic objectives of the Company at the relevant time. The Offering proceeds, after deduction of the Offering Expenses (the "**Net Proceeds**"), in addition to other financing sources, such as cash flows from the Company's operating activities and bank financing, will be used to repay outstanding debts, enhance the liquidity margin of investments in the Group's Shahid platform content and invest in new initiatives (for more information on the use of the Offering Proceeds, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus). The Offering has been fully underwritten by the Underwriters (for more information, please refer to Section 13 ("**Underwriting**") of this Prospectus). The Substantial Shareholders will be subject to a restriction period during which they will be prohibited from selling their shares for a period of six (6) months as of the date of commencement of trading on the Exchange ("**Tadawul**" or the "**Exchange**") (the "**Lock-up Period**") as indicated in the "**Offering Summary**" section of this Prospectus. Following the Lock-up Period, the Substantial Shareholders will be free to dispose of their shares, as indicated on page (xiv) of this Prospectus.

The Offering will be made to certain qualified foreign financial institutional investors outside the US (including by way of swap agreements) in accordance with Regulation S issued under the United States Securities Act of 1933G, as amended (the "**US Securities Act**"). The Shares have not been, and will not be, registered under the US Securities Act or under any other applicable securities law in the United States. No Offer Shares under this Prospectus may be offered or sold except in the context of transactions that are exempt from or not subject to any registration requirements under the US Securities Act or the securities laws of any jurisdiction other than the Kingdom of Saudi Arabia. This Offering does not constitute an invitation to sell shares or a solicitation to buy them in any jurisdiction where this Offering is unlawful or is not permitted.

The Offering will commence on Thursday 01/06/1445H (corresponding to 14/12/2023G) and will remain open for a period of five (5) days until 5:00 pm on Monday 05/06/1445H (corresponding to 18/12/2023G) (the "**Offering Period**"). Subscription applications to the Offer Shares can be made through any of the Receiving Agents (the "**Receiving Agents**") whose details are listed on page (ix) of this Prospectus during the Offering Period or through the internet, telephone banking, automated teller machines ("**ATMs**") or other electronic channels offered by the Receiving Agents to their clients (for more information, please refer to the "**Key Dates and Subscription Procedures**" section and Section 17 ("**Share Information and Subscription Terms and Conditions**") of this Prospectus). Participating Parties may subscribe for the Offer Shares through the Bookrunners during the Book Building Process, which will take place prior to the Offering of the shares to Individual Subscribers.

Each Individual Subscriber must apply for a minimum of ten (10) and a maximum of two hundred and fifty thousand (250,000) shares. The minimum number of Offer Shares that can be allocated is ten (10) shares per Individual Subscriber. The balance of the Offer Shares, if any, will be allocated pro rata based on the number of Offer Shares requested by each Individual Subscriber and the total number of Offer Shares requested for subscription. In the event that the number of Individual Subscribers exceeds 332,500 Subscribers, the Company will not guarantee the minimum allocation of ten (10) Offer Shares per Subscriber. In this case, the allocation will be determined at the discretion of the Lead Manager in coordination with the Company. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or commission being withheld by the Receiving Agents. An announcement of the final allotment will be made by on Thursday 08/06/1445H (corresponding to 21/12/2023G), and the refund of subscription monies, if any, will be made no later than on Wednesday 14/06/1445H (corresponding to 27/12/2023G) (please refer to the Subsection "**Allocation of Shares and Refund of Excess Subscription Monies**" of Section 17 ("**Share Information and Subscription Terms and Conditions**") of this Prospectus).

The Company has one class of ordinary shares. Each share entitles its holder to one vote, and each Shareholder has the right to attend and vote at the General Assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive their portion of any dividends declared by the Company as at the date of this Prospectus (hereinafter referred to as the "**Prospectus**") and for any subsequent financial years (please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

Prior to the Offering, there has been no public market for the shares in the KSA or elsewhere. The Company has submitted an application for registration and offer of the shares to the CMA, and an application for listing of the shares on the Exchange to the Saudi Exchange Company. All required supporting documents have been submitted to the competent authorities. All relevant regulatory approvals required to conduct the Offering have been granted. It is expected that trading in the shares will commence on the Exchange after the final allocation of the Offer Shares and satisfaction of regulatory requirements (for more information, please refer to the "**Key Dates and Subscription Procedures**" section). Saudi Arabian nationals, non-Saudi Arabian nationals holding valid residency permits in the Kingdom and companies, banks and investment funds established in the Kingdom or in GCC countries, as well as GCC nationals, will be permitted to trade in the shares after the shares are registered with the CMA and admitted by the Exchange. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with the QFI Rules and Foreign Strategic Investors will be permitted to trade the Shares in accordance with the Rules for Foreign Investment in Securities. Furthermore, non-GCC nationals who are not residents in the KSA and non-GCC institutions incorporated outside the KSA will be permitted to acquire an economic interest in the shares by entering into swap agreements with capital market institutions authorized by the CMA ("**Capital Market Institutions**"). Under such swap agreements, the Capital Market Institutions will be registered as the legal owners of such shares.

Investment in the Offer Shares involves certain risks and uncertainties. Please refer to the "**Important Notice**" section on page (i) and Section 2 ("**Risk Factors**") of this Prospectus for certain factors that should be carefully considered before deciding to subscribe for the Offer Shares.

This Prospectus is dated 07/05/1445H (corresponding to 21/11/2023G).

Financial Advisors, Bookrunners and Underwriters

HSBC J.P.Morgan SNB Capital

Lead Manager

HSBC

Financial Advisor to the Substantial Shareholders

GIB CAPITAL جي آي بي كابيتال

Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, institutional and individual investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available by visiting the websites of the Company (www.mbc.net), the CMA (www.cma.org.sa), the Saudi Exchange (http://www.saudiexchange.sa) or the Financial Advisors (www.hsbcsaudi.com), (www.jpmorgansaudiarabia.com) and (www.alahlicapital.com).

The Company has appointed HSBC Saudi Arabia ("**HSBC**"), J.P. Morgan Saudi Arabia ("**J.P. Morgan**") and SNB Capital ("**SNB Capital**") as its financial advisors (collectively referred to as the "**Financial Advisors**"), bookrunners (the "**Bookrunners**") and underwriters (the "**Underwriters**") in connection with the Offering. The Company has also appointed HSBC Saudi Arabia as the lead manager (the "**Lead Manager**") in connection with the Offering of the Offer Shares described in this Prospectus (for more information, please refer to Section 13 ("**Underwriting**") of this Prospectus).

This Prospectus includes information that has been presented in accordance with the Rules on the Offer of Securities and Continuing Obligations ("**OSCOs**") issued by the CMA. The Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and, having made all reasonable inquiries, confirm that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, a substantial portion of such information which is relevant to the markets and industry in which the Company operates is derived from external sources, Company management estimates and publicly available information, data and analysis from publications issued by data, information and news providers. While neither the Company nor any of its Advisors, whose names are listed on pages (vi) to (viii) of this Prospectus, have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors have independently verified such information, and, therefore, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or any economic, political or other factors, over which the Company has no control (for more information, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events of the Company.

This Prospectus should not be regarded as a recommendation on the part of the Company, the Board of Directors, or the Advisors to participate in the Offering. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering to assess the appropriateness of the financial information provided herein with regard to the recipient's individual objectives, financial situation and investment needs. Each recipient must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and investment needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others. Therefore, prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering shall be limited to: (A) Participating Parties, comprising a number of institutions and companies, including investment funds, qualified foreign investors and companies, and GCC investors with legal personality (for more information, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Subscribers. This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with one of the Receiving Agents. A subscription for Shares made by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the Offer Shares by any person in any country where the law in force does not permit such person to make such an offer or solicitation. The Offering will be made outside the US through transactions outside the US territories in accordance with Regulation S.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors and certain other Foreign Investors pursuant to swap agreements, subject to the relevant laws and directives in this regard. The Company and its Financial Advisors ask all recipients of this Prospectus to inform themselves of all legal and regulatory restrictions relevant to this Offering and sale of the shares and to observe all such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Company's shares. No assurance can be made that profits will be achieved.

Market and Industry Data

The information provided herein on the market and industry in which the Company operates is provided by PricewaterhouseCoopers Chartered Accountants.

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Group's estimates, using underlying data from independent third parties. Statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets in this Prospectus are based on published and publicly available data obtained from multiple independent third party sources. The Company believes that the information and data obtained or derived from the market study prepared by the Company are reliable. However, such information and data have not been independently verified by the Company, the Directors, or the Advisors, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

The Market Consultant does not, nor do any of its subsidiaries, Shareholders, directors, or relatives, own any shares or any interest of any kind in the Company.

Financial, Statistical and Other Information

The Company's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G have been prepared in accordance with the International Financial Reporting Standards endorsed in the KSA and other standards and issuances endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "**IFRS-KSA**"). The unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023G have been prepared in accordance with IAS 34 "**Interim Financial Reporting**" endorsed in the KSA (and are collectively referred to with the audited consolidated financial statements as the "**Financial Statements**"), as well as the accompanying notes thereto included in other parts of this Prospectus. The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G were audited by Ernst & Young Professional Services (Professional LLC) ("**EY**" or the "**Auditor**") as stated in their report included herein. The unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023G were reviewed by EY as stated in their review report included herein. These financial statements have been included in Section 19 ("**Financial Statements and Auditor's Report**") of this Prospectus.

The actual acquisition by the parent company of the shares in the Subsidiaries and associates took place during June 2023G. Accordingly, the acquisition was accounted for on 30 June 2023G, through additional Shareholders' contributions. As of that date, the revenue, expenses, assets and liabilities of the parent company and the Subsidiaries were combined after eliminating the balances and intra-transactions.

Since the restructuring did not lead to any change in the economic substance and is not deemed a business combination according to IFRS 3 "Business Combinations", the financial statements represent a consolidation of all assets, liabilities, revenues and expenses of the Company as they have been reported historically in the separate financial statements of the Subsidiaries, under the assumption that the Company has always owned the existing Group Companies. Except for the operating results of the Subsidiaries and associates, the parent company had no revenue or expenses prior to the consolidation. The financial and statistical information contained herein is subject to rounding to the nearest integer. Therefore, if the figures contained in the Prospectus are added up, there may be a slight difference when compared to the figures contained in the financial statements, and certain amounts presented in this Prospectus may not match or be consistent with the financial information included in other sections of this Prospectus. In cases where the amounts in this Prospectus are converted from USD to SAR, the exchange rate used is SAR 3.75 per USD 1.

Forecasts and Forward-looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently, no affirmation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company stresses that, to the best of its knowledge, every professional care has been taken in preparing the statements contained in this Prospectus. Certain statements in this Prospectus constitute "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "plans," "estimates," "believes," "expects," "may," "will," "should," "expected," "would be," "believed" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its Management with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (please refer to Section 2 ("**Risk Factors**") of this Prospectus). Should any one or more of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, the Company's actual results may vary materially from those described, expected, estimated or planned in this Prospectus.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus if, at any time after this Prospectus has been approved by the CMA and before its shares are registered with the Exchange, the Company becomes aware that: (a) there has been a significant change in any material information contained in this Prospectus or any document required by the OSCOs; or (b) the occurrence of additional significant matters, which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

General Terms

Certain figures and percentages included in this Prospectus have been rounded to the nearest integer. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Hijri dates are mentioned in this Prospectus along with the corresponding Gregorian dates. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month. As a result, conversions between the Hijri and Gregorian calendars are often subject to discrepancies of one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" shall mean Gregorian years.

Corporate Directory

Board of Directors:

Table (1): Board of Directors

No.	Name	Position	Nationality	Age	Status	Direct Ownership (%)		Indirect Ownership (%)		Appointment Date*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1.	Waleed Ibrahim Abdulaziz Al Ibrahim	Chairman	Saudi	62	Non-executive/ Non-independent member	40%	36%	N/A	N/A	20 April 2023G
2.	Hindi Abdullah Humaidan Al-Sohimi	Vice Chairman	Saudi	49	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
3.	Abdulrahman Ibrahim Abdulrahman Al-Ruwaita	Director	Saudi	66	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
4.	Abdullah bin Nasser bin Abdullah Al Dawood	Director	Saudi	41	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
5.	Mosa Omran Mohammed Alomran	Director	Saudi	54	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
6.	Majed Abdulaziz Ibrahim Alibrahim	Director	Saudi	38	Non-executive/ Independent member	N/A	N/A	N/A	N/A	20 April 2023G
7.	Nasser Manahi bin Mounir Al Baqami	Director	Saudi	49	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
8.	Khalid bin Abdullah bin Abdulaziz Al Mulhim	Director	Saudi	66	Non-executive/ Independent member	N/A	N/A	N/A	N/A	20 September 2023G
9.	Mansour Abdulaziz Mohammed Almansour	Director	Saudi	53	Non-executive/ Independent member	N/A	N/A	N/A	N/A	20 September 2023G

* The dates listed in this table are the dates of appointment to the current seats on the Board of Directors. The respective biographies of the Directors describe the dates of their original appointment, whether to any other previous or current position in the Group, or to the Board of Directors of MBC Group Holdings (BVI), the former parent company of the subsidiaries. (For more information, please refer to Section 5 ("**Ownership and Organizational Structure**") of this Prospectus.)

Company's Address and Representatives

Company Address	
	MBC Group Abul-Qasim Al-Majriti Unit 3237 Diplomatic Quarter, 6501 Riyadh Kingdom of Saudi Arabia Tel: +966 11 268 4444 Fax: +966 11 444 0066 Website: www.mbc.net Email: care@mbc.net
Company Representatives	
Waleed Ibrahim Abdulaziz Al Ibrahim Chairman MBC Building 3 Dubai Media City Dubai - United Arab Emirates +966 50 580 1616 Website: www.mbc.net Email: chairman.board@mbc.net	**Samuel James Kilion Barnett** Group CEO MBC Building 3 Dubai Media City Dubai - United Arab Emirates +966 11 520 1903 Website: www.mbc.net Email: ceo.secretary@mbc.net
Board Secretary	
Ali bin Ibrahim bin Al-Rashid Al-Hudaithi MBC Building 3 Dubai Media City Dubai - United Arab Emirates +966 50 660 0555 Website: www.mbc.net Email: bod.secretary@mbc.net	
Exchange	
	Saudi Exchange Company King Fahd Road - Al Olaya 6897 Unit No. 15 Riyadh 12211-3388 Kingdom of Saudi Arabia Tel: +966 92 000 1919 Fax: +966 11 218 9133 Website: www.saudiexchange.sa Email: csc@tadawul.com.sa
Share Registrar	
من مجموعة تداول السعودية From Saudi Tadawul Group	**Securities Depository Center Company (Edaa)** King Fahd Road - Al Olaya 6897 Unit No. 11 Riyadh 12211-3388 Kingdom of Saudi Arabia Tel: +966 92 002 6000 Website: www.edaa.com.sa Email: cc@edaa.com.sa

Advisors

Financial Advisors, Bookrunners and Underwriters	
	HSBC Saudi Arabia HSBC Building 7267 Olaya Street, Al Murooj District Riyadh – 2255 - 12283 Kingdom of Saudi Arabia Tel: +966 92 000 5920 Fax: +966 11 299 2385 Website: www.hsbcsaudi.com Email: mbcipo@hsbcsa.com
	J.P. Morgan Saudi Arabia Company Al Faisaliah Tower King Fahd Road P.O. Box 51907, Riyadh 11553 Kingdom of Saudi Arabia Tel: +966 11 299 3800 Fax: +966 11 299 3840 Website: www.jpmorgansaudiarabia.com Email: MBC_IPO@jpmorgan.com
	SNB Capital SNB Regional Building King Saud Road P.O. Box 22216 Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 92 000 0232 Fax: +966 11 406 0052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com

Lead Manager	
	HSBC Saudi Arabia HSBC Building 7267 Olaya Street, Al Murooj District Riyadh – 2255 - 12283 Kingdom of Saudi Arabia Tel: +966 92 000 5920 Fax: +966 11 299 2385 Website: www.hsbcsaudi.com Email: mbcipo@hsbcsa.com

Financial Advisor to the Substantial Shareholders
GIB Capital Low Rise Building 1, Granada Business & Residential Park Eastern Ring Road P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel: +966 11 511 2200 Fax: +966 11 511 2201 Website: www.gibcapital.com Email: GIBC.IB@gibcapital.com

Legal Advisor to the Company
Fahad Abuhimed, Majid AlSheikh, Mansoor Al-Hagbani and Clifford Chance Law Firm Building 15 Economic Gate King Khalid International Airport Road P.O. Box 90239, Riyadh 11613 Kingdom of Saudi Arabia Tel: +966 11 481 9780 Fax: +966 11 481 9701 Website: www.ASHCliffordChance.com Email: Info.ASH@ASHCliffordChance.com

Legal Advisor for the Offering outside the Kingdom
Clifford Chance LLP ICD Brookfield Place, Level 32 Dubai International Financial Centre P.O. Box 9380, Dubai United Arab Emirates Tel: +971 45 032 600 Fax: +971 45 032 800 Website: https://www.cliffordchance.com/people_and_places/offices/dubai.html Email: mbc.ipo@Clifford Chance.com

Legal Advisor to the Financial Advisors, Bookrunners and Underwriters
The Law Firm of Latham & Watkins King Fahd Road Al-Tatweer Towers - 7th Floor, Tower 1 P.O. Box 17411, Riyadh 11484 Kingdom of Saudi Arabia Tel: +966 11 207 2500 Fax: +966 11 207 2577 Website: www.lw.com Email: projectmatrix2022.lwteam@lw.com

Financial Due Diligence Advisor	
	PricewaterhouseCoopers Chartered Accountants Kingdom Centre Tower, 21st Floor P.O. Box 8282 Riyadh 11482 Kingdom of Saudi Arabia Tel: +966 11 211 0400 Fax: +966 11 211 0401 Website: www.pwc.com/me Email: mer_project_matrix@pwc.com
Auditor	
	Ernst & Young Professional Services (Professional LLC) Head Office Al Faisaliah Office Tower - 14th Floor, King Fahd Road P.O. Box 2732, Riyadh 11461 Kingdom of Saudi Arabia Tel: +966 11 215 9898 Fax: +966 11 273 4730 Website: www.ey.com/mena Email: ey.ksa@sa.ey.com
Market Consultant	
	PricewaterhouseCoopers Chartered Accountants Kingdom Centre Tower, 21st Floor P.O. Box 4282 Riyadh 11482 Kingdom of Saudi Arabia Tel: +966 11 211 0400 Fax: +966 11 211 0401 Website: www.pwc.com/me Email: mer_project_matrix@pwc.com

Note: As at the date of this Prospectus, all of the above-mentioned Advisors and Auditor have given and have not withdrawn their written consent to the publication of and reference to their names, addresses, logos and the statements or reports (as applicable) attributed to each in the context in which they appear in this Prospectus, and do not themselves, their employees (from the engagement team serving the Company), or any of their relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries as at the date of this Prospectus which would impair their independence

Receiving Agents

	Arab National Bank King Faisal Road - Al Murabba District - Unit No. 1 P.O. Box 56921, Riyadh 11564 Kingdom of Saudi Arabia Tel: +966 11 402 9000 Fax: +966 11 403 9044 Website: www.anb.com.sa Email: info@anb.com.sa
	Riyad Bank Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 11 401 3030 Fax: +966 11 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com
	Banque Saudi Fransi King Saud Road P.O. Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 92 000 0579 Fax: +966 11 402 7261 Website: www.alfransi.com Email: Fransiplusadmin@alfransi.com.sa
	Saudi National Bank King Fahd Road - Al-Aqiq District - King Abdullah Financial District P.O. Box 3208, Unit No.: 778 Kingdom of Saudi Arabia Tel: +966 92 000 1000 Fax: +966 11 406 0052 Website: www.alahli.com Email: contactus@alahli.com

Offering Summary

This Offering summary is intended to provide a brief overview of the information included in this Prospectus. As such, it does not include all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read this entire Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider the "**Important Notice**" section on page (i) and Section 2 ("**Risk Factors**") prior to making any investment decision in relation to the Offer Shares. This summary must not be solely relied on when making an investment decision.

Company Name, Description and Incorporation	MBC Group (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi unlisted[1] joint stock company registered under Commercial Registration No. 1010876295 dated 29/09/1444H (corresponding to 20/04/2023G), with its head office at 3237, Abu Qasim Al-Majriti Diplomatic Quarter, 6501, Riyadh 12511, the Kingdom of Saudi Arabia. At the time of its incorporation, the Company's share capital amounted to five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share. All shares are cash shares. Through its Subsidiaries, the Company's history dates back to 1991G, when it began operations in London, UK, and launched the first private Arab satellite channel. MBC Group then expanded its business and now has a significant presence in many Arab countries, including the KSA, the UAE, Lebanon, Syria, Jordan, Iraq and Egypt. Under the restructuring conducted by the Substantial Shareholders, ownership of all Group Companies was transferred from MBC Group Holdings (BVI) to the Company, leading to the Company's direct and indirect ownership of all 35 Subsidiaries of the Group. (For more information on the incorporation and restructuring of the Group and its Subsidiaries, please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**") and Section 12.4 ("**Subsidiaries**") of this Prospectus). On 05/03/1445H (corresponding to 20/09/2023G), the Extraordinary General Assembly approved an increase in the Company's capital from five hundred thousand Saudi Riyals (SAR 500,000) to two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), through the capitalization of two billion, nine hundred and ninety-two million Saudi Riyals (SAR 2,992,000,000) from Shareholders' additional contributions, which represents part of the book value of the companies that were transferred by the Shareholders from MBC Group Holdings (BVI) to the Company according to the Group Restructuring process (for more details on the Group Restructuring process, please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**") and Section 12 ("**Legal Information**") of this Prospectus).
Company Activities	The Company currently owns the Group companies both directly and indirectly, manages them and invests their funds. According to its Bylaws, the Company's activities consist of information, communication, education, arts, entertainment and recreation, which is in line with the actual principal activities of the Group. The Company's Commercial Registration also includes television broadcasting activities, television activities, channel subscription programming activities, operating the service of satellite connection to control the audiovisual content, operating a platform to manage and control the satellite channels through specific receivers, and to control the satellite live broadcast via (cas) system. The Group's principal activities are as follows: 1- FTA TV, radio and supporting activities such as social media. 2- Managing and operating the OTT platform, which includes video broadcasting on the Shahid platform. 3- Production of television series and movies. 4- Other activities include interactive games, events, music publishing and talent management. For further details on the Group's activities and the nature of its business, please refer to Section 4 ("**The Company**") and Section 12 ("Legal Information ") of this Prospectus.

1 The Company was incorporated under the name MBC Group Closed Joint-Stock Company (CJSC), which was subsequently amended by replacing "**closed joint-stock**" with "**unlisted joint-stock**" at the request of the MOC, based on the latest applications of the Companies Law in force in the KSA.

Substantial Shareholders	The following table sets out the names and shareholding of the Company's Substantial Shareholders before and after the Offering:
Company's Share Capital before the Offering	Two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000).
Company's Share Capital after the Offering	Three billion, three hundred and twenty-five million Saudi Riyals (SAR 3,325,000,000).
Total number of the Company's Shares before the Offering	Two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) ordinary shares.
Total number of the Company's Shares after the Offering	Three hundred and thirty-two million, five hundred thousand (332,500,000) ordinary shares.
Nominal Value per Share	Ten Saudi Riyals (SAR 10) per share.
Offering	Initial public offering of thirty-three million, two hundred and fifty thousand (33,250,000) ordinary shares (the "**Offer Shares**") through the Company's capital increase from two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000) to three billion, three hundred and twenty-five million Saudi Riyals (SAR 3,325,000,000). The offer price will be SAR ([●]) per share (the "**Offer Price**"), with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The Offer Shares will represent ten percent (10%) of the Company's share capital (following the issuance of the Offer Shares and increase of the Company's share capital).
Total number of Offer Shares	Thirty-three million, two hundred and fifty thousand (33,250,000) fully paid ordinary shares.
Percentage of Offer Shares to the total number of the Company's Shares	The Offer Shares will represent 10% of the Company's shares after the capital increase.
Offer Price	SAR [●] per share.
Total Value of the Offering	SAR [●].
Use of Proceeds	The Net Proceeds, which are estimated at SAR ([●]) after deduction of the Offering Expenses, which are estimated at approximately SAR [●] will be allocated. The Offering proceeds, after deduction of the Offering Expenses, in addition to other financing sources, such as cash flows from the Company's operating activities and bank financing, will be used to repay outstanding debts, enhance the liquidity margin of investments in the Group's Shahid platform content and invest in new initiatives (for more information on the use of the Offering Proceeds, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus).
Number of Offer Shares to be Underwritten	Thirty-three million, two hundred and fifty thousand (33,250,000) ordinary shares.
Total Underwritten Offering Amount	SAR [●].

Substantial Shareholders:

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)
Mr. Waleed Ibrahim Abdulaziz Al Ibrahim	119,700,000	10	40%	119,700,000	10	36%
Istedamah Holding Company	179,550,000	10	60%	179,550,000	10	54%
Total	**299,250,000**	**-**	**100%**	**332,500,000**	**-**	**90%**

Targeted Investors	The Offering shall be limited to two tranches of investors: **Tranche (A) Participating Parties:** This tranche comprises a number of institutions and companies, including investment funds, qualified foreign investors and GCC investors with legal personality (for more information, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and **Tranche (B) Individual Subscribers:** This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with one of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.
Total Number of Offer Shares for Each Type of Targeted Investor	
Number of Offer Shares for Participating Parties	Thirty-three million, two hundred and fifty thousand (33,250,000) shares, representing 100% of the total number of Offer Shares. In the event that Individual Subscribers subscribe for all the Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, have the right to reduce the number of Offer Shares allocated to Participating Parties to twenty-nine million, nine hundred and twenty-five thousand (29,925,000) shares, representing 90% of the total number of Offer Shares.
Number of Offer Shares for Individual Subscribers	A maximum of three million, three hundred and twenty-five thousand (3,325,000) shares, equivalent to 10% of the total Offer Shares.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties as defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus may apply for subscription. The Bookrunner will provide the Subscription Application Forms to Participating Parties during the Book-Building Period. After initial allocation, the Participating Parties shall complete Subscription Application Forms, which will be made available to them by the Bookrunners in accordance with the instructions mentioned in Section 17 ("**Share Information and Subscription Terms and Conditions**").
Subscription Method for Individual Subscribers	Subscription Application Forms will be available during the Offering Period from the Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions mentioned in Section 17 ("**Share Information and Subscription Terms and Conditions**") of this Prospectus. Individual Subscribers who have recently participated in a previous initial public offering can also subscribe through the internet, telephone banking, automated teller machines ("**ATMs**") or any other electronic channels offered by the Receiving Agents to its clients or through branches thereof that offer any or all such services to its customers, provided that (i) the Individual Subscriber has a bank account with a Receiving Agent that offers such services; (ii) there have been no changes in the personal information of the Individual Subscriber since such person's subscription in a recent offering.
Minimum Number of Offer Shares that can be Subscribed for by each Targeted Investor Category	
Minimum Number of Offer Shares that can be Subscribed for by Participating Parties	Fifty thousand (50,000) shares.
Minimum Number of Offer Shares that can be Subscribed for by Individual Subscribers	Ten (10) shares.
Minimum Subscription Amount for each Targeted Investor Category	
Minimum Subscription Amount for Participating Parties	SAR [●].
Minimum Subscription Amount for Individual Subscribers	SAR [●].

Maximum Number of Offer Shares that can be Applied for by Each Targeted Investor Category	
Maximum Number of Offer Shares that can be Applied for by Participating Parties	Sixteen million, six hundred and twenty-four thousand, nine hundred and ninety-nine (16,624,999) shares.
Maximum Number of Offer Shares that can be Applied for by Individual Subscribers	Two hundred and fifty thousand (250,000) shares.
Maximum Subscription Amount for each Targeted Investor Category	
Maximum Subscription Amount for Participating Parties	SAR [●].
Maximum Subscription Amount for Individual Subscribers	SAR [●].
Method of Allocation and Refund of Excess Subscription Monies for each Targeted Investor Category	
Allocation of Offer Shares to Participating Parties	The initial allocation of the Offer Shares will be made as the Financial Advisors deem appropriate, in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors. The number of Offer Shares to be initially allocated to the Participating Parties will be thirty-three million, two hundred and fifty thousand (33,250,000) shares, representing 100% of the total number of Offer Shares, with the final allocation made after the end of the subscription period for Individual Subscribers. In the event that Individual Subscribers subscribe for the Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to twenty-nine million, nine hundred and twenty-five thousand (29,925,000) shares, representing 90% of the total Offer Shares after the completion of the Individual Subscribers subscription process. The number of Offer Shares to be initially allocated to public funds is [●] shares, representing [●] % of the total number of Offer Shares. If there is sufficient demand from Individual Subscribers for the Offer Shares, the Lead Manager shall have the right to reduce the number of shares allocated to the public funds to a minimum of [●] ordinary shares, representing [●] % of the total number of Offer Shares after completion of the subscription process for Individual Subscribers.
Allocation of Offer Shares to Individual Subscribers	Allocation of the Offer Shares is expected to be completed no later than Thursday 08/06/1445H (corresponding to 21/12/2023G). The minimum number of Offer Shares that can be allocated is ten (10) shares, while the maximum number is two hundred and fifty thousand (250,000) shares. The balance of the Offer Shares, if any, will be allocated pro rata based on the number of Offer Shares requested by each Individual Subscriber and the total number of Offer Shares requested for subscription. In the event that the number of Individual Subscribers exceeds 332,500 Subscribers, the Company will not guarantee the minimum allocation of ten (10) Offer Shares per Individual Subscriber. In such case, the allocation of Offer Shares to Individual Subscribers will be determined at the discretion of the Company and the Financial Advisors.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Subscribers without any charge or commission being withheld by the Lead Manager or Receiving Agents. Announcement of the final allotment will be on Thursday 08/06/1445H (corresponding to 21/12/2023G) and refund of excess subscription monies, if any, will be made no later than on Wednesday 14/16/1445H (corresponding to 27/12/2023G) (please refer to Section 17 ("**Share Information and Subscription Terms and Conditions - Allocation of Shares and Refund of Excess Subscription Monies**") of this Prospectus).
Offering Period	The Offering Period will commence on Thursday 01/06/1445H (corresponding to 14/12/2023G) and will remain open for a period of five (5) days until 5:00 pm on Monday 05/06/1445H (corresponding to 18/12/2023G).
Entitlement to Dividends	The Offer Shares will be entitled to their portion of any dividends declared by the Company as at the date of this Prospectus and for subsequent financial years (for more information, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).
Voting Rights	The Company has one class of ordinary shares, none of which carry any preferential voting rights. Each share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly (please refer to Section 12.14 ("**Summary of Bylaws**") and Section 12.15 ("**Description of Shares**") of Section 12 ("**Legal Information**") of this Prospectus).

Lock-up Period/ Restrictions on the Shares	The Substantial Shareholders are subject to a lock-up period of six (6) months, starting from the date of commencement of trading of the Offer Shares on the Exchange. During such period, the Substantial Shareholders may not dispose of any of their shares. After the end of the Lock-up Period, the Substantial Shareholders may dispose of their shares without prior approval from the CMA.
Listing and Trading of the Shares	Prior to the public offering, the Company's shares have not been listed in the KSA or elsewhere. The Company has submitted an application to the CMA for the registration and offering of the Shares and to the Saudi Exchange (Tadawul) for the listing of the Shares, and all official approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange after the final allocation of the Shares (for further details, please refer to the "**Key Dates and Subscription Procedures**" section of this Prospectus).
Risk Factors	There are certain risks related to an investment in the Offer Shares. These risks can be categorized as follows: (a) risks related to the Company's activity and operations; (b) risks related to the market; and (c) risks related to the Offer Shares. These risks are described in Section 2 ("**Risk Factors**") of this Prospectus and should be considered carefully prior to making an investment decision in relation to the Offer Shares.
Offering Expenses	The Offering expenses are estimated at approximately SAR [●] including the fees of the Financial Advisors, Lead Manager, Underwriters, Receiving Agents, Legal Advisors, Financial Due Diligence Advisor and the Legal Advisor to the Underwriter, in addition to marketing, arrangement, printing, distribution and other expenses related to the Offering. The Company will pay these expenses from the Offering proceeds.
Underwriters	**HSBC Saudi Arabia** HSBC Building 7267 Olaya Street – Al Murooj District Riyadh 2255-12283 Kingdom of Saudi Arabia Tel: +966 920005920 Fax: +966 11 2992385 Website: www.hsbcsaudi.com Email: mbcipo@hsbcsa.com **J.P. Morgan Saudi Arabia Company** Al Faisaliah Tower King Fahd Road P.O. Box 51907, Riyadh 11553 Kingdom of Saudi Arabia Tel: +966 11 299 3800 Fax: +966 11 299 3840 Website: www.jpmorgansaudiarabia.com Email: MBC_IPO@jpmorgan.com **SNB Capital** SNB Regional Building King Saud Road P.O. Box 22216 Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 92 000 0232 Fax: +966 11 406 0052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com

Note: The "**Important Notice**" section on page (i) and Section 2 ("**Risk Factors**") should be read thoroughly prior to making a decision to invest in the Company's shares offered in this Prospectus.

Key Dates and Subscription Procedures

Expected Offering Timetable	
Event	**Dates**
Bidding and Book Building Period for Participating Parties	A period of seven days starting from Thursday 16/05/1445H (corresponding to 30/11/2023G) until 2:00 pm on Wednesday 22/05/1445H (corresponding to 06/12/2023G).
Subscription period for Individual Subscribers	A period of five days starting from Thursday 01/06/1445H (corresponding to 14/12/2023G) until 5:00 pm on Monday 05/06/1445H (corresponding to 18/12/2023G).
Deadline for submission of Subscription Application Forms based on the number of Offer Shares provisionally allocated to Participating Parties	Friday 02/06/1445H (corresponding to 15/12/2023G).
Deadline for payment of the subscription monies for Participating Parties based on the number of provisionally allocated Offer Shares	Monday 05/06/1445H (corresponding to 18/12/2023G).
Deadline for submission of Subscription Application Forms and payment of subscription monies (for Individual Subscribers)	Monday 05/06/1445H (corresponding to 18/12/2023G).
Announcement of final allotment of Offer Shares	No later than Thursday 08/06/1445H (corresponding to 21/12/2023G).
Refund of excess subscription monies (if any)	No later than Wednesday 14/06/1445H (corresponding to 27/12/2023G).
Expected date of commencement of trading on the Exchange	Trading of the Company's shares on the Exchange is expected to commence after fulfillment of all relevant statutory requirements. Trading will be announced in local newspapers and on the Saudi Exchange's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing in local daily newspapers published in the Kingdom in Arabic and on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisors (www.hsbcsaudi.com), (www.jpmorgansaudiarabia.com) and the Company (www.mbc.net).

How to Apply for the Offering

Subscription is restricted to two tranches of investors:

Tranche (A): Participating Parties: This tranche comprises a number of institutions and companies, including investment funds, qualified foreign investors and GCC investors with legal personality who are entitled to participate in the book building process as specified under the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) issued by the CMA (for more details, please refer to Section 1 ("**Definitions and Abbreviations**")). Participating Parties can obtain Bid Forms from the Bookrunners during the book-building period and Subscription Application Forms from the Bookrunners after the provisional allocation. The Bookrunners shall, after the approval of the CMA is obtained, offer the Offer Shares to Participating Parties during the book-building period only. Subscriptions by Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunners, which represents a legally binding agreement between the Company and the Participating Party submitting the application.

Tranche (B): Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with one of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. Subscription Application Forms will be available during the Offering Period on the websites of the Receiving Agents offering this service. Subscribers can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents that provide these services to its customers, provided that the following requirements are satisfied:

1- The Subscriber has a bank account at the Receiving Agent that offers such service.
2- There have been no changes in the personal information or data of the Subscriber (the removal or addition of any family member) since the Subscriber last participated in a recent offering.

Subscription Application Forms must be filled out in accordance with the instructions contained in Section 17 ("**Share Information and Subscription Terms and Conditions**"). Each applicant must accept all the relevant items in the Subscription Application Form. The Company reserves the right to decline any Subscription Application, in part or in whole, in the event that any of the subscription terms and conditions are not met. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. The Subscription Application cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application shall, upon submission, be considered a legally binding agreement between the Subscriber and the Company (please refer to Section 17 ("**Share Information and Subscription Terms and Conditions**") of this Prospectus.)

Summary of Key Information

This summary of key information is intended to give an overview of the information contained in this Prospectus and does not contain all the information that may be important to potential investors. Accordingly, this summary must be treated as a brief introduction to the key information in this Prospectus. Persons who wish to subscribe for the Offer Shares are advised to read the entire Prospectus so that any decision to invest in the Offer Shares is based on the careful consideration of this Prospectus as a whole, in particular the financial statements and related notes as well as the information set forth under Section 2 ("**Risk Factors**") and the "**Important Notice**" section. Definitions and abbreviations herein shall have the meanings ascribed thereto in Section 1 ("**Definitions and Abbreviations**") and elsewhere in this Prospectus.

The Company

Overview

MBC Group's history dates back to 1991G, when it began operations in London, UK, and launched the first private Arab satellite channel. The Company then expanded its business in many Arab countries, including the KSA, the UAE, Lebanon, Syria, Jordan, Iraq and Egypt (for more information on the incorporation and history of the Group and its Subsidiaries, please refer to Section 4.2 ("**Structure of the Group**") and Section 12.4 ("**Subsidiaries**") of this Prospectus).

The Company was incorporated on 29/09/1444H (corresponding to 20/04/2023G) as a Saudi closed joint stock company registered under Commercial Registration No. 1010876295, dated 29/09/1444H (corresponding to 20/04/2023G), with its head office at 3237, Abu-Qasim Al-Majriti, Diplomatic Quarter 6501, Riyadh 12511, the Kingdom of Saudi Arabia.

Upon the incorporation of the Company, the Shareholders conducted a restructuring whereby MBC Group Holdings (BVI) transferred all of its shares in the Subsidiaries to the Company without consideration, leading to the Company's direct and indirect ownership of all 35 Subsidiaries of the Group. The value of these Subsidiaries was recorded in the Company's financial statements as additional Shareholder contributions based on the book value of such Subsidiaries. The restructuring was completed on 21/06/2023G (please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**" for further details on the restructuring).

The Company's share capital as of the date of this Prospectus is two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are ordinary cash shares.

At the time of its incorporation, the Company's share capital amounted to five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share. All shares are fully paid cash shares. On 05/03/1445H (corresponding to 20/09/2023G), the Extraordinary General Assembly of the Company approved the increase of the share capital from five hundred thousand Saudi Riyals (SAR 500,000) to two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000) through the capitalization of an amount of two billion, nine hundred and ninety-two million Saudi Riyals (SAR 2,992,000,000) from Shareholders' additional contributions, represented by part of the book value of the companies that were transferred from MBC Group Holdings (BVI) (the former parent company of the subsidiaries) to the Company according to the Group Restructuring process. On 28/04/1445H (corresponding to 12/11/2023G), the Extraordinary General Assembly approved the increase of the share capital from two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) ordinary cash shares with a nominal value of SAR 10 per share to three billion, three hundred and twenty-five million Saudi Riyals (SAR 3,325,000,000) through the issuance of thirty-three million, two hundred and fifty thousand (33,250,000) new ordinary shares (representing 10% of the Company's share capital after the increase) for subscription through an initial public offering.

Following is the ownership structure of the Company's Shares pre- and post-Offering:

Table (2): Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Ownership (%)	Nominal Value (SAR)	No. of Shares	Ownership (%)	Nominal Value (SAR)
Mr. Waleed Ibrahim Abdulaziz Al Ibrahim	119,700,000	40%	10	119,700,000	36%	10
Istedamah Holding Company	179,550,000	60%	10	179,550,000	54%	10
Public	0	0	0	33,250,000	10%	10
Total	**299,250,000**	**100%**	**-**	**332,500,000**	**100%**	**-**

Source: The Company

Principal Activities of the Company

According to its Bylaws, the Company's principal activities consist of information, communication, education, arts, entertainment and recreation. The Company's Commercial Registration also includes television broadcasting activities, television activities, channel subscription programming activities, operating the service of satellite connection to control the audiovisual content, operating a platform to manage and control the satellite channels through specific receivers, and to control the satellite live broadcast via (cas) system. However, the Company does not practice these activities directly and undertakes them through its Subsidiaries.

Moreover, the Company owns the Group companies both directly and indirectly, manages them and invests their funds. Through the Subsidiaries, the Group's main activities are FTA TV, radio and supporting activities such as social media; managing and operating the OTT platform, which includes video broadcasting on the Shahid platform; production of television series and movies; and other activities, including interactive games, events, music publishing and talent management.

The Material Subsidiaries carry out a variety of activities in order to achieve the Company's goals and objectives, including broadcasting and operating the MBC1, MBC2, MBC MAX, MBC4, MBC Drama, and MBC Variety, as well as the Group's radio channels and the Group's OTT business. The Company's activities also include the production of premium content for the Group's television and OTT platform.

Vision, Mission and Strategy

Vision

With our heart in the Arab world, the Group is forging a global media group that enriches people's lives through information, interaction and entertainment.

Mission

The Group commits to being the leading multi-platform provider of innovative information and entertainment, produced by professionals performing in a culture of excellence.

Competitive Advantages, Strengths and Strategy of the Group

Competitive Strengths of the Group

The MENA region, in which the Group principally operates, continues to grow strongly with a comparatively large share of young people

The MENA region, in which the Group principally operates, includes many of the fastest growing economies globally. The population across the MENA region is estimated at over 477 million people and is thus higher than both the population of the US with an estimated 333 million people, and the combined population of Western European countries (France, Germany, Italy, and the UK), with an estimated 277 million people. The population of the MENA region is expected to further grow at a CAGR of 1.4% for the five-year period between 2022G and 2027G, which is higher than that in the US and Western Europe during the same period. The demography of the MENA region has a significantly higher percentage of younger people compared to developed economies, such as the US and Western European countries. The MENA region has a median age of 28 years, with 29.8% of the population 14 years old or younger, 40.1% between the ages of 15 and 39, and only 30.1% are 40 years or older as of 2022G. As such, 69.9% of the MENA population is under 40 years of age. As a result, the Group's online streaming platform, Shahid, has a large addressable target group of younger people who increasingly watch series, movies and TV shows over the internet rather than on FTA TV. Furthermore, younger people generally show a higher preference for other digital services such as video games and music streaming, which the Group has also started to invest in.

The GDP per capita growth outlook for the MENA region, at a CAGR of 2.7% for the five-year period between 2022G and 2027G, is substantially higher than that of the US, Western Europe and many emerging economies. This estimated growth outlook is in turn expected to drive disposable income and spending power in the MENA region. Based on nominal disposable income per capita, the spending power in the MENA region is expected to increase at a CAGR of 4.7% over the five-year period between 2022G and 2027G. With increased spending power, the Group's potential customers will be able to allocate a larger share of their income to Group services such as Shahid, in addition to the region becoming increasingly more attractive for marketers to spend on advertising.

The overall advertising market in the entertainment and media industries in the MENA region is projected to continue to grow. While TV advertising spending has experienced a period of decline in the MENA region, it began to rebound in 2022G, and is expected to further grow at a CAGR of 5.5% between 2023G and 2027G. At the same time, the share of TV in total advertising spending is decreasing, with TV ads representing 15% of total advertising spending in 2020G but only 12% in 2022G. The share of television in total advertising spending is expected to further decrease to 10% by 2025G and remain at 10% through to 2027G. AVOD spending is expected to grow rapidly. The AVOD spending in the MENA region was approximately USD 600 million in 2022G and is expected to grow at a CAGR of 15.3% for the period between 2022G and 2027G to an estimated USD 1.22 billion in 2027G.

The appeal for Arabic content is global and the total addressable market outside of the MENA region is significant. Worldwide, the total Arab-speaking population is around 300 million, while the Arab-speaking diaspora outside of the MENA region is made up of more than 40 million people. The countries with the largest Arab diaspora outside of the MENA region are Brazil (12 million), France (6 million), Indonesia (5 million), Argentina (4.5 million), the US (3.5 million) and Turkey (2.6 million). All these markets are addressable target markets for, in particular, the Group's streaming platform which is already operating globally.

The Group has operated in the MENA region for over 30 years and has established itself as a leading regional broadcasting company in the MENA region

The Group has a long operational track record spanning 30 years in the MENA region, reaching more than 150 million viewers weekly. The Group is the market leader its home market, the KSA, and other countries in the region including Egypt. The Group also has very strong brand recognition across the region. For instance, the Group has a potential household reach of over 95% in the MENA region. The Group has by far the largest TV audience in the KSA with a share of 40%, which it has maintained for the past ten years, which is more than double that of the nearest competitor. The Group also has a strong position in the UAE, where it holds a leading position in the market with a 30% TV audience share in the first half of 2022G. The Group has more recently entered Morocco, where it had a leading position amongst non-local channels, with a 19% TV audience share in the first quarter of 2022G. The Group has become a major player in Iraq, where it is also a market leader with a 27% TV audience share in 2022G. Furthermore, during Ramadan 2023G, the Group had a 48% market share in Egypt.

Through the Group's long operational track record, it has gained substantial market knowledge, long-standing relationships and has built up a workforce with significant expertise and skills. The Group can leverage its position and resources to remain the market leader in the MENA region and support future growth. The Group's resilience is evident from its 30 years of successful operations across many countries with different legal, cultural, religious and political rules. The Group has brought premium content to its audience and contributed to the cultural development of the region.

The Group has a large offering of high-quality local content

The Group's success is principally related to the quality and breadth of its content offering. The Group, over its many years of operations, has built up an attractive mix of unique content across different categories. The Group's content includes original productions, adaptations of foreign formats, and licensed local and global content from third party producers. Focused on the MENA region, 85% of the Group's content inventory is in Arabic, alongside significant content available in other languages including Persian (Farsi) and Turkish as of 2022G. The Group has a track record of successful soap opera and drama releases such as the show Rashash, introduced in 2021G, which received a high rating of 7.9/10 on the international peer-to-peer rating platform IMDb. The Group is constantly innovating by adapting relevant foreign formats, such as the singing contest, The Voice. The success of The Voice drove the Group to launch three spin-off shows. The Group's version of The Voice, hosted by many regional celebrity presenters, ran for eight seasons. The Group also maintains strong relationships with major Hollywood studios in order to bring the latest global content to the MENA region.

Content is developed by the Group's in-house production team, which also partners with leading international companies. The strength of the in-house production team has in recent years led to an increase of internally commissioned content for the Group. Internally commissioned content accounted for 30% of the Group's total content in 2022G. In-house productions also achieved international acclaim as they received two nominations at the International Emmy Awards in 2021G. The Group's in-house production continued to receive international recognition when it received another nomination at the 2022G International Emmy Awards for its show Top Chef. Further, as a recognition of the quality of the content produced by the Group, Shahid won awards for Best OTT Production in 2022G, 2021G and 2020G, as well as an award for Best Streaming Service in 2021G and nominations in other categories at the BroadcastPro ME Summit Awards. The Group's in-house production has a strong pipeline of projects, with more than 25 production projects planned for 2023G.

Shahid is the leading subscription-based OTT streaming platform in the MENA region, with a strong growth trajectory and increasing revenue generation.

Shahid, the Group's digital OTT platform, is the leading SVOD service in the MENA region. Shahid has a portfolio of exclusive content, the majority of which is in Arabic. Shahid's content includes a significant number of Shahid originals. For more information on Shahid's content, please refer to Section 4.4.1.3 ("**The Group has a large offering of high-quality local content**") of this Prospectus. Shahid also includes an offering of premium live sports, such as Roshn Saudi League, Formula 1, NFL, AFC Champions League and other sporting events. The Group's premium content has resulted in significant subscriber growth in the past few years. The number of subscribers has increased from 0.1 million as at 31 December 2019G to 1.0 million as at 31 December 2020G, and to 2.1 million as at 31 December 2021G. The number of subscribers increased further to 2.9 million as at 31 December 2022G and reached a record high of 3.76 million during Ramadan 2023G. One of Shahid's main competitors, Netflix, increased from 0.9 million as at 31 December 2019G to 1.5 million as at 31 December 2020G and to 2.1 million as at 31 December 2021G. The number of Netflix subscribers has remained steady at 2.2 million as at Q1 2023G.

While global streaming competitors have a significantly higher number of subscribers globally, Shahid is the largest streaming platform in the MENA region. The Group's leadership is particularly evident in the KSA, the Gulf region and Egypt. In the MENA region, excluding Iraq, Shahid SVOD has the largest market share among competitor OTT platforms, with a 23% market share as at 31 December 2022G[2]. Shahid is highly rated by its customers, with 28% of people in the MENA region having voted Shahid as their favorite brand among streaming services, which is the same share as Netflix. In Egypt, Shahid's popularity exceeds that of Netflix, as 45% of respondents opted for Shahid as their favorite brand, whereas only 16% chose Netflix. Shahid's market positioning, coupled with high customer satisfaction, has resulted in high brand awareness of Shahid in the KSA and Egypt, where 93% of people recognized the brand. Among competitor digital platforms and streaming services, only YouTube has the same brand awareness, while Netflix stands behind with 91% brand awareness. However, Shahid had the highest brand engagement, with 39% of people recognizing the brand across the MENA region, followed by Netflix at 33% and Watchit at 25%. Furthermore, the digital entertainment expansion is further supported by the KSA government initiatives to curb piracy.

With its large market share and high brand recognition, the Group is well positioned to benefit from the digital connectivity growth in the MENA region. The MENA region is undergoing a fast-paced digital transformation with a 29% fixed broadband household penetration rate in 2022G, which is forecast to grow further. Similarly, the MENA region is also seeing a rise in smartphone adoption, which is expected to rise from 78% in 2022G to 90% by 2030G. As such, OTT subscribers are set to double in the MENA region from 12.5 million in 2022G to 25.3 million by 2025G, and increase further to 35.3 million by 2027G. OTT SVOD revenue in the MENA region is expected to grow at a CAGR of 6.9% for the five-year period between 2022G and 2027G, from USD 1.6 billion in 2022G to an estimated USD 2.3 billion in 2027G. OTT penetration levels are increasing, with penetration rates in the MENA region at only 4% in 2022G, compared to mature markets such as the US with penetration rates of 81% in the same year.

In addition to the SVOD platform, the Group also operates its AVOD platform, with a total of 12 million monthly active users in 2022G. Furthermore, as at Ramadan 2023G, Shahid AVOD had 22 million monthly active users. The Group's AVOD platform handled more than 31 million monthly average plays in 2022G. The most monthly active users of the AVOD platform in 2022G were in the KSA and Egypt, where the AVOD platform had 3.57 million and 2.92 million users, respectively.

2 Source: Market Report

The Group has an experienced management team with a strong track record in the region and employs a significant number of top-tier professionals in the media business

The Group is led by a highly experienced executive management team, which has guided the growth and development of the Group to its current market leading position in the MENA market. The Chief Executive Officer (CEO) of the Group, Samuel Barnett, and the Chief Financial Officer (CFO), Hussam Aldein Alnouri, each have over 20 years of experience within the Group and approximately 30 years of total experience. As the CEO and CFO have been within the Group for over two decades, they have extensive knowledge of the industry and the positioning of the Group within the region. They are supported by a strong, international team including Joseph Igoe as Chief Operating Officer (COO), Stephanie Holden as Chief Strategy and Corporate Development Officer, and Omar El Barrage as the Group's General Counsel. Please refer to Section 5.5 ("**Senior Executives**") of this Prospectus for summary biographies of the Senior Executives. In addition, Mr. Waleed bin Ibrahim Al Ibrahim, the Group's founder, remains the Chairman of the Group and contributes his wealth of knowledge accumulated from over 30 years in the industry and his ties across the region to further grow and enhance the Group's operations.

As the leading media company in the MENA region, the Group employs a significant number of top-tier media professionals who contribute to the Group's success as a major entertainment provider and content producer. In addition, the Group has a significant number of highly experienced technology experts that work on its technology platforms. The technology experts are particularly important for the Group's OTT business as they ensure effectiveness of the user interface which is critical for its customers. The Group spent decades building up its critical workforce and ties to key professionals, which provides a strong base for further growth, utilizing the Group's internal resources and market knowledge.

The Group's Contribution to KSA's Vision 2030

The KSA's Vision 2030 has established numerous programs, initiatives and goals across various sectors to develop non-oil sectors with the aim of diversifying the cornerstones of the Kingdom's economy. Several programs and initiatives have been launched to promote culture and the arts, as well as develop traditional and digital media content. This aims to enhance the quality of life and localize cultural and artistic industries through vocational training programs that meet the needs of the labor market. In trying to achieve these objectives, the media and entertainment sector is expected to continue being a focal point of KSA's Vision 2030, which in turn provides a strong foundation for the Group's future growth.

The Group contributes to the KSA's Vision 2030 through continuous investment in various entertainment and media programs and initiatives in the KSA, including developing talent, content production, gaming, event management and increased broadcasting of certain channels on TV and through the Shahid platform. The Group believes that its media strategy is in line with KSA's Vision 2030. In this way, the Group contributes to the development of the local KSA media industry and economy. Furthermore, the Group is, through its move to the KSA, creating new employment opportunities for individuals in the entertainment and media industry in the KSA.

Moreover, given the Group's capabilities and position in the media sector and the successes it has achieved historically, it has been chosen as a strategic partner of the KSA government for the implementation of media and entertainment projects and initiatives that further develop the media ecosystem in the KSA and the wider region in line with KSA's Vision 2030 (the "**Expansion Projects**"). This is in line with the framework of the Strategic Cooperation Agreement concluded with the government (represented by Istedamah Holding Company). The Expansion Projects include providing sports content on the Group's platforms, operation of certain television channels, and the production of high-quality Arabic content with the aim of elevating the status of the Arabic language and increasing its regional and global influence. The Expansion Projects also include providing training to Saudi talent through the establishment of a specialized vocational training academy, leveraging the Group's event management expertise, and developing high-quality electronic games. These Expansion Projects allow the Group to contribute to KSA's Vision 2030 as a leading national company with a regional leadership position, while further aiming to increase its global footprint. In order to fund the costs of the Group's entertainment and the media initiatives being implemented by the Group, the Group has entered into agreements with the government (represented by Istedamah Holding Company) under the framework of the Strategic Cooperation Agreement for the purposes of implementing such projects (the "**Expansion Project Agreements**"). The Group achieved revenues of approximately SAR 2,754 million between 2019G to the six-month period ended 30 June 2023G under the Expansion Project Agreements. Receipt by the Group of the aforementioned amounts is linked to a number of obligations to be fulfilled by the Group, including achieving key performance indicators set forth in the agreements or specific milestones, in addition to adhering to a number of other restrictions and conditions specified in such agreements. The Expansion Project Agreements also include restrictions on the distribution of dividends by the Group and Group Companies without the prior written approval of Istedamah Holding Company as the counterparty to those agreements.

For further details on the risks of this relationship, please refer to Section 2.1.1 ("**Risks related to the Expansion Project Agreements and the extent of the Group's Reliance on the agreements with the KSA government (represented by Istedamah Holding Company)**") of this Prospectus. For further details on how this funding is addressed from an accounting perspective, please refer to Section 6 ("**Management's Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus. For further details on the key provisions of the relevant existing agreements, please see Section 12.6.5 ("**Summary of Agreements between the Group Companies and Istedamah Holding Company**") of this Prospectus.

The Group has a solid business model by combining the cash generative FTA TV business and the high growth OTT streaming businesses

The Group has invested significantly in growing its OTT business in order to support its advertising revenues from FTA broadcasting and the AVOD OTT service. Overall, in 2022G, the Group's Shahid SVOD revenue already accounted for 13% of the Group's total revenue, excluding eliminations, with revenues increasing from SAR 132 million in 2020G to SAR 370 million in 2021G, then to SAR 508 million in 2022G. The Group's revenue is thus increasingly diversified and, as a result, more resilient to trends in the advertising market. The advertising-based revenue streams comprised TV advertising revenue of SAR 1,198 million in 2022G, radio advertising revenues of SAR 29 million, social media advertising revenue of SAR 62 million and AVOD revenue of SAR 46 million in 2022G, amounting to a total of SAR 1,336 million as gross advertising revenues.

In addition, the Company generates ad revenues from Al Arabiya, amounting to SAR 78 million. After deducting commissions and volume rebates of SAR 75 million, net advertising revenues amounted SAR 1,339 million in 2022G.

The Group's combination of different business models, namely broadcasting TV and its digital OTT platform, Shahid, allows it to create synergies within the Group primarily around shared content. It also leverages the broadcasting business' profit and cash generation to fund the Group's investments in the subscriber growth of the OTT business. Shahid's business model requires substantial upfront investments to further grow its subscriber base. In 2022G, the Group, however, achieved a 13% adjusted EBITDA margin excluding its Shahid platform. The Group believes that the strong revenue growth potential in SVOD can provide the Group with significant adjusted EBITDA contributions from economies of scale, despite Shahid as of 2022G not yet contributing to the overall adjusted EBITDA of the Group.

The Group can leverage its position as the leading media group in the MENA region by building up ancillary businesses such as event management and video game development

The Group has developed and invested in various ancillary business segments that leverage its long-standing relationships in the region and its know-how and capabilities. While the Group has already ventured into the interactive gaming business in 2007G with a project called Dream Competition and later with the WIZZO gaming platform, it has more recently started large-scale video game production. The Group and the KSA's NEOM city initiative have signed an agreement to jointly establish a high-quality games development studio in the KSA, making it the first studio of its kind in the MENA region. The studio is intended to relocate to NEOM city's media hub, and the Group has plans to produce high-production-value games to the worldwide gaming audience.

The Group started its events management operations several years back, with the first large-scale events management operation conducted in 2017G in the KSA. The Group has organized events such as the Cirque du Soleil shows in the KSA. Due to the Group's size and its complementary operations in FTA and content production, the Group's management believes it is ideally suited to operate this ancillary business. The Group also has a music publishing and music talent management business under its Platinum Records label and is seeking to expand its music-related activities going forward.

These sectors operate independently from the Group's other sectors but are part of a larger multi-dimensional ecosystem within the Group. This ecosystem allows the Group to leverage its content, intellectual property and employees in one business line to further develop another. Furthermore, MBC Academy and MBC Talent have sourced talents from the talent shows aired on the Group's platforms such as The Voice and Arab Idol, and have connected young Saudi talent to opportunities in the entertainment, music and media industries, respectively.

The Group's strategy for further growth and profitability

The Group aims to maintain its leading position in advertising on TV and radio and leverage its leading OTT platform to capture advertising that is being shifted to digital platforms

The Group's management aims to maintain its leading position in TV and radio advertising and grow revenues from this segment. The Group runs its advertising business through its sales arm, MBC Media Solutions (MMS). MMS already has a very strong position in the market but sees significant additional potential from improved pricing and intensified sales efforts, including through the use of modern ad-sales technology and better audience measurement data. Approximately 700 advertisers from across the KSA, the UAE and Egypt, as well as multinational corporations, place adverts on the Group's media. The Group's management believes that the recently introduced People Meter audience measurement system will drive greater transparency and make TV advertising more attractive for advertisers, resulting in more sales and improved, data-driven pricing. The Group aims to realize significant benefits from internalizing sales via MMS and raising the standards of technology and human resources to international levels. The Group has, for instance, implemented a solution that allows it to dynamically insert targeted ads into live channels seamlessly. The Group aims to optimize the sale of advertising inventory through programmatic sales on technology platforms in addition to sales through its sales team.

The most significant development in the advertising market in recent years has been the shift from advertising spend on linear FTA TV (i.e., the traditional television model in which the audience watches prescheduled content in real-time) to advertising on digital media. While the Group continues to invest in its FTA TV business, it has established its AVOD OTT platform to capture the growing advertising revenue allocated to digital media. The digital advertising market on OTT platforms in the MENA region is expected to increase at a CAGR of 25% from 2022G to 2025G. This would allow for further profitable growth in the Group's overall advertising revenues.

The Group aims to further grow its OTT subscription revenue and leverage economies of scale to significantly improve the SVOD's EBITDA margins

The Group's Management believes that there is substantial further growth potential in its Shahid SVOD platform, which has seen rapid growth from 1.0 million subscribers as at 31 December 2020G to a total of 3.76 million subscribers during Ramadan 2023G. With over 477 million people in the MENA region and a large share of young people, as well as an increasing amount of disposable income, the Group believes that Shahid can be grown substantially in the coming years. As a result, the Group's strategy focuses on further growing the number of subscribers on its digital platform through acquiring additional market share, marketing Shahid across the region and in particular by adding more highly rated content. To achieve this, the Group plans to continue investing in its own production of high-quality Arabic content. The Group is also targeting markets outside the region with a significant Arab diaspora and large Arabic-speaking populations. For example, the Group's Shahid SVOD platform is available to viewers in the United States, the UK and Canada.

To strengthen customer acquisition, the Group aims to refine the efficiency of its marketing to targeted groups of customers while also organizing social events to increase brand recognition. In the B2B sphere, the Group aims to enter into carefully selected partnerships with brands and organizations that have traction with similar target audiences as the Group's. This would allow the Group to achieve maximum synergies in brand recognition and subscriber growth.

To capture viewers in countries with low spending power, the Group enters into partnership deals with telecommunications providers. Such deals allow the Group to offer mobile-only packages at lower prices to audiences in these countries.

The Group believes that the quality and popularity of Shahid originals and its sports offering will continue to incentivize viewers to subscribe to Shahid. Furthermore, the Group believes that as content is added to the platform and further local language content is available, the proposition to subscribe to Shahid will be even more attractive for potential customers across the region and to the Arabic-speaking population globally. In addition, the Group aims to geographically expand its subscription audience and also provide compatibility of Shahid with all mainstream personal devices.

The Group continues to improve the user experience through new product features on the Shahid platform. Such new product features include offering video content in the highest quality and resolution, i.e., 4K and ultra-high-definition ("**Ultra HD**"), which is in line with the standard of leading international digital streaming services. The Group started offering video content in Ultra HD in 2022G for its digital streaming services. During Ramadan 2023G, as many as seven of MBC's most popular Ramadan shows were available in Ultra HD quality. In May 2023G, Shahid streamed its first Ultra HD live sports event.

Furthermore, Shahid has a multilingual user interface that currently supports Arabic, English and French. All Shahid content, both streaming and live, supports multilingual audio and subtitle tracks. For example, certain Roshn Saudi League games are available with commentary in Arabic, English and Portuguese. Shahid has also been strongly focused on improving the latency of its live sports content. Recently implemented technical improvements have allowed the Group to reduce the delay of the service from more than 30 seconds to an average of less than 10 seconds across its OTT platforms. This is especially important for live streaming of channels over the Group's OTT platforms. The Group has also introduced autoplaying of episodes and has made Shahid available on PlayStation 4 and PlayStation 5. The Group aims to enable compatibility of the Shahid digital platform with all mainstream devices, such as Xbox and MBC Android TV Box. In addition, the Group plans to introduce payment capabilities on smart TV, app galleries and consoles. This would make Shahid easier to join and would streamline the payment process by allowing customers to make direct payments through the platform. Payment services include STC Pay, PayPal, Apple Pay and others.

Additionally, Shahid plans to introduce co-viewing functions as well as a smart download function. Shahid has developed a new sign-up interface that should enhance the user experience and maximize the conversion of subscribers. The Group is also implementing support for short form content to allow a TikTok-like experience within Shahid.

Lastly, the Group, in relation to Shahid, believes that maintaining competitive pricing compared to regional and international competitors is key to promoting its widespread adoption and customer growth. As at the date of this Prospectus, Shahid's pricing for monthly subscriptions is lower than some of its competitors such as StarzPlay and OSN. The Group has the ability to further increase the price for Shahid SVOD in the coming years, however the Group's principal aim is to remain competitive and further build on its leading market position by increasing its subscription revenue through an increase in subscriptions, while increasing its EBITDA from the SVOD business through economies of scale.

The Group plans to significantly invest in content production and acquisition to continue its leadership role as a broadcasting and media company in the MENA region

The Group plans to make further investments in its own content productions and aims to continue driving user acquisition and retention through, for example, promoting exclusive Shahid originals. Due to the Group's scale, substantial track record as a Group with a focus on the MENA region and its relationships with production companies and the film industry in general, the Group believes it can continue to be the leading broadcasting and media company in the MENA region.

Having the flexibility of producing its own content, the Group plans to further improve the localization of content in each particular market where it is present. Localized content is more tailored to the preferences and needs of the relevant audience and better resonates with local audiences. Moreover, the Group aims to invest in external premium content and is investing in strategic sports rights, which it combines into compelling subscription packages that are expected to drive further customer demand. Incorporating local sports content in Shahid SVOD content has increased the number of its subscribers. The Group expects to achieve further long-term subscriber growth by including international sports content. The Group is currently considering entering into a strategic partnership with the PIF to jointly acquire SSC, which will allow it to secure rights to sports content and to continuously offer sports content. The Group is investing in children- and youth-focused content to expand its audience base and establish a connection with its younger audience. The Group continues to explore external partnerships aiming to secure Western content that would complement its core offering. For that purpose, the Group has obtained a large deal for Turkish content and adaptations and is working on introducing anime content on both Shahid and TV channels. The Group believes that making substantial investments in production of various segments of its digital offerings will have an anti-churn effect on its viewers, whereby relevant content will encourage the subscribers to remain subscribed to the platform. In addition, the effect of its own production in attracting subscribers for Shahid as well as the Group's TV channels should further increase over time, as the content library of the Group continues to increase.

To provide the most relevant content to its customers, the Group aims to leverage its significant existing market share to gain further insights into its audience. This ability to leverage deeper audience insights would enable the Group to find content that drives the highest demand for streaming and further tailors its offerings to focus on such content or invest in similar content which is likely to drive further demand. To this end, the Group seeks to use data to inform decision-making, which in turn would ensure the most impactful outcomes in relation to allocation of resources, investment in content and management focus.

The Group is further diversifying its business by expanding its events management and gaming activities

The Group has diversified its historically broadcasting-focused business by establishing AVOD and SVOD platforms and by investing in ancillary businesses that leverage its long-standing business operations in the MENA region, as well as its know-how and expertise. The Group is expanding and further developing new business lines tailored to the growing population of young Saudi citizens and youth in the MENA region. In recent years, the Group has developed and invested in more versatile business segments such as gaming, music and events management. The Group is set to further expand each of these business lines by broadening the scope of services provided and expanding its reach. For this reason, the Group plans to enter into strategic partnerships to establish itself in the video games development business.

Besides the individual potential of each of the business segments, the Group also sees potential benefits from the collaboration between its segments. The Group is already profiting from synergies that the diversification of its services has created. It is expected that the individual success of the business lines the Group is developing and expanding will allow the Group to profit from synergies at a greater scale.

As part of the Group's business expansion and development plans, the Company continues to examine opportunities to acquire a number of companies and businesses complementary to its main activities. As of the date of this Prospectus, the Company is currently conducting feasibility studies for potential projects prior to taking any decisions to invest in such companies and businesses. After being listed, the Company will announce any transactions that must be disclosed in accordance with the requirements of the relevant laws and regulations.

Summary of Market Information

1. MENA Macroeconomic Overview

The MENA region's GDP per capita is forecast to grow at a 2.7% CAGR, reaching USD 9.5 thousand (SAR 35.6 thousand) by 2027G, outpacing the growth rate of other global economies. In turn, the MENA region is expected to become more affluent, as indicated by disposable income levels which are forecast to grow at a 4.7% CAGR, reaching USD 12.2 thousand (SAR 45.8 thousand) by 2027G. In terms of inflation, the CPI in the MENA region has spiked due to the economic instability of various nations. However, the GCC states have witnessed relatively lower inflation due to less volatile current account balances and more stable energy prices due to ongoing government subsidies. The MENA region's population is forecast to register among the highest growth rates relative to other global regions, at a 1.4% CAGR, reaching 512 million by 2027G. The population is characterized by a young tech-savvy demographic with a median age of 28 years old, making it more prone to digital and innovative product adoption.

2. Overview of Segments in Focus

The MENA E&M ("**Entertainment & Media**") market is broadly classified into the following key segments: (i) TV, (ii) OTT ("**Over-the-top**"), (iii) internet advertising, (iv) music, radio and podcasts, (v) cinema, (vi) video games and esports, (vii) books, magazines and newspapers and other. The MENA E&M market is expected to grow at a 7.1% CAGR, reaching USD 22.1 billion (SAR 82.9 billion) by 2027, led by internet advertising, cinema, video games and esports. The market's growth is mainly driven by a young and growing population, growing regional affluence, increased connectivity, a digitally savvy consumer base and large, diverse content libraries.

The focus of the remainder of this market section is on the E&M segments of relevance for the MBC Group, as well as the events management market.

2.1 TV Advertising

Following a historical decline, the MENA TV advertising market has bounced back through 2022G and is expected to grow at a 5.5% CAGR from 2023G to 2027G, reaching USD 1.1 billion (SAR 4.1 billion). Future growth in TV advertising is mainly due to expected growth in consumer spending in the region and is supported by developments around newly established media measurement platforms that will improve the ability to properly identify and report audience figures. This growth will however be counterbalanced by higher adoption of digital channels offering more flexible content selection, leading advertisers to shift to markets with growing viewers like OTT and in-stream internet advertising.

MBC Group is the leading player in terms of linear TV audience share across the key countries in the MENA region as per data from IPSOS (capturing 40% in the KSA, 30% in the UAE, 19% in Morocco, noting that the local channels are not represented in this data, and 27% in Iraq). The differentiating factor for MBC Group's market position lies in its wide assortment of genres and premium Arabic content.

2.2 OTT

The OTT market is expected to continue growing, supported by expansion of libraries as competition among regional and global players intensifies. According to PricewaterhouseCooper's Global Entertainment & Media Outlook 2023G–2027G, the SVOD market is expected to grow at a 6.9% CAGR, reaching USD 2.3 billion (SAR 8.6 billion) by 2027G. Meanwhile, Dataxis Research forecasts the SVOD market will grow at a CAGR of 18.5%, reaching USD 1.6 billion (SAR 6.0 billion) by 2027G. This growth is driven by the positive impact of the COVID-19 pandemic on the sector, as well as expansions in the sizes of visual libraries and the high rates of internet penetration in the region. The AVOD market will grow faster at a CAGR of 15.3%, reaching USD 1.22 billion (SAR 4.6 million) by 2027G as more players focus on a VOD model. The KSA market is rapidly expanding and is expected to reach roughly the same size as that of the UAE, the largest market in the region, by 2027G, driven by partnerships such as StarzPlay with Virgin Mobile and Amazon Prime Video with Mobily. Egypt remains largely underdeveloped due to its lack of broadband infrastructure, delaying the launch of international streaming services.

The early entrants are leading the region's growth, with MBC's Shahid, StarzPlay and Netflix ranking as the most popular OTT platforms due to their exclusive content and large library sizes. A wave of new players has entered the MENA market in the last few years, such as Apple TV+, Disney+, WATCH IT and TOD, driving competition and in turn further fragmenting the market.

2.3 Radio Advertising

The region's radio advertising market is expected to grow at a 5.2% CAGR, reaching USD 293 million (SAR 1.1 billion) by 2027G, with strength coming from the UAE and Egypt. Investments in radio advertising in the KSA are largely expected to continue over the years, as the country is committed to the reform and development of the audio broadcasting industry across Digital Audio Broadcasting ("**DAB+**"), the internet and 5G.

MBC Group, broadcasting both Panorama FM and MBC FM, captured the highest audience share in the KSA's radio market (36% in 2022G). Furthermore, in 2023G, MBC Group launched Loud FM, the KSA's first Western commercial radio station targeting the youth.

2.4 Digital and Recorded Music

The MENA region's music market is expected to continue its upward trajectory, with the digital music streaming advertising market expected to grow at a 10.0% CAGR, reaching USD 35 million (SAR 131 million) by 2027G, and the digital and recorded market (non-advertising) expected to grow at an 8.0% CAGR, reaching USD 264 million (SAR 990 million) by 2027G. The growth is fueled by increasing adoption of digital streaming platforms, investments in local content, and an emphasis on regional and international collaborations.

Within music streaming, Anghami claims the leading position across the MENA region, capturing over 70% of the market due to its offering of a large library of Arabic music, followed by Spotify.

The music record label market consists of a mix of global and regional labels, with the top players differentiated by their extensive industry influence and artist roster. Furthermore, global record labels are acquiring smaller regional boutiques to consolidate the market and establish dominance.

2.5 Video Games

The global and regional video gaming market has witnessed a shift from PC gaming (a subset of traditional gaming) to mobile gaming, primarily driven by high smartphone penetration in the region, improved internet connectivity and change in user preferences. Additionally, esports, the competitive form of video gaming, has experienced double-digit growth in the MENA region, with a projected 28.3% CAGR increase between 2022G and 2027G. Global and regional advertising spend on integrated video games is expected to grow at a slower rate due to consumers' using ad-blocking software and becoming more adept at tuning out or skipping ads within games.

The top eight game publishers currently dominate around 70% of the global market, yet the remaining portion is highly fragmented across various players vying for market share. Companies that own popular gaming platforms, such as Sony, Microsoft and Nintendo, have a significant influence on the market. They often publish games exclusively for their platforms or partner with third party developers to create exclusive content.

2.6 Events Management

KSA's Vision 2030 aims to establish the KSA as the number one entertainment hub in the region and has progressed in achieving its vision through the launch of major events and entertainment sector-supporting initiatives. The collective efforts of government agencies and key entities in the sector have led to an increase in both the number of events of all kinds hosted by the KSA and the number of attendees, with the Riyadh Season alone witnessing more than 12 million visitors in 2022G, compared to 10 million visitors in 2019G.

The development of the entertainment sector is expected to drive the events management industry in the KSA. The rise of mega-events, such as international conferences, music festivals and sporting events, has attracted global attention and increased demand for professional events management services in the KSA. The market is therefore expected to grow at a CAGR of 9.8%, reaching USD 867 million (SAR 3.3 billion) by 2027G.

Summary of Financial Information

The selected financial information set out below should be read in conjunction with the Company's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023G and the accompanying notes.

The consolidated financial statements for the years ended 31 December 2020G, 2021G and 2022G are the first set of financial statements of the Group following the reorganization of the Group (the "**reorganization**") for the purpose of submitting an application to the Capital Market Authority in the Kingdom of Saudi Arabia for inclusion in the Company's initial public offering.

The acquisition of the shares in the subsidiaries and associates by the Company was effectively concluded during June 2023G. Accordingly, the acquisition was accounted for as of 30 June 2023G, through "additional shareholders contributions" account. Starting from that date, revenues, expenses, assets and liabilities of the Company and its subsidiaries are consolidated, after eliminating intercompany transactions and balances.

As this reorganization did not result in any change of economic substance and it is not considered as a business combination as defined by IFRS 3 Business Combination, these consolidated financial statements of the Group are prepared on the basis that the reorganization is in substance a combination of the existing group entities as if the Company had always owned the existing group entities. Apart from the results of operations of the subsidiaries and associates, the Company did not recognize any revenues or incur any expenses during the period prior to the consolidation.

The consolidated financial statements for the years ended 31 December 2020G, 2021G and 2022G have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") 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 ("**SOCPA**") (here in after referred to as "**IFRS-KSA**") and have been audited by Ernst & Young Professional Services (hereinafter referred to as "**EY**" or the "**Auditor**") as stated in their report included herein. The unaudited interim condensed consolidated financial statements for the six-month periods ended 30 June 2023G have been prepared in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia and have been reviewed by the Auditor as stated in their review report included herein.

The financial information for the financial years ended 31 December 2020G, 2021G and 2022G was extracted from the Group's audited consolidated financial statements for the three financial years ended 31 December 2020G, 2021G and 2022G. The financial information for the six-month periods ended 30 June 2022G and 30 June 2023G was extracted from the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

SAR in 000s	for the year ended 31 December 2020G	for the year ended 31 December 2021G	for the year ended 31 December 2020G	for the six months period ended 30 June 2022G (Unaudited)	for the six months period ended 30 June 2023G (Unaudited)
Revenue from contracts with customers	1,786,361	2,048,947	2,353,711	1,205,489	1,355,623
Other operating revenues	531,220	796,526	1,135,023	423,889	534,386
Direct costs	(1,862,005)	(2,128,015)	(2,847,598)	)1,386,187)	(1,441,734)
Gross profit	**455,576**	**717,458**	**641,136**	**243,191**	**448,266**
General and administrative expenses	(580,995)	(693,180)	(815,196)	(391,084)	(451,558)
Operating (loss) / profit	**(125,419)**	**24,278**	**(174,060)**	**(147,893)**	**(3,292)**
Other income	41,648	398,539	203,159	70,786	49,154
Finance (costs) /income, net	3,420	(45)	2,359	2,551	(4,478)
Share of profits in associates and joint ventures	(13,823)	(4,008)	14,187	1,014	22,319
Loss on disposal of an investment in a joint venture	(1,501)	-	-	-	-
Unrealized gain on investment in financial asset through profit or loss (FVTPL)	-	-	10,771	46,566	(4,980)
(Loss) / gain on derivative financial instruments	-	341,625	(1,326)	14,433	268
Profit / (loss) before tax	**(95,675)**	**760,389**	**55,090**	**(12,543)**	**58,991**
Income tax and Zakat	(119)	(12,824)	(7,224)	(3,910)	(7,257)
Profit / (loss) for the year / period	**(95,794)**	**747,565**	**47,866**	**(16,453)**	**51,734**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translating foreign operations, net	(1,047)	(84)	(4,536)	(1,180)	(1,225)
Share of other comprehensive income of associates, net	1,045	83	780	(108)	(1,437)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement gain on defined benefits plans	(26,057)	6,714	35,452	30,208	(2,330)
Other comprehensive income for the year / period	**(26,059)**	**6,713**	**31,696**	**28,920**	**(4,992)**
Total comprehensive income / (loss) for the year / period	**(121,853)**	**754,278**	**79,562**	**12,467**	**46,742**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

SAR in 000s	31 December 2020G	31 December 2021G	31 December 2022G	30 June 2023G (Unaudited)
Statement of financial position				
Total non-current assets	404,950	384,520	1,283,544	1,361,655
Total current assets	3,059,636	4,832,278	5,065,549	5,824,982
Total assets	**3,464,586**	**5,216,798**	**6,349,093**	**7,186,637**
Equity attributable to equity holders of the Parent	2,149,111	2,893,104	2,952,303	2,993,172
Non-controlling interests	(27,362)	(17,057)	8,306	13,251
Total equity	**2,121,749**	**2,876,047**	**2,960,609**	**3,006,423**
Total non-current liabilities	277,884	271,120	253,215	257,951
Total current liabilities	1,064,953	2,069,631	3,135,269	3,922,263
Total liabilities	**1,342,837**	**2,340,751**	**3,388,484**	**4,180,214**
Total equity and liabilities	**3,464,586**	**5,216,798**	**6,349,093**	**7,186,637**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

SAR in 000s	for the year ended 31 December 2020G	for the year ended 31 December 2021G	for the year ended 31 December 2020G	for the six months period ended 30 June 2022G (Unaudited)	for the six months period ended 30 June 2023G (Unaudited)
Statement of cash flows					
Net cash flows from / (used in) operating activities	344,740	388,416	164,837	(80,992)	27,827
Net cash flows generated from/ (used in) financing activities	8,748	(13,026)	480,142	75,693	196,801
Net cash flows used in investing activities	(127,739)	(84,210)	(625,771)	(24,698)	(102,396)
Bank balances and cash at the end of the year / period	**390,963**	**678,087**	**693,016**	**647,274**	**799,717**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Key performance indicators	2020G	2021G	2022G	30 June 2022G	30 June 2023G
Revenue from contracts with customers	1,786,361	2,048,947	2,353,711	1,205,489	1,355,623
Other operating revenues	531,220	796,526	1,135,023	423,889	534,386
Total Revenue	**2,317,581**	**2,845,473**	**3,488,734**	**1,629,378**	**1,890,009**
Advertising					
Spots revenue (SAR in 000s)	N/A	878,116	792,430	467,410	386,106
AVOD revenue (SAR in 000s)	N/A	44,713	46,065	26,255	60,395
Gross advertising revenue (SAR in 000s)	1,305,187	1,390,579	1,328,067	820,232	721,874
AVR %	N/A	5.1%	5.9%	7.5%	7.8%
Net advertising revenue (SAR in 000s)	**1,305,187**	**1,319,548**	**1,249,607**	**758,951**	**665,259**
Total advertising revenue (SAR in 000s)	**1,305,187**	**1,349,441**	**1,339,380**	**793,521**	**755,582**
Number of spots sold	N/A	300,009	265,671	150,961	92,810
Gross revenue per spot (SAR)	N/A	2,927	2,983	3,096	4,160

Key performance indicators	2020G	2021G	2022G	30 June 2022G	30 June 2023G
No. of impressions sold (000s)	N/A	391,738	478,928	2,660	1,470
Average monthly number of AVOD users	N/A	10,628,512	11,553,534	12,943,130	16,643,934
AVOD revenue per thousand impressions (SAR)	N/A	114.1	96.2	98.1	82.1
Digital (Shahid)					
Total digital revenue (SAR in 000s)	132,359	365,427	502,888	254,842	332,195
SVOD revenue (SAR in 000s)	132,350	360,445	486,764	245,556	322,607
Average monthly number of SVOD subscribers	720,301	1,577,901	2,548,422	2,488,798	3,398,823
Average number of active SVOD subscribers	442,556	1,124,943	1,746,749	1,732,461	2,339,523
Number of SVOD subscribers at year / period end	982,644	2,082,051	2,867,446	2,535,606	3,385,493
Monthly average revenue per user (ARPU) (SAR)	15.3	19.5	16.6	16.8	16.3
Key performance indicators (as a percentage of total revenue)					
Gross profit	19.7%	25.2%	18.4%	14.9%	23.7%
General and administrative expenses	25.1%	24.4%	23.4%	24.0%	23.9%
Operating (loss) / profit	(5.4%)	0.9%	(5.0%)	(9.1%)	(0.2%)
Other income	1.8%	14.0%	5.8%	4.3%	2.6%
Profit / (loss) before tax	(4.1%)	26.7%	1.6%	(0.8%)	3.1%
Profit / (loss) for the year / period	(4.1%)	26.3%	1.4%	(1.0%)	2.7%

Source: Management Information.

KPIs	2020G	2021G	2022G	30 June 2023G
Days sales outstanding (DSO) (1)	141	142	140	141
Days inventory outstanding (DIO) (2)	222	213	201	225
Days payables outstanding (DPO) (3)	49	58	53	49
Percentage				
Debt to Equity (4)	4.4%	2.5%	19.0%	25.5%
Return on assets (ROA) (5)	(2.8%)	14.3%	0.8%	0.7%
Return on equity (ROE) (6)	(4.5%)	26.0%	1.6%	1.7%

Source: Management Information.

(1) DSO was calculated using average (gross receivables and contract assets) for the previous and current period / revenue from contracts with customers * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G.

(2) DIO was calculated using average inventories for the previous and current period / total cost of programs amortization * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G.

(3) DPO was calculated using average trade payables for the previous and current period / total direct costs * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G.

(4) Debt to equity ratio was calculated using (loans from related party, loan from shareholder, and borrowings) / total equity as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G.

(5) ROA was calculated using profit / (loss) for the year / period / average total assets for the previous and current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G.

(6) ROE was calculated using profit / (loss) for the year / period / average total equity for the previous and current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G.

Summary of Risk Factors

Before deciding to subscribe for the Offer Shares, prospective Subscribers should carefully review all of the information contained in this Prospectus, particularly the risks described below. These risks are detailed in Section 2 ("**Risk Factors**") of this Prospectus.

2.1 Risks related to the Group's Business and Operations

2.1.1 Risks related to the Expansion Project Agreements and the extent of the Group's Reliance on the agreements with the KSA government (represented by Istedamah Holding Company)

2.1.2 Risks related to the Group's ability to generate advertising revenue due to the ongoing shift towards digital media advertising

2.1.3 Risks related to the Group's advertising sales arm MBC Media Solutions

2.1.4 Risks related to the Group being unable to grow its Shahid SVOD streaming platform and reach a level of subscribers across its target countries that is necessary for Shahid's sustained profitability

2.1.5 Risks related to retaining streaming subscribers for Shahid and addressing customer churn

2.1.6 Risks related to the dependence of the Group on content that it broadcasts on TV channels and displays on Shahid, including its reliance on major content suppliers

2.1.7 Risks related to piracy and theft of the Group's content

2.1.8 Risks related to increasing costs and operating expenses

2.1.9 Risks related to any significant disruption in or unauthorized access to the Group's computer systems

2.1.10 Risks related to the technical infrastructure supporting Shahid's video-on-demand service

2.1.11 Risks related to data breaches of personal data

2.1.12 Risk related to hiring and retaining key employees

2.1.13 Risks related to the loss of key management personnel, popular on-air and creative talent as well as celebrity presenters

2.1.14 Risks related to the Group's reputation

2.1.15 Risks related to the cultural, social, religious, and political environment in the MENA market

2.1.16 Risks relating to industry acceptance of the Group's advertising data and its selected audience measurement method

2.1.17 Risks related to the Group not being able to successfully implement its growth plans including events management, gaming development and music production

2.1.18 Risks related to Shahid subscribers sharing accounts

2.1.19 Risks related to cost increases as a result of the Group's relocation of its operations to the KSA

2.1.20 Risks related to the production of feature films

2.1.21 Risk relating to regulatory licenses and permits

2.1.22 Risks related to litigation

2.1.23 Risks of intellectual property claims against the Group by third parties and of loss of significant rights of the Group


mbc
GROUP

Table of Contents

List of Tables

List of Exhibits


mbc
GROUP

1. Definitions and Abbreviations

The following sets out certain definitions and abbreviations used in this Prospectus.

Admission	Admission of all the shares, including the Offer Shares, to trading on the Exchange in accordance with the OSCOs and Listing Rules.
Advisors	The Company's advisors in relation to the Offering, whose names appear on pages vi to viii of this Prospectus.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
AIP	ARA International Productions Company
Auditor	Ernst & Young Professional Services (Professional LLC).
Authority or CMA	The Capital Market Authority of the Kingdom of Saudi Arabia. Any reference to the Authority's Resolutions is a reference to the Resolutions of its Board.
Bid Form	The application form to be used by Participating Parties to bid for the Offer Shares during the Book Building Period.
Board	The Board of Directors of the Company.
Book Building Instructions	The Instructions for Book Building Process and Allocation Method in Initial Public Offerings issued pursuant to CMA Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G), as amended pursuant to CMA Board Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G).
Bookrunners	**HSBC Saudi Arabia** HSBC Building 7267 Olaya Street – Al Murooj District Riyadh 2255 – 12283 Kingdom of Saudi Arabia Tel: +966 92 000 5920 Fax: +966 11 299 2385 Website: www.hsbcsaudi.com Email: mbcipo@hsbcsa.com **J.P. Morgan Saudi Arabia Company** Al Faisaliah Tower King Fahd Road P.O. Box 51907, Riyadh 11553 Kingdom of Saudi Arabia Tel: +966 11 299 3800 Fax: +966 11 299 3840 Website: www.jpmorgansaudiarabia.com Email: MBC_IPO@jpmorgan.com **SNB Capital** SNB Regional Building King Saud Road P.O. Box 22216 Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 92 000 0232 Fax: +966 11 406 0052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com
Business Day	Any day (with the exception of Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the KSA.
Bylaws	The Company's Bylaws as summarized in Section 12.14 ("**Summary of Bylaws**").

Capital Market Law (CML)	The Capital Market Law issued under Royal Decree M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
CGRs or Corporate Governance Regulations	The Corporate Governance Regulations issued pursuant to CMA Board Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), as amended pursuant to CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), pursuant to the Companies Law.
Chairman	The Chairman of the Company's Board of Directors.
Companies Law	The Companies Law, issued under Royal Decree M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Company's Corporate Governance Manual	The Company's Corporate Governance Manual approved on 24/04/1445H (corresponding to 08/11/2023G).
Competition Law	The Competition Law issued under Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G).
Control	Pursuant to the definition stated in the Glossary of Defined Terms used in the CMA Regulations, "control" means the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a Relative or Affiliate, through any of the following: (i) holding 30% or more of the voting rights in a company or (ii) having the right to appoint 30% or more of the members of the administrative staff. The term "**controlling party**" shall be construed accordingly.
Directors	Members of the Company's Board of Directors.
Edaa	The Securities Depository Center Company (Edaa) licensed to engage in the activities of depositing, transferring, settling and registering ownership of securities traded on the Exchange in the KSA in accordance with the provisions of the Capital Market Law and the Securities Exchanges and Depository Centers Regulations.
Exchange	The Saudi Stock Exchange or Tadawul, as applicable, including any committee, sub-committee, employee, official, affiliate or agent who may, for the time being, be assigned to perform any of the functions of the Exchange. The term "on the Exchange" means any activity that takes place through the facilities provided by the Exchange. Any reference to the Saudi Stock Exchange is a reference to the Exchange.
Exchange Rules	A set of rules, regulations, procedures and instructions proposed by the Board of Directors of the Exchange and approved by the CMA Board.
Extraordinary General Assembly	An Extraordinary General Assembly of the Shareholders convened in accordance with the Company's Bylaws.
Financial Advisors	HSBC Saudi Arabia, J.P. Morgan Saudi Arabia Company and SNB Capital.
Financial Due Diligence Advisor	PricewaterhouseCoopers Chartered Accountants.
Financial Year	The Company's financial year.
Foreign Investors	Qualified Foreign Investors (QFIs) and Foreign Strategic Investors (FSIs).
Foreign Strategic Investors (FSIs)	A foreign legal entity aiming to acquire a direct interest in the shares of a listed company for a period of no less than two years for the purpose of contributing to enhancing the financial or operating performance of the listed company.
GCC	The Cooperation Council for the Arab States of the Gulf.
GCC Investor with Legal Personality	A legal entity with a majority of its capital owned by citizens of GCC countries or their governments, which have the nationality of a GCC country in accordance with the definition set out in the Resolution of the Supreme Council of the Gulf Cooperation Council (GCC) issued in its fifteenth session and approved by Council of Ministers Resolution No. 16 dated 20/01/1418H, as well as corporate investment funds established in a GCC country whose units are publicly offered to investors in those countries in accordance with their respective applicable laws and the majority of their capital is owned by citizens of GCC countries or their governments.
GDP	Gross domestic product.
General Assemblies	The Extraordinary General Assembly or the Ordinary General Assembly of the Company.
Glossary of Defined Terms used in CMA Regulations	The Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority issued pursuant to CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G).
GOSI	The General Organization for Social Insurance in the KSA.
Group CEO	The Chief Executive Officer of the Group.
Group CFO	The Chief Financial Officer of the Group.
Group Companies	The Company or any of its Subsidiaries.
IAS 34 "Interim Financial Reporting" endorsed in the KSA	International Accounting Standard 34 "Interim Financial Reporting", as endorsed in the KSA.

IASB	The International Accounting Standards Board.
IFRS	The International Financial Reporting Standards issued by IASB.
IFRS-KSA	The International Financial Reporting Standards endorsed in the KSA, and other standards and pronouncements endorsed by SOCPA.
Implementing Regulation of the Companies Law	The Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by CMA Board Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G) pursuant to the Companies Law issued by Royal Decree M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended pursuant to CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
Individual Subscribers	This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in her name and/or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her Saudi minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with one of the Receiving Agents.
Lead Manager	HSBC Saudi Arabia.
Legal Advisors	Fahad Abuhimed, Majid AlSheikh, Mansoor AlHagbani and Clifford Chance Law Firm.
Listing	The listing of securities on the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules issued by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended pursuant to CMA Board Resolution No. 1-108-2022 dated 23/03/1443H (corresponding to 19/10/2022G).
Lock-up Period	The period during which the Substantial Shareholders may not dispose of their shares, which ends six (6) months after trading of the shares commences on the Exchange.
Material Subsidiaries	The material subsidiaries of the Company, namely: 1- MBC FZ-LLC ("**MBC FZ**") 2- MBC Studios Projects FZ-LLC ("**MBC Studios Projects FZ**") 3- MBC Media FZ-LLC ("**MBC Media FZ**") 4- MBC Media Solutions FZ-LLC ("**MMS (FZ)**") 5- MBC Media Solutions for Advertising Services LLC ("**MMS Egypt**") 6- MBC Media Solutions Limited ("**MBC Media Solutions Limited (KSA)**") 7- MBC Media KSA LLC ("**MBC Media KSA**")
MBC Group Holdings (BVI)	MBC Group Holdings, incorporated and based in the British Virgin Islands under Commercial Registration No. 1644127, is the former parent company of the Subsidiaries and has transferred all of its shares in the Subsidiaries to the Issuer in accordance with the restructuring carried out prior to the date of this Prospectus (for more details on the Group Restructuring process, please refer to Section 4 ("**The Company**") and Section 12 ("**Legal Information**") of this Prospectus).
MBC Studios	The studios of the Group, which are operated and managed by the Group companies for the purpose of content production.
MHRSD	The Ministry of Human Resources and Social Development of the KSA.
MOC	The Ministry of Commerce of the KSA.
Net Offering Proceeds	The offering proceeds after deduction of all expenses related to the Offering.
Offer Price	SAR [●] per Offer Share.
Offer Shares	Thirty-three million, two hundred and fifty thousand (33,250,000) ordinary shares representing 10% of the Company's share capital after the capital increase.
Offering	The initial public offering of the Company's shares under the terms of this Prospectus.
Offering Period for Individual Subscribers	The period which will commence on 01/06/1445H (corresponding to 14/12/2023G) and continue for a period of Five days up to the subscription closing date and end at the end of Monday 05/06/1445H (corresponding to 18/12/2023G) at 5:00 pm.
Ordinary General Assembly	An Ordinary General Assembly of Shareholders convened in accordance with the Company's Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law, and amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).

Participating Parties	This tranche comprises the parties that are entitled to participate in the book building process under the Book Building Instructions, namely: 1- public and private funds that invest in securities listed on the Exchange as permitted by the fund's terms and conditions, and in accordance with the provisions and limitations stipulated in the Investment Funds Regulations and the Book Building Instructions; 2- Capital Market Institutions which are licensed to deal in securities as a principal in accordance with the Prudential Rules when submitting the Bid Forms; 3- clients of a Capital Market Institution authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book Building Instructions; 4- legal persons entitled to open an investment account in the KSA and an account with the Securities Depository Center (Edaa), including foreign legal persons who are entitled to invest on the Exchange where the Issuer's shares will be listed, subject to the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities set forth in CMA Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G) issued pursuant to CMA Board Resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G); 5- Government entities, any supranational authority recognized by the CMA or the Exchange or any other stock exchange recognized by the CMA or Edaa; 6- Government-owned companies, whether investing directly or through a portfolio manager; and 7- GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
Prospectus	This Prospectus prepared by the Company in connection with the Offering in accordance with the OSCOs.
Public	Persons other than the following: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors and Senior Executives of the Affiliates of the Issuer; 5- Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6- any Relatives of the persons referred to in 1, 2, 3, 4 or 5 above; 7- any company Controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed.
Qualified Foreign Investors (QFIs)	A foreign investor qualified in accordance with the provisions of Part 3 of the Rules for Foreign Investment in Securities to invest in shares listed on the Main Market.
Receiving Agents	Riyad Bank, Saudi National Bank, Arab National Bank and Banque Saudi Fransi.
Regulation S	A set of rules pertaining to the US Securities Act in which the US authority concerned with securities and their trading clarifies its position on securities offered outside the US.
Related Party/Parties	In this Prospectus and according to the Glossary of Defined Terms used in the CMA Regulations, the term "**Related Party/Parties**" includes the following: 1- Affiliates of the Issuer, except for companies wholly owned by the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors of Affiliates of the Issuer; 5- Directors and Senior Executives of Substantial Shareholders of the Issuer; 6- any Relatives of persons referred to in 1, 2, 3, or 5 above; and 7- any other company or establishment controlled by any person referred to in 1, 2, 3, 5 or 6 above. For the purposes of Paragraph 6 above, "**Relatives**" shall mean fathers, mothers, husbands, wives and children.
Relatives	Husbands, wives and minor children. For the purposes of the CGRs, such term includes the following: • fathers, mothers, grandfathers, grandmothers and their ancestors; • children, grandchildren and their descendants; • siblings, maternal and paternal half-siblings; and • husbands and wives.
Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued pursuant to CMA Board Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G) under the Capital Market Law.
Saudi Arabian Riyal (SAR)	The official currency of the KSA.

Saudi Labor Law	The Saudi Labor Law issued under Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Secretary	The Secretary of the Board of Directors.
Senior Executives	The Senior Executives whose names appear in Section 5.5 ("**Senior Executives**"), who are members to the Company's Executive Management.
Shares	Any ordinary Share with a nominal value of SAR 10 in the Company's share capital.
SOCPA	Saudi Organization for Chartered and Professional Accountants.
Subscribers or Investors	Individual Subscribers and Participating Parties.
Subscription Application Form	The subscription application form to be used by Investors to subscribe for the Offer Shares during the Offering Period.
Subsidiaries	The subsidiaries of the Company set forth under Section 12 ("**Legal Information**").
Substantial Shareholders	Any Shareholder owning five percent (5%) or more of the Company's shares.
SWAPs	Non-GCC nationals who are not residents in the Kingdom and non-GCC institutions incorporated outside the KSA are permitted to acquire an economic interest in the shares by entering into swap agreements with Capital Market Institutions authorized by the CMA. Under such swap agreements, the Capital Market Institutions will be registered as the legal owner of such shares.
Tadawul System	The automated Saudi securities trading system.
The Group	The Company and its Subsidiaries.
The Kingdom or KSA	The Kingdom of Saudi Arabia.
Underwriters	HSBC Saudi Arabia, J.P. Morgan Saudi Arabia Company and SNB Capital.
Underwriting Agreement	The underwriting agreement entered into between the Company and the Underwriters in accordance with the terms described in Section 13 ("**Underwriting**").
US Securities Act	The United States Securities Act of 1933, as amended.
USD	The official currency of the US.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.
NMA	The National Media Authority.
Radio Advertising	Revenue from traditional radio advertising. Advertising spending is tracked net of agency commissions, production costs and discounts. This revenue is both digital and non-digital and is from advertising spending.
TV Advertising	TV advertising includes all revenue from TV advertising, including broadcasting and online ads. TV broadcasting covers all advertising revenue generated by FTA networks (terrestrial) and pay-TV operators (multichannel). Online TV advertising consists of in-stream ads and reflects revenue from pre-roll, mid-roll and post-roll ads for TV content distributed by broadcaster-owned websites and apps. Advertising revenue is net of agency commissions, production costs and discounts in all territories.
Digital Music Streaming	Consumer spending on premium audio subscription services plus bundle subscriptions.
Digital Music Downloads	Downloads includes revenue from any licensed and recorded music downloaded via app stores or licensed services (such as iTunes).
Analog Music	Analog music covers any retail or online purchase of official physical albums (e.g., CDs), single sound recordings or music videos.
Music Synchronization	Synchronization revenue represents earnings from the use of music in advertising, film, games and television programs.
Music Performance Rights	Record companies generate performance rights revenue through the use of music recorded by stations and in public places.
UAE	The United Arab Emirates.
Traditional Gaming	Traditional gaming comprises revenues associated with playing games on PCs and game consoles (both TV-connected and portable). This includes sales of physical (disc-based) games at retail (traditional and online retailers), digital game sales (including Steam, Good Old Games and Origin for PC and PlayStation Store, Xbox Games Store and Nintendo eShop for consoles) and additional downloadable content and subscription services. Such revenue is generated from digital and non-digital sources, as well as from consumer spending.

Group Company Name Definitions

The following are the definitions and abbreviations related to the Group companies:

MBC Media KSA	MBC Media KSA LLC, incorporated in the KSA
MMS (KSA)	MBC Media Solutions Limited, incorporated in the KSA
MBC Events LLC	MBC Events LLC, incorporated in the KSA
MBC Initiatives	MBC Initiatives LLC, incorporated in the KSA
MBC Studios Projects KSA	MBC Studios Projects KSA Limited, incorporated in the KSA
Ze Qar Art Productions	Ze Qar Art Productions Limited, incorporated in the KSA
03 Media Production LLC	03 Media Production LLC, incorporated in the KSA
MBC Game Studio	MBC Game Studio LTD, incorporated in the KSA
Arabian Contracting Services Company (ACSC)	Arabian Contracting Services Company, incorporated in the KSA
MBC Studios Projects FZ	MBC Studios Projects FZ-LLC, incorporated in the UAE
MBC FZ	MBC FZ-LLC, incorporated in the UAE
MBC Media FZ-LLC	MBC Media FZ-LLC, incorporated in the UAE
MMS (FZ)	MBC Media Solutions FZ LLC, incorporated in the UAE
MBC IP FZ	MBC IP FZ-LLC, incorporated in the UAE
MBC Studios FZ	MBC Studios FZ-LLC, incorporated in the UAE
Wanasah FZ	Wanasah FZ-LLC, incorporated in the UAE
Platinum Records FZ	Platinum Records FZ-LLC, incorporated in the UAE
MBI FZ	MBI FZ-LLC, incorporated in the UAE
Desert Warrior Holdings	Desert Warrior Holdings Limited (ADGM), incorporated in the UAE
CG Drama Project Holdings	CG Drama Project Holdings Limited (ADGM), incorporated in the UAE
MBC Jordan LLC	MBC Jordan LLC, incorporated in the Hashemite Kingdom of Jordan
MBC Lebanon	Middle East Broadcasting Center Lebanon - SAL, incorporated in the Republic of Lebanon
MMS Egypt	MBC Media Solutions for Advertising Services LLC, incorporated in the Arab Republic of Egypt
Middle East Production Company MBC Egypt	Middle East Production Company MBC Egypt SAE, incorporated in the Arab Republic of Egypt
Al-Miza (Egypt)	Al-Miza for Promotion & Advertising (Egypt), incorporated in the Arab Republic of Egypt
03 Medya Produksiyon	03 Medya Produksiyon, a joint stock company incorporated in Turkey
MBC Ventures Limited (BVI)	MBC Ventures Limited (BVI), incorporated in the British Virgin Islands
MBC Media Services (BVI) Limited	MBC Media Services (BVI) Limited, incorporated in the British Virgin Islands
MBC Studios (BVI)	MBC Studios (BVI) Limited, incorporated in the British Virgin Islands
Anghami	Anghami Inc., incorporated in the Cayman Islands
Tapmad	Tapmad Holdings PTE. LTD., incorporated in Singapore
Wego	WEGO PTE. LTD., incorporated in Singapore
MBC Holdings (Cyprus)	MBC Holdings (Cyprus) Limited, incorporated in Cyprus
MBC Media Cyprus	MBC Media Cyprus Limited, incorporated in Cyprus
MBC Group Holding (Hungary)	MBC Group Holding Magyarország Korlátolt Felelősségű Társaság, a limited liability company incorporated in Hungary

2. Risk Factors

Before deciding whether to invest in the Offer Shares, all prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risk factors described below. These risk factors may not include all the risks that the Group may encounter, and additional risks may exist that are not currently known by the Group, or that may be deemed immaterial but may nevertheless affect the Group's operations.

The Group's business, financial position, results of operations and prospects could be adversely and materially affected if any of the risks below, which are identified as material, or if any other risks that the Directors have not identified or are considered not to be material, actually occur, or become material. As a result of such risks or other factors that may affect the Group, the forward-looking events and circumstances presented in this Prospectus might not occur in the way the Company and/or the Directors expect, or at all. When evaluating the risks described below, a prospective investor should also consider, among other information set out in this Prospectus, the information on the Group and the relevant agreements described in Section 4 ("**The Company**") and Section 12 ("**Legal Information**"), respectively.

The Directors also confirm that, to the best of their knowledge and belief, there are no other material risks besides those mentioned in this Section, the non-disclosure of which would affect investors' decisions to invest in any Offer Shares as at the date of this Prospectus.

An investment in the Offer Shares is only appropriate for investors who are capable of assessing the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from this investment. Any prospective investor who has any doubts concerning the appropriate action to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares.

The occurrence of any of the risk factors specified below, or the occurrence of any other risks which the Directors have not identified or those which they do not consider to be material as at the date of this Prospectus, may result in the reduction of the price of the Shares in the market and an investor could lose all or some of the value of his investment in the Offer Shares.

The risks set out in this Section 2 ("**Risk Factors**") do not purport to be: (a) a complete or composite list of all risks which may affect the Group or in any case its operations, activities, assets or markets in which it operates; or (b) an explanation of all the risks involved in investing in the Offer Shares. The risks and uncertainties described below are not presented in an order that reflects their importance, likelihood, or anticipated effect on the Group.

2.1 Risks related to the Group's Business and Operations

2.1.1 Risks related to the Expansion Project Agreements and the extent of the Group's reliance on the agreements with the KSA government (represented by Istedamah Holding Company)

The Group is a leading media company in the KSA with significant contributions to the Saudi economy and society. The Group contributes to KSA's Vision 2030 through continuous investment in various media and entertainment programs and initiatives in the KSA including developing talent, content production, gaming, events management and increased broadcasting of certain channels on TV and through the Shahid platform. The Group considers that its media strategy is in line with the KSA's Vision 2030. As such, the Group has implemented various plans aimed at growing and developing the media and entertainment sector in the KSA, which involved several media and entertainment projects and initiatives that develop the media ecosystem in the KSA and the wider region in line with the KSA's Vision 2030 (the "**Expansion Projects**"). The Expansion Projects include providing sports content on the Group's platforms, operation of certain TV channels, production of high-quality Arabic content which elevates the status of the Arabic language and increases its influence both regionally and globally. The Expansion Projects also include providing training to Saudi talent through the establishment of a specialized vocational training academy, leveraging the Group's event management expertise, and developing high-quality electronic games. To implement the Expansion Projects, the Group has entered into agreements with the KSA government (represented by Istedamah Holding Company ("**Istedamah**")) under the framework of the Strategic Cooperation Agreement to implement these Expansion Projects and the media and entertainment initiatives (the "**Expansion Project Agreements**"). Under the Expansion Project Agreements, the Group receives funding to implement the relevant initiatives against the cost of such initiatives. In its statement of comprehensive income, the Group recognized funding in an amount of approximately SAR 2,446 million between 2020G and the six-month period ended 30 June 2023G (including revenues of SAR 418.7 million in 2020G, SAR 598.9 million in 2021G, SAR 913.8 million in 2022G and SAR 466.4 million in the six-month period ended 30 June 2023G, representing 18%, 21%, 26% and 25% of the Group's total revenues for those periods, respectively) from the funds received under the Expansion Project Agreements. The Expansion Project Agreements also cover certain costs and expenses for the relocation of the Group's operations and employees to the KSA. In its statement of comprehensive income for 2022G, the Group recognized funding in an amount of SAR 2.6 million for covering the CAPEX associated with establishing its headquarters in Riyadh. The Group also recognized funding in an amount of SAR 18.2 million for covering the expenses of transferring employees to the Group's headquarters in 2022G. In its statement of comprehensive income for the six-month period ended 30 June 2023G, the Group the Group recognized funding in an amount of SAR 27.5 million as for covering the expenses of transferring employees to the Riyadh headquarters. The Company also received an amount of SAR 53.7 million in exchange for covering the expenses of establishing headquarters for the Group's studios in Riyadh during the same period. The deferred revenue balance resulting from Expansion Project Agreements with the KSA government (represented by Istedamah Holding Company) amounted to SAR 365.5 million, SAR 1,003.9 million, SAR 1,378.6 million and SAR 1,842.6 million for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G, respectively.

The Group's receipt of the above mentioned amounts is linked to several obligations to be fulfilled by the Group, including the achievement of key performance indicators ("KPIs") or certain milestones, and the adherence to several other restrictions and conditions specified in such agreements. The Expansion Project Agreements also include restrictions on the distribution of dividends by the relevant Group Companies implementing the Expansion Projects without the prior written approval of Istedamah Holding Company as the counterparty to those agreements. The Expansion Project Agreements specify a total financing amount; however, the government does not have to provide the full amount, and is only obligated to provide funding for applications that have been accepted.

The amounts payable to the Group under the Expansion Project Agreements generally cover the costs of implementing the Expansion Projects. The Group's long-term growth path and its budgets for implementing the Expansion Projects may be influenced by the amounts paid under the Expansion Project Agreements. In addition, content produced because of the Expansion Projects is ultimately owned by the Group and can be watched and streamed through its platforms, which can increase the Group's profitability. If the amounts payable under the Expansion Projects are substantially reduced or fully discontinued, the Group may need to wind down such projects or shift to self-funded projects which may impact their commercial feasibility. This could result in at least a temporary loss to the Group which may negatively impact its business and developing projects in the short-term. Such potential losses could also negatively impact the Group's reputation in its markets which would in turn have a material adverse effect on the Group's business, financial conditions, results of operations and prospects, and therefore the Company's share price.

If the Group fails to achieve the agreed KPIs (measured quarterly and annually), or to implement the agreed initiatives or to comply with the terms and conditions of the agreements, or if the Expansion Projects are terminated for any reason, this could lead to the funding being suspended or reduced, or the Group may be required to refund some of the amounts that were not utilized for the agreed purpose. This could materially and adversely affect the Group, and may require the Group to obtain external funding from financing institutions or other sources. The terms and conditions on which external funding may be made available to the Group may not be acceptable, or funding may not be available at all due to economic and capital markets conditions, investors' confidence, business performance, political and regulatory developments or the non-availability of credit from banks and other lenders. At the same time, the Group may become more leveraged and subject to additional or more restrictive financial covenants and ratios. As a result, the Group may seek to raise funding by issuing new Shares, which may lead to dilution of the existing holders of Shares. The Group's failure to meet key performance indicators or to execute the agreed projects or its non-adherence to the terms and conditions of such agreements may lead to the Company's inability to recognize deferred revenue representing the Company's obligations in consideration for implementing such initiatives.

If the Group's position in the market changes or if it loses its position as a leading national company in the media and entertainment sectors in the KSA, or if for any other reason the Group does not procure further funding under the Expansion Projects, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.2 Risks related to the Group's ability to generate advertising revenue due to the ongoing shift towards digital media advertising

The majority of the Group's revenue is related to advertising revenue. In 2020G, the Group's revenue from its broadcasting segment amounted to SAR 1,751 million (representing 76% of the Group's total revenue for that period). In 2021G, the Group's revenue from its broadcasting segment activities reached SAR 2,067 million (representing 73% of the Group's total revenue for that period). In 2022G, the Group's revenue in its broadcasting segment amounted to SAR 2,034 million (58% of the Group's total revenue for that period), and in the six-month period ended 30 June 2023G, the Group's revenue from its broadcasting segment amounted to SAR 1,145 million (approximately 61% of the Group's total revenue for that period). For several years, there has been a shift from linear, traditional television to digital internet content including news, social media and on-demand video content. As a result of this consumer shift to streaming content, the advertising market has generally responded by shifting from traditional spending on free-to-air TV advertising to internet advertising, or digital advertising over the internet. Based on this transition, the Group launched its Shahid platform in the Middle East and North Africa ("**MENA**") region in 2008G, which started out as a catch-up service (an "advertising-based video-on-demand" ("**AVOD**") platform) before becoming a subscription video-on-demand platform ("**SVOD**") several years later.

As a result of this shift from traditional television to digital content, advertisers have increasingly redeployed their focus and advertising budgets from the traditional television platform towards digital platforms operated by Google, YouTube, Meta (including Facebook and Instagram) as well as newer platforms such as TikTok. The Group is therefore expecting to experience a decline in its advertising revenue generated from its free-to-air channels. Despite an increasing number of viewers of free-to-air TV within the MENA region, the budgets of large advertisers for television have generally decreased in favor of digital advertisement spending, particularly in the Kingdom of Saudi Arabia ("**KSA**"), Egypt and the United Arab Emirates.

The Group's strategy to face the general market trend may result in significant spending on acquiring and producing content for its free-to-air TV program despite a reduced potential revenue. In addition, the Group aims to increase advertising revenue from its AVOD platform by capturing the industry shift to online spending, which may, however, fail to be a profitable strategy long-term given the adverse effect of competition and the potentially lower profitability of the Group's AVOD business model. If the Group is unable to maintain advertising spending levels on its free-to-air TV programs or its AVOD platform, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and therefore on the Company's share price.

2.1.3 Risks related to the Group's advertising sales arm MBC Media Solutions

The Group is subject to risks related to its dependence on MMS FZ, a Subsidiary that is 60% owned by the Group (the remaining 40% is owned by the Saudi Media Advertising Company, a subsidiary of Engineer Holding Group Ltd.) established in 2021G for the purpose of providing advertising sales services, which were previously provided by external parties. It wholly-owns MMS (KSA) and MMS Egypt (collectively referred to as "**MMS**"), as well as MMS's ability to achieve its targeted advertising revenue goals. Throughout the years 2021G to 2022G, the revenues of MMS amounted to SAR 1,241 million and SAR 1,338 million, respectively. Revenues represented 44% of the Group's total revenue in 2021G and 38% of the Group's total revenue in 2022G. During the six-month period ended 30 June 2023G, MMS revenues amounted to SAR 702 million (representing 37% of the Group's revenue in that period). MMS is the Group's advertisement revenue generation arm, selling advertising spots to agencies and directly to clients across the UAE, the KSA and Egypt, on all MBC platforms (via TV, radio, Shahid and social media) for more information, please see Table 4.25 ("**Group's advertising revenue from its various platforms for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 2023G**"). MMS purchases airtime from the Group and is responsible for the for the direct negotiation and onward sale of airtime to customers. The Group relies on the commercial competitiveness of MMS's customer deals, its management process, the integrity and completeness of its revenue data and its implemented sales management framework and system. Efficient and successful operations of MMS are vital for the overall performance of the Group considering that the Group generates a substantial part of its revenue from advertising.

The Group, through MMS, provides advertising sales services to both Al Arabiya News Channel ("**Al Arabiya**") and Saudi Sports Company ("**SSC**"). Under the agreement with SSC, the Group generates commission revenue from the advertisements that are displayed.

Under the agreement with Al Arabiya, MMS acts as an agent and is responsible for selling airtime for profit. In 2021G, and pursuant to said agreement, the Group guaranteed SAR 56.3 million to Al Arabiya. In 2022G, the Group switched its agreement with Al Arabiya to an airtime agreement, which resulted in achieving net advertising revenue of SAR 77.9 million from Al Arabiya and incurring costs of SAR 68.6 million in connection with Al Arabiya. During the first half of 2023G, the Group achieved advertising revenues from Al Arabiya amounting to SAR 22.8 million and incurred costs to Al Arabiya amounting to SAR 19.9 million. If airtime sales are negatively affected, the Group will bear the amount guaranteed to Al Arabiya. The Group has no control over the content aired on Al Arabiya and thus the quality and attractiveness of the channel to advertisers.

As the Group is not the sole shareholder of MMS (FZ), in accordance with applicable accounting standards (IFRS 10), the Group is required to assess whether or not it has control over MMS (FZ). The Group currently finds that even though the minority shareholder has the right to vote on budget of MMS (FZ), the Group has control over MMS (FZ). Accordingly, the Group has consolidated MMS (FZ) within its consolidated financial statements. However, the Group is required to continue to reassess whenever there are any changes in the facts and circumstances and review if it continues to have control over MMS (FZ). Should there be any changes in determination of control over MMS (FZ), and the Group would find that it no longer has control over MMS (FZ), this would result in MMS (FZ) being accounted as an equity accounted investee, which could have a material effect on the Group's revenues, financial position, profitability, results of operations or future prospects, and therefore the Company's share price.

The main goal of MMS is to regain and sustainably grow the Group's share and volume of advertising revenue by reducing revenue erosion. MMS faces operational risks such as the loss of key staff or key accounts, technical disruptions to booking systems and difficulties in collecting receivables from agencies in a timely manner or at all. If MMS is unable to continue selling airtime profitably to the maximum extent envisioned, and to achieve its milestones in terms of targeted advertising revenue, or if the agreement between MMS and the Group changes, then this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore on the Company's share price.

2.1.4 Risks related to the Group being unable to grow its Shahid SVOD streaming platform and reach a level of subscribers across its target countries that is necessary for Shahid's sustained profitability

In 2014G, the Group launched the Shahid SVOD platform, the Group's subscription streaming platform, which subsequently experienced strong growth in 2020G and 2021G during the COVID-19 pandemic. As a result, the subscribers for Shahid increased from 0.1 million at the end of 2019G to 1.0 million subscribers at the end of 2020G to 2.1 million as at 31 December 2021G. The number of subscribers increased further to 2.9 million subscribers as at 31 December 2022G. During Ramadan 2023G, the number of subscribers reached a new high of 3.76 million. The number of Shahid platform subscribers reached 3.4 million as of the six-month period ended 2023G.

While the Group has successfully grown its Shahid streaming platform in the last few years, the Group's core viewer base remains principally located in the KSA, the other Gulf Cooperation Council ("**GCC**") countries and Egypt. The Group's strategy includes an expansion across the MENA region. Though the MENA region's customer adoption rate of online streaming continues to grow (with, for instance, Dubai having a much higher adoption rate), the Group still faces the risk that it will not sufficiently increase its subscriptions to create a profitable SVOD platform. This may be due to strong competition from its competitors in the industry, failing to attract sufficient customers to its content or a lack of investments or overall resources. Please also refer to Section 2.2.1 ("**Risks related to intense competition for production of content and the broadcasting and streaming industry in the region**") of this Prospectus.

In particular, the Group's available streaming content is the core factor for attracting new subscribers to Shahid. As a result, though subscribers for Shahid have grown significantly and revenues for Shahid SVOD increased from SAR 132 million in 2020G to SAR 370 million in 2021G to SAR 508 million in 2022G and SAR 333 million as of the six-month period ended 30 June 2023G, representing 7%, 18%, 22% and 25% of revenue from contracts with customers, respectively. The increase in Shahid SVOD platform revenue was primarily due to the Group's significant spending on content to grow the Shahid platform and attract new customers. However, such spending resulted in losses, with the net loss attributable to OTT reaching SAR 184 million in 2020G, SAR 309 million in 2021G, SAR 322 million in

2022G and SAR 85 million as of the six-month period ended 2023G (For more information, please refer to Section 6.6 "**Shahid Platform Investments and their Impact on Profitability**" of this Prospectus). If the Group is unable to grow its subscriber base to a level that allows for Shahid's future profitable growth, the Group's investments and expenditures for Shahid could adversely and materially affect the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

2.1.5 Risks related to retaining streaming subscribers for Shahid and addressing customer churn

The Group's ability to continue to attract subscribers to its Shahid streaming business will depend in part on the Group's ability to consistently provide compelling content choices, effectively market its streaming services and provide a quality experience for its subscribers. The Group must achieve the twin aims of (i) attracting new subscribers and (ii) retaining subscribers, as well as their monthly subscription fees, in the long-term. While the marketing expenditures to attract streaming subscribers are relatively low, the Group is currently allocating significant resources to Shahid to build up its content offerings.

The Group must continually add new subscriptions both to replace canceled subscriptions and to grow its current subscription base. To work towards its goal of significantly increasing its subscription base, the Group offers promotional offers which allow subscribers to cancel their subscription after an initial try-out phase. In the past, this has resulted in a significant churn rate (which refers to the attrition rate with respect to customer usage of a product), with a significant number of new subscribers cancelling their subscriptions within the promotional try-out phase. For example, in 2020G, 1.0 million subscribers cancelled their subscription to the Group's OTT platform Shahid. In 2021G, 0.8 million subscribers cancelled their subscription and in 2022G, 1.0 million subscribers cancelled their subscription to Shahid. Despite this high churn rate, the Group was still able to grow its overall subscription base significantly. In 2020G, The Group gained 1.8 million new subscribers. In 2021G, the Group gained 2.0 million new subscribers, and in 2022G the Group gained 2.4 million new subscribers. If the Group is not successful in managing Shahid's churn rate in the long run, the Group may not sustainably grow its subscriber base and generate consistent long-term profits from Shahid.

The Group's high churn rate with respect to Shahid is further enabled by issues tied to the so-called "windowing" phenomenon. Generally, windowing refers to the timing during which content is available on a particular kind of media. But the benefits from a successful windowing strategy, which can promote the exclusivity of content offerings on a given streaming platform, may be disrupted when content is aired on free-to-air TV before or soon after that same content is available for subscription streaming. For the Group, windowing issues may arise when production partners, to help make their content available to a wider audience than what may currently be few subscribers on Shahid, contractually require that their content be also soon available on other platforms or free-to-air TV. Consumers may then realize that the content that they must pay a subscription fee to watch on Shahid is also available for free on TV channels such as MBC1, causing them to cancel their Shahid subscription. Moreover, if it becomes generally known that Shahid's content overlaps with the Group's free-to-air television content, potential customers may forgo subscribing to Shahid entirely. Thus, the high churn rate caused by disruptions to windowing could adversely and materially affect the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

2.1.6 Risks related to the dependence of the Group on content that it broadcasts on TV channels and displays on Shahid, including its reliance on major content suppliers

The Group's business heavily depends on the content it airs on TV channels and streams, with a substantial part of its expenses at the end of each year comprised of content costs. That entails that any disruption, whether internally or externally, to its supply of content, or its quality, would negatively affect the Group's business. The Group's value proposition to its customers relies principally on providing new, attractive and compelling content on an ongoing basis. The Group's content is derived from a variety of sources: specifically, the Group (i) produces content in-house, (ii) acquires content from third party suppliers and (iii) commissions third parties to produce content on its behalf. The Group may air content either by having direct ownership over its content rights or by making licensing agreements. Any disruptions to the Group's supply of content or decline in the quality of its content will negatively impact the Group's business by reducing viewership, advertising and its number of subscribers.

The following categories of content are of particular importance to the Group:

- The Group has taken licenses to produce and broadcast shows such as Arabs Got Talent, The Voice and Top Chef (typically, Arab adaptations of such shows). These shows attract large audiences and large amounts of advertising spending. The rights to broadcast such shows are subject to the conditions imposed by the licensors who ultimately own the intellectual property rights to the content, which include requirements as to the overall concept and branding of these shows best on best practices and guidelines. The Group licenses the right to produce such formats for multiple years or seasons. Please refer to Section 12.11.3 ("**Key Licensed Content of the Group**") of this Prospectus for details of the key licensed content. The loss of any important production and broadcasting rights or the inability to renew license contracts at acceptable terms could have a material negative effect on the business of the Group.
- The production of these large TV shows (either aired live or pre-recorded) requires the participation of various celebrities and media personalities, the coordination of schedules and the conduction of an extensive auditioning process to find promising candidates as participants. Any disruption (i.e., the requirement to relocate production or delays) to a material aspect of this compact and fast-moving process could hinder production, thereby depriving the Group of a key piece of content, and may result in the substantial loss of viewership, advertising and subscriptions.
- The Group produces and acquires Arabic drama shows. This genre, which is very popular in the Middle East, includes dramas aired during Ramadan which are of particular commercial importance. While the Group, together with some affiliated suppliers, produces such series, the Group mostly acquires third-party licenses to the series. There is only a small number of high-quality independent producers (currently estimated at a dozen) in the market and their annual series output is fairly limited. As such, there is intense competition for the series that promise to be "hits" and prices are very high. If the Group cannot secure the top or the best series in any given year, its viewership, advertising revenues and subscriptions may substantially decline and its profitability would be negatively and materially affected.
- The Group produces a variety of recurring studio-based programs such as talk shows, sports discussions, beauty and health features, celebrity news, cooking shows and morning shows. The Group produces these in its studio facilities in Riyadh, Jeddah, Dubai, Cairo, Beirut and other locations. Those programs are typically driven by well-known presenters or moderators who may be employed with the program for multiple years. Losing such key presenters for any reason may cause a disruption to the program and may thereby negatively and materially affect the Group's viewership and revenues. Any disruption to the efficient operation of the Group's studio facilities may also prevent the program from airing and may negatively and materially affect the business of the Group.
- The Group acquires rights for TV series that have originally been produced for audiences in other countries or regions, such as Korea, India, or Latin America (and historically Turkey as well). After acquiring these titles, the Group will dub or apply Arabic sub-titles to the content. As some of these regional genres become increasingly popular in the Group's areas of operation, competition for such content tends to increase and prices tend to rise. To the extent that the Group cannot secure the rights to such content at an acceptable price, or at all, the Group's business may be materially negatively affected. Furthermore, access to quality dubbing and subtitling by third-party suppliers is also important to this segment and any disruption to the operations of the Group's third-party suppliers would negatively and materially affect the business of the Group.
- Since its inception, the Group has acquired transmission licenses for Western movies and series primarily from well-known Hollywood studios in the United States. These titles are aired with Arabic subtitles. The commercial importance of the Group's TV channels that air this Western content (primarily MBC2) has declined in the past years. Nevertheless, the termination of such studio contracts or the loss of commercial or legal access to this Western content for any reason would negatively and materially impact the business of the Group.
- The Group airs content and produces sports coverage in the format of sports channels. Such channels are available for viewers on Shahid to purchase as a special package. As a significant number of Shahid subscribers are sports and football fans, a significant loss of sports coverage, could negatively and materially affect the business of the Group. The Group is considering entering into a strategic joint venture with the Public Investment Fund that should secure rights to and provide sports content continuously. For more information, please also refer to Section 4.4.2.3 ("**The Group plans to invest significantly in content production and acquisition to continue its leadership role as a broadcasting and media company in the MENA region**") of this Prospectus.

- The Group also needs to tailor its content offering to the tastes of regional markets in the MENA region, beyond the KSA and other Gulf states. For example, for Egypt, the Group partially tailors its content to the local audience which results in challenges associated with content production and acquisition and can represent a significant expense. This additional content expense must be recouped from revenues generated by local advertising and subscriptions. If such revenues fail to materialize for localized content offerings, the Group's business and profitability would be negatively impacted. The same set of financial challenges applies to the Group's channels targeting Iraq and North Africa. However, their respective commercial relevance and the extent of programming spending on behalf of the Group are smaller than those of the Egyptian channels.

For more information on the content categories of the Group, see Section 4.5.2.1 ("**Content Categories**") of the Prospectus.

The Group relies on main suppliers to supply content. Content acquired from the five largest suppliers accounted for 42%, 33%, 31% and 22% of the Group's total inventory for the years 2020G, 2021G and 2022G and the six-month period ended 30 June 2023, respectively. Most of the content provided by these suppliers relates to series produced specifically for the Ramadan season. The Group generated SAR 63.4 million in revenue in 2021G, SAR 77.5 million in 2022G and SAR 54.7 million in the six-month period ended 30 June 2023G from content provided by the five largest content suppliers. During Ramadan, as much as 89% in 2021G, 88% in 2022G, and 82.5% in the six-month period ended 30 June 2023G of the Group's total advertising revenue was generated by the Group's ten most popular titles. The Group also generated a total of SAR 1,411 million and SAR 1,335 million in advertising revenues in 2021G and 2022G, respectively. The failure of the Group to access diverse sources of content or the failure to conclude future agreements with its content suppliers due to a disruption in the supply of quality content or increased price pressure could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects and therefore the Company's share price. The Group's trade payables balance was SAR 250.4 million, SAR 421.7 million, SAR 411.1 million and SAR 363.2 million for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G. Commercial payables include invoices due to the Group's suppliers in connection with the provision of satellite services and production and post-production services, among others. The Group's ten top suppliers represented 6.2%, 12.5% and 11.6% of the Group's trade payables balance total as of 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G, respectively. (For more information, please refer to Section 6.7.2 ("**Consolidated Statement of Financial Position**") of this Prospectus.)

In addition, the Group may not recognize the shift in viewers' trends and TV content preferences or may not adequately or timely anticipate such trends and preferences. The Group may therefore offer content that is not attractive to viewers or viewers may react badly to the content it offered and produced. In such a case, the Group will not only lose the funds it invested in the production or purchase of such content, but it may also lose viewers, who may instead subscribe to the Group's competitors. If the Group fails to recognize viewers' trends and preferences or fails to timely anticipate them this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

2.1.7 Risks related to piracy and theft of the Group's content

The success of the Group's businesses depends in part on its ability to maintain and monetize the Group's intellectual property rights to its entertainment content. There is a significant amount of piracy and copyright theft in the MENA region, in particular due to the widespread use of streaming websites that violate copyright laws by failing to license copyrighted content, while allowing for the illegal streaming, downloading and peer-to-peer sharing of such content. In addition, certain local television channels in several locations within the MENA region will air movies or TV shows for which a license has not been obtained. If piracy of the Group's content reaches significant proportions and the Group's content is made available on the internet or on other digital platforms or TV channels without obtaining a license, viewers may not be inclined to watch the Group's TV channels, use its platforms or purchase its subscriptions, which would decrease the revenue the Group earns from those services. Furthermore, given that the Group prevailingly offers digital services, piracy may affect a significant part of its established and developing business segments such as Shahid, gaming and music.

While the Group, when it considers it sensible, is actively targeting piracy and copyright theft by seeking the discontinuation of culpable online platforms and broadcast television channels, especially in relation to unauthorized online streaming, its success has generally been low. Even if the Group were to successfully bring lawsuits against well-known illegal streaming websites based on copyright infringement, many more websites providing illegal streaming opportunities under different domains continue to emerge every year. In addition, even though the Group incurs losses as a result of piracy, enforcing copyrights on smaller websites or even individuals is generally not a commercially viable strategy.

The increasing reliance on digital platforms and technologies heightens the risk of content piracy and presents an even greater challenge to the Group's Shahid streaming platform than the Group's free-to-air TV content. This is the case because high-resolution digital formats on Shahid can generally be made available on illegal streaming websites immediately after their release on Shahid. As a result, for potential subscribers in the Group's target markets, the choice between paying for a Shahid subscription and illegally streaming or downloading content is often a question of wanting to pay the subscription fee, which can be particularly problematic if the subscription fee amounts to a significant expense for a household in the Group's target market. Moreover, fighting piracy is even more difficult as illegal streaming websites that provide such content keep evolving with the development of technology.

Litigation may be necessary to enforce the Group's intellectual property rights or to determine the validity and scope of proprietary rights claimed by others. Please also refer to Section 2.1.22 ("**Risks related to litigation**"), Section 12.11 ("**Intellectual Property and Intangible Assets Owned by the Group**") and Section 12.12 ("**Claims and Litigation**") of this Prospectus for further details. Any litigation of this nature, regardless of its outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect the Group's business, financial conditions, results of operations or future prospects. The Group's failure to protect its intellectual property rights could result in substantial or irreparable damage to the Group's brand and may limit the Group's ability to control the marketing of its networks.

If any of the risks above materializes, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

2.1.8 Risks related to increasing costs and operating expenses

The majority of the Group's expenses and costs relate to content acquisition and content creation. In particular, a large amount of the Group's costs relates to the creation of content. The Group's operating expenses could increase as a result of several factors (for more information about the Group's financial and operational performance, see Section 6 ("**Management's Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus). Prolonged periods of cost inflation may negatively impact the Group's profit margins and earnings if such cost increases are not translated into an increase in the Group's prices to be passed on to advertisers or subscribers of Shahid.

The Group's business model requires it to make substantial investments upfront for programming (either through production costs or acquisition license fees) before collecting revenue from such content. However, the Group's annual cashflow is negatively impacted due to the practice of front-loading costs, so the Group may experience extended periods of limited liquidity. While a program may be an instant success in terms of viewership, it may still lack budgeted advertisement revenues for a period of time if advertisers do not quickly purchase advertisement slots for the relevant content. With Shahid, the Group's business model similarly involves substantial risk as the Group must invest upfront in programming (either through production costs or acquisition license fees) before reasonably knowing the expected amount of subscription revenue from such investments. The Group spent SAR 848 million in the financial year 2022G on its Shahid platform to attract subscribers for Shahid. Because the Group must first spend to create or acquire content and then generate subscribers and revenue, the Group can only recoup its investments into Shahid's program and the developing initiatives later on. Thus, this uneven delay in the Group's cashflow (with respect to its free-to-air segment) and the Group's substantial investment in Shahid prior to knowing the profitability of such content could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects and therefore the Company's share price.

The Group's direct costs amounted to 80% of revenues in 2020G, 74% of revenues in 2021G and 82% of revenues in 2022G and 76% of revenues in the six-month period ended 30 June 2023G. During the year 2021G, a decline in costs was accounted for as a result of the launch of MMS services, which eliminated the need to incur commission expenses. Programming costs increased against total revenues by 41% in 2020G, 44% in 2021G and 52% in 2022G, driven by the Group's efforts to build up the content library for Shahid. If the Group cannot accurately manage its direct costs in the future, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects, and therefore the Company's share price.

2.1.9 Risks related to any significant disruption in or unauthorized access to the Group's computer systems

As a broadcasting and streaming service, the Group's operations can be severely impacted if there are disruptions to its internal IT system, external providers or broadcasting infrastructure including satellite availability:

- **Disruptions in IT systems.** The Group's reputation and ability to attract, retain and serve its customers and viewers depends on the reliable performance and security of the Group's computer systems and those of third parties that the Group utilizes in its operations. These systems may be subject to damage or interruption from, among other things, earthquakes, adverse weather conditions, other natural disasters, terrorist attacks, employee mistakes, power loss, telecommunications failures and other reasons. Interruptions in these systems, or with the internet in general, could make the Group's service unavailable or degraded or may otherwise hinder the Group's ability to deliver its service. The Group's operations therein depend, in part, on how well it protects networks, equipment, IT systems and software against damage from a number of threats. Any disruptions in the Group's service could result in IT system failures, delays, or increases in capital expenses. The Group's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment and IT systems and software, as well as preemptive expenses to mitigate the risks of failures. The Group's IT system (especially with respect to Shahid) also must be able to handle high stream density and accommodate increasing levels of demand, simultaneous usage and expanding surges. Service interruptions, errors in the Group's software or the unavailability of computer systems used in its operations could diminish the overall attractiveness of the Group's membership service to existing and potential members.
- **Cyber-attacks and other external risks for IT systems.** The Group's computer systems and those of third parties the Group uses in its operations are subject to cybersecurity threats, including cyber-attacks such as computer viruses, denial of service attacks, physical or electronic break-ins and similar disruptions. These systems periodically experience directed attacks intended to lead to interruptions and delays in the Group's service and operations as well as loss, misuse, or theft of personal information (of third parties, employees, and the Group's members) and other data, confidential information, or intellectual property. Additionally, outside parties may attempt to induce employees, vendors, partners, or users to disclose sensitive or confidential information in order to gain access to data. Any attempt by hackers to obtain the Group's data (including member and corporate information) or intellectual property (including digital content assets), disrupt the Group's service, or otherwise access its systems, or those of third parties the Group uses, if successful, could harm the Group's business, require an expensive remedy and damage the Group's reputation. Further, penetration of the Group's systems, third-party's systems or other misappropriation or misuse of personal information could subject the Group to business, regulatory, litigation and reputation risk, which could have a material adverse effect on the Group's business, profitability, financial conditions, operating results or future prospects.
- **Outages of satellites and broadcasting systems.** The Group is highly dependent on several satellite providers (Eutelsat, Arabsat, Nilesat and Yahsat) to broadcast its free-to-air TV content. For more information, see Section 12.6 ("**Material Agreements**") of this Prospectus. Specifically, the process of uplinking, whereby the Group sends signals through fiber telecommunication links to uplink service providers (in Dubai or other locations) and these service providers then transmit signals up to the satellites, is instrumental to the Group. Distribution partners carrying the Group's MBC channels receive the subsequently retransmitted signals by such satellites or they rely on fiber optic connections to receive signals. Finally, consumers receive the signals through individual or communal satellite dishes situated on rooftops. All these advanced processes are highly instrumental to the effective terrestrial airing of the Group's content. The Group maintains a reliable back-up center in Cyprus for redundancy capacity (to triage issues if uplinking becomes unavailable). However, any disruption or outages in signal transmission may prove detrimental to the viewership of free-to-air content. Such outages, especially if long in duration, may negatively impact the Group's ability to generate advertising and distribution revenue, which could have a material adverse effect on the Group's business, and so, on the Group's results of operations, financial condition and future prospects and therefore the Company's share price. In addition, the contracts with the satellite service providers may be terminated as a result of certain events occurring that are outside the control of the Group, which include, for example, termination for convenience by the service provider, termination due to damages to the satellites or any of the relevant equipment or due to disruptions to the channels. Such events would materially and adversely impact the Group's business, profitability, financial conditions, operating results or future prospects. For more information on the risks related to termination of contracts with satellite service providers, please refer to Section 2.1.25 ("**Risks related to the Group's material agreements**") of this Prospectus.

Should any of the above factors materialize, they could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

2.1.10 Risks related to the technical infrastructure supporting Shahid's video-on-demand service

The Group utilizes a combination of proprietary and third-party technology to operate the Group's business. This includes the technology that the Group has developed to allow subscribers to access Shahid on various consumer electronic devices such as smartphones, tablets or laptops. If the Group's technology is not up to the standards offered by competitors or if Shahid's subscriber base is generally unsatisfied with the technical implementation of Shahid streaming technology, this could impact its subscriber retention rate, which in turn impacts the Group's revenues.

The Shahid interface is created by integrating multiple third-party applications through proprietary code developed by the Group. This method is industry-standard in terms of building a video-on-demand service as it would be beyond the technical capabilities of most businesses to develop and build all video-on-demand features and functions by themselves. However, this approach exposes the Group to the risk of third-party outages or the failure of any of the integrated applications on which it relies. The Group also faces the risk that its own code integrating these third-party applications could malfunction or fail to adequately respond to a potential outage of a third-party application. Any such event would impact the operation of the Shahid video-on-demand services and could lead to a substantial loss of subscribers and revenue which could thereby have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.11 Risks related to breaches of personal data

The Group maintains personal information and other data from its Shahid subscribers and users of its other services, including their names and billing information. The Group also maintains information on its employees and suppliers, as well as internal confidential information. This information and data are maintained on the Group's own systems as well as that of trusted third parties it uses in its operations. With respect to billing information, such as credit card numbers, the Group ensures its security with encryption and authentication technology, while taking special measures to protect against threats of unauthorized intrusion into the information and other data of its subscribers or other users. Despite these measures and technologies, the Group, its payment processing services or the other third-party services that the Group uses, could all still experience unauthorized access by third parties of the information and other personal data of its subscribers and other users.

For example, in compliance with the new Saudi Personal Data Protection Law (the "**PDPL**") and the European General Data Protection Regulation ("**GDPR**"), the Group has implemented measures in order to address the risks related to breaches of personal data. Given the recent amendments of the PDPL, the Group is in the process of assessing its compliance in order to ensure it adheres to such law before the end of the grace period. The Group is also working on performing data protection impact assessments for certain processing procedures involving specific personal and sensitive data. The Group largely complies with industry practices and require the same treatment by its main external partners including the National Institute of Standards and Technology, ISO 270001 and the Payment Card Industry Data Security Standard to ensure that there are relevant security controls in place to protect personal data. In line with the PDPL and the GDPR, the Group has put in place data breach response procedures. To comply with that process, the Group may be required to provide a timely notice of any actual or perceived data breach to regulators and affected individuals. The data breach response procedure to ensure that relevant actions are taken in the event of a data breach, in a way that is in line with regulations. However, the measures the Group has implemented may prove to be insufficient to protect personal data from the breaches or for the data breach notification to be made in a timely manner.

In the event of a breach of data protection laws, loss or theft of personal information, current and potential Shahid subscribers or users of the Group's other services, may become unwilling to provide the Group with the necessary information to remain or become subscribers. The personal data maintained by the Group may be breached from time to time. Additionally, the Group could face legal claims or regulatory fines or penalties for such a breach. The costs and liabilities relating to any data breach could have a material and adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

The Group has identified gaps in Shahid's design with respect to certain privacy features (such as stronger passwords, multi-factor authentication, limitations to authentication requests). The Group will address those identified gaps in the upcoming releases. However, these gaps may not be addressed in time, or the Group may not identify all the gaps in its security design.

Should an unauthorized intrusion into the personal information maintained by the Group and other data or production of personal information it maintains occur, the Group's larger reputation with respect to data protection could be negatively impacted and this would have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.12 Risk related to hiring and retaining key employees

The Group provides specialized services that require highly competent employees. The quality of those services, which the Group aims to further expand in the future (such as events management), depends on the skills and competencies of its employees. If the Group does not hire highly competent employees, it may be unable to provide the quality of services that it envisions. Retaining competent critical employees and attracting further employees to support the Group's growth may become more difficult as the Group moves its operations to the KSA. The requirement to relocate to the KSA can be a significant commitment for employees and have a cost impact for the Group; the Group may have to offer higher salaries to compensate for its employees' relocation costs and the potentially higher cost of living in the KSA compared to its other countries of operation. If key employees are not incentivized to move to the KSA, the Group may have problems finding substitutes with adequate skills and qualifications for this developing sector, either in the local KSA labor market or in other markets, which could adversely impact the Group's profitable growth. For further information, please see Section 2.1.19 ("**Risks related to cost increases as a result of the Group's relocation of its operations to the KSA**") of this Prospectus.

The Group is recognized as an attractive workplace for media professionals in the region, which helps it attract and retain highly skilled and competent employees. But if the Group no longer enjoys this reputation in the market, it may be harder for the Group to hire or retain quality employees.

There is strong competition for qualified employees in the programing industry. In the post-Covid-19 digitalized workplace, employees have more flexibility and may work remotely or even freelance as digital nomads from various locations throughout the world. If the employees are based in jurisdictions outside the KSA, they may create additional tax, legal or regulatory liability which remains unknown to the Group, as the Group may not have a clear overview of where its employees are based. More importantly, such flexibility allows employees to change their employment without moving their location which means that the Group may be competing with global conglomerates trying to recruit Saudi and regional talent. That flexibility ultimately entails that the Group may face novel risks stemming from its difficulties securing long-term employment and employee loyalty.

If any of these risks materialize, they could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.13 Risks related to the loss of key management personnel, popular on-air and creative talent as well as celebrity presenters

The Company and each of its subsidiaries rely on certain key management personnel in the operation of their businesses. While the Group maintains long-term plans for key management personnel and believes it could either identify internal candidates or attract outside candidates to fill any vacancy created by the loss of any key manager, the loss of one or more of the Group's key managers could have a material negative effect on the Group's businesses.

In addition, the Group depends on the abilities and expertise of a concentrated group of on-air and creative talent. Specifically, the Group's recurring programs, such as its talk shows and talent shows involve presenters which are well known celebrities in its local markets. If the Group fails to attract or retain such on-air or creative talent or local celebrities, the costs to attract or retain such talent increase materially, or these individuals cause negative publicity or lose their current appeal, the Group's businesses could be adversely affected.

Competition for key management personnel and key talent for shows is strong. The Group's competitors may choose to extend offers to any of the Group's management or key talent on terms which the Group may be unwilling to meet. Furthermore, the popularity and audience loyalty of the Group's key talent and program hosts is highly sensitive to rapidly changing public tastes. A loss of popularity or audience loyalty is beyond the Group's control and could have a material adverse effect on its ability to attract advertisers, hindering its revenue or ratings and potentially resulting in increased expenses.

The loss of any member of the Group's key management or critical employees such as programmers or popular on-air and creative talent, whether due to termination, the non-renewal of their contracts, an inability to recruit new qualified personnel with comparable experience or the Group's inability or unwillingness to meet offers extended by competitors, could have a material adverse effect on the Group's business, profitability, financial conditions, operating results or prospects, and therefore the Company's share price.

2.1.14 Risks related to the Group's reputation

The Group's reputation concerning its content and key personnel are important for attracting and retaining viewers of its free-to-air TV and Shahid AVOD services as well as for gaining subscribers to its Shahid SVOD platform and users of its other services. To the extent the Group's content and key personnel are perceived inappropriate for political, cultural or religious reasons or are otherwise not compelling to the Group's target audience, the Group's ability to establish and maintain a positive reputation may be adversely impacted. As the Group has no direct control over what its presenters and guests in live content productions may say or present, presenters or guests may behave in a way that is not deemed appropriate from a political, cultural or religious perspective in the market where the content is aired.

If the Group's content is deemed illegal by government regulators, the Group may even face direct or indirect action, like being required to remove such content from the Group's service or blocking its access in certain jurisdictions. In addition, if key personnel of the Group engage in actions deemed illegal regardless of whether such actions are linked to their employment at the Group, the Group may also face direct or indirect costs and may see its reputation impacted. Even if any such content or actions prove not to be illegal but only controversial or offensive, negative public perception of the Group can result in a short-term or even long-term reputational impact. If there are substantial violations of government regulations or issues with content, the Group may also become subject to heightened regulatory scrutiny across its business and operations. Apart from government intervention, the Group could also face negative reactions from the public, which may lead to public calls to boycott the Group's services or, in some cases, defamation claims (whether or not on just grounds) which adversely affect the Group's business and result in significant costs and loss of resources. Please see Section 2.1.22 ("**Risks related to Litigation**") of this Prospectus for further details about the risks associated with the Group's litigation cases. If the Group, through its marketing, customer service and public relations efforts still fails to provide an effective response to government action, its ability to establish and maintain a positive reputation may likewise be adversely impacted. Further, if any of the Group's key personnel's behavior or status in society is perceived inappropriate for political, cultural or religious reasons or is otherwise not compelling to consumers, the Group would need to replace them. In that case, the Group may be unable to find suitable replacements.

Furthermore, there may be a loss of viewership if the Group makes changes that are appropriate from political, cultural or religious perspective but reduce the appeal of its shows or content to the Group's target audience.

Any of these factors would have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.15 Risks related to the cultural, social, religious, and political environment in the MENA market

The Group has been successfully operating in the MENA region for over 30 years. Operating in the MENA region requires that the Group's management considers cultural, social, religious, and political rules and limitations to its operations. Operating in such an environment may require that the Group makes decisions that are not profitable in the short-run as the Group believes such decisions will allow it to profit and expand in the long-run. In the past, the Group has successfully managed to balance its commercial interests with these MENA specific limitations and to run a commercially successful business despite these constraints. But there is no guarantee that the Group will be able to maintain such a balance and that its decisions will yield any profit in the long-run.

In the future, the Group may continue to make certain decisions that are not profitable and lead to losses in its business. For instance, the Group employs professionals with diverse backgrounds that may not consider the different cultural, social, religious, and political rules and limitations that are present in the MENA region. Such professionals may create sensitive content that may not suit the audience in the MENA region. In such case, the Group may have to stop an existing project or stop pursuing a potentially profitable future opportunity it has already invested in if it recognizes that such a project is not suitable for the region or a certain country or cannot be further pursued without impacting its reputation as a trusted partner to its target audience. While such responsiveness to the particularities of the region of its operation has proven to help the Group establish its position and grow and expand its business, this may not be the case in the future. The Group may make a business decision on content or projects that may have a negative commercial effect. The relevant regulatory authorities may also impose fines on the Group if it continues to broadcast content that does not comply with the cultural, social, religious and political rules and restrictions in effect in certain regions, in addition to withdrawing the Group's licenses or preventing it from broadcasting in those regions. Such decisions could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.16 Risks relating to industry acceptance of the Group's advertising data and its selected audience measurement method

Historically, advertisers in the Middle East were partially hesitant to accept the data presented in audience measurement methodologies due to the perception that the underlying data may not accurately capture viewership trends and absolute viewership numbers. As of 2022G, in the KSA the Group has adopted People Meter (an audience measurement method that relies on audited data and surveys from several thousand TV meters in randomly selected KSA homes) as the primary measurement technique used in the Group's television advertising sales. Through People Meter the Group measures who watches which content and so, has real-time and up-to-date demographics of its target audience for TV viewership and consumer behavioral patterns that it can provide to advertisers. As the Group was one of the stakeholders which contributed to setting up People Meter, the industry may be reluctant to adopt it.

People Meter is an independent internationally accredited data collection system that can track audience viewership trends and operates in several dozen countries globally. The Group's management has more than readily accepted People Meter as a valid measurement methodology, even going so far as managing the set-up of People Meter in the KSA over the last years. If the Group were to switch audience measurement methods to a system with a lower perceived credibility or if advertisers' acceptance of People Meter were to change, the Group's ability, though MMS, to sell airtime to advertisers could be materially negatively impacted due to its reliance on such data.

As such, any rejection or qualification by advertisers of the Group's audience measurement system could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.17 Risks related to the Group not being able to successfully implement its growth plans including events management, gaming development and music production

The Group is expanding its operations and investing in and developing various types of ancillary business areas outside of its core free-to-air TV channels, radio stations and its Shahid platform. For more information see Section 4 ("**The Company**"). Aiming to expand its operation, the Group has specifically decided to keep investing in its gaming development business. As part of this initiative, the Group has set up a joint venture with NEOM (MBC Game Studios) to develop high-end gaming software. In addition, the Group also aims to expand its music production business and events organization business. These plans require funding, part of which has already been provided by the KSA government (through Istedamah Holding Company). Even though the Group has already signed agreements for some of these initiatives, it may not be able to obtain further financing, to execute and support its growth plan.

Furthermore, these new initiatives, while being media-related, are partially outside of the established competencies of the Group as they are not part of its historical core business. That means that the Group may not have the required management and operational personnel with skills suitable for carrying out the Group's plans and may need to source external talent or may be unable to execute its growth plans for these ancillary businesses at all. In addition, the business segments the Group is developing may not prove successful in their targeted markets and may fail to create a synergetic effect. For instance, large scale game development initiatives can be costly and face fierce competition from other global game development studios with substantial expertise and funding. The failure of the Group to fully implement its growth plan could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

Additionally, focusing on the new initiatives may direct the management of the Group's focus from its core business to other attractive opportunities in the market.

If any of the above risk materializes, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.18 Risks related to Shahid subscribers sharing accounts

While multiple users within the same household can share a single account (for example, one household subscription to Shahid may serve up to five devices), if account sharing is abused, or if authorized users share their log-in information with unauthorized users, it may hinder the Group's ability to add new subscribers and adversely impact its operating results. Account sharing may be hard to track and actions taken by the Group against account sharing may also cause its customers to cancel their subscriptions if they believe their use of Shahid's services was legitimate and did not amount to account sharing. Thus, any increase in or excess sharing between or across households as well as any technical actions taken by the Group against account sharing may negatively impact the Group's ability to capture new or retain existing Shahid subscribers.

As additional global and local streaming services start to offer their own services in the KSA, Egypt, the UAE and other MENA countries, the overall cost to watch different streaming content may accumulate to constitute a significant amount of discretionary spending for families or individuals. That could further incentivize more people to share log-in information or choose another streaming provider besides the Group.

Any of the above risks could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.19 Risks related to cost increases as a result of the Group's relocation of its operations to the KSA

In 2022G, the Group moved its headquarters to Riyadh to be close to its target market as part of a strategic decision to build operations in a high-growth environment as a key element of contributing to the KSA's Vision 2030. As part of the Group's relocation, the Group made the decision to also relocate a substantial part of the Group's production efforts to the KSA. This production relocation requires continued investment, both financially, as well as in terms of management's efforts. The Group still faces many challenges to complete the actual transition of certain operations, to finalize all relevant procedures required to move all required employees and personnel and to locate and obtain suitable sites for studio facilities. In particular, salary levels in the KSA are generally higher than in several other countries within the MENA region where the Group had or currently has major production operations as well as technical operations such as Lebanon or Egypt. In addition, the Group may be unable to grow its workforce and in particular its content production operations in the KSA at the speed that is budgeted or at cost levels it has budgeted, as the KSA's current broadcasting and film ecosystems are developing.

Following the relocation of the Company's headquarters to the KSA, the Company now conducts its activities through its Riyadh headquarters. The Company is utilizing the building on a temporary basis - without paying any rent, at present - until the new headquarters are ready. If the current lease term expires for any reason and the Company has not finished preparing the new headquarters, the Company will be obliged to search for new offices to rent, which will lead to a further increase in relocation costs.

The Group's employees may not be motivated to join it when it relocates its headquarters to the KSA, or if it moves within the KSA repeatedly. For more information on the risk related to Group being unable to retain key employees, see Section 2.1.12 ("**Risk related to hiring and retaining quality key employees**") of this Prospectus.

The Group's failure to successfully broaden its operations in the KSA, including production operations for content creation, vacation of the premises upon expiry or non-renewal of the lease period for any reason, or the imposition of rent for the preceding period during which it occupied the premises, would have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.20 Risks related to the production of feature films

While feature films do not currently constitute a significant portion of the Group's own productions, the Group may engage in more feature film productions, especially together with production partners, in line with demand in the markets in which the Group operates, and in particular in the KSA. As at early 2023G, the Group has 25 feature film production projects in its pipeline. Compared to TV shows, dramas, and series, on a per minute of produced content basis, feature films are substantially more expensive. In addition, while successful shows generally develop a dedicated viewership who continue to watch subsequent episodes, feature films do not benefit from a similar loyalty factor.

If the number of feature films the Group produces or contracts to produce is significantly increased, the Group faces the risk that its investments in such feature films do not directly translate into a significantly increased number of subscribers to its Shahid streaming platform or viewers of its free-to-air TV channels. Film production involves a significantly increased budget risk as it typically entails increased project sizes in terms of the large number of cast members and team members required for supervision. Should the Group not be able to successfully manage the costs of feature films it gets involved in or if such films do not live up to the quality required to attract viewers in its target countries, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.21 Risk relating to regulatory licenses and permits

The Group is required to obtain and maintain the necessary regulatory licenses, permits and approvals in relation to its activities, which include production of motion pictures, developing and processing motion picture film, broadcasting activities, operating audio and video studio, distribution of films, production of computer-produced graphics and animation, and managing and developing artistic talent and entertainment. Please see Section 12.5 ("**Government Consents, Licenses and Certificates**") of this Prospectus for further information.

The Group's business depends on its ability to obtain and maintain the required regulatory licenses, permits and approvals. Most of the Group's licenses are subject to conditions under which the relevant licenses may be suspended or withdrawn (terminated) if the Group cannot fulfil and observe such conditions. Moreover, the relevant authority issuing the license may decide not to renew the license at the end of its term, or should the relevant authority agree to renew it, it may impose additional conditions that are unfavorable to the Group or cause the Group to incur additional expenses to comply with those conditions. There can be no assurance that the Group will be able to renew existing licenses or permits, or that they will be renewable on similar terms to the Group's existing licenses and permits. In addition, there may be a delay from the relevant authorities in issuing new licenses and permits after their expiration.

In light of the Group Restructuring and the relocation of its headquarters to the KSA, the Group is in the process of gradually transferring some of its business from outside the KSA to within the KSA, which requires that the relevant Subsidiaries obtain the necessary licenses and permits to carry out such business within the KSA. As at the date of this Prospectus, the Group conducts some of its key business outside the KSA (such as broadcasting, which is still conducted from Dubai). Such businesses may be transferred in the coming years to the KSA according to the Group's plan to relocate its key businesses. As at the date of this Prospectus, the Group has obtained no licenses from the General Commission for Audiovisual Media for broadcasting services, whether in terms of scheduled broadcasting of its channels or unscheduled broadcasting of its Shahid platform, since Shahid is managed and broadcast from outside the KSA. Given that ARA International Productions Company ("**AIP**") was appointed as a representative and obtained a representation license for certain channels broadcast in the KSA (namely, the MBC1, MBC3 and MBC Action channels), this representation license was not obtained for the other channels that are broadcast in the KSA. AIP also obtained a radio broadcasting license for radio channels broadcast into the KSA. The Group will apply for the necessary licenses if any of the broadcasting business is transferred to the KSA. The General Commission for Audiovisual Media may in the future require the Group to obtain a representation license for all channels, along with certain licenses in relation to the Shahid platform, despite Shahid being managed from outside the KSA. In such case, the Company may face difficulties or delays in obtaining the required licenses in a timely manner or may incur additional costs to meet the relevant requirements. For further details, please refer to Section 2.2.6 ("**Risks related to changes in the regulatory environment and operating in many jurisdictions with different legal regimes**") regarding changes in the regulatory environment and Section 12.5 ("**Government Consents, Licenses and Certificates**") regarding the Group's licenses.

If the Group fails to obtain any of the licenses necessary for its businesses or to renew its existing licenses, or if any of its licenses are suspended or terminated, or are renewed under unfavorable terms, or if the Group is unable to obtain any licenses that it may need in the future, the Group will have to suspend its business related to the licenses in question, which would result in the suspension of the Group's operations (fully or partially) and incurring additional costs. This would have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

The Group is also subject to certain company registration requirements under the regulations applicable in the countries where the Group Companies are registered. Each Group Company must ensure that its commercial registrations and other constituent documents are updated from time to time in order to comply with the requirements of the competent regulatory authorities. Group Companies shall also adhere to the provisions of the mandatory regulations imposed on companies, such as the CGRs and compliance with specific procedures annually, including reporting and convening meetings to take certain decisions, among other requirements. Not all Group Companies may comply with such requirements from time to time. Failure to comply with these requirements may lead to difficulties in processing applications with the regulatory and supervisory authorities of such companies, which could adversely and materially affect the Group's institutional and administrative processes.

2.1.22 Risks related to litigation

Many aspects of the Group's business involve potential litigation risks. Some of the Group's risks related to liability arise under the laws and regulations relating to insurance, tax, anti-money laundering, foreign asset controls, employment, media content, intellectual property, defamation and foreign corrupt practices. Although aspects of the Group's business may be protected by contractual arrangements providing for limited or no liability clauses, the Group could still be exposed to substantial liability under applicable laws and regulations and judicial or administrative decisions or judgments, as well as rules and regulations promulgated by relevant regulators. The Group could incur significant expenses defending claims. In addition, an adverse resolution of any lawsuit or claim against the Group may require the payment of substantial damages or impose restrictions on how the Group can conduct its business going forward.

As at 13 November 2023G, the Group's Subsidiaries were parties to 57 ongoing lawsuits that arose during the normal course of such companies' operations, which include commercial and labor claims as well as other lawsuits. Such lawsuits include 15 claims filed by the Group Companies with a total estimated value of SAR 52,750,000, and 42 claims brought against the Group Companies with a total estimated value of SAR 33 million. The Group has made provisions against the claims brought against it in an amount of SAR 6.3 million based on its analysis of the relevant issues and the risks associated with them, as well as the possibility of them being successful. The above-mentioned lawsuits include a lawsuit filed by MBC Studios FZ amounting to SAR 27,750,000 and a lawsuit filed against MBC Studios Projects KSA amounting to SAR 10,000,000. As of the date of this Prospectus, the Group has not set aside any provision for such lawsuit based on its analysis of the issue, the risks related thereto, and the possibility of them being successful. A foreign court delivered a final judgment against MBC FZ and other defendants in connection with a defamation claim with a value ranging between SAR 100,000,000 and SAR 150,000,000. The foreign court delivered a final judgment in favor of the plaintiff and ordered the defendants, jointly and severally, to compensate the plaintiff and pay it the claimed amount. The judgment has not been executed as at the date of this Prospectus. If the plaintiff decides to initiate enforcement proceedings, the Group will be entitled to challenge the enforcement proceedings. The Group has not made any provisions for this lawsuit based on its analysis of the relevant issue, the associated risks, and the possibility of a successful challenge to the enforcement proceedings or the possibility of seeking compensation from the other defendants. The Group may be liable for some or all of the claimed amount if it is unsuccessful in its challenge to the enforcement proceedings or if it is unable to claim compensation from the other defendants. For more information on lawsuits and claims, please refer to Section 12.12 ("**Claims and Litigation**") of this Prospectus.

The Group cannot predict the outcome of such proceedings, and any unfavorable outcome could have a material adverse effect on the business, results of operations, financial position and prospects of the Group. In addition, the Group anticipates that it will incur costs related to such proceedings brought by or against them, including penalties and damages imposed on them. Therefore, any decision that is not in the favor of the Company or its subsidiaries may have a material adverse effect on the Group.

Should any of the above risks materialize, it could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.23 Risks of intellectual property claims against the Group by third parties and of loss of significant rights of the Group

Protecting the trademark, patent and other intellectual property rights of other companies is important to the Group. The Group uses the intellectual property of third parties in creating some of its content and marketing the Group's services. From time to time, third parties could allege that the Group has infringed or otherwise violated its intellectual property rights. As of 13 November 2023G, the Group Companies were involved as a party in 18 existing lawsuits related to intellectual property claims (one of which was filed by the Group, the value of which has not been assessed, while the remaining 17 lawsuits were filed against the Group, with a total estimated value of SAR 32 million). If the Group is unable to successfully defend itself against any such claims, the Group's business and competitive position may be adversely affected. For further details on the material claims to which the Group is a party, please refer to Section 2.1.22 ("**Risks related to litigation**") of this Prospectus.

The Group relies on various technology and a host of software license agreements. For further details on the material intellectual property rights of the Group, please refer to Section 12.11 ("**Intellectual Property and Intangible Assets Owned by the Group**") of this Prospectus. Defending the Group in intellectual property claims, whether they are with or without merit, even if such claims are decided in the Group's favor, results in costly litigation and the diversion of technical and management personnel from their responsibilities. It also may result in the Group's inability to use its current website, streaming technology, its recommendation and merchandising technology or an inability to market its services or its products. The Group may also have to remove content from its services or remove consumer products or marketing materials from the marketplace. As a result of a dispute, the Group may have to develop non-infringing technology, enter into royalty or licensing agreements, adjust its content or marketing activities or take other actions to resolve the claims. These actions may be costly or unavailable on terms acceptable to the Group.

The Group contracts with third parties related to the development, production and distribution of its programming and the Group may face potential liability or may suffer significant losses in connection with these arrangements, including, but not limited to, if such third parties violate applicable law, become insolvent or engage in fraudulent behavior. To the extent the Group creates and sells physical or digital merchandise related to its programming, or license such rights to third parties, the Group could become subject to product liability, intellectual property or other claims related to such merchandise. The Group may decide to remove content from its service, avoid placing licensed or produced content on its service or discontinue or alter production of original content if it believes such content might not be well received by the Group's subscribers or users or could be damaging to its brand or business.

To the extent the Group does not accurately anticipate costs or if the Group is unable to mitigate risks related to content that it obtains but does not appear on or is later removed from its service, or if the Group becomes liable for content it acquires, produces, licenses or distributes, the Group's business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability or unforeseen production risks could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.24 Risks related to the Group's intellectual property rights

The Group is diversifying its business operations towards more creative business segments: music, programming, production and filmmaking. This means that obtaining, protecting and securing intellectual property rights is becoming more important for the Group. For further details on the material intellectual property rights of the Group, please refer to Section 12.11 ("**Intellectual Property and Intangible Assets Owned by the Group**") of this Prospectus.

The Group's product development, brand recognition and reputation, and the technological and innovative skills of its personnel are essential to establishing and maintaining the Group's leadership position. The Group relies heavily on a combination of copyright, trademark, trade secrets, confidentiality procedures, technical measures and contractual agreements with its customers, suppliers, and employees to produce and protect its content, know-how and innovations. If the Group fails to adequately protect its content, know-how and innovations, its competitive position could suffer, which could adversely affect its business, financial conditions, results of operations or prospects.

The transfer of intellectual property clauses in the employment contracts of the Group's employees may prove inadequate, or the employees may choose to challenge such clauses. Moreover, the scope of the Group's intellectual property rights may not prevent competitors from creating similar rights that do not infringe those of the Group. The Group may be forced to initiate litigation or take other enforcement actions against its employees or other third parties to protect its intellectual property rights as well as defend and enforce its intellectual property rights. Claims related to the enforcement of intellectual property rights may be very expensive and burdensome in terms of management time and resources. If any of the above risks materializes, the Group's competitive position could suffer, which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.25 Risks related to the Group's material agreements

The Group's business relies on a number of material agreements, including, without limitation, agreements relating to securing the Group's infrastructure, technology and facilities (which includes agreements with Eutelsat and Arabsat for transponder and satellite capacity), content production and distribution, service agreements, transmission distribution and sharing agreements, shareholder/ joint venture agreements and funding and facility agreements. These agreements may provide for fixed pricing and other terms which the Group negotiates based on its assumptions about the services that it provides and the operational efficiencies and productivity improvements it expects to achieve, among other estimates. Any assumptions and estimates that the Group makes may prove to be inaccurate as a result of incomplete information provided by its counterparties, changes in economic conditions, reductions in transaction volumes, change of scope, costs beyond its control, or early termination of customers' activities with it, among other factors, and thus its operating margins under its customer contracts may be affected under agreements where the Group bears such risks. Any of this could adversely and materially affect the Group's business, results of operations, financial position and prospects, and consequently, the price of the Company's Shares.

In some cases, the Group's material agreements are entered into based on the standard templates adopted by the relevant counterparties, which cannot usually be substantially amended, and therefore could include preferential terms favoring the counterparty which may be unfair to the Group and non-negotiable. For example, MBC FZ LLC (a Material Subsidiary of the Group) and Al Maisan Satellite Communication Company (commercially known as "**Yahlive**") entered into a master services agreement for the provision of TV channel submission services. MBC FZ agreed that Yahlive's liability to compensate MBC FZ is limited to granting credit that can only be used under the agreement by MBC FZ against payments due. As such, MBC FZ waived all other rights and remedies available to it under the applicable laws if Yahlive breaches its obligations, which may have an adverse and material effect on the Group's business, results of operations, financial position and prospects, and consequently, the price of the Company's Shares. Occasionally, some of the contracting parties may have the right to increase their fees at any time pursuant to a notice (such as the right of Amazon Web Services to increase its fees or add new fees or charges for services that MBC FZ benefits from under the AWS Customer Agreement and Statement of Work issued pursuant to the Agreement).

Furthermore, the Group's material agreements include termination rights in favor of the counterparties and some of the termination events are outside the control of the Group. For example, change in law events, continued force majeure events or the counterparty's termination for convenience rights are all potential termination events under the material agreements that the Group has no control over. The agreement between MBC FZ and SSC stipulates that SSC has the right to terminate the agreement if it is subject to material legal procedures as a result of the services provided by the Group (without the need for a judicial award in this regard). Moreover, the AWS agreement stipulates that AWS has the right to terminate the agreement at any time without cause upon providing 30 days' prior notice. As such, there is no assurance that the Group will be able to retain or renew its material agreements for the long term. Additionally, certain agreements the Group has entered into include change in control provisions that restrict certain Group Companies from undergoing a change in ultimate control of more than 50%. For example, MBC FZ-LLC is subject to such a restriction in its agreement with Yahlive. For further details, please refer to Section 12.6 ("**Material Agreements**") of this Prospectus. Termination or non-renewal of any material agreement could result in a loss of revenue that would adversely and materially affect the Group's business, results of operations, financial position and prospects, and consequently, the price of the Company's Shares (for further details on the Company's revenue and financial information, please refer to Section 6 ("**Management's Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus).

These relationships of the Group and its counterparties primarily depend on the popularity of both the MBC TV channels and of Shahid in the respective markets of such counterparties. If the popularity or relevance of the MBC offering were to decline, the counterparty may terminate or not renew the relationship with the Group or may insist on a lower price. The termination of any of these agreements or their renewal at a lower price would have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.26 Risks related to the Group's ability to generate advertising revenue due to recurring industry cycles and the concentration of its revenues on certain clients

Most of the Group's revenue stems from the broadcasting segment (approximately 74% of the total revenues in 2020G, 66% of the total revenues in 2021G, 53.3% of the total revenues in 2022G, and 54% of the total revenues in the six-month period ended 30 June 2023G). The Group has faced, and may continue to face, cyclical fluctuations in its advertising revenue. Several factors may affect the scale of advertising agencies' budgets. For example, advertisers increase budgets and spending during periods of high consumer spending and economic downturns generally cause advertisers' budgets to shrink (for further details on seasonality risks, please refer to Section 2.1.27 ("**Risks related to the seasonal nature of the Group's business including both its subscription-based and advertising-based revenue streams, in particular due to Ramadan**") of this Prospectus. If the Group experiences an extended cyclical downturn in advertising spending, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

The Group depends on good relationships with influential advertising agencies and key advertisers such as companies in the international fast-moving consumer goods industry, increasingly large local companies (in the Gulf region) and government-related entities (ministries) which conduct promotional campaigns. The leading agencies in the market include Publicis, Omnicom Media Group, MCN and GroupM. The Group's advertising revenue relies heavily on a few key advertisers; approximately 60% to 70% of the Group´s total advertising spending between 2020G and 30 June 2023G comes from 20 advertising customers. The Group has also earned more than 50% of its advertising revenue from four advertising clients for more information, please see Table 4.25 ("**Group's advertising revenue from its various platforms for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 2023G**") of this Prospectus. Such customer dependency increases the Group's vulnerability and exposure to revenue disruption, as any given advertiser or advertising agency may decide not to proceed with purchasing advertising spots from the Group or might undergo a period of contracted spending with another company. Equally, if the market conditions generally or the market conditions in the industry of the respective advertising customers worsens, the Group's advertising customers may cut their marketing budget, which ultimately could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

If the relationship between the Group and key advertising agencies or its key advertisers were to be adversely affected because of the Group's failure to renew certain agreements, agree on prices for advertising time, win new tenders for selling additional advertising spots or any other event, this could result in lower spending by advertisers in the Group's key target countries and may impact the Group's profitability. In particular, if the Group is subject to negative press or is generally seen by advertisers and advertising agencies as a contractual partner which is less desirable than its competitors, the Group could face a reduction in advertising revenues as advertising spending moves to competitors. If the Group's relationship with advertisers or advertising agencies is negatively impacted, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.27 Risks related to the seasonal nature of the Group's business including both its subscription-based and advertising-based revenue streams, in particular due to Ramadan

The Group's revenues and profits are impacted by seasonal changes and events in the Group's MENA target region, in particular the KSA, Egypt and the UAE. The advertising industry involves seasonal peaks and troughs, with high peaks of advertising spending coinciding with the end of the year starting at September (late summer) when consumers return from the summer holiday and resume their respective daily routines and December (at the end of the fiscal year) due to winter holiday spending. Most importantly, the Group also experiences seasonal fluctuations in revenue insofar as Ramadan represents the highest peak period for (i) the Group's advertising revenue from its free-to-air TV, radio, and its Shahid AVOD platform as well as for (ii) new customers signing up for subscriptions to its Shahid streaming platform. For example, in Ramadan 2023G, Shahid reached 3.76 million subscriptions (compared to a total of 2.9 million subscriptions for the total year 2022G).

Substantial amounts of television and increased SVOD viewership during Ramadan within the Group's key target market are mainly because of viewers gathering with friends and family and simultaneously watching television; younger generations also use the surplus of time during Ramadan to watch content digitally through the Group's Shahid platforms, thus the Group typically sees a significant uptick in subscriptions during Ramadan. As the highest demand for advertising spots usually occurs in the month of Ramadan, the months in which Ramadan occurs have historically affected the Group's advertising and digital revenue. The months during which Ramadan occurred contributed approximately 24% to total advertising and digital revenue in 2020G, approximately 28% to total advertising and digital revenue in 2021G, and approximately 23% to total advertising and digital revenue in 2022G. The month of Ramadan of 2023G contributed approximately 54% to the Group's six-month results ended 30 June 2023G. The Group also specifically produces high quality content for the Ramadan period. The Group records relatively high revenue in Q4 due to customer'' preference for running advertising campaigns during this period. Q4 revenue from digital advertising represented 29%, 30% and 25% for 2020G, 2021G and 2022G, respectively. As such, several factors can have an impact on the Group's annual revenue because of its commercial dependence on Ramadan and Q4. Most notably, if the Group fails to produce the right content for Ramadan or its competitors are able to produce content preferred by the Group's target viewers in a particular Ramadan season, the Group's advertisement revenue can significantly decline. In addition, the Group typically offers special Ramadan subscription packages for its Shahid platform. Lastly, Ramadan may coincide with other key events such as the soccer World Cup, other sporting events and other events which compete for viewership. If the Group does not provide free-to-air or streaming coverage of such popular events, its own content may not successfully compete with the alternative content available to the Group's target customers and the Group's revenues during Ramadan could be severely impacted. Overall, if the Group fails to commercially leverage the season of Ramadan with the right content, the right timing for production releases or suitable streaming offers, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.28 Risks related to payment processing

The Group's Shahid subscribers pay for subscription fees using a variety of different payment methods, including credit and debit cards, gift cards, prepaid cards, direct debit, online wallets and direct carrier and partner billing. The users of the Group's other digital services, including its games (and in-game purchases), competition and interactivity services and GOBX, may also use payment collection mechanisms. The Group relies mostly on third parties to process payments. Acceptance and processing of these payment methods are subject to certain rules, regulations and industry standards, including additional authentication requirements for certain payment methods, and require payment of interchange and other fees. To the extent that there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, changes to rules, regulations or industry standards for payments, loss of payment partners or disruptions or failures in the Group's payment processing systems, partner systems or payment products, including products the Group uses to update payment information, the Group's revenue, operating expenses and results of operation could be adversely impacted.

In some cases, the Group leverages third parties, such as its partners, to bill subscribers on the Group's behalf. If these third parties become unwilling or unable to continue processing payments on the Group's behalf, the Group would have to transition subscribers or find alternative methods of collecting payments, which could adversely impact customer acquisition and retention.

Any of the above risks could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.29 Risks related to the Group's cloud computing services

Cloud computing services host the media content the Group utilizes for its TV channels. Specifically, the Group's media content is assembled into a programming stream through "play-out" operations based in Dubai or through its back-up center in Cyprus. Currently, the Group's television segment and Shahid service run the vast majority of their cloud computing on Amazon Web Services ("**AWS**"), although the Group also uses other cloud computing services across its operations. In fact, the Group increasingly uses cloud-based systems in which software and databases are hosted at a service provider, rather than on the Group's own physical computer servers. For example, the Group's Oracle ERP system migrated to a cloud system in the past.

For the Group's free-to-air TV channels, the Group's media content is stored in the cloud and the Group's Shahid video-on-demand service operates entirely in the cloud. Thus, the Group mainly relies on cloud computing services for the continuity of its operations. Given this, any disruption to these operations or any interference with the Group's use of AWS would negatively impact the Group's television transmission as well as its Shahid service and could negatively affect the Group's ability to generate advertising and subscription revenue and would have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.30 Risks related to the Group's terrestrial radio broadcasting operations

The Group operates radio broadcasting operations in the KSA only. The Group only generates a small portion of its revenues from advertising for its radio broadcasting services. In 2020G, revenues from radio broadcasting services amounted to SAR 30 million (1% of the Group's total revenues for that period); in 2021G the revenues amounted to SAR 38 million (1% of the Group's total revenues for that period); in 2022G, SAR 29 million (1% of overall revenues for that period), and in the six-month period ended 30 June 2023G, revenues amounted to SAR 15 million (approximately 1% of overall revenues for that period). Radio broadcasting has been facing competition from other local radio stations, alternative media platforms and technologies for many years.

Generally, the radio sector is experiencing a decrease in the number of consumers in terms of preference, with only moderate growth expected in the radio-based advertising market in the MENA region over the next few years; this could be due to people spending less time in cars or due to lifestyle changes, including an increasing reliance on digital media platforms. Thus, the Group's advertising revenue from its radio segment has not grown for several years. Moreover, such revenues may decline in the future, which could have an adverse effect on the Group's business, results of operations or prospects, and therefore the Company's share price.

The Group's three radio stations in the KSA transmit their signals from transmission towers owned and operated by the KSA government. The transmission equipment itself is the property of the Group, and its operation is the responsibility of the Group. Any technical issues experienced by the transmission towers may lead to local outages and an interruption in the Group's delivery of its radio signals to the transmission towers may lead to general outages. Any outage, if continuous, could lead to a loss of revenue in the Group's radio business and may negatively impact the Group's reputation and the profitability of its radio business which could thereby have an adverse effect on the Group's business, results of operations or prospects, and therefore the Company's share price.

2.1.31 Risks related to the Group's management's insufficient experience in managing a publicly listed company

The Group historically operated in other jurisdictions and has only recently moved its headquarters and operations to the KSA. Some of the Company's Senior Executives have limited experience in managing listed joint stock companies in Saudi Arabia and complying with the laws and regulations pertaining to such companies. In particular, the internal or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Group. Non-compliance with the regulations and disclosure requirements imposed on listed companies may expose the Company to regulatory sanctions and fines and public censure and could therefore have a material adverse effect on the Company's share price.

2.1.32 Risks related to the Group's internal controls, procedures, compliance systems and risk management systems

Members of the Group's governing bodies, employees, authorized representatives or agents may intentionally or unintentionally violate applicable laws and internal standards and procedures, in particular in relation to anti-corruption, money-laundering, antitrust and sanctions compliance as well as compliance with laws and regulations regarding sales practices, products and services, environment, finance, employment and general corporate and criminal law. However, there can be no certainty that the Group's internal controls, procedures, compliance systems and risk management systems will be able to identify such violations, ensure that they are reported in a timely manner, evaluate them correctly or take the appropriate countermeasures, and that they will be adequate for an enterprise of the Group's size.

There can further be no certainty that any countermeasures that the Group implements will be sufficient to effectively reduce the corresponding business risks, such as ensuring that breaches of law, regulations or internal controls have not occurred in the past or that their discovery would not result in significant liability or reputational damage to the Group. Moreover, in light of continuously evolving legal and regulatory requirements and internal developments such as corporate reorganizations, there can be no certainty that the Group's risk management systems, internal controls and compliance systems and related governance structures will adequately identify and address all relevant requirements.

The Group currently records content as inventory. Any content amortization procedures (save for typical annual amortization costs relating to displayed content in each financial period) will increase costs and affect the Group's net profits. For example, the Group amortizes the cost of programs based on this internal procedure. Due to a change in the internal amortization procedure and updating the content impairment of each year based on viewership data, the Group has recorded an additional SAR 81.4 million in content amortization expense (related to Shahid) in 2022G. If the Company wishes to reassess the internal procedure related to content impairment in the future, this will affect the Company's profitability. The Group will continue to assess the content impairment on a quarterly basis. The amortization policy will result in the amortization of a minimum 80% of content value during the first 3 years, resulting in an increase in expenses and an impact on the Group's net profits (For more information, see Section 6.4 ("**Basis of Preparation and Summary of Significant Accounting Policies**") of this Prospectus). Further, the revenue the Group earns from subscription for its Shahid platform is recognized once the user subscribes to the platform and varies between a monthly subscription and monthly subscription packages such as the sports package on one hand, and revenue the Group earns from advertisement aired on its Shahid platform on the other. Monthly subscription revenue is recognized upfront, while revenue from subscription packages and annual subscriptions spanning future months is deferred and recognized over the period of the contract, which may lead to a minimal overstatement of revenue during cut-off periods.

Any failure to effectively prevent, identify or address violations of the Group's legal obligations as a result of inadequate internal controls, procedures, compliance systems and risk management systems or the inefficiency of technical systems for calculating content amortization ratios could result in penalties and other sanctions, liabilities, the assertion of damages claims by third parties, and reputational damage, each of which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.33 Risks related to inadequacy of insurance coverage

The Group has a number of insurance policies to cover risks arising from its business or operations, as well as employee health insurance and property insurance (for further details, please refer to Section 12.10 ("**Insurance**") of this Prospectus). However, the Group's business may be exposed to several risks against which it may not be adequately insured (e.g., revenue coverage insurance), or which cannot be fully insured against or cannot be insured against at reasonable commercial rates. The Group cannot guarantee that its current insurance coverage is adequate to protect it from the abovementioned risks, which may result in significant financial losses, third-party claims for personal injury, accidents in the course of operations or loss resulting from property damage.

The coverage provided by the Group's insurance policies may be discontinued, and future insurance coverage may not be available at reasonable commercial prices. If the insurance policies are not renewed within the current scope of coverage and under commercially acceptable terms, or if they are not renewed at all, or if there is no insurance or insufficient insurance for the different fields of the Group's business, this would have a material adverse effect on the Group's business, financial position, results of operations and prospects, and therefore the Company's share price.

2.1.34 Risks related to potential future acquisitions

As part of its growth strategy, the Group has been evaluating various growth opportunities. Depending on the right strategic fit and financial profile, the Group may decide to acquire new businesses, technologies, services, products, and other assets from time to time. Acquisitions may entail various risks, including that the Group may not be able to accurately assess the value, strengths, and weaknesses of the acquisition or investment targets, effectively integrate the purchased businesses or assets, achieve the expected synergies, or recover the purchase costs of the acquired businesses or assets. Specifically, the Group is considering acquiring a share in the Saudi Sports Company ("**SSC**"). If the Group proceeds with the acquisition, the Group will hold a 50% stake of SSC in a joint venture with Public Investment Fund of Saudi Arabia (who will own the remaining stake). This investment is a strategic partnership that will allow the Group to secure rights to and provide sports content continuously. SSC operates diversified sports content through free-to-air channels. The sports content is already provided through SVOD, as a supplementary service available to Shahid SVOD subscribers through an additional sports subscription. The acquisition of the SSC's shares may only complete after the Offering (for more information, please refer to Section 4.4.2.3 ("**The Group plans to invest significantly in content production and acquisition to continue its leadership role as a broadcasting and media company in the MENA region**") of this Prospectus). There are risks that the Company is unable to proceed with the acquisition for any reason, and the SSC joint venture may not prove profitable or beneficial for the Group. If any or all the risks related to the Group's investment into SSC materialize, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

The Group may also incur unanticipated costs or assume unexpected liabilities and losses in connection with any business or asset it acquires, including in relation to the retention of key employees, legal contingencies (such as contractual, financial, regulatory, environmental, or other obligations and liabilities), risks related to the acquired business, and the maintenance and integration of procedures, controls, and quality standards. Please also refer to Section 2.2.12 ("**Risk related to competition and antitrust laws**") of this Prospectus for details as to the competition/anti-trust risks applicable to the Group's strategic transactions. These difficulties could impact the Group's on-going business, distract its management and employees, and increase its expenses which could, in turn, have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.35 Risks related to the Group's investments, other joint ventures and strategic partnerships

The Group currently has investments and important strategic partnerships (i.e., the existing partnership in MMS (FZ) (60% owned by the Group and 40% owned by Saudi Media Advertising Company, a subsidiary of Engineer Holdings Limited)), and it may continue to enter into any such investments and strategic partnerships in the future to achieve its long-term strategic plans and objectives (for more information about the Group's investments, please refer to Section 4 ("**The Company**") of this Prospectus). The Group may not have a controlling interest in the investments and strategic partnerships that it enters into, which does not give the Group any guarantees as to its investment objectives. The Group's objectives may not be compatible with its partners' objectives, and such partners may breach their obligations under the agreements entered into with the Group. In addition, investments and strategic partnerships require considerable time and effort from the Group's management and there can be no assurance that any of these investments and strategic partnerships will succeed. Such investments may lead to the Group incurring unexpected obligations and having to cooperate with a strategic partner that may not cooperate with the Group. Furthermore, co-investments and joint ventures expose the Group to the usual risks associated with such arrangements, which include, but are not limited to, the risks of the Group's co-investors or partners violating regulations or failing to perform their obligations to the detriment of the Group. The Group's reputation may be adversely impacted if one of the partners violates local laws or the provisions of the shareholders' agreement. If the Group's partners fail to meet their funding commitments, the Group may be forced to make cash contributions. If the Group breaches the terms of a shareholders' agreement, the Group may be obligated to purchase the shares of the remaining shareholders under the terms of the shareholders' agreement, which could result in the Group incurring significant costs.

The Group provides its services and collaborates with entities in many jurisdictions. Changes in relations between the government of the country where the Group has material ventures and business interest with the KSA, changes in regulations, or their interpretation, or the imposition of unexpected or confiscatory taxation, sanctions, restrictions on currency conversion, imports and sources of supply, devaluations of currency, or the nationalization or other expropriation of private enterprises could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects and the operations of its ventures.

Any of these factors will have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.1.36 Risks related to the Group's compliance with the Corporate Governance Regulations

The Board approved an internal Corporate Governance Manual on 24/04/1445H (corresponding to 08/11/2023G). The manual includes rules and procedures related to corporate governance in accordance with the Corporate Governance Regulations issued by the CMA. The Company's success in the proper implementation of the corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules and the proper execution of such rules and procedures by the Board, its committees and Senior Executives, especially with regards to the formation of the Board and its committees, independence requirements, rules related to conflicts of interest and Related Party transactions.

The Corporate Governance Regulations impose various mandatory requirements on the Company, including the adoption of certain corporate governance policies and procedures. Failure to comply with the governance rules, especially the mandatory rules in the Corporate Governance Regulations, could expose the Company to regulatory penalties and could adversely and materially affect the Group's business, financial position, results of operations or prospects, and therefore the Company's share price.

The Board formed the Audit Committee, Nomination and Remuneration Committee, Executive Committee and the Investment Committee on 16/01/1445H (corresponding to 03/08/2023G) (for further details on the Company's committees, please refer to Section 5.10 ("**Board Committees and their Responsibilities**") of this Prospectus. Failure by members of these committees to perform their duties and adopt a work approach that ensures protection of the interests of the Company and its shareholders may affect corporate governance compliance, the ongoing disclosure requirements and the Board's ability to monitor the Company's business through these committees, which would have a material adverse effect on the Group's business, results of operations, financial condition or prospects and therefore the Company's share price.

Such committees and the Company's internal governance system may not have sufficient experience in applying the corporate governance requirements imposed by the CMA. Any future inability of such committee members to carry out the tasks assigned to them and follow a work methodology that ensures the protection of the interests of the Company and its Shareholders, may affect the implementation of governance regulations and the efficiency of the Company's Board of Directors control over the management of its business through such committees. This may expose the Company to potential non-compliance with continuous disclosures after listing requirements on the one hand, and to operational, administrative and financial risks on the other hand.

2.1.37 Risks related to transactions and contracts with Related Parties and the Company's Directors and Executives competing with the Company's business or activities

The Group Companies, within the scope of the ordinary course of their business, enter into agreements with certain Related Parties, including other companies of the Group and Subsidiaries of its Shareholders. Amounts due to Related Parties were SAR 83 million, SAR 51 million, SAR 54 million and SAR 20 million as of 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G, respectively. Amounts due from Related Parties were SAR 578 million, SAR 422 million, SAR 308 million and SAR 384 million as of 2020G, 2021G and 2022G and the six-month period ended 30 June 2023, respectively. The Group does not have an agreed payment plan to settle these dues with Related Parties. Except as disclosed below, all of the Group's transactions and agreements with Related Parties are concluded on an arm's length basis.

Transactions concluded with Related Parties are listed and recorded in the consolidated financial statements in accordance with IFRS-KSA and the applicable laws, regulations and principles in the KSA. According to the Group's consolidated financial statements, the Group achieved revenues and other income from Related Parties for the financial years ended 31 December 2020G, 2021G,2022G and the six-month period ended 30 June 2023G amounting to SAR 602,959,233 (representing 26% of the Group's total revenue for the year 2020G), SAR 1,331,482,281 (representing 41% of the Group's total revenue for the year 2021G), and SAR 1,500,898,250 (representing 41% of the Group's total revenue for the year 2022G and SAR 783,971,975 (representing 59% of the Group's total revenue for the six-month period ended 30 June 2023G), respectively. Based on the Group's consolidated financial statements, the Group's expenses from transactions with Related Parties for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G amounted to SAR 117,381,287 (representing 5% of the Group's total expenses for 2020G), SAR 232,872,943 (representing 8% of the Group's total expenses for 2021G), SAR 289,682,757 (representing 8% of the Group's total expenses for 2022G), and SAR 65,635,811 (representing 6% of the Group's total expenses for the six-month period ended 30 June 2023G). Based on the Group's consolidated financial statements, the Related Party loan balance stood at SAR 64,167 thousand for the financial year ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G. The Group's Subsidiaries obtained this loan from MBC Holdings Limited, a Related Party. The loan is unsecured, interest-free, and has no specific repayment date. In addition, the Shareholder loan balance stood at SAR 497,250 thousand for the financial year ended 31 December 2022G and the six-month period ended 30 June 2023G. The Shareholder loan was obtained to finance the acquisition of an additional 15% share in Arabian Contracting Services Company (ACSC). It is an interest-free loan, repayable on demand with a 12-month notice period.

There are certain arrangements and dealings in place between the Group Companies and other companies owned (directly and indirectly) by the current Shareholders of the Company, namely ARA International Productions Company ("**AIP**"), Middle East News (FZ) and MBC Group Holdings (BVI), through which the Group Companies provide administrative and other services to such companies. The Group also relies on AIP to represent it in the KSA with respect to some of its operations, since AIP holds a number of media licenses issued by the General Commission for Audiovisual Media (including representation licenses for channels owned by the Group and broadcast in the KSA, licenses for radio broadcasting of radio channels, and licenses for satellite uplink stations (for the provision and operation of uplink services to satellites for content distribution)). AIP also provides production services under a framework agreement for production services entered into with MBC FZ on 28/03/2018G. In addition, AIP provides several offices and studios for MBC Media KSA to conduct its business. The Group provides certain services to government entities in the KSA on behalf of AIP (whereby AIP is the contracting party with government entities). No written agreements regulating the relationship between the Group Companies and AIP have been entered into (except for the abovementioned framework agreement for production services and a master services agreement concluded with MBC FZ on 01/08/2018G)). Moreover, no written agreement was concluded to regulate the Group's relationship with MBC Group Holdings (BVI) and its Subsidiaries, as MBC FZ provided a loan of USD 26,666,666 (equivalent to SAR 99,999,997) to MBC Group Holdings (BVI). No contract was concluded in this regard[3]. Please refer to Section 5.9.2 ("**Interests of Directors and Senior Executives in Contracts and Agreements entered into by the Company and its Subsidiaries**") of this Prospectus for further details regarding the agreements concluded with these companies in-which Directors have an interest. From time to time, the Company and other Group Companies also provide certain administrative and financial services and technical support to other Group Companies (including those that are not wholly owned and are considered Related Parties). No agreements have been concluded and no policies have been adopted regulating these relations. Accordingly, these transactions were not concluded on an arm's length basis. Please refer to Section 12.7 ("**Material Agreements with Related Parties**") of this Prospectus for further details.

Effective from the date of this Prospectus, all of the transactions with Related Parties will be concluded on an arm's length basis and through written contracts. However, there is no assurance that the terms and scope of future agreements will be similar to those that can be obtained if independent persons (non-Related Parties) are contracted. This is especially true when the Group's interests differ from those of the Related Parties who are party to such agreements. If the Group enters into contracts with any Related Parties on a non-commercial basis or if such transactions result in an improper transfer of interests to Related Parties, this may have a negative impact on the Group's costs and revenue, which would adversely and materially affect the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

Pursuant to Articles 27 and 71 of the Companies Law, a Director may not have a direct or indirect interest in the transactions and contracts executed for the benefit of the Company unless authorized by the Ordinary General Assembly. As at the date of this Prospectus, the Chairman of the Board of Directors has interests in certain transactions and contracts concluded for the benefit of the Company and its subsidiaries with AIP and Middle East News (FZ), both of which are Subsidiaries of the Group independently owned by the Company's current Shareholders. The Company's Ordinary General Assembly approving such agreements has not been obtained as of the date of this Prospectus (the Company is working to obtain the approval of the General Assembly for these transactions prior to completion of the Offering and Listing procedures). For more information, please refer to Section 5.9.2 ("**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**").

3 It should be noted that a contract is being prepared and concluded to regulate this relationship.

It should be noted that the Directors Abdulrahman Ibrahim Abdulrahman Al-Ruwaita and Mosa Omran Mohammed Alomran are directors of the Saudi Research and Media Group, which carries out activities that may compete with those of the Group, including news broadcasting and entertainment content. Accordingly, the provisions of Article 27(2) of the Companies Law apply, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved the engagement of the above Directors in such business and activities which compete with the Company and its Subsidiaries at its meeting held on 05/03/1445H (corresponding to 20/09/2023G). For further information, please refer to Section 5.9.3 ("**Business of Directors that Competes with the Company**") of this Prospectus. This resolution is subject to the criteria for the competition of Directors with the Group's business or activities mentioned in the policy on conflicts of interest and dealings with Related Parties approved by the Company. However, there is no guarantee that the involvement of the Directors in such activities will not result in a negative effect on the interests of the Company and its Shareholders. In general, if the Directors engage in any business that competes with the Group or any of its activities, this may, from time to time, result in conflicts of interest for the Directors or businesses that compete with the Company, and would thus require the approval of the General Assembly pursuant to Article 27 of the Companies Law. If a Director engages in any business that competes with the business or activities of the Company without the approval of the Company's General Assembly, this may enable such Director to use confidential internal information relating to the Group for their own benefit and the benefit of their competing activity, thus harming the Group's interests, including reputational damage and disclosure of its confidential information, which could adversely and materially affect the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

There are risks that the Board of Directors or General Assembly of the Company may not approve transactions that are subject to the provisions of Articles 27 and 71 of the Companies Law. In such case, the Director who is a stakeholder in such transaction must resign or work to ensure that they no longer have any interest (for example, by terminating that contract or ceding the rights arising from said interest). Although the Group has developed policies to address conflicts of interest and dealings with Related Parties, including specific disclosure procedures and obtaining the necessary approvals from the internal committees, the Board of Directors and the Company's General Assembly (as applicable), there can be no assurance that there will not be any conflict of interest from time to time due to the relationship of such parties with the Group. Termination of these contracts or the resignation of said Director may have a material or adverse effect on the Group's operations and profitability and thus affect its business, results of operations, financial condition and prospects.

2.1.38 Risks related to the Group's net profits experiencing fluctuations over the past years

The Group has historically experienced differing levels of profitability. As a result, the Group's net loss in 2020G amounted to SAR 96 million, in 2021G net profits amounted to SAR 748 million, in 2022G net profits amounted to SAR 48 million, and in the six-month period ended 30 June 2023G, net profits amounted to SAR 52 million. The profits were particularly impacted by advertising industry trends and the development of the Shahid platform which required substantial upfront costs to increase revenue. The Group's net profits may experience further substantial fluctuations over the next years, in particular due to industry developments, which necessitates further investments in the Group's business and other external and Group-internal factors.

2.1.39 Risks related to credit

Credit risks are related to trade receivables arising from the inability of the Group's customers to fulfill their obligations towards the Company. The net receivables balance amounted to SAR 387.4 million, SAR 579.0 million, SAR 528.5 million and SAR 743.5 million for the financial years ended 31 December 2020G, 2021G, 2022G and the six-month period ended 30 June 2023G. Concurrently, net contract assets amounted to SAR 78.5 million, SAR 148.6 million, SAR 182.4 million and SAR 266.5 million for the same periods.

As at 31 December 2021G, 2022G and the six-month period ended 30 June 2023G, the Group's receivables from its ten top customers, primarily representing advertising, broadcasting, technical services and distribution customers, constituted 12.6%, 26.9% and 45.2% of the Group's total receivables, respectively. (For more information, please refer to Section 6.7.2 ("**Consolidated Statement of Financial Position**") of this Prospectus.) As at 31 December 2022G, net trade receivables and contract assets exceeding 90 days totaled SAR 199.4 million. Net trade receivables comprised 39.6%, 47.3%, 47.5% and 54.6% of total trade receivables, prepaid expenses and other assets as at 31 December 2020G, 2021G and 2022G and as at 30 June 2023G, respectively.

Failure of any or all of these customers to pay their receivables to the Group would have a material adverse effect on the Group's cash flows, which in turn would have a material adverse effect on its business, financial position, results of operations and prospects. A number of the Company's customers may experience poor financial performance. In addition, the Company may fail to adequately assess the credit risks of these parties. Accordingly, the Company's inability to collect any funds owed by any of its customers could have a material adverse effect on the Group's business, profitability, financial condition, results of operations or prospects, and therefore the Company's share price.

2.1.40 Risks related to facility and loan agreements, liquidity, access to additional loans and the provision of guarantees, if required

Operating in a capital-intensive industry, the Group may seek financing or assistance from third parties in securing funding for its projects, initiatives or the Expansion Projects for which it was unable to obtain government funding (for further details, please refer to Section 2.1.14 ("**Risks related to the Expansion Project Agreements and the extent of the Group's reliance on the agreements with the KSA government (represented by Istedamah Holding Company**") of this Prospectus). The Group depends heavily on its ability to secure commercial financing on competitive market terms. The Group's ability to secure external financing and the associated costs, as well as its ability to raise capital, are contingent on several factors, including prevailing economic and market conditions, availability of credit from banks and other financiers, and investor confidence in the Group and its business success. The Group's financial performance, liquidity, and ability to expand and provide the necessary support to any of its Subsidiaries, if needed, would be affected if the Group is unable to obtain additional financing on favorable terms in the future. This would materially and adversely affect the Group's business, results of operations, financial condition and future prospects, and therefore the Company's share price. Liquidity risk arises from the potential inability of the Group to fulfill its obligations when they fall due or to fulfill its liquidity obligations without incurring excessive costs. While the Company has obtained external financing in the past and present, it may not be able to obtain additional financing in the future if required, or provide sufficient guarantees required by financiers. For further details regarding the material financing secured by the Group, please refer to Section 12.8 ("**Credit Facilities and Loans**") of this Prospectus.

The Group Companies may be required to secure funding to cover any increases in CAPEX costs in excess of the budgeted amount. If any of these companies is unable to obtain additional financing, this would have a material adverse effect on the Group's business, results of operations, financial condition and prospects, and therefore the Company's share price.

The Group's primary sources of liquidity include dividends from Group Companies, fees, proceeds from new debts obtained and revenue from services provided. If these financial sources prove insufficient to meet the Group's debt obligations as they mature or to finance its other long-term liquidity needs, and it is unable to find alternative funding sources, the Group may resort to engaging in negotiations with its creditors to restructure some of its borrowing arrangements. There is no guarantee that the results of the restructuring negotiations that are entered into will be fruitful. The Group's inability to secure the necessary liquidity could result in debt defaults and breaches of financing and other agreements, which would materially and adversely affect the Group's business, results of operations, financial condition and prospects, and therefore the Company's share price.

MBC FZ entered into an uncommitted commercial loan facility agreement with Citibank for a total amount of USD 100 million (equivalent to SAR 375,000,000). As of June 2023G, the Company had utilized USD 55 million (equivalent to SAR 206,251,000) of the facilities. A corporate guarantee was provided by MBC Group Holdings (BVI) to guarantee payment of the full amount of the facilities. The Company is currently in the process of transferring this guarantee, whereby the Company will replace MBC Group Holdings (BVI) as the guarantor. If MBC FZ breaches any of its obligations under this agreement, the lender may cancel the financing, accelerate and demand full repayment with immediate effect, and seize the guarantee provided. This would have a material adverse effect on the Group's business, results of operations, financial condition and prospects, and therefore the Company's share price.

The Group's financing arrangements, including those it may enter into in the future, are subject to many terms, obligations and restrictions that could impact its ability to distribute profits, dispose of assets and restructure its finances (including obtaining additional loans). Any breach of its financing arrangements could restrict the Group's ability to distribute dividends to Shareholders, trigger fines from financiers, accelerate repayments, require the Group to pay the full amounts financed, or lead to the enforcement against the Group's assets. This would have a material adverse effect on the Group's business, results of operations, financial condition and prospects, and therefore the Company's share price.

2.1.41 Risks related to fluctuations in financial performance

The Group incurred losses of SAR 95.8 million in the financial year 2020G, which transformed into profits of SAR 747.6 million in the financial year 2021G. This was mainly due to an increase in revenue generated from contracts with customers of 14.7%, from SAR 1,786.4 million in the financial year 2020G to SAR 2,048.9 million in the financial year 2021G, as well as an increase in revenue generated from other operations of 49.9%, from SAR 531.2 million in the financial year 2020G to SAR 796.5 million in the financial year 2021G. Other income and unrealized gain on derivative financial instruments amounted to SAR 398.5 million and SAR 341.6 million in the financial year 2021G, respectively, compared to other income of SAR 41.6 million in the financial year 2020G. As such, the profit/(loss) margin for the year increased from a loss of 4.1% in the financial year 2020G to a profit of 26.3% in the financial year 2021G.

The Group's profit decreased from SAR 747.6 million in the financial year 2021G to SAR 47.9 million in the financial year 2022G. This downturn was primarily driven by a SAR 76.3 million decrease in gross profit attributable to increased investment in the digital content of Shahid platform, in addition to the impact of the change in estimates for digital content impairment, which led to additional amortization of SAR 81.4 million in the financial year 2022G, and a decrease in other income by 49.1%, from SAR 398.5 million in the financial year 2021G to SAR 203.2 million in financial year 2022G, due to the Group receiving compensation for losses for two financial periods during the financial year 2021G. Compensation for business losses in the financial year 2022G totaled SAR 187.5 million in connection with one financial period. Additionally, the unrealized loss from derivative financial instruments decreased by SAR 343.0 million, reflecting the profit from exercising the Company's option to acquire shares in Arabian Contracting Services Company (ACSC), which was recognized in the financial year 2021G. The SAR 122.0 million increase in general and administrative expenses in the financial year 2022G can be primarily attributed to a foreign exchange loss.

This was offset by an increase in revenue from contracts with customers of 14.9%, from SAR 2,048.9 million in the financial year 2021G to SAR 2,353.7 million in the financial year 2022G. The profit margin for the year decreased from 26.3% in financial year 2021G to 1.4% in financial year 2022G.

The Group experienced an increase in its profits, from a loss of SAR 16.5 million during the six-month period ended 30 June 2022G to a profit of SAR 51.7 million during the six-month period ended 30 June 2023G, mainly due to an increase in gross profit of SAR 205.1 million due to increased investment in the digital content of the Shahid platform, whereby the profit/(loss) margin for the period increased from a loss of 1.0% during the six-month period ended 30 June 2022G to a profit of 2.7% during the six-month period ended 30 June 2023G.

The Group is affected by market developments and natural and occasional economic changes from time to time, which lead to fluctuations in its financial performance and its ability to maintain positive performance and implement its prospects. The Group is also affected by decisions that it makes to pursue long-term commercial or investment objectives, which may create certain fluctuations in annual results.

Any of the above risks could have a material adverse effect on the Group's business, profitability, financial condition, results of operations or prospects, and therefore the Company's share price.

2.2 Risks relating to the Market, Industry and Regulatory Environment

2.2.1 Risks related to intense competition for production of content and the broadcasting and streaming industry in the region

The Group faces fierce competition from several international and local competitors in the media industry. The Group competes with these players for content, audiences and advertising. The Group also faces intense competition from broadcast television, free-to-air channels, distributors, including subscription streaming services and virtual multichannel video programming services, social media content distributors and other entertainment outlets and platforms. Additionally, the number of companies producing Arab language content that the Group can contract with to collaborate on high quality productions is limited. Due to the potential for growth in the MENA region, however, the Group's competitors still aim to contract with the few Arab language production companies available and recruit the best and most well-known talent, which may lead to higher costs of production across the industry.

In terms of competition on the streaming side, the principal competitors of the Group's Shahid platform are Disney+, Max, YouTube, beIN Media Group, Starz Play, OSN+ and Netflix. Most of the Group's most important competitors are international players operating globally with significantly higher overall budgets and significant content platforms with a wide global reach. If competition with these companies for the creation and acquisition of quality programming grows in the future, the complexity of negotiations over acquired rights to the content and costs relating to content acquisition may increase and the costs for commissioned content in general would also increase. As a result, the Group's ability to successfully acquire content of the highest quality may be jeopardized. Further, some of the Group's competitors, such as Netflix, have started to produce and air content in Arabic and adding Arabic subtitles to its content. Providing content in the Arabic language, or with Arabic subtitles, may make such competitors more attractive to the customers in the MENA market, the target market where the Group offers its SVOD services.

There can be no assurance that the Group will be able to successfully compete in the future against existing or new competitors, or that competition will not have a material adverse effect on its business, financial conditions, results of operations or prospects. The Group's ability to compete effectively depends in part on its ability to achieve a competitive cost structure. If the Group cannot do so, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.2 Risks related to weak economic conditions within the countries in the MENA region in which the Group operates

The Group's performance depends on the financial health and strength of its customers, which in turn depends on the economic conditions of the markets in which the Group and its customers operate. A substantial portion of the Group's revenue comes from customers whose spending patterns may be affected by prevailing economic conditions. Weak economic conditions in the MENA region or globally could adversely affect demand for any of the Group's products and services and have a negative impact on its results of operations. For example, weak economic conditions will likely impact the Group's customers' discretionary spending and, as a result, they may cancel their subscription for Shahid or stop the Group's key target audience and customers from using the Group's other products or services. Weak economic conditions can also negatively impact the Group's advertising revenue as advertisers reduce their spending given the lower demand for consumer goods during an economic slowdown or recession.

Weak economic conditions and disruptions in the global financial markets may impact the Group's ability to obtain financing or to refinance its existing debt on acceptable terms. Further, inflationary pressures in the MENA region and globally may also hurt the Group's cost structure and pricing models and may impact the ability of third parties (including advertisers, customers, suppliers, vendors, distributors and content creators, among others) to satisfy their obligations to the Group, which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.3 Risks related to fluctuations in foreign exchange rates

Though many currencies in the Middle East, such as the Saudi Riyal in the KSA, Dirham in the UAE, Jordanian Dinar in Jordan, or Bahraini Dinar in Bahrain are pegged to USD or Qatari-Riyal in Qatar that is pegged to an undisclosed basket of currencies, the Group has significant operations in several jurisdictions within the MENA region that are not pegged to USD (i.e., Egypt). As a result, the Group sometimes transacts in different currencies than the Saudi Riyal (or the US dollar) including Egyptian Pound, Moroccan Dirham, Iraqi Dinar and Lebanese Pound. The value of such currencies fluctuates relative to the Saudi Riyal and US dollar. As a result, the Group is exposed to exchange rate fluctuations, which have had, and may continue to have, an adverse effect on its results of operations in a given period. Such currencies should not fluctuate against the USD or SAR that is pegged to it. For example, due to the recent significant fluctuations in the Turkish currency, numerous Turkish companies are grappling with the issue of technical bankruptcy under applicable laws, including O3 Medya Prodüksiyon (Turkey) (the equity in this company amounted to SAR 23,072,522 as at 31 December 2022G), which means that the Group may need to inject further capital to amortize the losses resulting from this issue. The Company incurred foreign exchange losses of SAR 2.2 million in 2020G, followed by gains of SAR 7.7 million in 2021G, losses of SAR 61.2 million in 2022G, and losses of SAR 14.2 million in the six-month period ended 30 June 2023G.

In addition, the sentiment regarding MBC Lebanon's financial statements for 2020G, 2021G and 2022G was negative due to inflation resulting from the economic situation in Lebanon. This prevented the application of many accounting and financial reporting standards and necessitated the use of multiple exchange rates and mechanisms which differed significantly from the official published exchange rates issued by the Banque Du Liban.

The balance of the foreign exchange reserve amounted to SAR 7.0 million, SAR 7.0 million, SAR 9.1 million and SAR nil as of 2020G, 2021G, and 2022G and the six-month period ended 30 June 2023G, respectively. Changes in exchange rates with respect to the amounts recorded in the Company's consolidated balance sheets, as related to different currency items, may result in unrealized or realized (based on period-end exchange rates) foreign currency transaction gains or losses upon settlement of the transactions. If any such risks materialize or if the Group engages in substantially more business with countries and areas where local currencies are not pegged to USD, then this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.4 Risks relating to the KSA economy and global economy and the political and economic conditions in the KSA and the countries in which the Company sells its products

The Company's business performance depends heavily on economic and political conditions in the KSA since it generates a material amount of its revenue in the KSA and, following the relocation of a substantial part of its operations, will also be spending a large part of its operating costs and expenses in the KSA. The Company's performance is also impacted by the economic and political conditions in the countries it sells its products in and the economies of the countries they trade with.

Although there are risks affecting the global economy at large, each country has factors which specifically affect it. Any slowdown in the global economy or in the economies in these countries, in addition to any sanctions, trade restrictions, antitrust restrictions, boycotts, procedures, currency changes, wars or any other factors that could impact the economies of key countries could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects.

Any changes in the political situation in countries where the products of the Group are sold, or where viewers of the Group's channels or Shahid platform subscribers are located, or in countries with which the Group trades, including, but not limited to, changes in governments or administrations, changes in public policy, changes in laws or incentives (including restricting foreign products or disincentivizing it), wars (including the ongoing conflicts in the region), geopolitical and political stability and other matters, could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.5 Risks related to political instability and security concerns in the MENA region

Much of the Group's primary operations and customer base are located in the MENA region. The MENA region is subject to a number of geopolitical and security risks. For example, several countries in the MENA region have witnessed significant social unrest, including widespread public demonstrations and in some cases armed conflict, terrorist attacks, diplomatic disputes, foreign military intervention and changes of government. Such social unrest and other political and security concerns may not abate but may worsen and spread to additional countries and might have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects.

Any geopolitical events or any developments in the geopolitical situation in the MENA and surrounding regions can affect the Group's operations and the Group's customer base. As a result, any unexpected changes in the political, social, economic, or other conditions in countries within the MENA regions could have a material adverse effect on the markets in which the Group operates, its ability to retain and attract customers in such regions, and investments that the Group has made or may make in the future, which in turn could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.6 Risks related to changes in the regulatory environment and operating in many jurisdictions with different legal regimes

The Group is subject to a range of laws and regulations administrated by a number of government entities in accordance with government policies and directives in the countries where the Group operates. They include competition laws, tax laws, corporate laws, customs laws, labor laws, media laws and telecommunications laws as well as procurement laws, data protection and cyber security laws and other regulations, along with the requirements of the regulators that the Group is subject to their oversight. The Group's business depends on its ability to comply with the requirements of these laws to maintain the required licenses, the management of its operations and throughout project execution. Particularly, in the KSA, the Group's most important country of operations, the regulatory and legal framework for broadcasting and media companies such as the Group may still be in development and subject to modifications. As a result, the Group faces the risk of potentially burdensome or restrictive changes in the laws and regulations of the KSA that it will have to comply with in the future.

The Group cannot foresee changes in the regulatory environment in the KSA and in the other regions it operates in, which may be subject to many changes, including changes to data localization, data protection, and cyber-security controls and the introduction of other technology-specific regulations and laws, changes to the media and tax laws, and the adoption of tougher antitrust, pricing, and corporate governance regulations, among others. If the relevant government and administrative authorities impose new obligations on the Group Companies in any of the countries in which the Group operates requiring them to obtain certain licenses to continue carrying out their business, there is no guarantee that the Group Companies will be able to fulfill all the licensing requirements without incurring additional expenses which may be substantial and whose potential impact is unknown. The Group's failure to comply with all the requirements and provisions of the laws to which it is subject to may cause the Group to incur fines or penalties or to lose its operational licenses, which would have a material adverse effect on the Group's business, financial position, results of operations, and prospects. The Group may also have to change its business practices to comply with these regulations, and thus incur additional costs and fees, which would have a material adverse effect on its business, results of operations, financial position, and prospects. Changes in the regulatory environment may affect the Group's operations by imposing restrictions that may limit the Group's development, customers, operations, sales, or services, increase the level of competition, or increase the costs of complying with any new requirements, which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

The Group is also subject to different legal systems in different jurisdictions which may not align with each other. Requirements in one jurisdiction can differ substantially from other jurisdictions to the point that the Group has to duplicate procedures to comply with legal provisions. In addition, e.g., for purposes of enforcing copyrights of content owned by the Group, different jurisdictions may award different fines and provide different relief, which makes enforcement in some jurisdictions significantly harder than in other jurisdictions. Furthermore, some legal jurisdictions may find that the Group, or any of its subsidiaries has a permanent establishment in such a jurisdiction, and may find that the Group is subject to taxes of such jurisdiction.

As a result, any unexpected changes in the regulatory environment in a country where the Group operates could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.7 Risks related to changes in laws and regulations relating to the internet and which apply to Shahid

The adoption or modification of laws or regulations relating to the internet or other areas of the Group's Shahid business could limit or otherwise adversely affect the manner in which the Group currently conducts business. As the Group's service and others similar to the Group gain traction in international markets, governments are increasingly looking to introduce new or extend legacy regulations to these services, in particular those related to broadcast media and tax.

In addition, the continued growth and development of the market for online commerce may lead to more stringent consumer protection laws, which may impose additional burdens on the Group. If the Group is required to comply with new regulations or legislation or new interpretations of existing regulations or legislation, this compliance could cause the Group to incur additional expenses or alter how it conducts the Shahid business, affect its business model, or cause it to incur greater operating expenses. Such an event could also give rise to risks of non-compliance by the Group in respect to any new requirements, which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

Changes in laws or regulations that adversely affect the growth, popularity or use of the internet, including laws impacting net neutrality, could decrease the demand for the Group's service and increase the Group's cost of doing business. Laws favorable to online video streaming platforms may change, including, for example, in countries where net neutrality regulations could be repealed. Given uncertainty around these rules, including changing interpretations, amendments or the possibility of repeal, coupled with the potentially significant political and economic power of local network operators, the Group could experience discriminatory or anti-competitive practices that could impede the Group's growth, cause the Group to incur additional expenses or otherwise negatively affect its business.

Any of these factors could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.8 Risks related to enablers granted by the government to the Group

Pursuant to a framework agreement between the Company and a government entity dated 6 May 2023G, and for the purpose of stimulating and encouraging investment, the KSA government agreed to grant the Group, amongst numerous other participants in private sector, a number of enablers in relation to Saudi taxes and governmental fees applicable to the Group, in return for certain commitments made by the Company to develop the local media ecosystem in the KSA, find and develop local talents, and attract investments in this sector. Please refer to Section 12.6 ("**Material Agreements**") of this Prospectus for further details.

However, there are several risks associated with such arrangements, which mainly include the following:

- Risks of certain compensatory amounts not being fully paid timely or not covering all actual costs expenses. The government entity may consider certain amounts not subject to the agreed arrangement and the Group may unexpectedly need to pay such amounts from its own cashflows.
- Risks related to the Group's inability to perform its obligations under the agreement, and the enablers granted to the Group may be terminated if the Company materially breaches the provisions of the framework agreement with the government entity or applicable laws and regulations, and does not remedy such breach during the period agreed between the parties. The government enablers may also be terminated or revoked at any time in the future upon the issuance of a legal instrument by the government in this respect.
- Certain taxes and fees that may be imposed in the future may not be captured by this arrangement and, in such cases, the Group will be liable to bear such amounts, which it may not have accounted for. Please refer to Section 2.2.6 ("**Risks related to changes in the regulatory environment and operating in many jurisdictions with different legal regimes**") of this Prospectus for further details.

It is difficult to accurately determine the financial effects of these enablers, considering they relate to taxes, fees and other future costs and other factors that are difficult to foresee. Additionally, the financial effect of the enablers depends on the method of application from a practical perspective, which is subject to additional discussions with the relevant parties. It should be noted that the primary objective of these enablers is to limit increases in expenses applicable to the Group's business in consideration of the level of expenses applicable to payment of taxes and other governmental fees, which the Group used to incur prior to relocating to the Kingdom. If the Group is not able to fully cover anticipated expenses from the government enablers granted by the KSA government, or if the framework agreement is terminated for whatever reason, this could have a material adverse effect on the Group's business, profitability and growing market share, and, as a result, on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

In addition to the above, the Group obtained certain incentives to facilitate the Group's operations and its relocation to the KSA, including, for example, expediting and facilitating government procedures related to licensing, customs, visa issuance and employment, in consideration for the Group's fulfilment of a number of obligations relating to the development of the local media ecosystem in the KSA. There are risks related to the Group's inability to benefit from these incentives in full or as expected, which may have a material and negative effect on the Group's business, profitability and growing market share, and, as a result, on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.9 Risks related to data protection systems and data protection policies

The Group collects and processes personal data and other data from its customers and prospective customers, including data it obtains from the relevant government entities. The Group uses this information to provide solutions to its customers, validate user identity, fulfil contractual duties, administer billing and support, expand, and improve its business, as well as communicate and recommend products and services through its marketing and advertising channels. The Group may also share customers' personal data with certain third parties. As a result, the Group must comply with local and international laws and regulations, including data protection, data localization, and cyber-security requirements in the KSA and other countries where the Group may operate in the future.

For example, the Group is subject to the national data governance policies in the countries it operates, which apply to all entities that process personal data in such countries and is seeking to apply such policies as at the date of this Prospectus. In addition, the Group may have to apply the cyber security controls, including the basic cyber security controls, cyber security controls for sensitive systems, cyber security controls for cloud computing, and national standards for encryption, along with the regulatory frameworks such as the regulatory cloud computing framework, data protection, the procedures for launching services or products based on users' personal data or sharing personal data. These rules may apply to the Group depending on the nature of transactions, the type of projects and customers, and their requirements. In general, the Group is materially compliant with these regulations and has fulfilled the applicable requirements as at the date of this Prospectus.

While the data minimization principle has been implemented for certain data systems across the Group, it has not been fully implemented for all data systems. The Group has specific data retention policies defined for several data systems and aims to implement it across its operations. In order to minimize the risks with sharing data with third-parties, all the procurement and Shahid contracts are thoroughly reviewed to ensure that: (i) a vendor risk assessment is performed to assess the risks with third-parties; (ii) a transfer impact assessment is performed for all international data transfers (from EU to non-EU countries); (iii) a security assessment of the vendor is performed and (iv) an overall assessment of the appropriateness of the specific vendor is performed. For risks specific to personal data breaches see Section 2.1.11 ("**Risks related to data breaches of personal data**") of this Prospectus.

The Group strives to be fully compliant with all relevant data protection and cybersecurity regulations in the regions where it operates. In particular, the Group to a large extent complies with standards relevant to it such as NIST, ISO 270001 and PCI DSS to ensure that the Group has all relevant security controls in place to protect personal data. However, the Group has in the past identified issues with processes and privacy procedures including gaps in relation to e.g., multi-factor authentication or limited access authentication requests which the Group has already addressed or is continuing to address. The Group, due to its nature as a large media group that relies on a significant amount of IT technology, faces challenges in achieving full compliance due to the following factors: (i) legacy applications that may not meet the latest security standards; (ii) industry-specific restrictions: mission-critical systems and controls specific to entertainment industry may restrict the Group's ability to meet all cybersecurity requirements, for example, the Group may not update the operating system or install security patches for graphics systems as it might impact the video output on the screen; and (iii) CAPEX or OPEX allotted to the data protection and cybersecurity may be insufficient to achieve full compliance with data protection and cybersecurity regulations. To mitigate these challenges, the Group is: (a) continuously working on modernizing its systems and ensuring their alignment with the latest cybersecurity requirements; (c) seeking the best possible balance between industry-specific constraints and its regulatory obligations; and (c) seeking additional and gradual funding and reallocating resources to strengthen the Group's cybersecurity posture and address potential risks. Certain businesses of the Group (for example Shahid) are subject to the GDPR, which broadly regulates the processing of personal data collected from individuals in the European Union. GDPR and the European Union member states' legislation implementing the GDPR, related rules regulating the privacy of electronic communications services and networks (including "cookie" rules), and various initiatives by regulatory authorities under these laws affect how the Group is able to process certain personal data for particular purposes, what information the Group must share with its customers about this processing, and what controls the Group's customers have over such processing. Though the Group is compliant with applicable GDPR rules, if the Group were to face future complaints about compliance, the Group may incur significant expenses defending such suits and may be required to pay amounts or otherwise change its operations in ways that could adversely impact the Group's businesses, results of operations or financial condition.

Globally, new and evolving regulations regarding data protection, data localization, cyber-security, and other standards governing the collection, processing, storage, transfer, export, disclosure, and use of personal data may impose additional burdens on the Group due to increased compliance standards that could restrict the use and adoption of the Group's solutions and applications. Future laws, regulations, standards, and other obligations and changes in the interpretation of existing laws, regulations, standards, and obligations may impair the Group's ability to collect, process, store, transfer, export, use, or disclose personal data, increase its costs, and impair its ability to maintain and expand its customer base and increase its revenues. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, and contractual and other obligations may require the Group to incur additional costs and restrict its business operations. Such laws and regulations may also require companies to implement privacy and cyber-security policies, permit users to access, correct, and delete personal data stored or maintained by such companies, inform individuals and regulators of security breaches or breaches affecting individuals' personal data, and, in some cases, obtain the express consent of individuals to use, process, store, transfer, export, and disclose personal data for certain purposes. If the Group or third parties on which it relies fail to comply with the applicable data privacy laws and regulations and cyber-security standards and controls where the Group is subject to depending on the nature of transactions and customers and the type of project, the Group's ability to successfully conduct its business and achieve its business objectives may be impaired.

Increased regulation of data utilization practices, including findings under existing laws that limit the Group's ability to collect, transfer, use and leverage information and other data, could have an adverse effect on its business. In addition, if the Group were to disclose information and other data about its members in a manner that was objectionable to them, the Group's business reputation could be adversely affected, and the Group could face potential legal claims that could impact its operating results.

The Group is actively engaged with the Saudi regulatory authorities, such as CSTC, SAIP, and SDAIA, to conduct periodic inspections. A group cybersecurity risk register was provided to CSTC earlier this year as well. The Group's inability to comply with applicable laws and regulations, more stringent legal requirements, or protect such data, may result in enforcement actions against the Group, including the imposition of fines and penalties by regulators at their discretion, or claims for damages by customers and other affected individuals, and damage to the Group's reputation. This would affect the Group's business, results of operations, financial position, and prospects. Compliance costs and other requirements under laws, regulations, and standards may restrict the use and approval of the Group's services and reduce the overall demand for the same, lead to the imposition of fines or penalties, or result in significant liability for non-compliance, which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.10 Risks related to compliance with labor law and localization requirements

Each Group Company must maintain employment policies and contracts which adhere to the applicable labor law requirements in the jurisdictions in which they operate and which may be updated from time to time by the competent authorities. The Group must ensure that its policies and employment contracts adhere to the applicable mandatory provisions. The Group may not be aligned with, or may not, in the future, maintain employment policies and contracts that adhere to the applicable labor law requirements, a matter which may expose the Group to regulatory fines or labor suits.

Furthermore, compliance with Saudization requirements is required by law in the KSA, whereby all companies operating in the KSA must employ, train, and maintain a certain percentage of Saudi employees. This percentage varies based on the companies' activities. Although the Group aims to employ local professionals and talent for its operations based on merit and expertise, it has been granted an exemption from Saudization requirements to facilitate the relocation of its operations to the KSA, and as part of the enablers granted to develop the media ecosystem within the KSA. The Group has also committed to increase the Saudization percentage in the future and develop and encourage national talent in return for receiving this exemption. However, there is no guarantee that the Group will fulfill this obligation.

In the future, the KSA Group Companies may no longer benefit from the Saudization exemption for whatever reason, including termination of any arrangement with the government. In such a case, the Group may be unable to comply with Saudization requirements. If the KSA Group Companies do not comply with Saudization requirements, they will face penalties imposed by government entities, such as the suspension of work visa requests, suspension of requests for transfer of sponsorship for non-Saudi employees, and exclusion from government tenders and government loans. The KSA Group Companies may be unable to recruit Saudi employees under favorable conditions or maintain its current Saudi employees, which in turn would affect its ability to meet the required Saudization percentage. There may be a surge in costs of salaries if the Group KSA Companies hire a larger number of Saudi employees. The occurrence of any of the foregoing would have an adverse effect on the Group's business, and so on the Group's business, financial conditions, results of operations or prospects, and therefore the Company's share price.

Similar localization requirements in other countries, which the Group does not benefit exemptions from, could restrict the Group's ability to recruit the talent and staff necessary for its operations from time to time. For example, in Jordan there is a local law requirement for non-Jordanian employees not to exceed 50% of the employees at the relevant company and Egyptian authorities impose a general requirement of employing nine local employees for each expatriate employed by the entity.

Each of the KSA Group Companies are also required to maintain employment policies and contracts which adhere to the Saudi Labor Law and which are updated from time to time by the Ministry of Human Resources and Social Development in Kingdom of Saudi Arabia. The Group must ensure that its employment contracts for the Saudi Group Companies adhere to the Saudi Labor Law and its provisions. Noncompliance may result in the imposition of penalties and the termination of the relevant employment contracts under the provisions of the Labor Law. This could adversely and materially affect the Group's business, results of operations, financial position and prospects, and therefore the Company's share price.

In addition to the foregoing, the KSA and other jurisdictions in which the Group operates may implement from time to time certain reforms aimed at increasing local employees' participation in the labor market, including imposing fees on expatriate employees as well as fees on residency permits for foreign family members of employees. An increase in residency and independents' fees payable by employees for their family members, for which the Group cannot obtain or maintain exemptions, will result in higher living costs, which may affect the attractiveness of the relevant jurisdiction for such employees who may seek to relocate to other countries with lower living costs. Consequently, high government fees and difficulty retaining expatriate employees would have an adverse effect on the Group's business, and, as a result, on the Group's business, financial conditions, results of operations or prospects, and therefore the Company's share price.

In addition, there can be no assurance that the Group will be able to provide the required workforce or recruit the required number of nationals or foreign workers that it requires for its business operations in the KSA without incurring additional costs which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.11 Risks related to tax and Zakat

The Group operates in jurisdictions subject to taxation, including corporate income tax, value-added tax, customs duties, profit taxes, payroll taxes, withholding taxes and property taxes, among other taxes. Moreover, the tax laws and regulations in some of these jurisdictions, including transfer pricing policies on cross-border intra-Group transactions, may be subject to the application of new tax laws and regulations, frequent change, varying interpretations and inconsistent application. This is the case in the UAE, where the Corporate and Business Tax Law was promulgated in December 2022G, under which corporate and business tax was introduced as of 1 June 2023G.

Taxes and penalties may be imposed on the Group due to non-compliance with the applicable rules and regulations, including incorrect tax assessments that do not align with tax rules and regulations, non-compliance with pricing rules for intra-Group transactions, the imposition of new taxes, improper record-keeping, the issuance of invoices that do not comply with the VAT requirements, failure to make the relevant tax deductions, failure to submit the necessary tax returns, or failure carry out certain dealings with Related Parties on an arm's length basis and in accordance with the transfer pricing requirements. The Group's tax provisions may be insufficient to cover these potential liabilities.

All the Group Companies have submitted the necessary tax and Zakat returns independently since their incorporation through the end of the financial year 2022G. They have also paid all tax dues for such periods. However, the competent tax authorities have not completed the audit and evaluation processes related to the Group Companies (within and outside the KSA) or issued the final Zakat or tax assessments, mostly in relation to the past five years, and none of them have made any provision in this regard. All previous years until 2017G are now time-barred because of the expiry of the statute of limitations applicable in the countries in which the Group Companies operate. For a summary of the tax assessment status of each of the Material Subsidiaries for the previous years, please refer to Section 12.13 ("**Zakat and Tax Position of the Group**") of this Prospectus. The competent tax authorities may impose additional payments related to Zakat or tax (as applicable) for the years for which the assessments have not been completed, which may lead to higher Zakat and tax payments than expected. The Subsidiaries will bear any other claims or assessments raised by the competent authority for such years if they fail to successfully object to the same. The Group may not have made sufficient tax provisions to cover these potential liabilities, which could adversely and materially affect the Group's business, results of operations, financial condition and prospects and therefore the Company's share price. There are no substantial ongoing tax or Zakat-related disputes between the Group Companies and the relevant tax authorities.

In the KSA, the Company and its Subsidiaries are subject to ZATCA laws and implementing regulations. The Company was incorporated in April 2023G. Therefore, the tax and Zakat returns have not been submitted to ZATCA as at the date of this Prospectus, given that its first financial year will end on 31 December 2023G. MBC Media KSA and MMS (FZ) submitted their Zakat and tax returns at the end of 2022G. However, the Group Companies benefit from enablers relating to taxes in the KSA. For more details on the enablers granted and the related risks, please refer to Section 2.2.8 ("**Risks related to enablers granted by the government to the Group**") and Section 4.11 ("**Government Enablers**") of this Prospectus.

In addition, ZATCA issued Circular No. 16/6768/1438 dated 5 Rabi' al-Awwal 1438H (corresponding to 5 December 2016G) requiring Saudi companies listed on the Exchange to calculate income tax and Zakat based on the nationality of the shareholders and the actual ownership of Saudi, GCC and other nationals as shown in "**Tadawulaty**" at the end of the year. Before this Circular was issued, companies listed on the Exchange were generally subject to Zakat and tax payments based on the ownership of their founders, as stated in the Articles of Association. The effect of shares listed on the Exchange was not considered in determining the Zakat base. This Circular was to be implemented in the financial year ended 31 December 2016G and subsequent years. ZATCA then issued Letter No. 12097/16/1438H dated 19 Rabi' al-Thani 1438H (corresponding to 17 January 2017G) which postponed the implementation of the Circular for the financial year ended 31 December 2017G and subsequent years. Until ZATCA issues instructions on the processes and procedures for implementing the Circular, it will remain under review until it becomes effective. This includes meeting the final requirements, particularly the rules requiring all residents from outside GCC states who are shareholders in listed Saudi companies to pay income tax. Such rules also apply withholding tax on dividends distributed to non-resident shareholders, regardless of their nationalities. The Company has not assessed the financial impact of this Circular, nor has it taken adequate measures to ensure compliance therewith. If the financial impact of implementing this Circular is significant, or if the Company incurs additional costs to take the necessary actions to ensure compliance therewith, this may have adversely and materially affect the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

2.2.12 Risks related to competition and antitrust laws

The Group is subject to a variety of antitrust, unfair competitive practices and similar laws and regulations in the jurisdictions where it operates. In some of the markets in which the Group operates, it has market positions that may make future significant greenfield projects or acquisitions more difficult and may limit its ability to expand. In addition, the Group may be subject to allegations of, or further regulatory investigations or proceedings into, unfair competitive practices or similar behavior. Such allegations, investigations or proceedings may require the devotion of significant management efforts, including the investment of time and financial resources, to defend the Group. If such allegations are proven, there may be significant fines, damages awards and other expenses, and the Group's reputation may be harmed, which could have a material adverse effect on its businesses.

In Saudi Arabia, the Saudi Competition Law seeks to protect fair competition in the Saudi markets and to promote and establish market rules and free and transparent prices. Entities participating in an economic concentration are required to notify the General Authority for Competition ("**GAC**") for approval of such concentration prior to completing the relevant transaction. The law defines "economic concentration" widely to capture, among other things, any full or partial transfer of ownership over shares or assets that would result in a change of control. Given the size of the Group, any corporate transaction undertaken by the Company or any of its Subsidiaries may potentially trigger the need to file with the GAC for approval. This is the case even if such transaction occurs outside the Kingdom of Saudi Arabia and regardless of the size of the transaction. If it is found that a filing was required and the parties move forward with the proposed transaction without seeking the GAC's approval, the parties may be subject to the penalties imposed by GAC which include fines and the risk of including unwinding the whole transaction. This could materially and adversely impact the Group's expansion plans.

The Group may decide to enter into certain corporate transactions such as acquiring new companies or businesses (refer to Section 2.1.34 ("**Risks related to potential future acquisitions**") of this Prospectus). There is a risk that the GAC, or other authorities in the relevant countries, may withhold its approval, issue conditional approvals that the Group may be unable to satisfy, reject certain transactions or delay their completion until it issues its decision. The authorities may also impose certain penalties/sanctions if it finds that the Group has not generally complied with the provisions of the competition laws. This would adversely affect the Group's ability to identify acquisition targets or strategic partners consistent with its objectives, which could have a material adverse impact on the Group's business, financial conditions, results of operations or prospects, and therefore the Company's share price.

The Group could be subject to fines and penalties if the Group is found to be in a dominant position in any other markets and exploiting this position to eliminate competition through preventing competitors from accessing the market; sale below production cost; or restricting suppliers from dealing with other competitors. Local competition authorities are the regulators which investigate and assesses whether a company is in a dominant position in a relevant market and determine whether a company in a dominant position has abused such position. If any local competition authority were to investigate the Group and determine that the Group does hold a dominant market position in a relevant market and does engage in prohibited practices, it could impose significant fines and other penalties on the Group, including temporary or permanent closure of businesses. Moreover, defending against such proceedings may be lengthy and costly to the Group.

The occurrence of any of these risks would have a material adverse effect on the Group's business, results of operations, financial condition or prospects and therefore the Company's share price.

2.2.13 Risks related to natural disasters, severe weather and other uncontrollable events

The Group's services, products and properties are vulnerable to damage from the occurrence of certain events, including natural disasters, severe weather events such as hurricanes and wildfires, and a range of other unforeseeable events such as infectious disease outbreaks, terrorist attacks or similar events. Such events have caused, and could in the future continue to cause, various adverse impacts on its business, effectively reducing the demand for its services by, for instance, degrading or disrupting the Group's channels and TV services, its internal systems or satellite transmission signals and causing power outages or otherwise damaging the equipment and property of the Group or its vendors. Specifically, inclement weather (e.g., sandstorms) has a negative impact on the uplinking signal technology on which the Group's free-to-air TV depends.

These events also may result in lost revenue and large expenditures to repair or replace damaged property and services and could lead to litigation and fines, even if the Group inadvertently contributed to damages suffered by others. The amount and scope of insurance the Group maintains against losses resulting from these types of events likely would be insufficient to fully cover the Group's losses or otherwise adequately compensate the Group for disruptions to its business. The Group expects that it will continue to experience some or all of these events in the future and there can be no assurance that any such event will not have an adverse effect on its business, reputation or results of operations. The occurrence of any of these events could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.14 Risks related to changes in how network operators handle and charge for access to data that travel across their networks

The Group relies on the ability of consumers to access the Group's service through the internet. If network operators block, restrict or otherwise impair access to the Group's websites or apps over their networks, the Group's service and business could be negatively affected. To the extent that network operators in certain jurisdictions of the Group's target countries implement usage-based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers, the Group could incur greater operating expenses and its membership acquisition and retention could be negatively impacted. Furthermore, to the extent network operators create tiers of internet access service and either charge the Group for or prohibit it from being available through these tiers, the Group's business could be negatively impacted. Should the Group's key target countries change their laws to allow network operators to restrict the Group's services or should such network operators themselves decide to limit access to its services, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.2.15 Risks related to the outbreak of COVID-19 or any other infectious disease

In March 2020G, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of COVID-19, caused by a novel strain of coronavirus, SARS-CoV-2. The COVID-19 outbreak and certain preventive actions that governments, businesses and individuals have taken in response to COVID-19 have resulted in global business disruptions. At the beginning, the COVID-19 pandemic adversely affected global economies, capital markets, global demand for oil and oil prices and the overall environment in which the Group does business, and though many of these conditions have now changed for the better, the extent to which such negative trends may return and impact the Group's future results of operations and overall financial performance remains uncertain. Some of the Group's services were significantly affected during the financial years ended 31 December 2020G and 31 December 2021G because of the COVID-19 pandemic and its negative effect on advertising spending in the KSA and the GCC region. The KSA, consistent with several other countries, adopted strict precautionary measures and limits on travel and public transport, imposed requirements for people to remain at home and practice social distancing and mandated prolonged closures of workplaces and economic activities, which severely disrupted its economy. Though such protective measures have eased in the KSA, there is no assurance as to whether further measures will be introduced and the extent of any such measures, should another severe outbreak of COVID-19 (or its variants) or any other infectious disease arise in the future.

Any of the above may result in a sudden decline in oil prices or a sudden adverse effect on the economies of the countries where the Group operates, which would have a material adverse effect on the Group's business, results of operations, financial position, and prospects. Furthermore, any future outbreak of COVID-19 (or variants thereof) or any other infectious disease in the Group's offices or facilities may result in the closure of such facilities for certain periods of time or the implementation of certain precautionary measures aimed at limiting physical attendance. The potential closure of the Group's offices and facilities may result in the disruption of the Group's business or additional costs to comply with any precautionary measures, which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.3 Risks Related to the Offer Shares

2.3.1 Risks related to effective control by the current Shareholders

Following completion of the Offering, the current Shareholders Istedamah Holding Company and Waleed Bin Ibrahim Al Ibrahim are expected to hold 90% of the issued Shares in aggregate. The current Shareholders will therefore likely be able to influence all matters and decisions requiring the approval of the Company's General Assembly including the election and dismissal of the Directors, approval of contracts, important Group activities, distribution of dividends and amendments which might be made to the Company's share capital and Bylaws.

While the Group currently believes that such arrangements are to its overall financial benefit, the interests of such Shareholders may differ from those of the Group's other Shareholders, and the current Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Group's other Shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discouraging bids for the Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.3.2 Risks related to liquidity and the absence of a prior market for the Shares

There has been no previous public market for offering or trading the Shares and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares could have a material adverse effect on the Company's share price.

Several factors such as the Group's financial results, general circumstances, the health of the general economy and the regulatory environment in which the Group operates may result in a significant variation in the liquidity of Share trading and the Share price.

2.3.3 Risks related to selling a large number of shares post-Offering

Selling a large number of the Shares on the market after completing the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a six-month Lock-up Period starting from the commencement of trading the Shares on the Exchange, during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by the Substantial Shareholders following the expiry of the Lock-up Period could have an adverse effect on the market for the Shares and may result in a lower market price.

The Company will also be subject to a six-month Lock-up Period upon successful completion of the Offering. Following expiry of the Lock-up Period, the Group may issue Shares or other securities from time to time as consideration for, or to finance, future acquisitions or investments or for other capital needs. The Company cannot predict the size of future issuances of the Shares or the effect, if any, that future sales or issuances of Shares would have on the market price of the Shares. If any such acquisition, investment or capital need is significant, the number of Shares or the number or aggregate principal amount, as the case may be, of other securities that the Company may issue may in turn be substantial and may result in the dilution of the Company's shareholders.

2.3.4 Risks related to fluctuations in the market price of the Shares

The Offer Price has been determined based on several factors, including the past performance of the Group, the prospects for the Group's business, the industry in which it operates, the markets in which it competes and an assessment of the Group's management, operations and financial results. Following completion of the Offering, the Offer Price may not be equal to the price at which the Shares will be traded. Investors may be unable to resell the Offer Shares at or above the Offer Price, or investors may be unable to sell them at all.

The stock market in general experiences extreme price and volume fluctuations from time to time. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Group's performance and the results of its anticipated operations, the departures of key personnel, changes in the earnings estimates or forecasts or the materialization of any of the other risks described in this Section. Other factors include potential changes in applicable laws and regulations, terrorist acts, escalation of hostilities, acts of war or periods of widespread civil unrest, natural disasters and other calamities and stock market price fluctuations. The realization of any of those risks or other factors would have a material adverse effect on any investor's anticipated returns or result in the loss of all or a portion of their investment in the Company.

2.3.5 Risks related to the Company's reliance on the performance of its Subsidiaries and the ability to distribute dividends

The Company is a holding company and conducts all its business operations through its Subsidiaries located in the Kingdom of Saudi Arabia, the United Arab Emirates, Egypt, and other countries. The Company's ability to generate income and pay dividends depends on the ability of the Subsidiaries to declare and pay dividends to the Company.

As at the date of this Prospectus, the Group comprises 35 Subsidiaries that are effectively directly or indirectly owned by the Company some of which are special purpose vehicles and corporate bodies incorporated for special projects or objectives (for further details on the Group's structure, please refer to Section 4 ("**The Company**") of this Prospectus). Consequently, the Company's cash flows and ability to meet its cash requirements, depend on the profitability and cash flows from its Subsidiaries, including their ability to make dividend distributions, repay interest on any loans extended to them and performance of their contractual and regulatory obligations. The actual payment of future dividends by the Group and the payment of dividends to the Company by the Subsidiaries, if any, and the amounts thereof, will depend on several factors, including, but not limited to, the amount of distributable profits and reserves, investment plans, earnings, level of profitability, regulatory requirements, including minimum capital requirements mandated by regulatory authorities, compliance with various financing agreements, and such other factors as the Board, or the relevant board of the Subsidiary, may deem relevant from time to time. As a result, the Company's ability to pay dividends may be limited. If the Company does not pay dividends on the Shares, the Shareholders may not receive any return on their investment in the Shares unless they sell the Shares at a price higher than the price at the time of their purchase, which would have a material adverse effect on any investor's anticipated returns (for more information on the dividend policy of the Company, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus). The Company must continuously verify and ensure its Subsidiaries' compliance with all legal, financial and administrative requirements applicable to each Subsidiary.

Furthermore, if there are any issues of breach (including non-compliance with applicable laws, or any conditions of the relevant licenses or material agreements), it could impact the revenues generated from the underlying Subsidiary which results in the Company not receiving any distributions, which would restrict the Company's cash flows and ability to meet its cash requirements. It should also be noted that breach by any of the Group's branches of regulatory or contractual obligations would result in any liabilities extending to the Group Company that has set up such a branch, since branches do not typically enjoy limited liability.

Any decline in the Subsidiaries' profitability that could affect their ability to pay dividends would in turn have a material and adverse effect on the Group's business, results of operations, financial condition or prospects and therefore the Company's share price.

2.3.6 Risks related to foreign exchange rates when investing in the Offer Shares

The Offer Shares are, and any dividends to be paid in respect of the Offer Shares will be, denominated in Saudi Riyals. Any investment in the Offer Shares by an investor whose principal currency is not the Saudi Riyal or the US dollar will expose that investor to foreign currency exchange rate risk. This may adversely impact the investor's value of its investment in the Offer Shares or any dividends.

2.3.7 Risks related to a delay of closing the offering and listing the shares

A public offering of shares to be listed on the Exchange typically closes concurrently with the shares being admitted for trading on the Exchange, with both typically occurring more than two weeks after the announcement of the final offer price for the shares. During that time, the parties complete the retail offer (which in the KSA has not previously begun until after the final offer price is set) and complete the subscription process and allocation of the shares. However, there can be no assurance that Listing of the Offer Shares will commence as expected. As a result, the closing of the offering and Listing of the Offer Shares for trading on the Exchange could be delayed. The Company will announce the commencement of trading of the Shares on the Exchange on its website.

2.3.8 Risks related to use of proceeds of the Offering

The Group intends to list its Shares on the Saudi Exchange. The reasons for the Offering are to: (i) enable the Group to gain access to the capital markets (ii) highlight the intrinsic value in the Group, and to (iii) receive the net proceeds from the Offering. The Group intends to use the proceeds of the Offering as set out in Section 8 ("**Use of Offering Proceeds**") of this Prospectus. The Group may, however, not use the proceeds of the Offering in the intended way. The Group may face a cashflow issue, or any other issue that may cause it to use proceeds for another purpose. This could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

2.3.9 Risks related to research published about the Group

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Group and its business, the market price for the Shares may decline. The trading price and volume of the Shares will depend in part on the research that securities or industry analysts publish about the Group and its business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers the Group downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about the Group's business, the market price for the Shares could decline. In addition, if one or more research analysts cease coverage of the Group or fail to publish reports on it regularly, it could lose visibility in the financial markets, which, in turn, could cause the market price for the Shares to decline significantly.

2.3.10 Risks related to emerging markets, such as the countries in which the Group operates or plans to operate

An investment in the Shares involves risks related to investing in securities in emerging markets, such as the KSA market. Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate and are familiar with the significance of the risks involved in investing in emerging markets. The Saudi Arabian economy may be susceptible to future adverse effects similar to those suffered by other emerging markets and could be adversely affected by negative economic or financial developments in other emerging markets.

Investing in securities involving emerging market countries generally involves a higher degree of risk than investments in securities of issuers from more developed countries. These higher risks include, but are not limited to changes in the regulatory, political, social and economic environment, and higher volatility in financial markets.

International investors' reactions to events occurring in one emerging market country or region may sometimes demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by such investors. If such a "contagion" effect occurs, the countries in which the Group operates or plans to operate could be adversely affected by negative developments in other countries in the MENA region. Since the Group operates primarily in the MENA region, this could have a material adverse effect on the Group's business, profitability, financial conditions, results of operations or prospects, and therefore the Company's share price.

The occurrence of any of the above factors could have an adverse effect on investors' anticipated returns or may result in the loss of all or a portion of their investment in the Group.

2.3.11 Risks relating to unqualified foreign investors not being able to directly hold Shares

Under the applicable regulations, unqualified foreign investors (who are also not strategic foreign investors) wishing to participate in the Offering must enter into swap arrangements with a Capital Market Institution, pursuant to which they acquire an economic benefit in the Offer Shares. Unqualified foreign investors would be able to trade these interests through Capital Market Institutions who will hold the legal title to the Shares.

Accordingly, unqualified foreign investors will not hold legal title in the Shares nor will they be able to vote for the Shares in which they hold an economic benefit. These factors could have an adverse effect on investors' anticipated returns or may result in the loss of all or a portion of their investment in the Company.

2.3.12 Risks related to forward-looking statements

Some information contained in this Prospectus may constitute "**forward-looking statements**" and includes known and unknown risks and speculations which impact the Group's financial results. This information includes, for example, information relating to the financial position of the Group, its plans, its strategy and its future goals. The future results and performance information of the Group cannot actually be predicted and may differ from what is set out in this Prospectus, as the achievements and ability of the Group to develop are what determine the actual results of the Group. The inaccuracy of information and results is one of the risks that Shareholders and investors take by investing in the Shares. In case the actual future results of the Group are different from the expected ones, this might negatively affect the Share price. For more information about forward-looking statements, please refer to the 'Important Notice' section of this Prospectus.

3. Market Overview

3.1 Introduction

The information in this section ("Market Overview") is derived from the report prepared by the Market Consultant ("PricewaterhouseCoopers – PwC"). PwC is a network of firms operating from 152 countries in 688 cities across the globe with more than ~330,000 people committed to delivering quality in assurance, tax, and advisory services (which includes Consulting, Deals and Strategy& practices).

The Market Consultant does not, nor do any of its subsidiaries, sister companies, partners, shareholders, directors, managers or their relatives, own any shares or any interest of any kind in the Company or its subsidiaries. The Market Consultant has given, and not withdrawn as at the date of this Prospectus, its written consent for the use of its name, market information, and data supplied by it to the Company in the manner and format set out in this Prospectus.

The Board of the Company believes that information and data contained in this Prospectus from other resources, including those provided by the Market Consultant, are reliable. However, neither the Company nor any of its Board of Directors or managers, shareholders or other consultants have verified or checked the accuracy or completeness of the information contained in this section, and neither of them shall bear any responsibility for such information.

3.2 Macroeconomic environment

The MENA ("Middle East and North Africa") region's GDP ("Gross Domestic Product") per capita is forecasted to grow at 2.7% CAGR ("Compounded Annual Growth Rate"), reaching USD 9.5k (SAR 35.6K) by 2027, outpacing the growth rate of other global economies. This growth is supported by the current strengthening GCC ("Gulf Cooperation Council") economies and their positive outlooks that are largely fueled by strong energy market performance, economic reforms and increasing domestic demand.

In turn, improvements in the MENA region's affluence are expected, as indicated by disposable income levels forecasted to grow at 4.7% CAGR, reaching USD 12.2k (SAR 45.8K). The strength in the MENA region's disposable income levels is mainly attributed to high GCC incomes levels, specifically the UAE ("United Arab Emirates") due to its strong consumer base and its position as the Middle East's financial and trade hub, as well as Qatar due to its large hydrocarbon reserves. In addition, disposable income in the KSA ("Kingdom of Saudi Arabia") is anticipated to continue its growth trajectory aided by structural reforms and economic diversification efforts.

In terms of inflation, CPI ("Consumer Price Index") in the MENA region has spiked due to various nations' economic instabilities, coupled with global supply chain disruptions caused by the COVID-19 pandemic. However, the GCC has witnessed relatively lower inflation due to less aggressive stimulus deployment in response to the COVID-19 pandemic, less volatile current account balances and more stable energy prices because of ongoing government subsidies.

Key macroeconomic indicators

Table (3.1): The following table provides a summary of key macroeconomic and market-related growth drivers impacting the E&M ("Entertainment & Media") market.

Macro indicators	2019	2020	2021	2022	2027F	'19-'22 CAGR	'22-'27 CAGR
MENA[1] GDP per capita[2] (USD)	7,485	6,585	7,436	8,300	9,474	3.4%	2.7%
GCC[1] GDP per capita[2] (USD)	28,845	24,643	29,459	35,808	42,403	7.5%	3.4%
KSA GDP per capita[2] (USD)	23,406	20,398	24,161	30,436	34,423	9.1%	2.5%
UAE GDP per capita[2] (USD)	43,982	37,649	44,430	50,028	68,012	4.4%	6.3%
MENA disposable income per capita[3] (USD)	7,462	6,724	7,958	9,713	12,210	9.2%	4.7%
GCC disposable income per capita[3] (USD)	13,603	12,180	13,833	15,191	19,160	3.7%	4.8%
KSA disposable income per capita[3] (USD)	9,414	8,998	10,221	10,829	12,323	4.8%	2.6%
UAE disposable income per capita[3] (USD)	20,320	17,827	20,851	23,531	31,277	5.0%	5.9%
MENA inflation, CPI[2] (%)	9.9%	20.8%	25.4%	23.7%	6.6%	13.8p.p[5]	-17.1p.p[5]
GCC inflation, CPI[4] (%)	-0.2%	2.8%	2.0%	3.6%	2.1%	3.8p.p[5]	-1.5p.p[5]
KSA inflation, CPI[4] (%)	-0.2%	5.3%	1.2%	3.3%	2.3%	3.5p.p[5]	-1.0p.p[5]
UAE inflation, CPI[4] (%)	-1.4%	-2.1%	2.5%	5.1%	2.1%	6.5p.p[5]	-3.0p.p[5]

Source: Euromonitor (extracted April 2023, "Information in this Prospectus on the entertainment and media market is from independent market research carried out by Euromonitor International Limited but should not be relied upon in making, or refraining from making, any investment decision."), Fitch, Global Economy, World Bank

Notes:

1 MENA includes Algeria, Bahrain, Egypt, Iraq, Iran, Jordan, KSA, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Tunisia, Syria, UAE, Yemen. Disposable income figures exclude Libya, Syria, and Yemen due to lack of data.

GCC includes Bahrain, KSA, Kuwait, Oman, Qatar, UAE

2 Gross Domestic Product per capita (at current prices) calculated as weighted average of the region's total population; fixed 2022 exchange rates, forecast based on 2021E forecast data.

3 Disposable income (at current prices) calculated as weighted average of the region's total disposable income (population x disposable income per capita) and Lebanon data is based on extraction from 2022.

4 Consumer Price Index calculated as weighted average of regional total number of households.

5 p.p: Percentage points

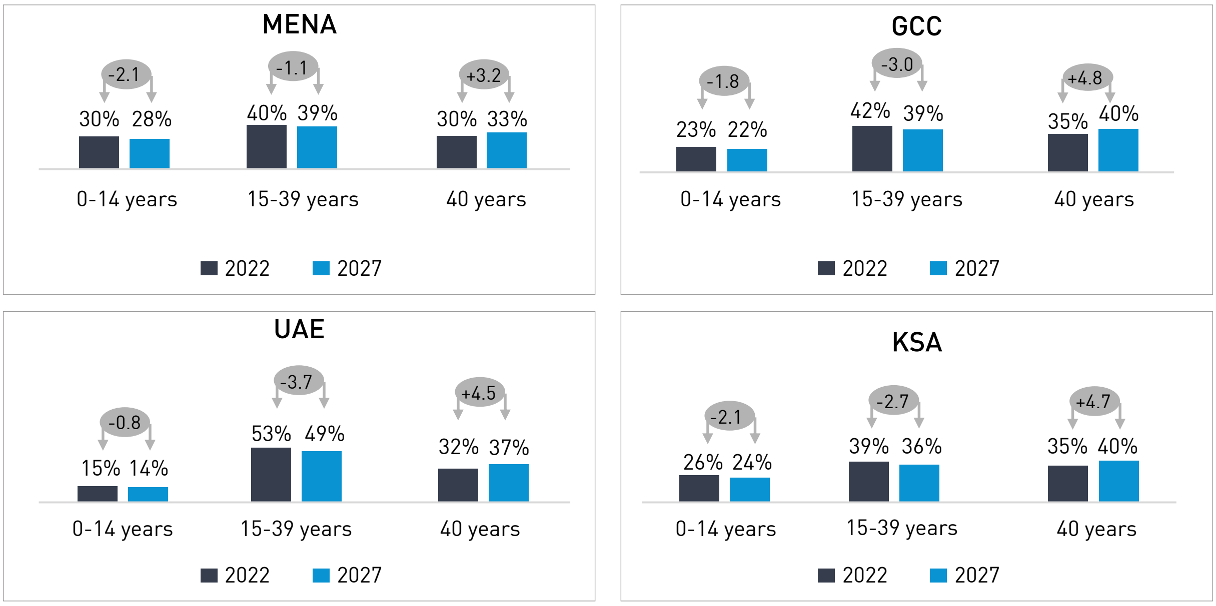
3.3 Demographics

The MENA region's population is forecasted to register amongst the highest growth relative to other global regions, at 1.4% CAGR, reaching 512Mn by 2027. The population is characterized by a young tech savvy demographic with a median age of 28 years old, which lies on the lower end when compared globally, making it more prone to digital and innovative product adoption.

Despite its relatively young population, the MENA region's "40+ years" demographic age bracket is expected to increase its share from 30.1% in 2022 to 33.3% of total MENA population by 2027. The GCC's 40+ age bracket is expected to increase by 4.8 percentage points between 2022 and 2027, reaching 39.6% share out of the total GCC population. Similarly, the KSA and the UAE are both expected to witness a growth in the 40+ age bracket, with 4.7 and 4.5 percentage points increase, respectively, which represents a higher life expectancy due to healthcare advancements.

The following graph displays the age distribution in the MENA region, the KSA and the UAE between 2022 and 2027.

Exhibit (3.1): Population - by age bracket (%)



Source: World Bank

Note: MENA includes Algeria, Bahrain, Egypt, Iraq, Iran, Jordan, KSA, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Tunisia, Syria, UAE, Yemen

3.4 MENA Entertainment & Media market overview

The following table provides an overview of the key segments and revenue streams of the E&M market, with the key segments pertaining to MBC Group's business highlighted.

Table (3.2): Entertainment & media key segments

	TV	OTT video	Internet advertising	Music, radio, & podcasts	Cinema	Video games & esports	Books, newspaper & magazines	Others
Paid video	Traditional TV and home video[5]	OTT video[2] [4]	Box office					
Advertising	TV advertising [1]		In-stream& outstream video ads[2] [3]	Radio ads[4]	Cinema ads	eSports streaming ads & sponsorships	Consumer magazine & newspaper ads	B2B trade magazine ads
				Live music sponsorships				
			Other display ads [3]	Digital music streaming ads[5]		Integrated video games[6]		Out-of-home ads
			Paid search & classified ads	Podcast ads		In-app games ads		
Others				Live music ticket sales		eSports others	Consumer books	B2B others
				Recorded music others[5]		Video games others[6]	Consumer magazines & newspaper circulation	Events[1]

In-scope E&M segments

Source: PwC Global Entertainment & Media Outlook 2022-2026

Note:

1 Analysed separately and only cover the KSA

2 Revenues generated from the sale of both video ads during broadcast (pre-roll, mid-roll, post-roll, and in-stream video ads) and off-stream ads (video ads that are not shown before, during, or at the end of video content). These revenues are from digital sources and from advertisers' expenditures.

Advertising-based video revenues are covered in advertising via the Internet company, and video advertising during and outside broadcasting is a subset of the broader segment of online video advertising.

3 Other online graphic advertising revenue includes all non-video forms of online graphic advertising revenue. These revenues are from digital sources and from advertisers' expenditures.

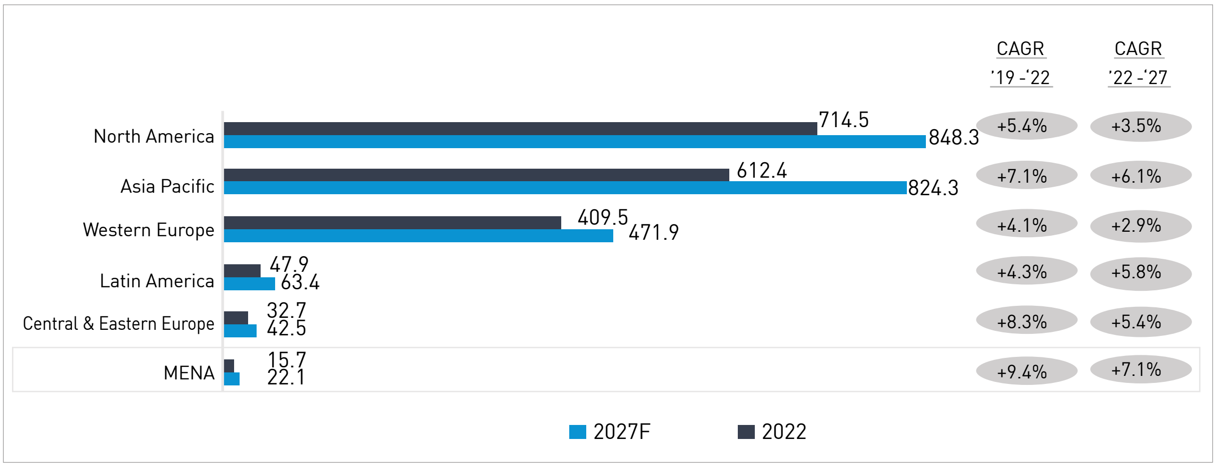
4 Revenue is generated from independent services (such as Netflix) whose entertainment content is accessed via broadband or wireless internet connection and can be viewed on a computer, TV, tablet, smartphone, or other device away from TV subscription providers. These services are split into transaction-based video and subscription-based video.

5 Users' spending on basic and premium pay-TV subscriptions (video on demand and pay-per-view accessed from cable operators, satellite service providers, telephone companies and multi-channel distributors); general licence fees; Physical home video revenues (films, TV shows and other outstanding graphic entertainment content, on DVD or Blu-ray); and on-demand video services via the television subscription provider. These revenues are from digital and non-digital sources.

6 Built-in video game ads consist of advertising revenue included in games on any platform and access type including in-game ads. Advertisements submitted do not include online dynamically. These revenues are from digital sources and from advertising expenditures.

The MENA region's E&M market experienced the highest growth between 2019 to 2022 when compared to the other regions worldwide. It is expected to continue being the fastest growing region forecasted to grow at 7.1% CAGR, reaching USD 22.1Bn (SAR 82.9Bn) by 2027. The MENA region's relatively high E&M market growth is underpinned by a positive economic and demographic outlook, as well as the GCC countries' continuous developments in digital infrastructure that is set to outpace global benchmarks in terms of broadband and smartphone penetration. In addition, the MENA region media players continue to invest in growing their local video libraries with a concerted push for more premium and tailored content.

Exhibit (3.2): Global Entertainment & Media market - by region (USD, Bn)



Source: PwC Global Entertainment & Media Outlook 2022-2026, Experts inputs, Arab Media Outlook, Statista

Note: MENA includes Algeria, Bahrain, Egypt, Iraq, Jordan, KSA, Kuwait, Lebanon, Morocco, Oman, Qatar, UAE

Based on PwC's Global Entertainment and Media Outlook 2022-2026, the historical E&M market in the MENA region grew at 9.4% CAGR between 2019 to 2022, driven by growth in internet advertising, OTT ("**Over-the-top**") video, and cinema. Despite having the smallest market share, music, radio and podcast registered the highest growth of 18.5% in the E&M market, mainly driven by the increase in number of music streaming platforms (e.g., Anghami, Spotify, etc.), where users are shifting towards an ad-free, personalized experience. Paid video also witnessed a healthy growth of 15.2% CAGR with strength coming from OTT video, as consumers transitioned towards on-demand content that was further fueled by COVID-19 lockdowns.

Going forward, the MENA region's E&M market is forecasted to grow at 7.1% CAGR between 2022 and 2027, supported by music and advertising, which are expected to be the two highest growing segments at 8.0% CAGR and 10.0% CAGR, respectively, mainly underpinned by high mobile internet penetration. Furthermore, as users continue to migrate from traditional TV to on-demand platforms, paid video is forecasted to post a 6.4% CAGR by 2027, supported by OTT video that is forecasted to grow at 6.8% CAGR. Further strength in paid video is expected to come from the KSA's cinema market with a ramp up of screens from ~29 in 2018 to ~2,500 by 2030.

Table (3.3): MENA Entertainment & Media market – by segment (USD, Bn)

The following table provides a high-level overview of the E&M market size by key segments.

MENA[1] E&M market	2019	2020	2021	2022	2027F	'19-'22 CAGR	'22-'27F CAGR
Advertising	**5.3**	**5.5**	**6.3**	**7.3**	**11.8**	**11.1%**	**10.0%**
Internet	2.9	3.6	4.3	5.0	8.5	20.3%	11.1%
TV	1.03	0.82	0.77	0.84	1.13	-6.5%	6.1%
Digital music streaming	0.01	0.02	0.02	0.02	0.04	14.8%	10.0%
Integrated video games	0.3	0.3	0.4	0.5	0.9	23.3%	14.2%
Others[2]	1.1	0.7	0.8	0.9	1.1	-7.0%	4.5%
Paid video	**2.4**	**2.4**	**3.2**	**3.7**	**5.1**	**15.2%**	**6.4%**
TV & home video	1.1	1.0	1.0	1.0	1.0	-2.6%	-0.1%
OTT video	0.7	1.1	1.5	1.7	2.4	34.5%	6.8%
Cinema	0.7	0.3	0.7	1.1	1.8	15.9%	10.7%
Music	**0.1**	**0.1**	**0.2**	**0.2**	**0.3**	**19.6%**	**8.0%**
Music streaming	0.1	0.1	0.1	0.1	0.2	41.1%	10.9%
Music downloading	0.004	0.003	0.002	0.002	0.0003	-24.1%	-28.2%
Physical recorded music	0.04	0.03	0.03	0.02	0.01	-16.4%	-18.3%
Music performance rights	0.01	0.01	0.01	0.01	0.01	-0.5%	5.0%
Music synchronization	0.002	0.002	0.002	0.002	0.002	3.7%	4.2%
Video games	**0.6**	**0.6**	**0.6**	**0.6**	**0.7**	**3.3%**	**1.1%**
PC video gaming	0.2	0.2	0.3	0.3	0.3	1.7%	0.9%
Console video gaming	0.3	0.3	0.4	0.4	0.4	4.5%	1.2%
Others[3]	**3.6**	**3.4**	**3.6**	**3.9**	**4.3**	**2.7%**	**2.3%**
Total E&M market	**12.0**	**11.9**	**13.9**	**15.7**	**22.1**	**9.4%**	**7.1%**

Source: PwC Global Entertainment & Media Outlook 2022-2026, Experts inputs, Arab Media Outlook, Statista

Note:

1 MENA includes Algeria, Bahrain, Egypt, Iraq, Jordan, KSA, Kuwait, Lebanon, Morocco, Oman, Qatar, UAE

2 Others includes e-sports, radio, podcasts, magazines, newspapers, cinema, out-of-home, B2B trade magazines

3 Others includes B2B segments, consumers books, newspapers, and magazine circulation, e-sports, radio, podcasts and others

The remaining sections of this market overview will be focused on the following Entertainment and Media segments that are relevant to MBC Group.

1- **TV advertising:** comprises all TV advertising revenue, including broadcast and online. Broadcast television covers all advertising revenues generated by free-to-air networks (terrestrial) and pay-TV operators (multichannel). Online TV advertising consists of in-stream adverts and reflects revenues from pre-roll, mid-roll and post-roll ads around TV content distributed by broadcaster-owned websites and apps. Advertising revenue is net of agency commissions, production costs and discounts in all territories.

2- **OTT video:** revenue from stand-alone services (such as Netflix) whose filmed entertainment content is accessed via a broadband or wireless Internet connection and is viewable on a PC, TV, tablet, smartphone, or other device which bypasses TV subscription providers. These services are split between TVOD ("Transactional Video on Demand") and SVOD ("Subscription Video on Demand").

3- **In-stream & outstream video ads (AVOD):** Comprises revenue generated through the sale of both in-stream video advertising (pre-roll, midroll, post roll, and in-player overlays) and out-stream advertising (video ads that are not served before, during, or after video content in a video player). This revenue is digital, and from advertiser spending. AVOD ("Advertising Video on Demand") revenue is covered under in-stream & out-stream video ads which is a subset of the wider video internet advertising segment

4- **Radio advertising:** revenue from traditional radio advertising. Advertising spend is tracked as net of agency commissions, production costs and discounts. This revenue is both digital and non-digital and is from advertising spending.

5- **Digital and recorded music:**

   a- digital recorded music considers the sale of any licensed music distributed digitally to connected devices (including PCs, tablets, smartphones and dedicated music players), and is split between downloads and streaming. This segment is digital and represents revenue from consumer spending (as well as an element of digital streaming revenue from advertiser spending).

   b- the physical recorded music and record labels covers (i) physical recorded music which covers any retail or online purchase of official physical albums (i.e. CDs), single sound recordings or music videos (ii) Music synchronization which represents earnings from the use of music in advertising, film, games and television programs and (iii) Music performance rights which is revenue generated for record companies and performers by the use of recorded music by broadcasters and in public venues

6- **Video games:**

   a- **Traditional video games:** comprises of revenues associated with playing games on PCs and games consoles (both TV-connected and portable). This includes physical (disc-based) game sales at retail (both bricks-and-mortar and online retailers), digital game sales (including Steam, Good Old Games and Origin for PCs, and the PlayStation Store, Xbox Games Store and Nintendo eShop for consoles), and additional downloadable content (DLC) and subscription services. This revenue is both digital and non-digital, and from consumer spending.

   b- **Mobile gaming:** consumer spending on browser games aimed at casual audience and in app-based games on tablets and smartphones. This includes revenues associated with the purchase of social and casual game apps, subscription services for social and casual games, and the purchase of virtual items within social and casual games.

3.4.1 TV advertising

The segment's drop between 2019 and 2022 was mainly attributed to (i) accelerated interest in OTT and on-demand options, (ii) COVID-19 pandemic causing a GDP contraction in the MENA region, in turn reducing advertising spending by companies, (iii) the lack of valid audience measurements affecting the ability for advertisers to properly assess active audience figures, and (iv) the high rates of piracy.

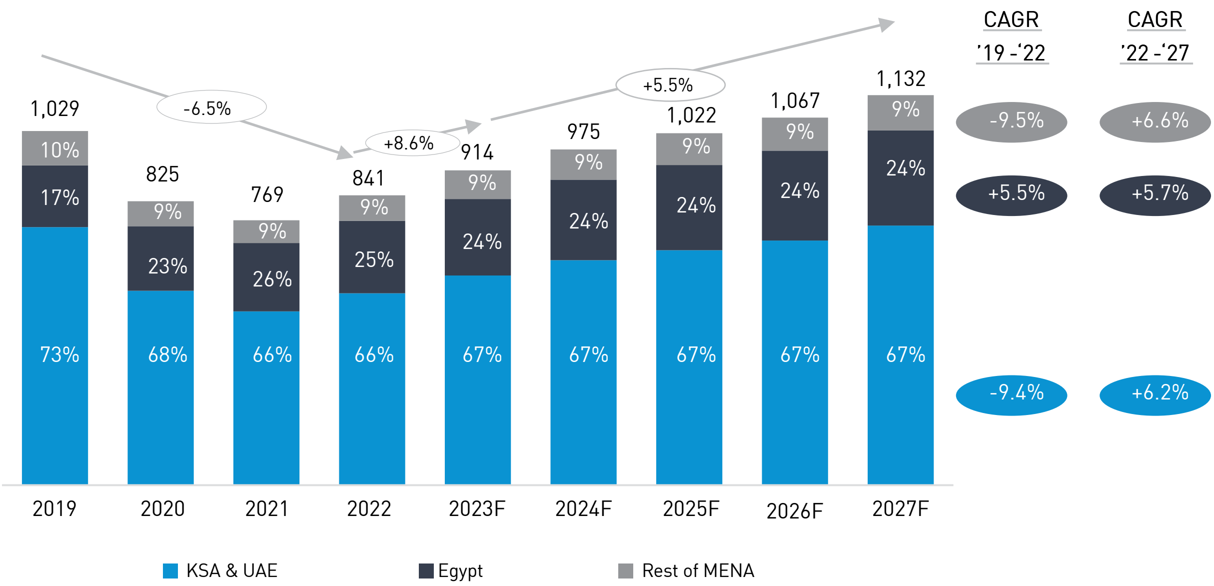
The KSA and the UAE together was estimated to make up ~67% of the TV advertising spend in the MENA region, followed by Egypt at ~24% in 2022.

TV advertising revenue in the rest of the MENA region has faced challenges, but the Qatar World Cup boosted the market in 2022 following the decline caused by the pandemic.

The future growth in TV advertising is driven by the growth in consumer spending in the region and supported by developments around newly established media measurement platforms that have created partnerships with research firms to be able to properly identify and report audience figures. Consumer spending is dependent on government spend which historically tended to be closely correlated with oil price changes, and therefore growth will be impacted by fiscal decisions taken by governments in the region.

This growth will however be counterbalanced by higher adoption of digital channels offering more flexible content selection, leading advertisers to shift to markets with growing viewers like OTT and in-stream internet advertising.

Exhibit (3.3): TV advertising[1] market – MENA by country (USD, Mn)



Source: PwC Global Entertainment & Media Outlook 2022-2026, Experts inputs

Note:

1 Revenues by country are based on estimates linked to share of audience per country

Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

3.4.2 Over-the-top

3.4.2.1 Over-the-top: Subscriber video on demand (OTT: SVOD)

For the SVOD market, research agencies employ a range of methods to estimate the market size specifically for industries like OTT, resulting in diverse estimations. The dynamic nature of the industry, especially in regions like MENA, introduces inherent uncertainties. Two sources were used to analyze the SVOD market.

Based on PwC's Global Entertainment and Media Outlook 2022-2026, the historical MENA region's OTT SVOD market grew at rate of 36.2% CAGR between 2019 and 2022, driven by the positive impact the COVID-19 pandemic, the expansion of library sizes, and the high regional internet penetration rates. According to Dataxis Research, the historical growth for the OTT SVOD market in MENA was 44.8% between 2019 and 2022. However, growth in OTT penetration rates is expected to taper as user growth normalizes. Going forward, the market is forecasted to grow at a CAGR of 6.9% according to PwC's Global Entertainment and Media Outlook 2022-2026 and 18.5% based on Dataxis Research, reaching USD 2.3Bn and USD 1.6Bn by 2027, respectively.

The UAE has emerged as the primary catalyst for the growth in this segment, fueled by intense competition and the emergence of new OTT platforms like Disney+. Moreover, improved connectivity and a young consumer base with evolving preferences towards digital entertainment options have further propelled this upward trend. The KSA market is forecasted to rapidly expand to reach roughly the same size as the UAE by 2027, supported by partnerships such as StarzPlay with Virgin Mobile and Amazon Prime Video with Mobily. Egypt's OTT market remains largely underdeveloped due to its lack of broadband infrastructure, which could contribute to delays in the launch and uptake of international streaming services. Nonetheless, the Egyptian market is forecasted to grow at 13.9% CAGR by 2027 due to an influx of OTT platforms with localized content.

Exhibit (3.4): OTT subscription video on demand (SVOD[1]) market – MENA (USD, Bn)

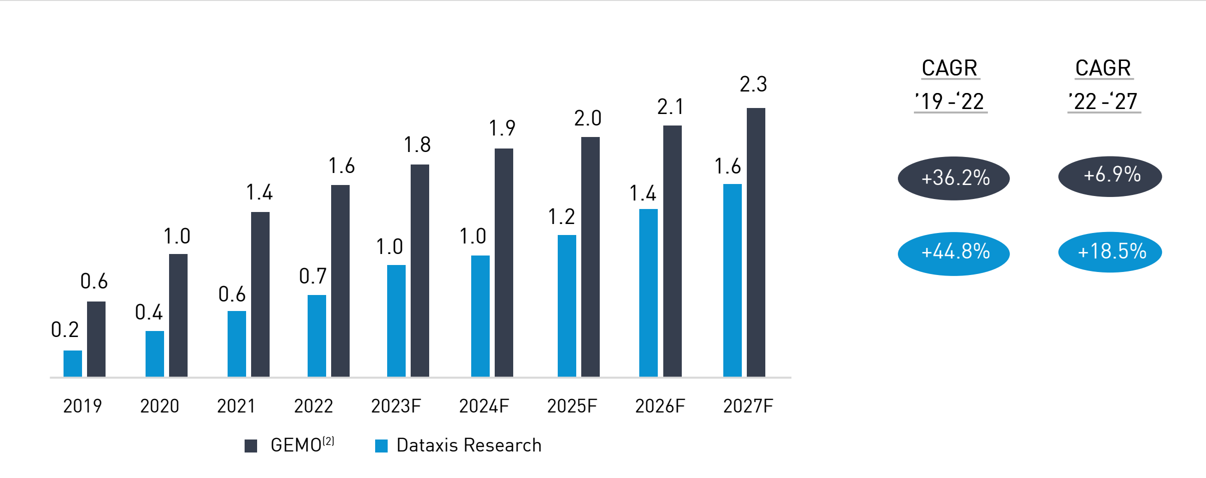


Table (3.4): MENA OTT SVOD[1] – By country (USD, Bn)[3]

	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F	CAGR '19-'22	CAGR '22-'27
RoMENA	0.07	0.08	0.09	0.11	0.12	0.13	0.14	0.15	0.17	+4.5%	+9.2%
Egypt	0.02	0.03	0.05	0.06	0.07	0.08	0.09	0.10	0.11	+48.2%	+13.9%
UAE	0.32	0.51	0.67	0.77	0.85	0.90	0.94	0.98	1.04	+34.7%	+6.0%
KSA	0.24	0.42	0.59	0.69	0.77	0.83	0.87	0.91	0.97	+42.5%	+6.9%

Source: PwC Global Entertainment & Media Outlook 2022-2026, Dataxis Research

Note:

1 Subscription Video on Demand

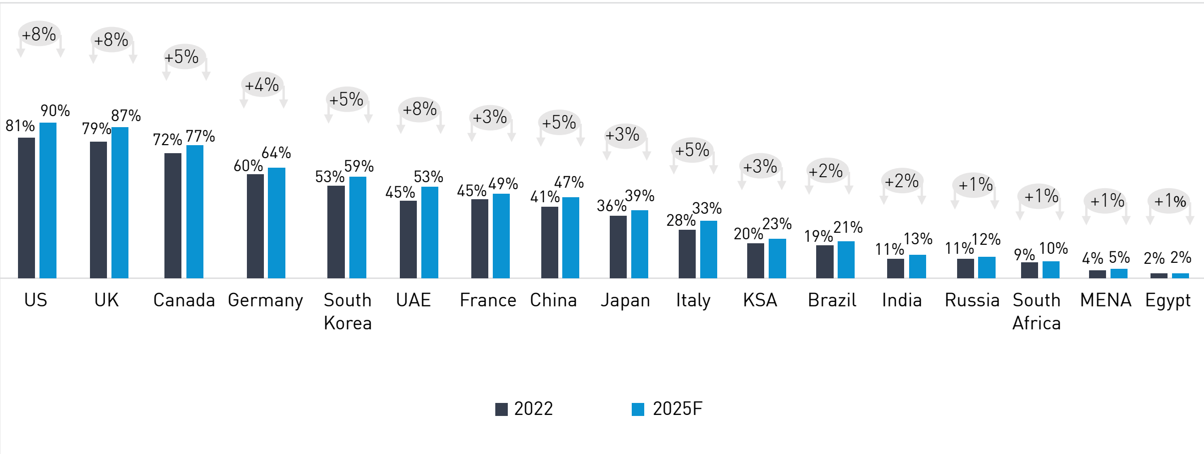
2 PwC Global Entertainment & Media Outlook 2022-2026

3 Split from PwC Global Entertainment & Media Outlook 2022-2026

Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

The MENA region's OTT penetration rate, at 4%, falls in the lower end of the spectrum of selected developed and developing markets, and is forecasted to witness a growth of ~1 percentage points to reach 5% by 2025. Strength in the OTT penetration rates are supported by high smartphone and internet penetration, as well as high internet speeds.

Exhibit (3.5): OTT penetration rates[1] (%)



Source: Omdia 2021

Note:

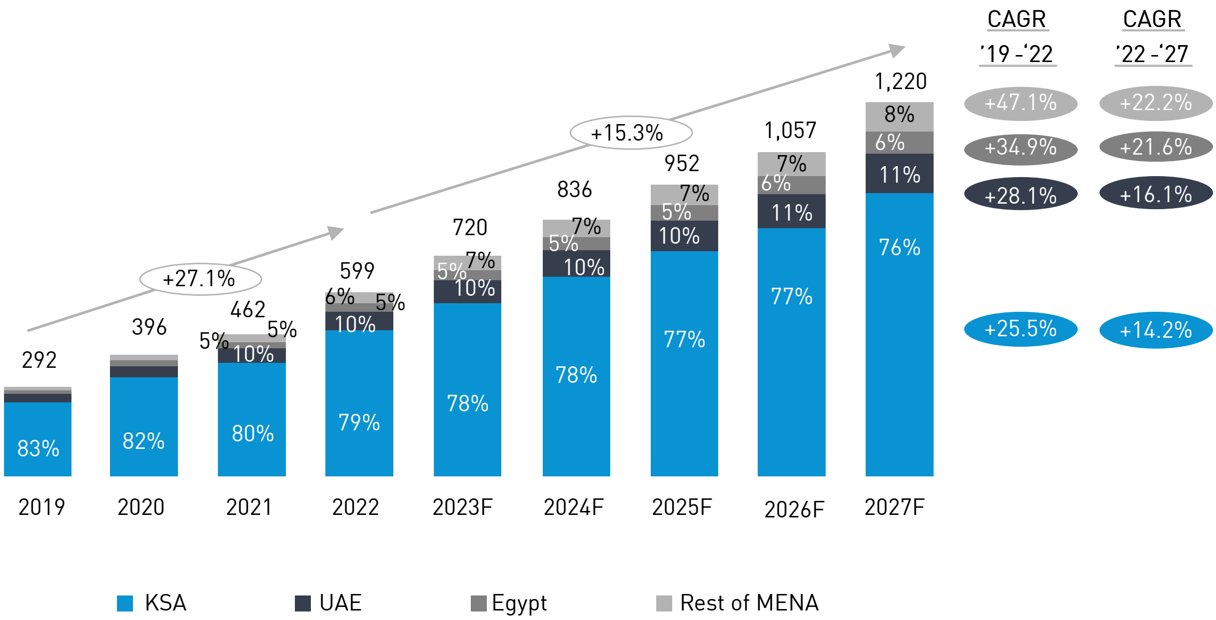
1 OTT penetration defined as total number of households that subscribe to one or more online video subscription services in a country –total to not exceed 100%

3.4.2.2 Over-the-top: Advertising video on demand (OTT: AVOD)

The in-stream & out-stream video ads, a subset of internet advertising, witnessed a double-digit CAGR of 27.1% between 2019 and 2022 primarily fueled by the accelerated adoption of digital advertising in response to the COVID-19 pandemic. This growth is expected to continue into 2027, as more streaming platforms explore AVOD revenue models. Based on PwC's Global Entertainment and Media Outlook 2022-2026, the MENA region's in-stream & out-stream market, is expected to grow at 15.3% CAGR into 2027 as demand for online streaming is set to normalize after being accelerated by COVID-19 lockdowns.

The region's strength is attributed to the KSA, as it constitutes over 79% of the total AVOD market in 2022. The KSA is expected to remain a market leader growing at 14.2% CAGR, underpinned by its high mobile internet penetration and its being amongst the world leaders in 5G implementation. Egypt is expected to experience a relatively high growth rate at 21.6% CAGR, as the country has potential to increase its internet penetration which will support the growth in the AVOD market.

Exhibit (3.6): In-stream & out-stream (AVOD) video internet ads market – MENA by country (USD, Mn)



Source: PwC Global Entertainment & Media Outlook 2022-2026

Note: Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

Table (3.5): AVOD (OTT)[1] as a percentage of in-stream and out-stream internet advertising[2] (%)

2019	2020	2021	2022	2023	2024	2025	2026	2027
26%	25%	26%	31%	35%	37%	38%	38%	39%

Table (3.6): AVOD (OTT)[1] as a percentage of in-stream internet advertising[2] (%)

2019	2020	2021	2022	2023	2024	2025	2026	2027
36%	35%	38%	46%	53%	58%	60%	61%	64%

Source: PwC Global Entertainment & Media Outlook 2022-2026

Note:

1 Advertising on over-the-top (OTT) platforms such as Shahid

2 Based on KSA's AVOD share of in-stream and out-stream internet advertising as KSA constitutes ~80% of the total market in 2022

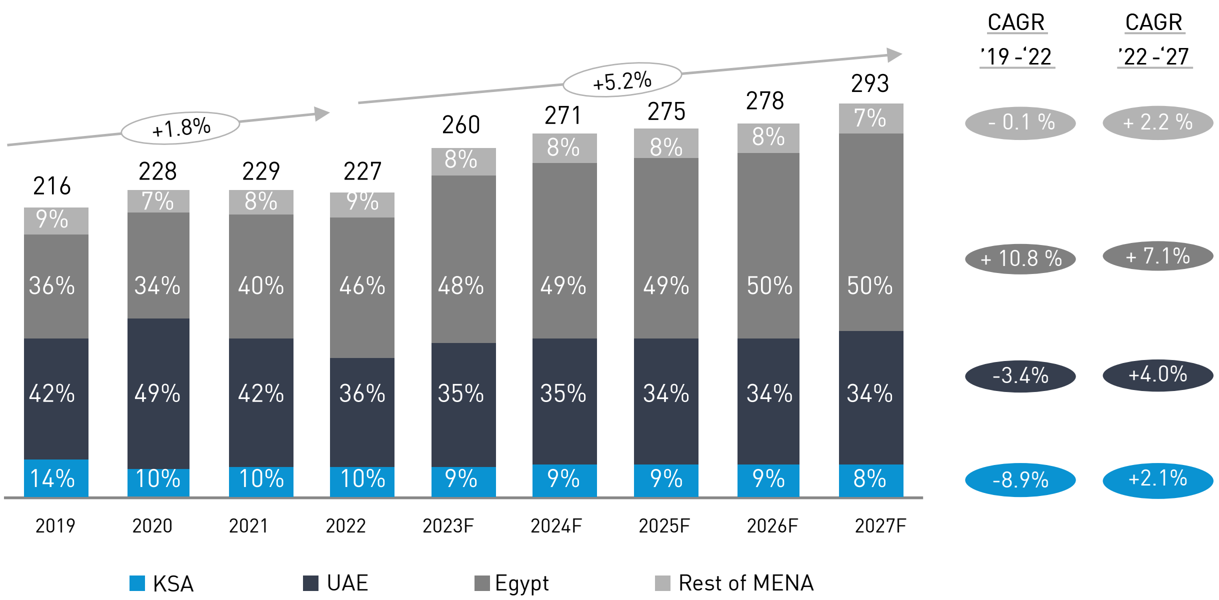
3.4.3 Radio advertising

Based on PwC's Global Entertainment and Media Outlook 2022-2026, the radio advertising market grew at a 1.8% CAGR between 2019 and 2022 and is forecasted to continue its growth at 5.2% CAGR with strength coming from the UAE and Egypt.

The top radio channels in the UAE have a high engagement with the target audience as they offer relevant content to the large expat population in the country, increasing the attraction for radio advertisement. Additionally, advertising spend on radio in the KSA is forecasted to continue to grow over the coming years, as the country is committed to the reform and development of the audio broadcasting industry through investments in new transmission technologies such as DAB+ ("Digital Audio Broadcasting"), online and 5G.

The radio advertising market in Egypt is forecasted to outpace other regional countries and grow at 7.1% CAGR by 2027, largely due to funding received by the NMA ("National Media Authority"), which is the body responsible for broadcasting ~20 of the state's radio stations.

Exhibit (3.7): Radio advertising market – MENA by country (USD, Mn)[1]



Source: PwC Global Entertainment & Media Outlook 2022-2026, Arab Media Outlook, Statista

Note:

1 Triangulated data from different sources including PWC Global Entertainment & Media Outlook 2022-2026, Arab Media Outlook, and Statista

Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

3.4.4 Digital and recorded music

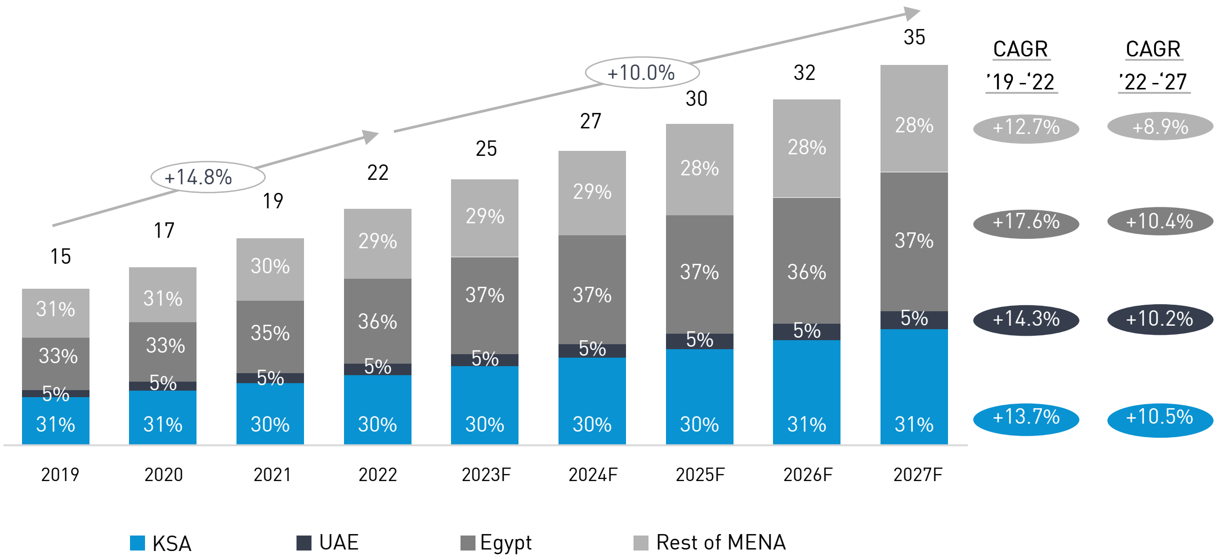
3.4.4.1 Digital streaming and downloading market

1. Digital music streaming advertising

Based on PwC's Global Entertainment and Media Outlook 2022-2026, the music-ad supported streaming segment experienced robust growth of 14.8% CAGR between 2019 and 2022, mainly attributed to its rising popularity among the younger audience along with the convenience it provides when compared to music downloading. Going forward, the music ad-supported streaming segment in the MENA region is expected to continue its growth and increase at 10.0% CAGR between 2022 and 2027, reaching USD 35Mn (SAR 131Mn), fueled by the growing preference for free music especially among the younger demographic. While ad-based music streaming is increasing in popularity, it coexists alongside subscription-based models that offer ad-free listening experiences and additional features. The availability of both models allows streaming platforms to cater to a broader range of users and monetization strategies in the MENA region.

The region's strength is attributed to Egypt and the KSA being the largest markets, and that together make up ~66% of the digital music streaming advertising market in the MENA region in 2022, with the KSA leading the growth with an expected 10.5% CAGR into 2027. The growth in the KSA market is mainly due to the relaxation of the Saudi social and cultural norms, as well as its relatively young population that is increasingly turning towards music streaming services.

Exhibit (3.8): Digital music streaming advertising market – MENA by country (USD, Mn)



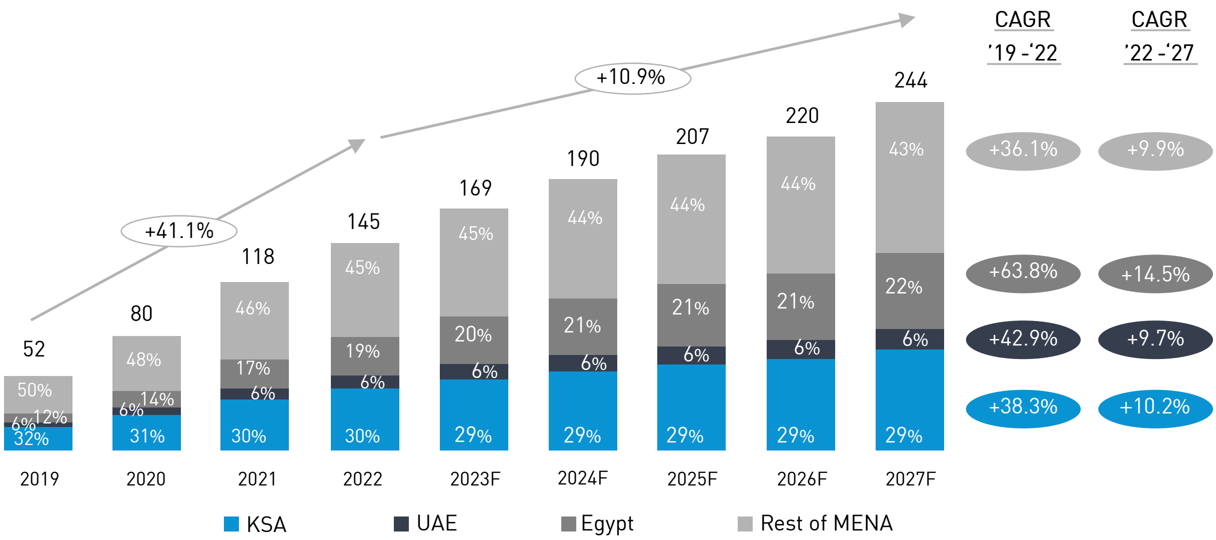
Source: PwC Global Entertainment & Media Outlook 2022-2026

Note: Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

2. Digital music streaming and downloading market

The digital music streaming market witnessed a growth of 41.1% between 2019 and 2022 and will continue its growth trajectory through 2027, albeit at a slower pace, due to the convenience, accessibility, and vast music catalog offered by streaming platforms, along with localized content and personalized recommendations. Additionally, investments from both global and regional players, as well as the emphasis on regional and international collaborations, are fueling the expansion of music streaming. This includes various initiatives from Spotify, Sony Music, Anghami and others. For example, Anghami launched "Anghami Lab" to produce Arabic songs to be featured on its platform.

Exhibit (3.9): Digital music streaming market - MENA by country (USD, Mn)

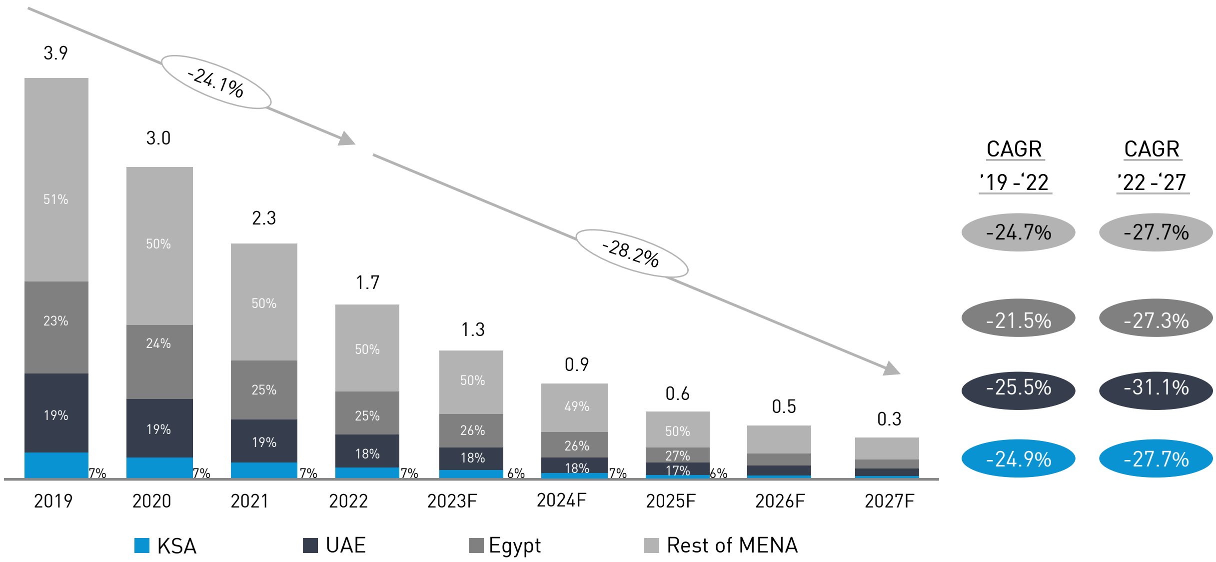


Source: PwC Global Entertainment & Media Outlook 2022-2026

Note: Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

However, the accessibility and convenience of digital music streaming will persistently cannibalize the digital downloading segment, which will eventually lead to its probable demise. The digital music downloading market in the MENA region is expected to decline at annual rate of 28.2% between 2022 and 2027, reaching USD 0.32Mn (SAR1.2 Mn), due to a shift to music streaming as consumers are increasingly turning to subscription-based platform like Spotify and Anghami, for an uninterrupted, personalized music experience, and a more convenient and accessible way of listening to music.

Exhibit (3.10): Digital music downloading market – MENA by country (USD, Mn)



Source: PwC Global Entertainment & Media Outlook 2022-2026

Note: Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

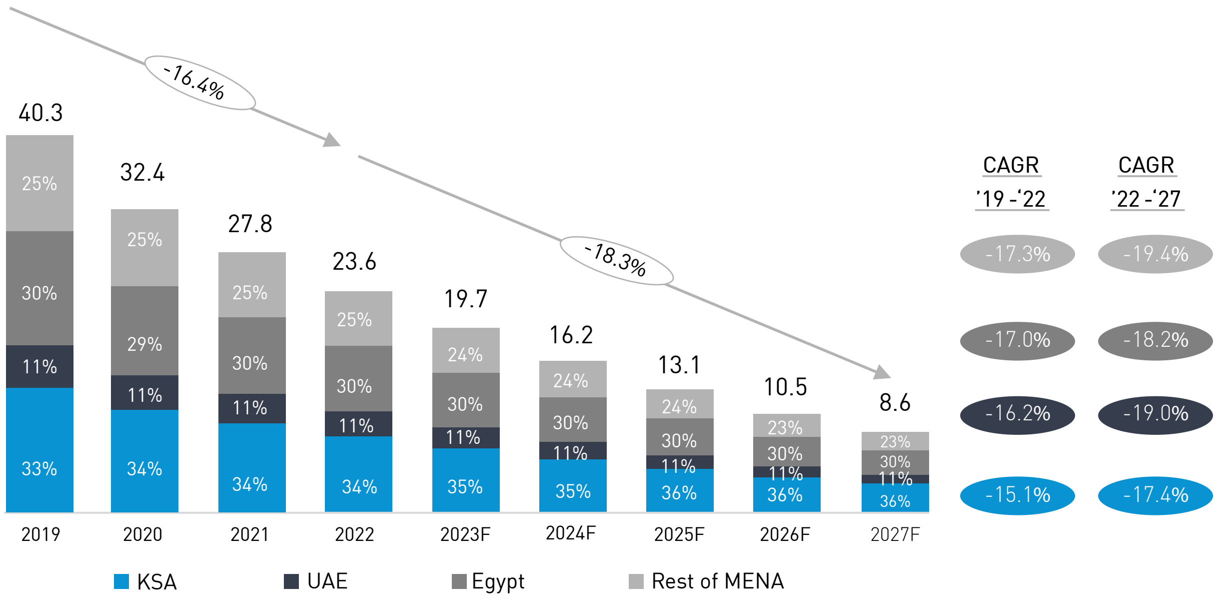
3.4.4.2 Physical recorded music and record labels

The physical recorded music market represents the various revenues streams for the record companies, including the (i) sales of physical records, (ii) earnings from music synchronization, and (iii) revenues from music performing rights.

(i) Physical recorded music (physical records)

Transitioning towards digital music formats will exert pressure on physical recorded music, although niche consumers may still maintain some demand for it. The sales of physical recorded music have experienced a decline of 16.4% CAGR since 2019 and are not expected to recover going forward, reaching USD 8.6Mn (SAR 32.3 Mn) in 2027 down from USD 40.3Mn (SAR 151.2Mn) in 2019. This decline is a repercussion of the rise of digital music formats, such as streaming services, and the convenience of not having to carry around a physical record. While the overall outlook for physical recorded music may be subdued, it may continue to find a limited market among collectors, enthusiasts, and dedicated fans of specific artists or genres.

Exhibit (3.11): Physical recorded music market – MENA by country (USD, Mn)



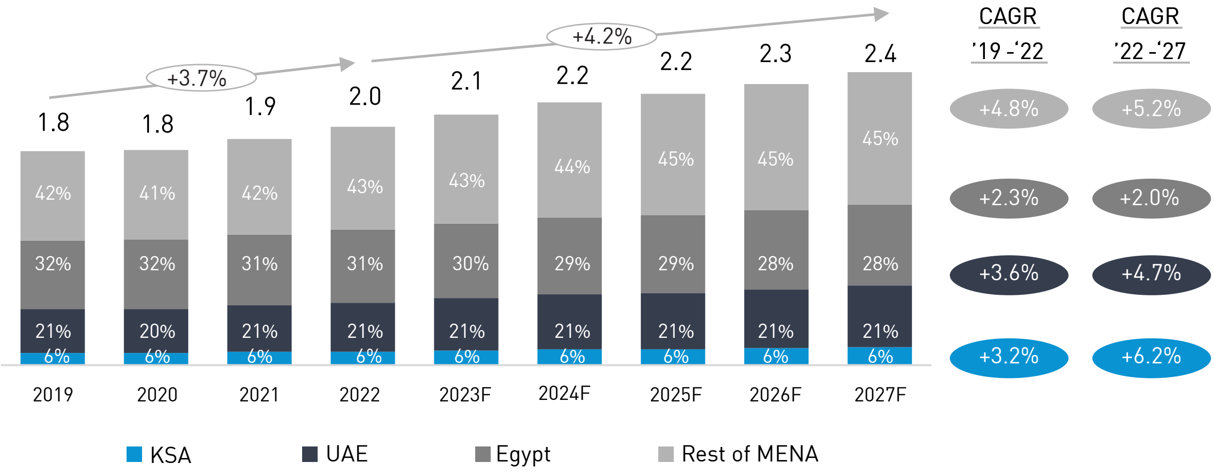
Source: PwC Global Entertainment & Media Outlook 2022-2026

Note: Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

(ii) Music synchronization

Another segment of physical recorded music and record labels is music synchronization, which represents earnings from the use of music in films, advertising, games, and television programs. It is expected to grow at a 4.2% CAGR, reaching USD 2.4Mn (SAR 9.0Mn) by 2027, mostly driven by the significant upswing in streamed content. The growth in the music synchronization market suggests that there is a growing demand for various platforms, such as TV shows, movies, commercials, and video games, resulting in a diversification of revenue streams for record labels and opportunities for emerging artists.

Exhibit (3.12): Music synchronization market – MENA by country (USD, Mn)



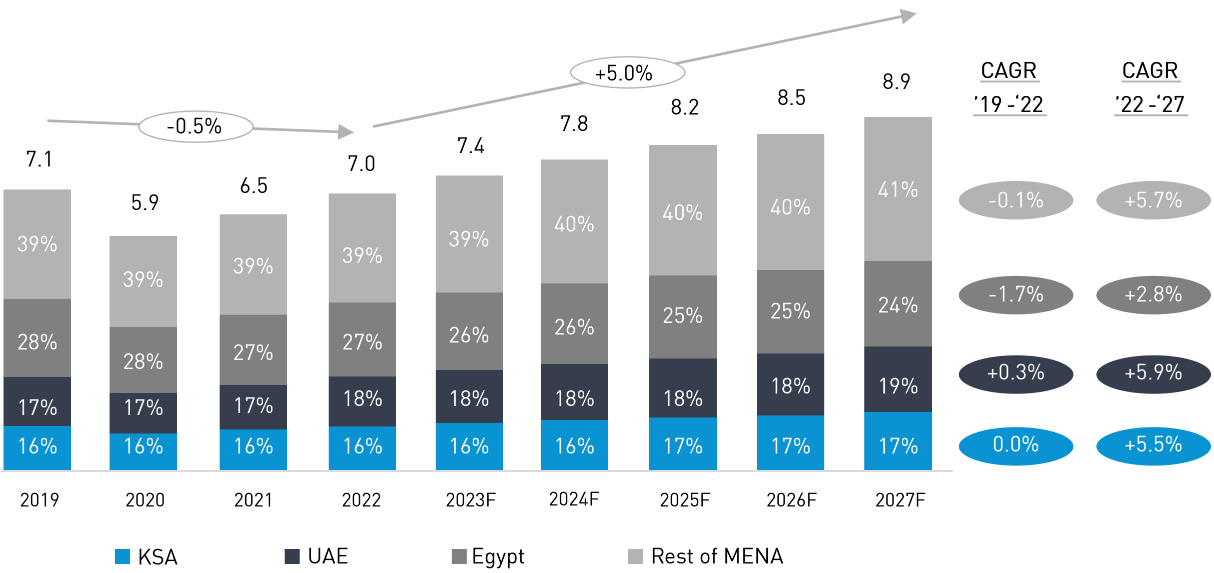
Source: PwC Global Entertainment & Media Outlook 2022-2026

Note: Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

(iii) Music performing rights

The music performing rights market represents revenues generated for record companies and performers through the use of recorded music by broadcasters and in public venues. The market is forecasted to grow at 5.0% CAGR, reaching USD 8.9Mn (SAR 33.4Mn) by 2027 driven by a growing entertainment industry in the UAE and the KSA. In fact, KSA is witnessing an apparent cultural shift where more concerts and music festivals are being hosted on a yearly basis (e.g., 4-day MDL Beast event)

Exhibit (3.13): Music performing rights market – MENA by country (USD, Mn)



Source: PwC Global Entertainment & Media Outlook 2022-2026

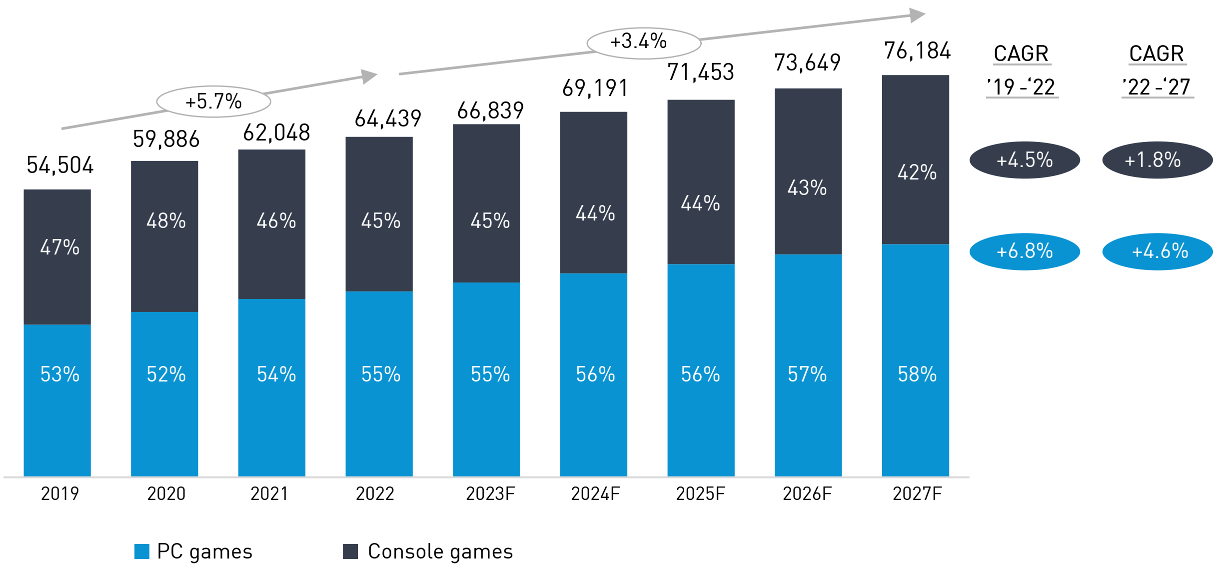
Note: Rest of MENA includes Algeria, Bahrain, Egypt, Iraq, Jordan, KSA, Kuwait, Lebanon, Morocco, Oman, Qatar, UAE

3.4.5 Video games

1. Global market

The global traditional video game market is expected to continue to experience steady growth, albeit at a slower pace, due to a shift in user preference to mobile gaming. The historical growth in the traditional video games market was due to several factors, including the release of highly anticipated gaming titles, advancements in gaming technology, increased consumer demand especially during the COVID-19 pandemic, expanding gaming communities, and the broader availability of gaming platforms and devices. Although the traditional video games market is viewed as "recession proof", it is expected to experience flat growth due to a shift of consumer preferences to mobile gaming, as well as metaverse and AR/VR gaming. Games that were previously exclusive to PC or console games are now available to play on mobile. Fueled by a rising number of gaming titles and advancements in technology, the revenue generated from traditional gaming is forecasted to grow at a 3.4% CAGR, reaching USD 76.2Bn (SAR 286.8Bn) by 2027.

Exhibit (3.14): Global traditional video gaming market – by segment (USD, Mn)



Source: PwC Global Entertainment & Media Outlook 2022-2026

2. MENA market

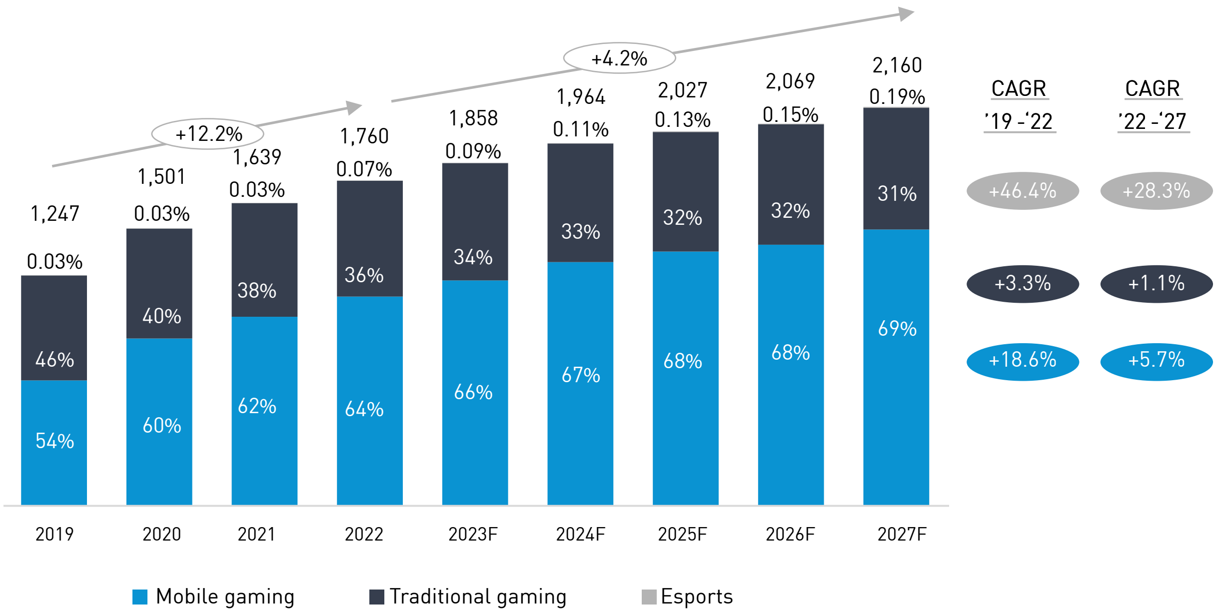
The MENA video gaming market has experienced robust growth of CAGR of 12.2% between 2019 and 2022. This growth has been propelled by the expanding mobile gaming and esports segments, which, in turn, are driven by factors such as widespread smartphone adoption, improved internet connectivity, and evolving user preferences. Mobile gaming, which offers the convenience of playing games anytime and anywhere, has particularly gained traction in the region. Going forward the MENA region will continue to see a shift from traditional gaming (PC and Console) to mobile gaming where the market is expected to reach USD 2.2Bn (SAR 8.1Bn) by 2027.

The KSA has the highest market share (44%) in the MENA video gaming industry in 2022. This can be attributed to several factors, such as the country's large population, high internet penetration, and the Saudi government's efforts to promote gaming and esports as part of its Vision 2030 initiative.

As for the traditional video gaming market, the MENA region has not fostered a large traditional gaming user base historically due to the limited availability of PCs and consoles, which are deemed expensive in markets such as Egypt, Lebanon and others. Going forward, the traditional video gaming market in the MENA region is anticipated to experience a stable growth of 1.1% CAGR into 2027, below the 3.4% global average, mainly on the back of a shift in consumer preferences to mobile and VR/AR gaming, encouraged by the expansion of network coverage and the increase in smartphone penetration.

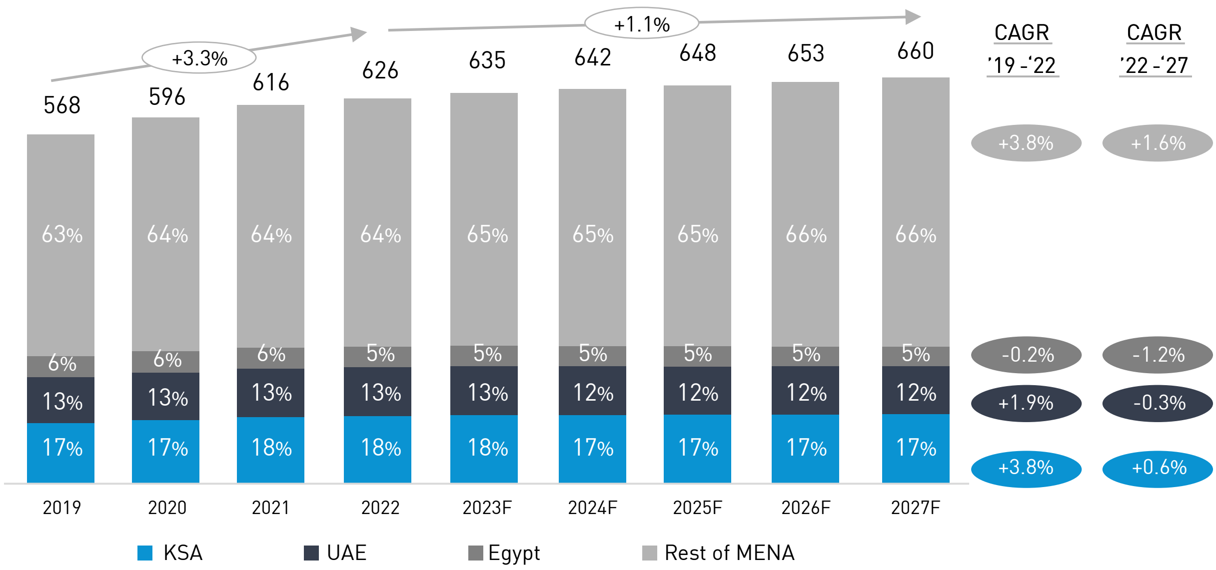
On the other hand, esports, the competitive form of video gaming, has experienced a faster growth in the MENA region, especially in the KSA, with a projected increase of 28.3% CAGR from 2022 to 2027, mainly driven by an increasing interest in the sport and investment in the supporting infrastructure, whereby the KSA alone is planning to invest USD 38Bn (SAR 143Bn) to turn the country into an esports hub by 2030.

Exhibit (3.15): Video gaming market – MENA by segment (USD, Mn)



Source: PwC Global Entertainment & Media Outlook 2022-2026

Exhibit (3.16): Traditional video gaming market – MENA by country (USD, Mn)



Source: PwC Global Entertainment & Media Outlook 2022-2026

Note: Rest of MENA includes Algeria, Bahrain, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar

3.4.6 Events in the KSA

The Saudi government is working towards establishing the Kingdom as the number one entertainment hub in the region by activating key initiatives in the events sector. Initiatives include the following:

1- The development of world-class entertainment destinations and venues across the country to increase the national capacity to host events. Planned projects include Qiddiya entertainment city, Amaala, Al Ula, Riyadh Sports Boulevards and others

2- The establishment of various government entities to catalyze the growth in the sector: MoC ("Ministry of Culture") that has established 11 commissions including music, theatre & performing arts, film and others, the GEA ("General Entertainment Authority") which delivers a large number of events across genres, MDL Beast which is responsible for delivering mega-music events, the NEC ("National Events Center") which is responsible for overseeing the full calendar of events among others

3- The promotion of cultural and entertainment events whereby the Saudi government is looking to increase household spending in the Kingdom from 1.7% in 2017 to 6.0% by 2030

4- The investment of USD 64Bn (SAR 240Bn) in the sector to support the various activities from the development of the venues all the way to the creation of shows and events

The KSA has, in recent years, progressed in achieving its vision through the launch of major events and sector supporting initiatives such as launch of the 11 Saudi Seasons program, the 1st MDL BEAST concert, the launch of the Saudi Arabian Grand Prix in Jeddah and many others.

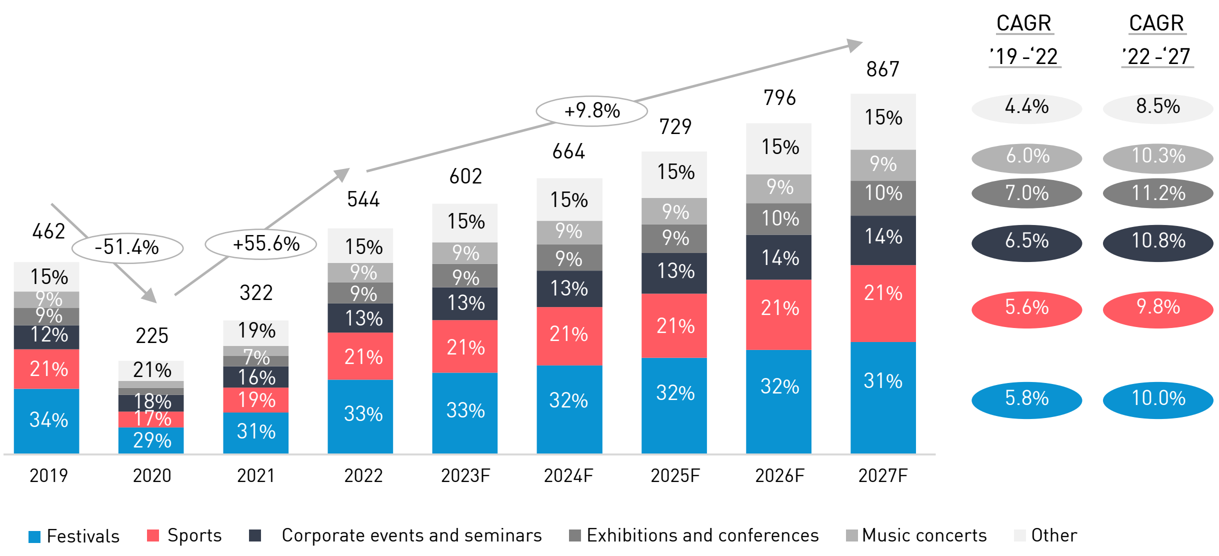
The 11 Saudi Seasons were a major contributor to the activation of the events sector across the different regions in the Kingdom whereby events of different types are showcased across the country and include: live entertainment events (Concerts, theatre shows, circus shows, etc.), art exhibitions, cultural festivals, sports events and many others.

The collective efforts of government entities and industry players have resulted in a growing number of, and attendance, at various types of events hosted in the KSA. The Riyadh season alone saw more than 12 million visitors in 2022, up from 10 million in 2019. Similarly, MDL BEAST, the largest music festival in the country almost doubled the number of visitors from 450K to 700K between 2019 and 2022.

The development of the entertainment sector is in turn expected to drive the event management industry in the KSA. The rise of mega-events, such as international conferences, music festivals, and sporting events, has attracted global attention and increased demand for professional event management services in KSA. The market is therefore expected to growth at a CAGR of 9.8%, reaching USD 867Mn (SAR 3.3Bn) by 2027.

Additionally, there are various large-scale events that the KSA has bid for that could have significant impact on the event management sector such as World Cup 2030 and Expo 2030.

Exhibit (3.17): Event management industry revenue – the KSA by type (USD, Mn)



Source: Mordor intelligence 2022

3.5 Competitor landscape

The MENA region's leading media conglomerates consist of groups operating across various media segments and reaching a majority of households across the region. These groups typically play across TV and OTT segments, as well as radio in some cases.

The leading regional media players include MBC Group, OSN, BeIN Media Group, and Egyptian Media Group, that broadcast content in both Arabic and English and that all have a strong presence in general entertainment, with dedicated news and sports channels.

Other media outlets that have a strong presence in the MENA region's TV market include international OTT players such as Netflix, Amazon Prime video, and AppleTV+. They have successfully gained popularity and penetrated regional household viewership due to their large continuously growing library sizes and investment in original Arabic content.

Table (3.7): Selected leading MENA media players[1]

	MBC Group	OSN	BeIN Media Group	Egyptian Media Group
Media segment presence	TV	TV	TV	TV
	OTT	OTT	OTT	OTT
	Radio	Radio	Radio	Radio
	Music[2]	Music[2]	Music[2]	Music[2]
Key genre categories	Widely known in MENA for its FTA channels in general entertainment, ranging from movies to series including a dedicated channel for kids, and for news	Home grown regional player known for holding licensing agreements with international networks, providing premium general entertainment content	Highly focused and known in MENA as the premium paid TV provider for exclusive sports content including a variety of general entertainment channels	Egyptian based FTA player predominantly known for broadcasting general entertainment content including dedicated news and sports channels
Program languages	Arabic – English	Arabic – English	Arabic – English	Arabic – English
Potential Household reach[3]	~95% of MENA	~70% of MENA	~70% of MENA	~60% of MENA

Source: Desktop research

Note:

1 Non-exhaustive

2 Record label companies

3 Countries in which the group's content is widely available in

3.5.1 Competitive landscape – Linear TV

The MENA region's leading linear TV broadcasters are comprised of regionally based media groups that are mostly focused on general entertainment, with some further differentiating themselves by focusing on specific genres such as sports, news, and prayer.

The leading FTA ("Free-to-air") providers are (i) MBC Group, widely known for its variety of general entertainment channels, (ii) Saudi Broadcasting Authority, predominantly known for its prayer, news and locally focused entertainment channels, (iii) Egyptian Media Group and (iv) Rotana Media Group, both known for their general entertainment channels. On the other hand, BeIN Media Group is primarily known as a paid TV provider with a high focus on broadcasting premium sports content.

Table (3.8): Key comparable MENA linear TV players[1]

	MBC Group	BeIN Media Group	Saudi Broadcasting Authority	Egyptian Media Group	Rotana Media Group
# of TV channels	17 Channels	89 Channels	7 Channels	9 Channels	12 Channels
Key genre categories	Widely known in MENA for its FTA channels in general entertainment, ranging from movies to series, including a dedicated channel for kids, and news	Highly focused and known in MENA as the premium paid TV provider for exclusive sports content including a variety of general entertainment channels	Saudi based FTA player predominantly known for broadcasting prayer and news channels, including dedicated Saudi sports and general entertainment channels	Egyptian based FTA player predominantly known for broadcasting general entertainment content including dedicated news and sports channels	Saudi based FTA player predominantly known for broadcasting general entertainment content including dedicated music channels
Program languages	Arabic English	Arabic English	Arabic English	Arabic English	Arabic English
Potential Household reach[2]	>95% of MENA	~70% of MENA	~55% of MENA	~60% of MENA	~60% of MENA

Source: Desktop research

Note:

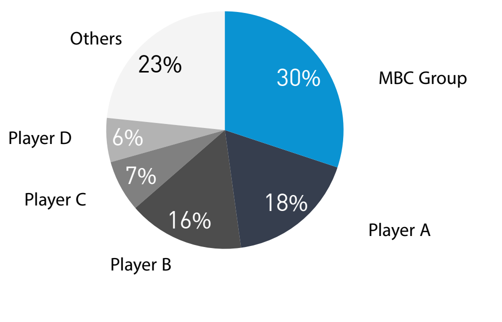
1 Non-exhaustive

2 Countries in which the group's content is widely available in

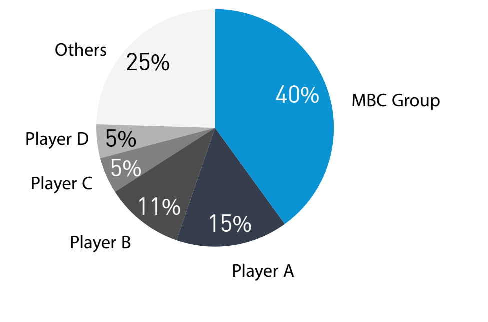
As per IPSOS research, the countries in the MENA region with the largest TV audiences are the KSA, the UAE, Morocco, and Iraq (Egypt data is not available). Across these countries MBC Group has a leading market share position – 40% in the KSA, followed by the next player at 15%; 30% in the UAE, almost double the share of the next player; 19% in Morocco (IPSOS data excludes the local channels, however MBC remains in the top 3), and 27% in Iraq.

Exhibit (3.18): Linear TV[1] - Audience share in key MENA countries (2022, %)

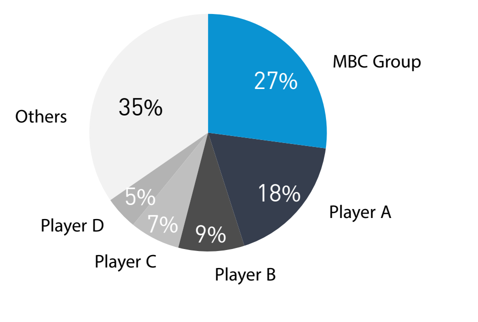
UAE[2] (Jan – July 2022)



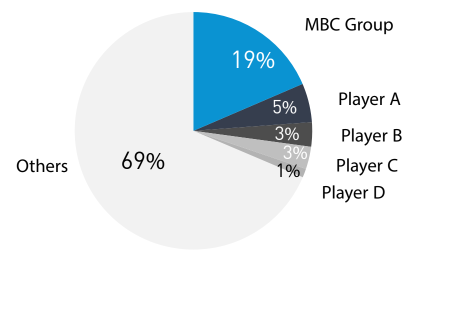
KSA (Jan – Dec 2022)



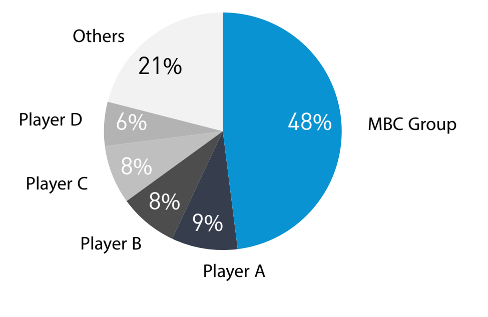
Iraq (Jan – Dec 2022)



Morocco[2] (Jan – March 2022)



Egypt[3] (Ramadan 2023)



Source: IPSOS (As compiled by IPSOS in accordance with Esomar International Code, the results are based on the TV Audience Measurement Study - Telemetry conducted by IPSOS), Ejabat Market Research

Notes:

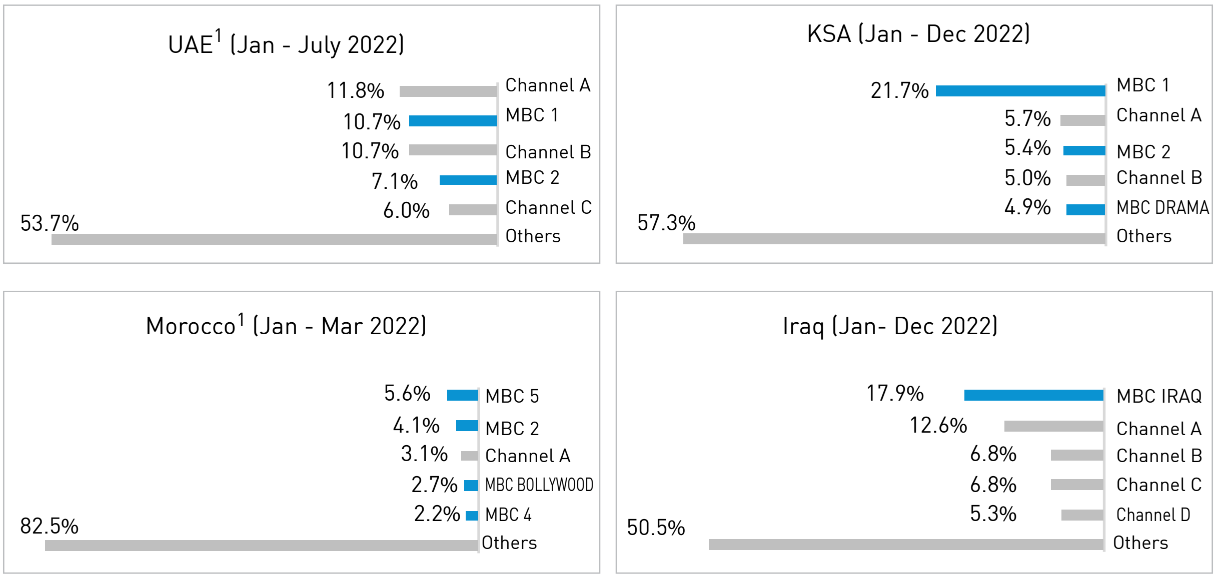
1 Includes paid TV and free-to-air

2 Full year data for Morocco and the UAE is unavailable

3 Split is based on Ramadan month and does not account for the full year 2023

Further broken down by individual TV channels, MBC Group's lineup of channels is consistently present in the top five FTA audience share positions in the four countries.

Exhibit (3.19): Top five free-to-air channels – MENA countries by audience shares (%)



Source: IPSOS (As compiled by IPSOS in accordance with Esomar International Code, the results are based on the TV Audience Measurement Study - Telemetry conducted by IPSOS)

Note: 1 Full year data for Morocco and UAE is unavailable

Overall, general entertainment is the key content genre of focus for the leading regional media players, followed by lifestyle/talk shows, news and sports. MBC Group and BeIN Media Group are further differentiated through premium Arabic and exclusive sports content, respectively.

Table (3.9): Content genre by leading MENA linear TV players[1]

Key players in MENA	Predominantly known for	General entertainment	Family & Kids	Documentary	News	Sports	Lifestyle/ Talk shows	Music
mbc GROUP	**Free -to-air entertainment**	MBC 1 MBC 2 MBC 4	MBC 3	MBC 1 MBC Masr		MBC Pro Sports MBC Masr MBC+ Power MBC Action	MBC+ Variety MBC 1	Panorama FM MBC FM Wanasah Loud FM
osn	**Paid entertainment**	OSN movies HD Starworld[2]	OSN kids Nickelodeon[2]	Discovery channel[2] Discovery science[2] History[2]	OSN news CNBC[2] Bloomberg news[2]		OSN living E![2]	Music now OSN mezze MTV Live HD[2]
beIN MEDIA GROUP	**Sports**	beIN drama HD1 beIN movies	Boomerang HD2 Cartoon Network[2]	Nat Geo Wild[2] BBC earth[2]	Al Jazeera[2] Euronews[2] CNN[2]	beIN sports	beIn Gurme	Aghani
إعلام المصريين Egyptian Media	**Prominent Egyptian media conglomerate**	Al hayat CBC drama	WatchIT	WatchIT	Extra CBC Al Hayat	On Sports	dmc CBC safra ON	WatchIT

Content availability High — Low

Source: Desktop research

Notes:

1 Channels highlighted are non-exhaustive and only display flagship stations for each genre

2 Media group has broadcasting rights and not a homegrown channel

In terms of brand awareness, MBC Group reaches the largest number of viewers through social media, as well as the highest number of followers across various platforms. Following in second position in terms of both social media followers and views is Egyptian Media Group.

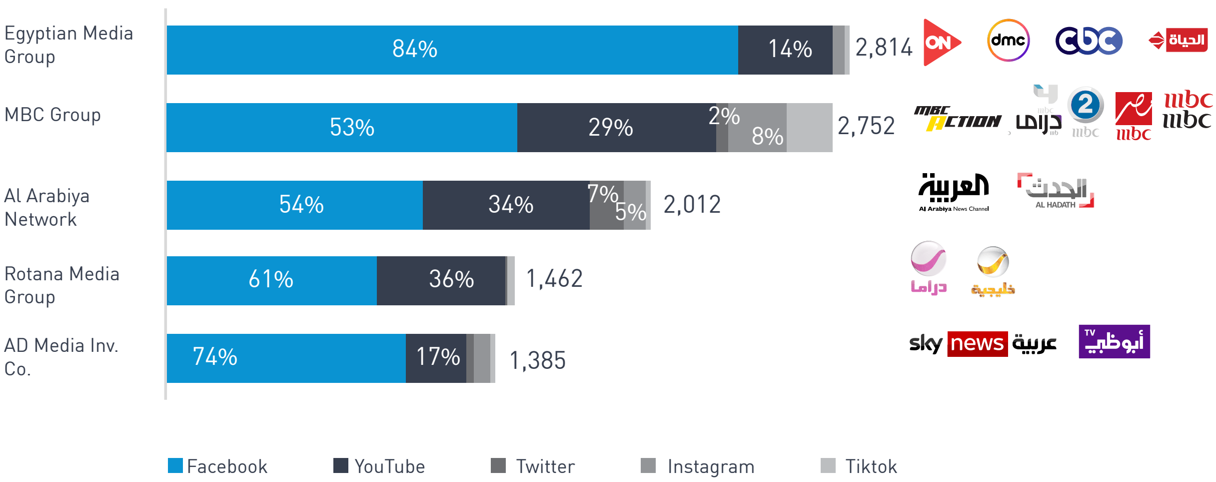
Table (3.10): Number of followers – by media group[1] (2023 Q1, Mn)

Key players in MENA	Youtube	Facebook	Twitter	Instagram	Tiktok
mbc GROUP	104.1Mn	372.0Mn	65.8Mn	56.3Mn	34.0Mn
إعلام المصريين Egyptian Media	27.9Mn	85.5Mn	9.4Mn	13.0Mn	1.5Mn
العربية Al Arabiya News Channel	24.8Mn	61.9Mn	32.8Mn	7.8Mn	4.2Mn
ALJAZEERA	23.4Mn	54.9Mn	40.0Mn	11.6Mn	N/A
AD Media Inv. Co.	4.1Mn	24.3Mn	4.8Mn	3.2Mn	1.2Mn

Source: Official social media accounts

Notes: 1 Number of followers were aggregated by all social media accounts run by each media group

Exhibit (3.20): Number of global viewers on social media posts – by media group[1] (2022, Mn)



Source: Tubular, Crowdtangle (Data from CrowdTangle, a public insights tool owned and operated by Facebook), Official social media accounts

Notes: 1 Number of views for Facebook, Youtube and Twitter were aggregated from Tubular and Instagram from Crowdtangle

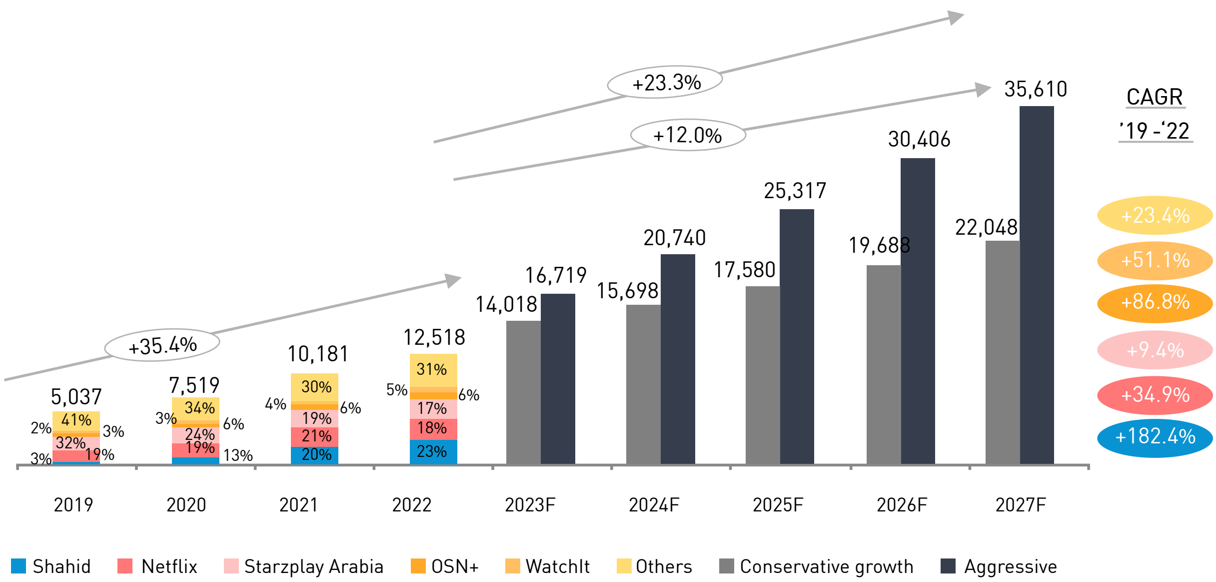
3.5.2 Competitive landscape – Over-the-top

3.5.2.1 OTT: SVOD

The number of OTT subscribers in MENA grew three-fold since 2019, with a key driver being COVID-19 lockdowns accelerating OTT adoption as a wave of new OTT players have entered the MENA market in the past few years, such as AppleTV+, Disney+, Watch iT, and TOD, leading to competition and fragmentation of the market.

Shahid experienced robust growth since 2019, becoming the market leader and the preferred OTT platform in MENA due to its exclusive and localized content. Going forward, the market is forecasted to grow at a CAGR of 12% under a conservative scenario and 23.3% under a more aggressive one. Additionally, local players are expected to realize greater share in the future, capitalizing on original local content.

Exhibit (3.21): Number of subscribers – by key MENA[1] OTT player (#, Thousands)



Source: Digital TV research, Dataxis Research

Note:

1 Excludes Iraq, includes Palestine

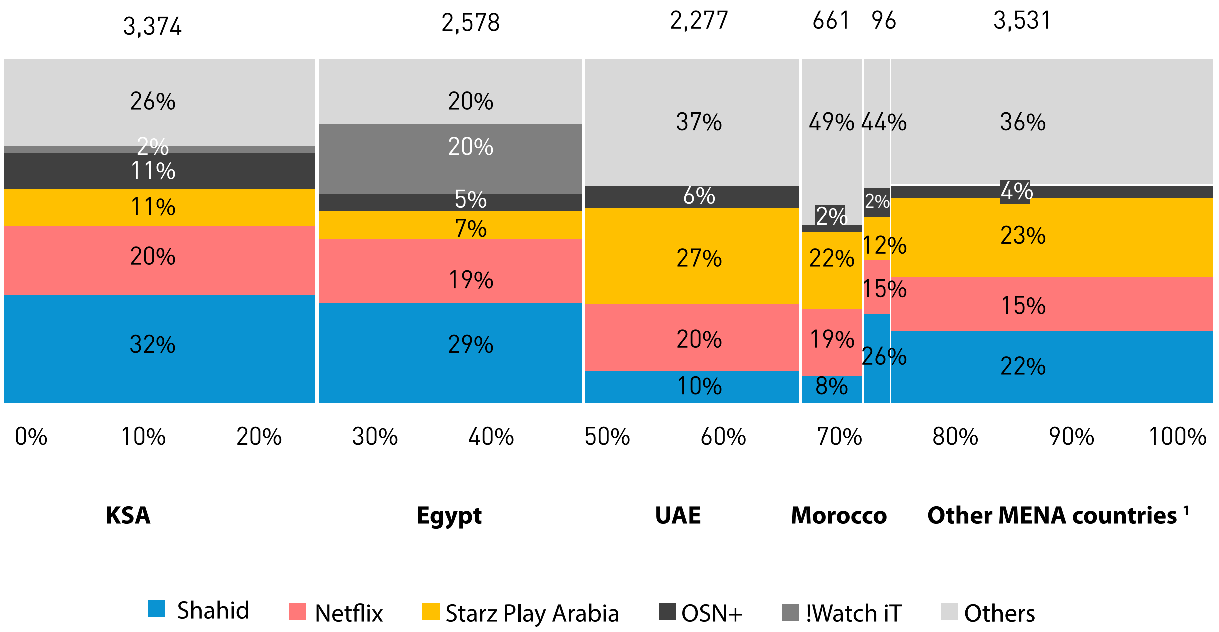
2 The number of subscribers for Shahid were provided by Shahid management and include international subscribers

3 The subscriber base for regional players may include international subscribers

The largest OTT subscriber base is currently in the KSA with 3.4M subscribers as of 2022. The KSA's large subscriber base is led by Shahid, which accounts for 32% of the market due to its premium localized content. Shahid ranks as the market leader in all the key markets of the MENA region, except for the UAE where StarzPlay is seen to dominate with a 27% share of subscribers, due to being initially launched in the UAE and having multiple relations with telco players. Netflix ranks as the second largest player across most of the key MENA markets but fights for its position in Egypt, where the Egyptian streaming platform Watch iT ranks second, as well as in Morocco partly due to relatively lower disposable income levels.

International OTT players have a strong presence in the region due to their large and premium libraries and could become an increasingly higher threat to local players as they continue to invest in original Arabic content.

Exhibit (3.22): OTT: SVOD market share by player – by top MENA countries (2022, Thousands)



Source: Dataxis Research

Notes:

1 Includes Palestine

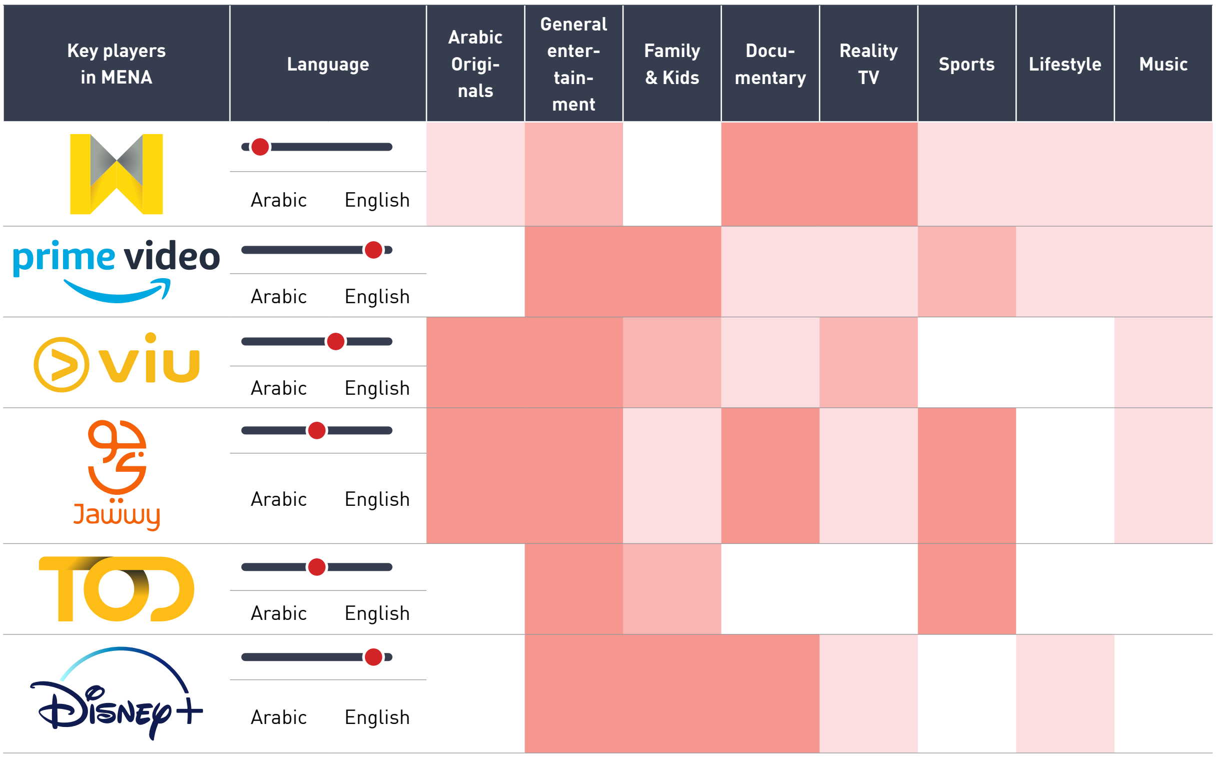
2 The number of subscribers for Shahid were provided by Shahid management and include international subscribers

3 The subscriber base for regional players may include international subscribers

The top OTT players cover a broad selection of content with a focus around general entertainment. However, Shahid, OSN+, Viu, and Jawwy TV have been able to further differentiate themselves in the MENA region through their investments in producing Arabic originals, which are seen to resonate with a broader audience. Netflix is the only global player that has made significant inroads in the region both through acquiring local content and producing local originals.

Table (3.11): Content genre by leading MENA OTT players

Key players in MENA	Language	Arabic Originals	General entertainment	Family & Kids	Documentary	Reality TV	Sports	Lifestyle	Music
شاهد	Arabic English								
STARZPLAY	Arabic English								
NETFLIX	Arabic English								
osn+	Arabic English								
tv+	Arabic English								



Source: Desktop research

In terms of brand awareness, MBC Group's Shahid was able to generate the highest number of views and followers across the various social media platforms. Following in second and third place are Netflix and Watch iT, respectively, with the remaining OTT players falling considerably behind.

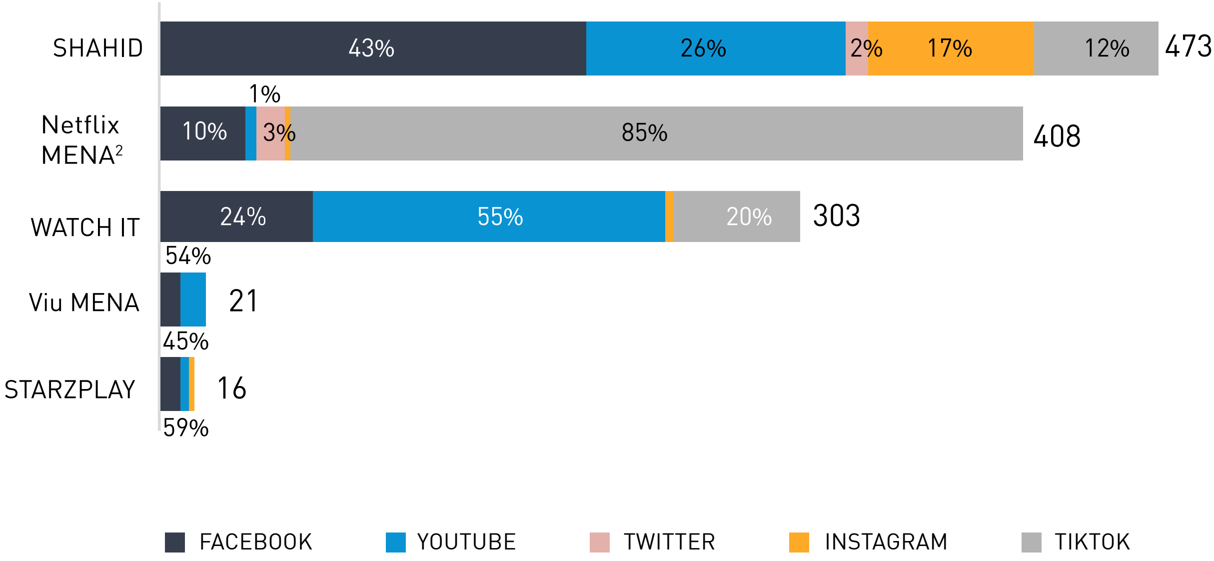
Table (3.12): Number of global followers – by OTT platform SVOD (2023 Q1, Mn)[1]

Key players in MENA	Youtube	Facebook	Twitter	Instagram	Tiktok
شاهد	8.9Mn	15.6Mn	3.5Mn	3.3Mn	5.1Mn
NETFLIX	1.4Mn	88.6Mn[1]	1.4Mn	2.6Mn	33.7Mn[1]
	3.6Mn	10.7Mn	0.1Mn	1.1Mn	2.2Mn
viu	0.5Mn	6.4Mn	0.01Mn	0.4Mn	0.2Mn
osn+	0.4Mn	4.0Mn	0.4Mn	0.5Mn	0.2Mn

Source: Official social media accounts

Notes: 1 Number of followers were aggregated by all social media accounts run by each media group

Exhibit (3.23): Number of global viewers on social media posts – by OTT platform[1] (2022, Mn)



Source: Tubular, Crowdtangle (Data from CrowdTangle, a public insights tool owned and operated by Facebook), Official social media accounts

Notes:

1 Number of views for Facebook, Youtube and Twitter were aggregated from Tubular and Instagram from Crowdtangle

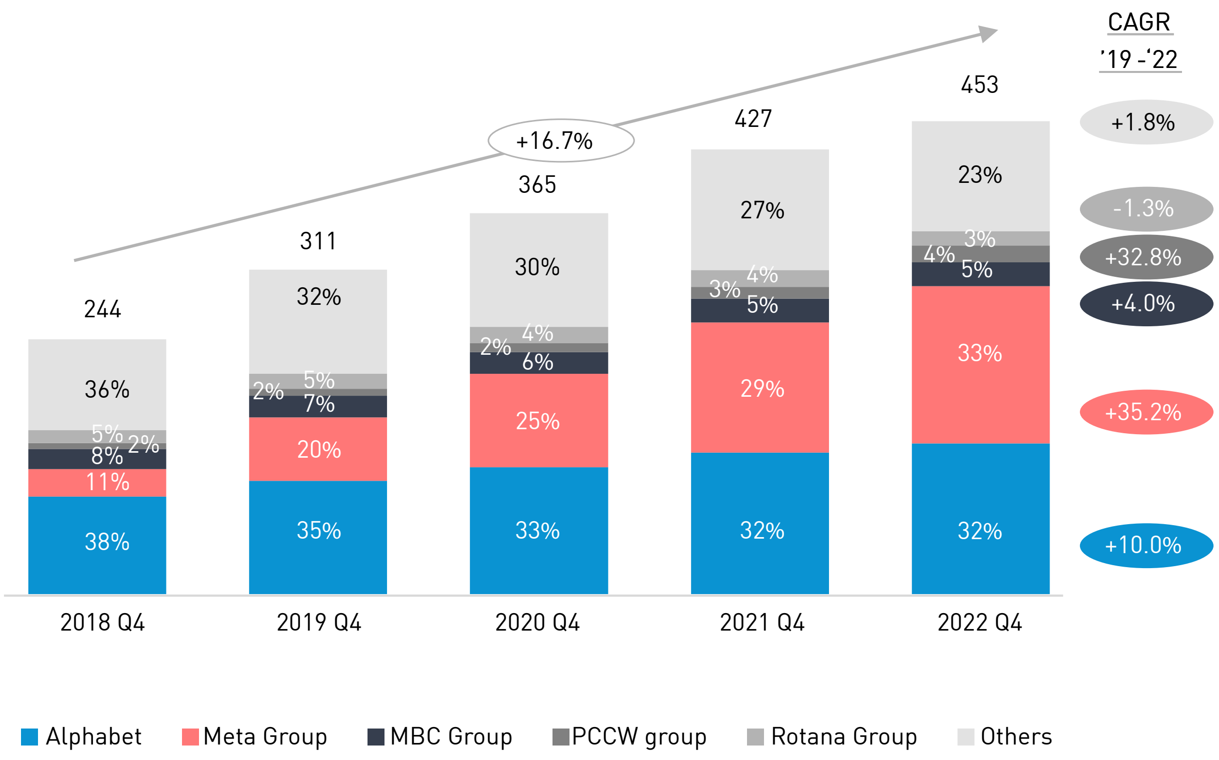
2 Netflix data is for the MENA region only

3.5.2.2 OTT: AVOD

In the AVOD market, Alphabet Inc. and Meta Group are seen to dominate with 65% market share in terms of monthly active users, with MBC Group coming in third place. The high active monthly users under Alphabet Inc. comes from its subsidiary YouTube, which remains to be the driving force behind the AVOD market due to its vast content selection driven by user generated content.

The countries with the highest monthly active users are Algeria, Egypt and the KSA, which combined make up ~56% of the AVOD viewers.

Exhibit (3.24): OTT: AVOD monthly active users – MENA by key player (#, Mn)

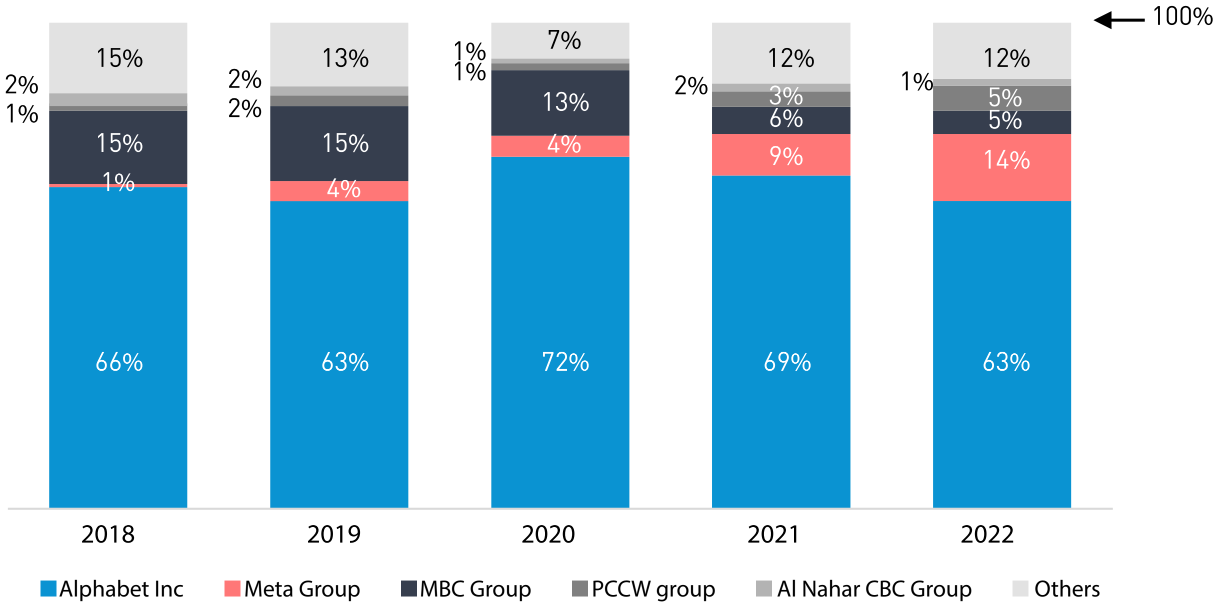


Source: Dataxis Research

In terms of AVOD revenue, Alphabet Inc. is also seen to take the lion's share of the market at ~63%, followed by Meta Group (14%) and MBC Group (5%). Alphabet Inc.'s large share is due to YouTube's ability to monetize during in-stream videos relative to advertising through social media posts.

MBC Group has been able to secure a steady market share historically of ~15% up until 2021, when it was outperforming Meta Group and ranking in second position after Alphabet Inc. However, there was a drop-in MBC Group's AVOD revenues in 2021, largely due to Shahid's shift in strategy in favor of SVOD. As of January 2023, Shahid is pivoting back to an AVOD model, signaling a potential future change in its market share.

Exhibit (3.25): OTT: AVOD revenues – MENA by key player



Source: Dataxis Research

3.5.3 Competitive landscape - Radio

MBC Group's radio stations are only broadcasted in the KSA.

In the KSA, MBC Group's radio presence, through MBC FM and Panorama FM, have the highest combined audience reach of 36.0%. MBC FM has a wide range of content, ranging from the top Gulf music to poetry and entertainment, while Panorama FM maintains its position as the nation's primary modern radio station for Saudis & Arab youth.

Another leading player is the widely listened Quran Kareem station broadcasting daily Islamic prayers; however, it does not compete directly with the other players as its operations are non-commercial. The remaining of the leading players, Mix FM and Rotana are also widely tuned into and well received amongst young Saudi listeners due to the stations core focus on popular Arabic tunes and highly acclaimed talk shows.

Table (3.13): Selected leading KSA radio players[1]

	MBC Group			Quran Kareem	Creative Edge	Rotana Media Group	Etihad Shams Co.
Audience market share (% of KSA, '22)	36.0%[2]			N/A			
Key radio stations & target audience	3 Stations			1 Station	1 Station	1 Station	1 Station
	LOUD MBC	mbc FM	PANORAMA FM	إذاعة القرآن الكريم	FM	روتانا	رياضة واكثر
	Focus on pan Arab music for modern youth	Gulf music, poetry, and entertainment	Western commercial targeted at the youth	Prayer channel	Modern music targeted at young adults	Contemporary music targeting adults	Highly popular specialized sports radio station
Key genre categories	Focus on music with various talk shows **English** **Arabic**			Prayer channel only **Arabic**	Primarily focused on music **Arabic**	Primarily focused on music **Arabic**	Primarily focused on talk shows **Arabic**

Source: IPSOS (As compiled by IPSOS in accordance with Esomar International Code, the results are based on the Radio Audience Measurement Study - Radiometry conducted by IPSOS), Desktop research

Note:

1 Non-exhaustive

2 Audience share includes both MBC FM and Panorama FM, Loud FM was not included as it launched in May 2023

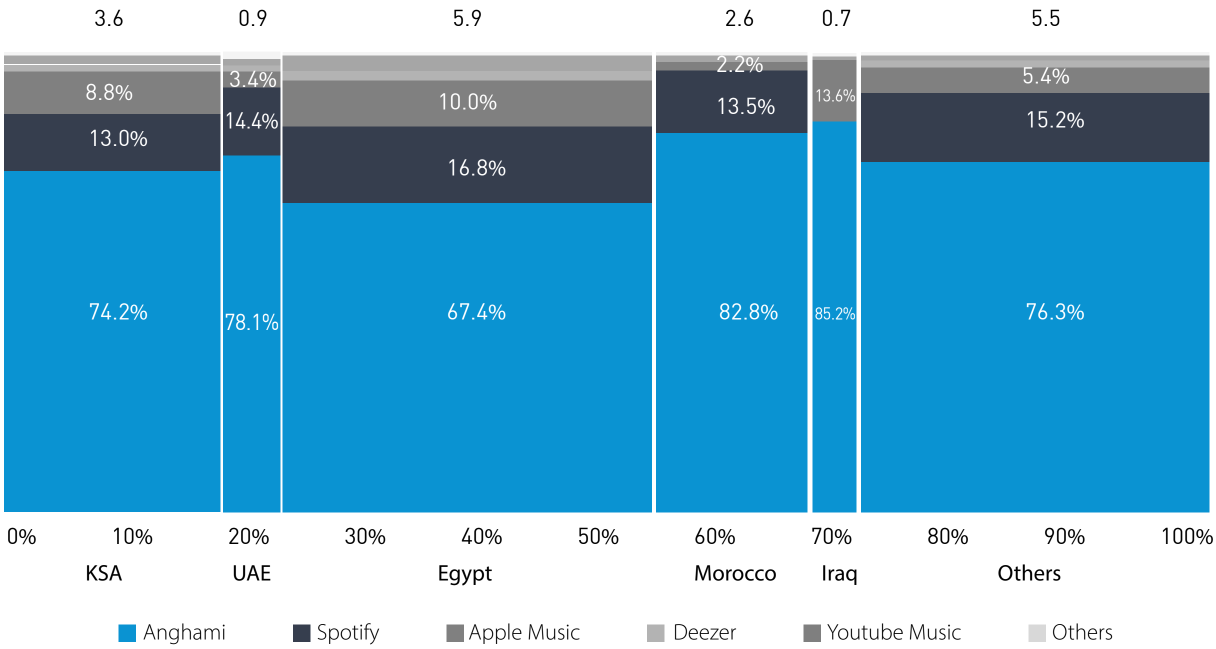
3.5.4 Competitive landscape – Digital and recorded music

3.5.4.1 Digital streaming and downloading

MENA's music streaming market is characterized by a mix of global streaming platforms, with Anghami being the only major regional player with more than ~70% market share by number of MAUs ("**Monthly Active Users**"), due to its offering of a vast collection of Arabic music. Spotify, a global music streaming player, expanded its presence in the MENA market in 2018 and currently ranks as the second largest player across most of the key MENA countries except for Iraq, where it had no presence until beginning 2022. Spotify offers a wide range of international music and has customized playlists and recommendations for the MENA audience.

With respect to the key markets in the MENA region, the largest user base for music platforms is currently the KSA with 3.6Mn MAUs as of 2021 followed by Morocco with 2.6Mn MAUs.

Exhibit (3.26): Monthly active users – MENA by key music streaming player[1] (2021, Mn)



Source: Dataxis Research

Note:

1 Updated 2022 data is not available for all countries

2 Others includes Algeria, Bahrain, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Tunisia, & Yemen

Anghami and Spotify stand out as the most diverse music streaming companies, in terms of content offerings, with features like curated playlists, podcasts, live concerts updates. Anghami is further differentiated through its focus on Arabic songs and albums from various genres, which caters specifically to the tastes and preferences of the MENA region's audience.

Personalized music recommendations based on users' listening habits are a highly effective way for music streaming platforms to enhance the user experience, and as a result, it has become one of the most widely available features across platforms.

Table (3.14): Content offerings by player

Key players in MENA	Language			Music	Podcasts	Live radio	Live concerts updates	Recom-mended playlists	User-generated playlists
	Language	Arabic	English						
anghami	Arabic English			✓	✓	✓	✓	✓	✓
Spotify	Arabic English			✓	✓		✓	✓	✓
MUSIC	Arabic English			✓	✓			✓	
deezer	Arabic English			✓	✓	✓		✓	✓
YouTube	Arabic English			✓				✓	
Music availability	Low		High						

Source: Company websites, Desktop research

3.5.4.2 Physical recorded music and record labels

The music recording market consists of a diverse landscape dominated by a mix of global and regional labels and includes: Mazzika Group, Rotana, Platinum Records (Part of MBC Group), Sony Music and Universal Music.

The MENA record label market is experiencing an increase in new entrants, resulting in a highly fragmented and competitive landscape. Additionally, streaming platforms, such as Anghami and Spotify are focusing on further promoting their own platforms by creating new record labels, to be able to negotiate favorable terms and maintain control over their music distribution channels. For example, an initiative by Anghami is "Anghami lab", which includes a partnership between Anghami and various producers, to produce Arabic songs (to be exclusively featured on their platform) and host performances from different artists in the region.

The growing demand for local content and the region's cultural diversity present an opportunity for an increase in investments in record labels and in local artists, however smaller entrants often focus on niche genres, regional expertise, and personalized attention to artists.

Furthermore, major record labels, especially global ones like Sony Music Entertainment and Warner Music Group, are also actively acquiring smaller record boutiques, aiming to consolidate market share and establish regional dominance. Mazzika has in fact acquired over 10 smaller record labels including Sout el hob, Golden Cassette, Forsan and others.

To attract more artists, record labels offer end-to-end services from artist development and management to marketing and distribution. This is achieved through strategic partnerships with other companies in the music industry, such as marketing agencies and event management. Additionally, these partnerships also enable the record labels to tap into the expertise and resources of other companies, allowing them to offer a wider range of services and stay competitive in a constantly evolving industry.

Table (3.15): Value-added services offered by the players

Key players in MENA	Recording licenses	Brand awareness	Consulting services	Management services	Merchandising	Video clips	Live events & concerts
	✓	✓	✓	✓		✓	✓
SONY MUSIC	✓	✓	✓	✓	✓		✓
PLATINUM RECORDS	✓	✓		✓	✓	✓	
UNIVERSAL MUSIC	✓	✓	✓	✓	✓	✓	✓
موسيقى	✓	✓				✓	✓

Source: Company websites, Desktop research

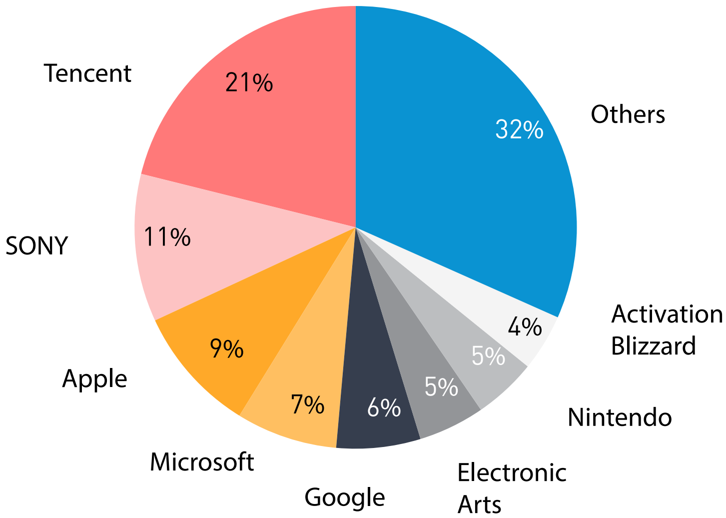
3.5.5 Competitive landscape – Video games

The top 8 publishers currently dominate ~70% of the global market, and the remaining portion is highly fragmented across various players vying for market share.

The mobile gaming market, a subset of video gaming, has its own dynamics, with app stores like Apple's App Store and Google Play hosting a wide variety of games. Many mobile games are developed by smaller studios or indie developers, contributing to the overall market fragmentation. Tencent games, the mobile games publisher division of Tencent Interactive Entertainment, is the clear leader with 21% market share. Tencent is known for League of Legends, Honor of Kings, and PUBG mobile, and has many of its popular games available on both PC and mobile.

Traditional video gaming, a second subset of video games, has a significant influence on the market through companies that own popular gaming platforms, such as Sony (PlayStation), Microsoft (Xbox), and Nintendo (Switch). These companies often publish games exclusively for their own platforms or have partnerships with third-party developers to create exclusive content.

Exhibit (3.27): Global players market share - by revenue[1] (2022 Q3, %)



Source: Newzoo

Note: 1 Revenues exclude hardware sales and other non-game sales to the extent publicly available

The video games' market is competitive and fragmented in nature as evident in the absence of a single dominant player in the realm of top-performing games, as developers continuously strive for player engagement. This competitiveness emphasizes the importance of innovation and creativity in the industry, as well as the need for companies to continually adapt to changing market trends. The video game industry encompasses a wide range of genres, each catering to different player preferences and interests, and many games incorporate elements from multiple genres. Additionally, new genres or subgenres can emerge as gaming evolves, reflecting changing player preferences and advancements in technology.

Table (3.16): Top played traditional video games by developer, publisher and genre

Top games globally	Developer	Publisher	Genre
FORTNITE	Epic games	Epic games	Battle Royale
MINECRAFT	Mojang studios	Sony	Sandbox
CALL OF DUTY WARZONE 2.0 / CALL OF DUTY MWII MODERN WARFARE II	Activision publishing	Activision Blizzard	Shooter / Adventure
grand theft auto FIVE	Rockstar games	Rockstar games	Adventure
PORTKEY GAMES HOGWARTS LEGACY	Avalanche software	Portkey games	Role playing
ROBLOX	Roblox corporation	Roblox corporation	Sandbox
ROCKET LEAGUE	Psyonix	Psyonix	Sports
APEX LEGENDS	Electronic Arts	Electronic Arts	Battle Royale

Source: Newzoo, Desktop research


mbc
GROUP

4. Company Section

4.1 Overview of the Company, its subsidiaries and its business activities

MBC Group CJSC (the "**Company**" together with its Subsidiaries, the "**Group**") is a Saudi unlisted joint stock company registered in the Kingdom of Saudi Arabia (the "**KSA**") under Commercial Registration number 1010876295 dated 29/09/1444H (corresponding to 20/04/2023G). The Company's registered address under its Commercial Registration is 3237, Abu Qasim Al-Majriti, Diplomatic Quarter, 6501, Riyadh 12511, Kingdom of Saudi Arabia.

Upon its incorporation, the Company's share capital was five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) ordinary shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share. As at the date of this Prospectus, the Company's share capital is two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000) divided into two hundred and ninety-nine million, two hundred thousand (299,200,000) ordinary shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share. Please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**") and Section 12.4 ("**Subsidiaries**") of this Prospectus for further details on the Group structure and the dates of incorporation of the Material Subsidiaries.

After incorporation of the Company, its Substantial Shareholders carried out a restructuring of MBC Group, pursuant to which ownership of all the Group Companies was transferred from MBC Group Holdings (BVI) to the Company without consideration, leading to the Company's direct and indirect ownership of all 35 subsidiaries of the Group. The value of these subsidiaries was recorded in the Company's statements as additional Shareholder contributions based on the book value of such subsidiaries. The restructuring was completed on 21/06/2023G (please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**" for further details on the restructuring).

The Group has a history of over 30 years dating back to its foundation in 1991G, when it began operations in London, UK, and launched the first private Arab satellite channel. Since its incorporation, the Group has established itself as the leading media company for free-to-air ("**FTA**") TV in the Middle East and North Africa ("**MENA**") region, especially in the KSA, the United Arab Emirates (the "**UAE**"), Egypt, and Iraq in terms of audience share. The Group has continued to grow its presence and audience reach in the MENA region where it broadcasts 13 FTA TV channels and owns Shahid, the leading over-the-top ("**OTT**") video streaming platform in the MENA region in terms of subscribers. The Group considers itself the leading provider of entertainment content to the Arabic speaking world and a leading producer of premium Arabic content.

The Group generates its revenue primarily from: (i) advertising revenue, predominantly from large advertisers broadcasting advertisements on its FTA TV channels, radio channels and on the Group's advertising-video-on-demand streaming platform ("**AVOD**"), (ii) revenue from subscriptions for the Group's Shahid subscription-video-on-demand platform ("**SVOD**"), and (iii) ancillary revenue from other business operations. Moreover, given the Group's capabilities and position in the media sector and the successes it has achieved historically, it has been chosen as a strategic partner of the KSA government for the implementation of media and entertainment projects and initiatives that will develop the media ecosystem in the KSA and the region in accordance with Saudi Vision 2030 (the "**Expansion Projects**"). The Group receives funding for these Expansion Projects from the government (represented by its majority shareholder Istedamah Holding Company ("**Istedamah**"), a KSA government-owned company), in consideration for the Group's commitment to implement such projects in accordance with specified performance indicators and other obligations which it must fulfill (for further details, please refer to Section 4.4.1.6 ("**The Group's role in contributing to KSA's Vision 2030**") and Section 4.12 ("**Agreements with the Government (represented by Istedamah Holding Company) for Certain Projects and Initiatives of the Group**") of this Prospectus).

The Group has four business segments: (i) Broadcasting (which includes TV, radio, and supporting activities such as social media), (ii) OTT (which primarily includes video streaming on the Shahid platform), (iii) MBC Studios (which includes drama series and movies production), and (iv) Other Business which includes various media related ventures.

Broadcasting is the largest of the Group's business segments with SAR 2,034 million in revenues in 2022G (approximately 53.3% of the Group's total revenue excluding eliminations in 2022G). The broadcasting segment's operating revenue increased at a CAGR of 8% from 2020G to 2022G. The Broadcasting segment includes revenues generated from advertising from the Group's FTA TV, radio channels and social media as well as a variety of additional non-advertising revenues such as revenues from carriage agreements and interactive games for viewers. In 2022G, the Group achieved a 40% TV audience share in the KSA, which was more than double that of its closest competitor. The Group is well-positioned to maintain this leading position primarily due to its high-quality Arabic content. The Group aims to grow its FTA TV business by also benefitting from continued population and GDP per capita growth in the region which drives higher advertising spending.

OTT represents the Group's second business segment, which the Group is strongly investing in to drive future growth. The Group's Shahid OTT platform is available both as a subscription-based service (with additional premium VIP packages) as well as a free-to-view with advertisements AVOD service. The Group benefits from its well-established TV audiences and content to grow its video on demand platforms. Shahid SVOD is the leading subscription-based streaming service in the MENA region, particularly in the KSA and Egypt where it holds 32% and 29% of the SVOD market in 2022G respectively. The Shahid SVOD platform has grown rapidly from 1.0 million subscribers as at 31 December 2020G to 2.9 million subscribers as at 31 December 2022G. During Ramadan 2023G, Shahid SVOD reached 3.76 million subscribers. The Group aims to significantly increase Shahid's subscriber base in the future by leveraging the growing popularity of OTT services in the MENA region, which has a population of 477 million. Through the Shahid AVOD platform, the Group is well-positioned to benefit from the transition of FTA TV viewers to online streaming and the advertisers' increased shift to digital advertising. As of 2022G, the Group had 12 million monthly active users of its AVOD platform. Furthermore, as of Ramadan 2023G, Shahid AVOD had 22 million monthly active users. Shahid allows the Group to grow globally by directly accessing the Arabic-speaking diaspora beyond the MENA region. In 2022G, the OTT segment generated revenues of SAR 701 million (approximately 18.4% of the Group's total revenue excluding eliminations in 2022G). The OTT segment's operating revenue increased at a CAGR of 79% from 2020G to 2022G.

The Group's third business segment is MBC Studios, which entails production of high-quality content that is one of the factors for the success of the Group. A significant proportion of the Group's content is produced in-house or commissioned from external production companies and utilized across all its platforms. MBC Studios is the Group's dedicated business segment for the production of high-quality drama series and movies which have been among the most highly rated original productions from the Arab world. Continuous investment in content production projects and talent in the KSA is the basis for the Group's role as a leading contributor to the development of the local KSA media industry. In 2022G, the Group has generated SAR 549 million in revenues (approximately 14.4% of the Group's total revenue excluding eliminations in 2022G) from its MBC Studios business in 2022G. The MBC Studio segment's operating revenue increased at a CAGR of 89% from 2020G to 2022G.

The Group's Other Business segment generated SAR 532 million of revenues in 2022G (approximately 13.9% of the Group's total revenue excluding eliminations in 2022G). The Other Business segment's operating revenue increased at a CAGR of 44% from 2020G to 2022G. The Other Business segment comprises various media-related activities such as interactive games, events, music publishing, and talent management. The Group is in the process of further diversifying its revenue base by building up its events management business and developing its own video games. The Group aims to leverage its brand and its long-standing know-how to expand its activities in these areas.

The KSA's Vision 2030 has established many programs, initiatives and goals across various sectors to develop non-oil sectors to diversify the cornerstones of the Kingdom's economy. Several programs and initiatives have been launched to promote culture and the arts, as well as develop traditional and digital media content. This aims to enhance the quality of life and localize cultural and artistic industries through vocational training programs that meet the needs of the labor market ("**KSA's Vision 2030**"). The media and entertainment sector is expected to continue to be a focus of the KSA's Vision 2030. The Group believes that its media strategy is in line with the KSA's Vision 2030. Accordingly, the Group contributes to the development of the local KSA media and entertainment industry by continuously investing in various entertainment and media initiatives in the KSA including high-quality Arabic content production, broadcasting of certain TV channels, gaming, developing talent and events management in the KSA. In particular, the Group is diversifying its historically broadcasting-focused business by developing digital OTT, establishing production studios for high-quality formats and is expanding its game development, events management and music business lines. Furthermore, the Group is, through its move to the KSA, directly creating new employment opportunities for individuals in the entertainment industry in the KSA. The Group collaborates on an ongoing basis with the KSA government (represented by Istedamah Holding Company) pursuant to the framework of the Strategic Cooperation Agreement (for further details, please see Section 4.4.1.6 ("**The Group's Role in Contributing to KSA's Vision 2030**") and Section 4.12 ("**Agreements with the Government (represented by Istedamah Holding Company) for Certain Projects and Initiatives of the Group**") of this Prospectus). The Group also benefits from the involvement of Mr. Waleed bin Ibrahim Al-Ibrahim, its founder and Chairman who has extensive knowledge and experience gained during more than 30 years with the industry. The Group also benefits from Waleed's extensive network across the region which allows the Group to further its growth and enhance its operations.

Before the incorporation of the Company, the Group was operationally headquartered in the UAE with the registered seat of its holding company in the British Virgin Islands under MBC Group Holdings BVI (the former parent company of the Subsidiaries). The Group began its transfer to the KSA in 2022G, relocating its headquarters from the UAE to the KSA. Because of the Group's relocation, all of the relevant Group companies previously held by the Company's predecessor (MBC Group Holdings BVI) were transferred to the Company pursuant to a share transfer agreement dated 22/06/2023G (the "**Group Restructuring**"). Please refer to Section 4.2 ("**Structure of the Group**") and Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**") of this Prospectus for further details. Following the Group Restructuring, the Group became headquartered in the KSA but continues to operate across the region, in particular in the Gulf region, Egypt, Morocco, Iraq, Jordan and Levant.

The Group's total operating revenue increased at a CAGR of 23% and at CAGR of 18% growth excluding Shahid from 2020G to 2022G. The Group generated total revenues of SAR 2,318 million in the financial year 2020G, SAR 2,845 million in the financial year 2021G and SAR 3,489 million in the financial year 2022G.

The Group's total revenues also increased from SAR 1,629 million at the end of the six-month period ended 30 June 2022G to SAR 1,890 million at the end of the six-month period ended 30 June 2023G, with a growth rate of 16%.

The following table sets out the Group's total revenue for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G:

Table (4.1): Revenue by Business Segments (SAR million)

	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Broadcasting[1] Total Revenue	**1,751**	**2,067**	**2,034**	**1,177**	**1,145**
Broadcasting revenue from contracts with customers	1,288	1,453	1,414	843	790
Other broadcasting operating revenue	463	614	621	334	355
OTT[2] Total Revenue	**220**	**449**	**701**	**310**	**511**
OTT revenue from contracts with customers	220	449	701	310	511
Other OTT operating revenue	-	-	-	-	-
Studios[3] Total Revenue	**154**	**182**	**549**	**84**	**264**
Studios revenue from contracts with customers	98	103	124	44	107

	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Other studio operating revenue	56	79	425	40	157
Other Business[4] Total Revenue	**255**	**453**	**532**	**252**	**212**
Other business revenue from contracts with customers	242	349	443	202	189
Other Business operating revenue	12	103	89	50	22
Eliminations	**(63)**	**(306)**	**(328)**	**(193)**	**(242)**
Total Revenue	**2,318**	**2,845**	**3,489**	**1,629**	**1,890**
Total revenue from contracts with customers[5]	1,786	2,049	2,354	1,205	1,356
Total other operating revenue[6]	531	797	1,135	424	534

(1) Broadcasting revenues include revenues generated from advertising from the Group's FTA TV, radio channels and social media as well as a variety of additional non-advertising revenues including revenues from carriage agreements and interactive games for viewers.

(2) OTT revenues include revenues generated from subscriptions for Shahid, Shahid VIP packages, advertising revenue from Shahid AVOD and the revenues earned by the Group from the technical services and broadcast of Saudi Sports Channel predominantly available on Shahid.

(3) Studios revenues include revenues generated from the content produced by MBC Studios.

(4) Other Business revenues include revenues generated from Group's operations in interactivity products, merchandising, new media, mobile apps, events, encryption and artist management.

(5) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties.

(6) Other operating revenue includes the revenue that the Group, in large part from the KSA government, receives to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels dedicated to viewers outside of KSA, content production, gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA.

Source: Company.

The Group's recorded adjusted EBITDA/ (EBITDA loss) of negative SAR 42 million, SAR 91 million and negative SAR 13 million for the financial years ending 31 December 2020G, 2021G and 2022G, respectively, in particular due to high investment costs into the Group's OTT business. Excluding the Shahid business segment, the Group recorded adjusted EBITDA of SAR 141 million, SAR 386 million and SAR 368 million for the financial years ending 31 December 2020G, 2021G and 2022G, respectively.

The following table sets out the Group's adjusted EBITDA/ (EBITDA loss) and adjusted EBITDA excluding Shahid for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G:

Table (4.2): Adjusted EBITDA/ (EBITDA loss)* (SAR million) and Adjusted EBITDA Excluding Shahid

	2020G	2021G	2022G	H1 2022G	H1 2023G
Total adjusted EBITDA	(42)	91	(13)	(17)	59
Adjusted EBITDA without Shahid [1]	141	386	368	199	216
Total adjusted EBITDA from commercial activities (without Shahid) [2]	123	369	368	198	214
Adjusted EBITDA margin	-	3%	-	-	3%
Adjusted EBITDA margin without Shahid	8%	23%	20%	21%	22%

* Adjusted EBITDA/(EBITDA loss) is defined as net income/loss as per the financial statements, excluding depreciation of property and equipment, amortization of intangible assets, net allowance/(reversal) of expected credit losses, write-off of intangible assets, if any, as well as exchange rate differences related to the translation of foreign oper–tions - net, finance income/–cost) - net, income tax and Zakat, income from loss of business and other elements that affect the comparison.

(1) Adjusted EBITDA (or adjusted EBITDA margin without Shahid) refers to Group's adjusted EBITDA (or adjusted EBITDA margin) without considering financials of Shahid platform.

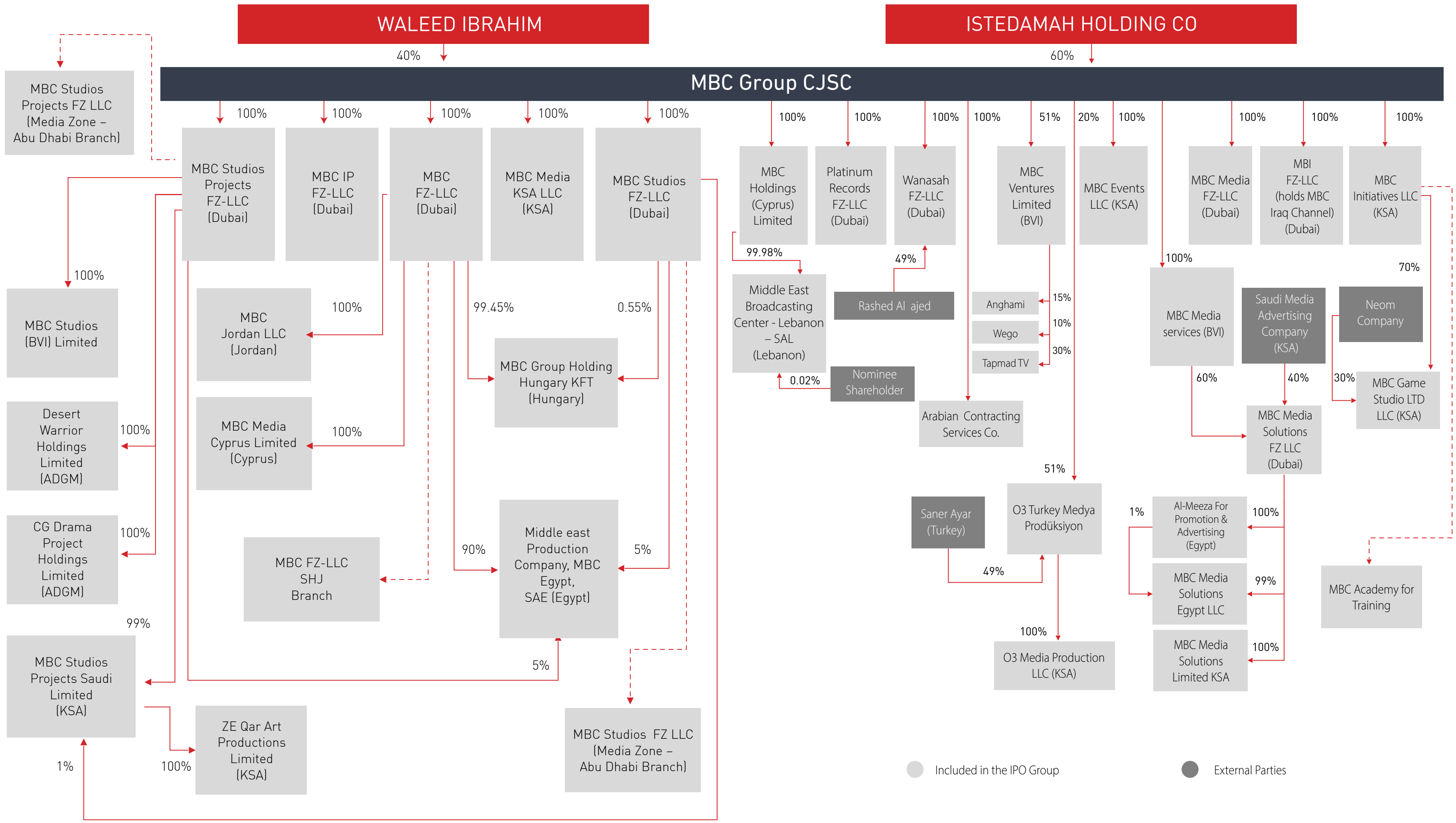
(2) Adjusted EBITDA margin from commercial activities (excluding Shahid) refers to adjusted EBITDA margin wihtout considering the financials of Shahid platform or other operating revenue.

Source: Company.

4.2 Structure of the Group

4.2.1 Group Structure

Table (4.3): The following chart shows the Group's internal structure as at the date of the Prospectus:



4.2.2 History, Incorporation and Evolution of Share Capital

The Group's history dates back to 1991G when Mr. Waleed bin Ibrahim Al-Ibrahim first established the Group's business in London. In 2001G, the Group moved its headquarters from London to Dubai Media City before moving it to Riyadh in 2022G.

The Group conducts its business through its Subsidiaries which carry out TV and radio broadcasting and related activities, as well as manage and operate the OTT platform, including video broadcasting via the Shahid platform and the production of series and films, along with other businesses that include interactive gaming, events, music publishing and talent management. Previously, the Subsidiaries were owned by MBC Group Holdings (BVI), which operated and managed these companies as a holding company.

On 29/09/1444H (corresponding to 20/04/2023G), the Company was established with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) shares, all of which are of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share. All of the shares are fully paid in cash shares.

After the Company's establishment, its Substantial Shareholders conducted a restructuring of MBC Group, under which the Company signed a share transfer agreement dated 01/12/1444H (corresponding to 19/06/2023G) with MBC Group Holdings (BVI) (the former parent company of the Subsidiaries). Under this agreement, MBC Group Holdings (BVI) agreed to transfer all its shares in the Subsidiaries to the Company without consideration (subject to the regulations of certain countries that require a minimum consideration for the effective transfer of shares).

The Group Restructuring was carried out through the transfer of shares in the following companies from MBC Group Holdings (BVI) to the Company:

1- The transfer of one hundred (100) ordinary shares (representing 100% of the share capital) of MBC FZ.
2- The transfer of one hundred (100) ordinary shares (representing 100% of the share capital) of MBC Studios Projects FZ.
3- The transfer of five hundred (500) ordinary shares (representing 100% of the share capital) of MBC Studios FZ.
4- The transfer of fifty ordinary shares (50) (representing 100% of the share capital) of MBC IP FZ.
5- The transfer of two thousand (2,000) ordinary shares (representing 100% of the share capital) of MBI FZ-LLC.
6- The transfer of one hundred (100) ordinary shares (representing 100% of the share capital) of MBC Media FZ-LLC.
7- The transfer of fifty (50) ordinary shares (representing 100% of the share capital) of Platinum Records FZ-LLC.
8- The transfer of one thousand, two hundred and seventy-five (1,275) ordinary shares (representing 51% of the share capital) of Wanasah FZ.
9- The transfer of ten million (10,000,000) ordinary shares (representing 20% of the share capital) of Arabian Contracting Services Company (ACSC).
10- The transfer of twenty (20) ordinary shares (representing 100% of the share capital) of MBC Initiatives LLC.
11- The transfer of five thousand (5,000) ordinary shares (representing 100% of the share capital) of MBC Events LLC.
12- The transfer of one hundred (100) ordinary shares (representing 100% of the share capital) of MBC Media Services (BVI) Limited.
13- The transfer of fifty thousand (50,000) ordinary shares (representing 100% of the share capital) of MBC Ventures Limited (BVI).
14- The transfer of two million, two hundred and forty-four thousand (2,244,000) "Class A" equity shares (representing 51% of the share capital) of O3 Medya Prodüksiyon Hizmetleri Ticaret Anonim Şirketi
15- The transfer of one thousand (1,000) ordinary shares (representing 100% of the capital) of MBC Holdings (Cyprus).

The value of these Subsidiaries was recorded in the Company's financial statements as additional Shareholder contributions based on the book value of those Subsidiaries. Under the share transfer agreement, all shares in the Subsidiaries were transferred to the Company, which became the legal owner of all 35 Subsidiaries upon the completion of the restructuring on 04/12/1444H (corresponding to 22/06/2023G).

On 05/03/1445H (corresponding to 20/09/2023G), the Extraordinary General Assembly of the Company approved the increase of the share capital from five hundred thousand Saudi Riyals (SAR 500,000) to two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000) through the capitalization of two billion, nine hundred and ninety-two million Saudi Riyals (SAR 2,992,000,000) from additional Shareholder contributions, represented by a part of the value of the companies that were transferred under the share transfer agreement according to the Group Restructuring. On 28/04/1445H (corresponding to 12/11/2023G), , the Extraordinary General Assembly approved the increase of the share capital from two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) ordinary cash shares with a nominal value of ten Saudi Riyals (SAR 10) per share to three billion, three hundred and twenty-five million Saudi Riyals (SAR 3,325,000,000) through the issuance of thirty-three million, two hundred and fifty thousand (33,250,000) new ordinary shares (representing 10% of the Company's share capital after the increase) for subscription through an initial public offering.

The following table sets out the Group's key milestones since its launch.

Table (4.4): The Group's historical milestones

Date	Event
1991G	MBC was originally founded in London and was the first privately owned Arabic-language television service offering programs to viewers in the Middle East.
1994G	MBC Radio was launched as the first private radio station in the KSA.
2001G	In order to be closer to its audience, the Group moved its headquarters from London to Dubai.
2002G	The Group began its evolution as a multi-channel network. MBC2 was launched and made available in the Middle East. MBC2 catered to young audiences by offering American and British entertainment programs. Subsequently MBC2 became a 24-hour movie channel.
2007G	The Group started to work on interactive gaming activities, initially with SMS-based competitions tied to TV programs.
2009G	The Group launched Shahid, its first OTT on-demand video streaming platform, as a free advertising-based service.
2012G	The Group expanded its Egyptian operation by launching a dedicated TV channel, MBC MASR. MBC MASR has since become the leading Egyptian FTA channel.
2014G	The Group launched an ad-free subscription version of Shahid with exclusive fresh content and an expanded content library.
2018G	The Group launched MBC Studios to expand its in-house production capacity for high-quality scripted content (drama series and movies).
2019G	The Group expanded its operations into Iraq and Morocco with the launch of MBC Iraq (a TV channel catering to the Iraqi family) and MBC Cinq (a family entertainment channel targeting viewers in Morocco).
2020G	The Group re-launched Shahid SVOD while improving the quality of the content provided.
2021G	The Group set up MBC Media Solutions ("**MMS**"), its in-house commercial and advertising sales arm.
2022G	Shahid's SVOD platform became the leading MENA region subscription-based OTT video streaming platform reaching almost 3 million subscribers.
2022G	The Group relocated its headquarters to Riyadh.
2023G	Incorporation of the Company and completion of the Group Restructuring.

The following table sets out the Group's Material Subsidiaries. Material Subsidiaries are those that contributed 5% or more to the Group's total assets, revenue, equity or profits as at 31 December 2022G (for further details, please refer to Section 12.4 ("**Subsidiaries**") of this Prospectus).

Table (4.5): The Group's Material Subsidiaries

#	Material Subsidiary	Incorporated	Principal activities	Group's ownership interest (as at 2022G)
1.	MBC Media KSA LLC	2021G	The Group's key operating entity in the KSA.	100%
2.	MBC FZ-LLC	2002G	This company conducts the broadcasting and operation of MBC1, MBC2, MBC MAX, MBC4, MBC Drama, MBC Variety as well as the Group's radio channels and the Group's OTT business.	100%
3.	MBC Studios Projects FZLLC	2004G	This subsidiary includes the production of content for MBC Studios including premium content for television and the Group's OTT platform.	100%
4.	MBC Media FZ-LLC	2019G	This subsidiary is an administrative entity which hosts MBC Persia, MBC Iraq and MBC Cinq.	100%
5.	MBC Media Solutions Limited KSA	2019G	This subsidiary includes the Group's sales arm for advertising in the KSA.	60%
6.	MBC Media Solutions FZLLC	2021G	This subsidiary includes the Group's sales arm for global advertising outside the KSA and Egypt.	60%
7.	MBC Media Solutions Egypt LLC	2022G	This subsidiary includes the Group's sales arm for advertising in Egypt.	60%

4.2.3 Key financial and operational figures

The table below sets out the breakdown of the Group's key financial indicators for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G.

Table (4.6): Key Financial Indicators

Key Financial Indicators (SAR '000)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Revenue from contracts with customers[1]	1,786,361	2,048,947	2,353,711	1,205,489	1,355,623
Other operating revenue[2]	531,220	796,526	1,135,023	423,889	534,386
Total revenue	2,317,581	2,845,473	3,488,734	1,629,378	1,890,009
Direct costs	(1,862,005)	(2,128,015)	(2,847,598)	(1,386,187)	(1,441,743)
Gross profit	455,576	717,458	641,136	243,191	448,266
Profit/loss for the year/period	(95,794)	747,565	47,866	(16,453)	51,734
Adjusted EBITDA/(LBITDA) (SAR million)*	(42,247)	91,338	(12,854)	(16,873)	58,783

* Adjusted EBITDA/(EBITDA loss) is defined as net income/loss as per the financial statements, excluding depreciation of property and equipment, amortization of intangible assets, net allowance/(reversal) of expected credit losses, write-off of intangible assets, if any, as well as exchange rate differences related to the translation of foreign operations - net, finance income/(cost) - net, income tax and Zakat, income from loss of business and other elements that affect the comparison.

(1) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties.

(2) Other operating revenue includes the revenue that the Group, in large part from the KSA government, receives to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels dedicated to viewers outside of KSA, content production, gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA.

Source: The Company and the audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the reviewed interim consolidated financial statements for the six-month period ended 30 June 2022G and 2023G.

The table below sets out the breakdown of the Group's key performance indicators for the financial years ended 31 December 2020G, 2021G and 2022G.

Table (4.7): Key Performance Indicators

Key Performance Indicators	For the year ended 31 December		
	2020G	2021G	2022G
Share of linear TV[1] audience in the KSA	42.2%	40.5%	40.0%
AVOD average monthly active users[2] (million)	11.6	10.7	12.0
Number of SVOD subscribers (million)	0.7	1.6	2.5

Source: Company.

(1) Linear TV refers to the traditional television model where audience watches prescheduled content in real-time.

(2) Active users are unique users that visited the Shahid platform (any app or the website).

4.3 Vision and Mission of the Group

4.3.1 Vision

With its heart in the Arab world, the Group is forging a global media group that enriches people's lives through information, interaction and entertainment.

4.3.2 Mission

The Group commits to being the leading multi-platform provider of innovative information and entertainment, produced by professionals performing in a culture of excellence.

4.4 Competitive advantages, strengths and strategy of the Group

4.4.1 The Group's competitive strengths

4.4.1.1 The MENA region, in which the Group principally operates, continues to grow strongly with a comparatively large share of young people

The MENA region, in which the Group principally operates, includes many of the fastest growing economies globally. The population across the MENA region is estimated at over 477 million people and is thus higher than both the population of the United States with an estimated 333 million people, and the combined population of Western European (France, Germany, Italy and the United Kingdom) countries with an estimated 277 million people. The MENA region's population is expected to grow at a CAGR of 1.4% for the five-year period between 2022G and 2027G which is higher than that in the United States and Western Europe during that same period. The demography of the MENA region has a significantly higher percentage of younger people than developed economies such as the United States and Western European countries. The MENA region has a median age of 28 years with 29.8% of the population 14 years old or younger, 40.1% between the ages of 15 and 39, and only 30.1% are 40 years old or older as of 2022G. As such, 69.9% of the MENA population is under 40 years of age. As a result, the Group's online streaming platform Shahid has a large addressable target group of younger people who increasingly watch series, movies and TV shows over the internet rather than on FTA TV. Furthermore, younger people generally show a higher preference for other digital services such as video games and music streaming which the Group has also started to invest in.

The GDP per capita growth outlook for the MENA region, at a CAGR of 2.7% for the five-year period between 2022G and 2027G, is substantially higher than that of the United States, Western Europe and many emerging economies. This estimated growth outlook is in turn expected to drive disposable income and spending power in the MENA region. Based on nominal disposable income per capita, the spending power in the MENA region is expected to increase at a CAGR of 4.7% over the five-year period between 2022G and 2027G. With increased spending power, the Group's potential customers could allocate a larger share of their income to the Group's services such as Shahid, along with the region becoming increasingly more attractive for marketers to spend on advertising.

The overall advertising market in the entertainment and media industries in the MENA region is projected to continue to grow. While TV advertising spending has experienced a period of decline in the MENA region, it began to rebound in 2022G, and is expected to grow at a CAGR of 5.5% between 2023G and 2027G. At the same time, the share of TV in total advertising spending is decreasing, with TV ads representing 15% of total advertising spending in 2020G but only 12% in 2022G. The share of TV in total advertising spending is expected to further decrease to 10% by 2025G and remain at 10% through to 2027G. The AVOD spending is expected to grow rapidly. The AVOD spending in the MENA region was approximately USD 600 million in 2022G and is expected to grow at a CAGR of 15.3% for the period between 2022G and 2027G to an estimated USD 1.22 billion in 2027G.

The appeal for Arabic content is global and the total addressable market outside the MENA region is significant. Worldwide, the total Arab-speaking population is around 300 million, while the Arab-speaking diaspora outside the MENA region is made up of more than 40 million people. The countries with most significant Arab diaspora outside the MENA region are Brazil (12 million), France (6 million), Indonesia (5 million), Argentina (4.5 million), the United States (3.5 million) and Turkey (2.6 million). All these markets are addressable target markets for, in particular, the Group's streaming platform which is already operating globally.

4.4.1.2 The Group has operated in the MENA region for over 30 years and has established itself as the leading regional broadcasting company in the MENA region

The Group has a long operational record spanning 30 years in the MENA region where it reaches over 150 million viewers every week. The Group is the market leader in its home market, the KSA, and other countries in the region including Egypt. The Group also has a very strong brand recognition across the region. For instance, the Group has an over 95% potential household reach in the MENA region. The Group has by far the largest TV audience in the KSA with a share of 40% that it has continuously maintained over the past 10 years, which is more than double that of the nearest competitor. The Group also has a strong position in the UAE where it holds the leading position in the market with a 30% TV audience share in the first half of 2022G. The Group has more recently entered Morocco, where it holds a leading position among non-local channels with 19% TV audience share in the first quarter of 2022G. The Group has become a major player in Iraq where it is also a market leader with a 27% TV audience share in 2022G. Furthermore, during Ramadan 2023G, the Group had 48% market share in Egypt.

Through the Group's long operational record, it has gained substantial market knowledge, long-standing relationships and has built up a workforce with significant expertise and skills. The Group can leverage its position and resources to remain the market leader in the MENA region, and to support future growth. The Group's resilience is evident from its 30 years of successful operations across many countries with different legal, cultural, religious and political rules. The Group has brought premium content to its audience and contributed to the cultural development of the region.

4.4.1.3 The Group has a large offering of high-quality local content

The Group's success is principally related to the quality and breadth of its content offering. The Group, over its many years of operations, has built up an attractive mix of unique content across different categories. The Group's content includes original productions, adaptations of foreign formats, and licensed local and global content from third party producers. Focused on the MENA region, 85% of the Group's content inventory is in Arabic alongside significant content available in other languages including Persian (Farsi) or Turkish as of 2022G. The Group has a record of successful soap opera and drama releases such as the show Rashash, introduced in 2021G, which received a high rating of 7.9/10 on the international peer-to-peer rating platform IMDb. The Group is constantly innovating by adapting relevant foreign formats such as singing contest, The Voice. The success of The Voice drove the Group to launch three spin-off shows. The Group's version of The Voice, hosted by many regional celebrity presenters, ran for eight seasons. The Group also maintains strong relationships with major Hollywood studios to bring the latest global content to the MENA region.

Content is developed by the Group's in-house production team, which also partners with leading international companies. The strength of the in-house production team has in recent years led to an increase of internally commissioned content for the Group. Internally commissioned content accounted for 30% of the Group's total content in 2022G. In-house productions also achieved international acclaim as they received two nominations at the International Emmy Awards in 2021G. The Group's in-house production continued to receive international recognition when it received another nomination at the 2022G International Emmy Awards for its show Top Chef. Further, as a recognition of the quality of the content produced by the Group, Shahid won awards for Best OTT Production in 2022G, 2021G and 2020G, as well as an award for Best Streaming Service in 2021G and nominations in other categories at the BroadcastPro ME Summit Awards. The Group's in-house production has a strong pipeline of projects with more than 25 production projects planned for 2023G.

4.4.1.4 Shahid is the leading subscription-based OTT streaming platform in the MENA region with a strong growth trajectory and increasing revenue generation.

The Group's digital OTT platform, Shahid, is the leading SVOD service in the MENA region. Shahid has a portfolio of exclusive content, most of which is in Arabic. Shahid content includes a significant number of Shahid originals. For more information on Shahid's content, please refer to section 4.4.1.3 ("**The Group has a large offering of high-quality local content**") of this Prospectus. Shahid also offers premium live sports, such as Roshn Saudi League ("**RSL**"), Formula 1, NFL, AFC Champions League and other sporting events. The Group's premium content has resulted in significant subscriber growth in the past few years. The number of subscribers has increased from 0.1 million as at 31/12/2019G to 1.0 million as at 31/12/2020G and to 2.1 million as at 31/12/2021G. The number of subscribers increased further to 2.9 million subscribers as at 31/12/2022G and reached a high of 3.76 million during Ramadan 2023G. One of Shahid's main competitors, Netflix, increased from 0.9 million as at 31 December 2019G to 1.5 million as at 31 December 2020G and to 2.1 million as at 31 December 2021G. The number of Netflix subscribers has remained at 2.2 million as at 31 December in Q1 2023G.

While global streaming competitors have a significantly higher number of subscribers globally, Shahid is the largest streaming platform in the MENA region. The Group's leadership is specifically evident in the KSA, the Gulf region and Egypt. In the MENA region, excluding Iraq [4], Shahid SVOD has the largest market share among competitor OTT platforms with a 23% market share as at 31/12/2022G. Shahid is highly rated by its customers with 28% of persons in the MENA region having voted Shahid as their favorite brand among streaming services, what is the same share as Netflix. In Egypt, Shahid's popularity exceeds that of Netflix as 45% of respondents selected Shahid as their favorite brand, while only 16% chose Netflix. Shahid's market positioning and high customer satisfaction has resulted in a high brand awareness of Shahid in the KSA and Egypt, where 93% of persons recognized the brand. Among competitor digital platforms and streaming services, only YouTube has the same brand awareness, while Netflix stands behind with 91% brand awareness. But Shahid has the highest brand engagement across the MENA region at 39%, followed by Netflix at 33% and Watchit at 25%. Furthermore, the digital entertainment expansion is reinforced by the KSA government initiatives to curb piracy.

With its large market share and high brand recognition, the Group is well positioned to benefit from the digital connectivity growth in the MENA region. The MENA region is undergoing a fast-paced digital transformation with a 29% fixed broadband household penetration rate in 2022G which is forecast to grow further. Similarly, the MENA region is also seeing a rise in smartphone adoption expected to rise from 78% 2022G to 90% by 2030G. As such, OTT subscribers are expected to double in the MENA region from 12.5 million in 2022G to 25.3 million in 2025G and increase further to 35.3 million by 2027G. OTT SVOD revenue in the MENA region is expected to grow at a CAGR of 6.9% for the five-year period between 2022G and 2027G, from USD 1.6 billion in 2022G to an estimated USD 2.3 billion in 2027G [5]. OTT penetration levels are increasing with penetration rates in the MENA region at only 4% in 2022G compared to mature markets such as the United States with penetration rates of 81% in the same year.

In addition to the SVOD platform, the Group also operates its AVOD platform, with a total of 12 million monthly active users in 2022G. Furthermore, as of Ramadan 2023G Shahid AVOD had 22 million monthly active users. The Group's AVOD platform has handled more than 31 million monthly average plays in 2022G. The most monthly active users of the AVOD platform in 2022G were in the KSA and Egypt, where the AVOD platform had 3.57 million and 2.92 million users respectively.

4 Source: Market Report.
5 Source: Market Report.

4.4.1.5 The Group has an experienced management team with a strong track record in the region and employs a significant number of top-tier professionals in the media business

The Group is led by a highly experienced executive management team, which has guided the growth and development of the Group to its current market leading position in the MENA region. The Chief Executive Officer ("**CEO**") Sam Barnett and the Chief Financial Officer ("**CFO**") Hussam Alnouri each have over 20 years of experience within the Group and approximately 30 years of total experience. As the CEO and CFO have been within the Group over two decades, they have extensive knowledge of the industry and the positioning of the Group within the region. They are supported by a strong, international team including Joseph Igoe as Chief Operating Officer ("**COO**"), Stephanie Holden as Chief Strategy and Corporate Development Officer and Omar El Barrage as the Group's General Counsel. Please refer to Section 5.5 ("**Senior Executives**") of this Prospectus for summary biographies of the Senior Executives. In addition, Mr. Waleed bin Ibrahim Al-Ibrahim, the Group's founder, remains the Chairman of the Group and contributes his wealth of knowledge accumulated from over 30 years in the industry and his ties across the region to keep growing and enhance the Group's operations.

As the leading media company in the MENA region, the Group employs a significant number of top-tier professionals in the media business. These professionals contribute to the Group's success as a premier provider of entertainment as well as a top producer of content. In addition, the Group has a significant number of highly experienced technology experts that work on the Group's technology platforms. The technology experts are particularly important for the Group's OTT business as they ensure effectiveness of the user interface which is critical for its customers. The Group spent decades building up its critical workforce and ties to key professionals, which provides a strong base for further growth utilizing the Group's internal resources and market knowledge.

4.4.1.6 The Group's role in contributing to KSA's Vision 2030

The KSA's Vision 2030 has established numerous programs, initiatives and goals across various sectors to develop non-oil sectors with the aim of diversifying the cornerstones of the Kingdom's economy. Several programs and initiatives have been launched to promote culture and the arts, as well as develop traditional and digital media content. This aims to enhance the quality of life and localize cultural and artistic industries through vocational training programs that meet the needs of the labor market. In trying to achieve these objectives, the media and entertainment sector is expected to continue being a focus of KSA's Vision 2030, which in turn provides a strong foundation of the Group's growth in the future.

The Group contributes to the KSA's Vision 2030 through continuous investment in various entertainment and media programs and initiatives in the KSA, including developing talent, content production, gaming, and events management, increased broadcasting of certain TV channels and through the Shahid platform. The Group believes that its media strategy is in line with the KSA's Vision 2030. Accordingly, the Group contributes to the development of the local KSA media and entertainment industry. Furthermore, through its move to the KSA the Group is directly creating new employment opportunities for individuals in the entertainment industry in the KSA.

Moreover, given the Group's capabilities and position in the media sector and the successes it has achieved historically, it has been chosen as a strategic partner of the KSA government for the implementation of media and entertainment projects and initiatives that will develop the media ecosystem in the KSA and the region in accordance with KSA's Vision 2030 (the "**Expansion Projects**"). This is in line with the framework of the Strategic Cooperation Agreement concluded with the government (represented by Istedamah Holding Company). The Expansion Projects include providing sports content on the Group's platforms, operation of certain TV channels, production of high-quality Arabic content to elevate the status of the Arabic language and increasing its regional and global influence. The Expansion Projects also include providing training to Saudi Talent through the establishment of a specialized vocational training academy, leveraging the Group's event management expertise, and developing high quality electronic games. These Expansion Projects allow the Group to contribute to the KSA's Vision 2030 as a leading national company with a regional leadership position, while further aiming to increase its global footprint. In order to fund the costs of the entertainment and media initiatives the Group is implementing, the Group has entered into agreements with the government (represented by Istedamah Holding Company) under the framework of the Strategic Cooperation Agreement to implement such projects (the "**Expansion Project Agreements**") The Group achieved revenues of approximately SAR 2,754 million between 2019G and the six-month period ended 30 June 2023G under the Expansion Project Agreements. Receipt by the Group of the aforementioned amounts is linked to a number of obligations to be fulfilled by the Group, including achieving key performance indicators set forth in the agreements or specific milestones, in addition to adhering to a number of other restrictions and conditions specified in such agreements. The Expansion Project Agreements also include restrictions on the distribution of dividends by the Group and Group Companies without the prior written approval of Istedamah Holding Company as the counterparty to those agreements.

For further details on the risks of this relationship, please refer to Section 2.1.1 ("**Risks related to the Expansion Project Agreements and the extent of the Group's Reliance on the agreements with the KSA government (represented by Istedamah Holding Company)**") of this Prospectus. For further details on how this funding is addressed from an accounting perspective, please refer to Section 6 ("**Management's Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus. For further details on the key provisions of the relevant existing agreements, please refer to Section 12.6.5 ("**Summary of the Agreements Entered into between the Group Companies and Istedamah Holding Company**") of this Prospectus.

4.4.1.7 The Group has a solid business model by combining the cash generative FTA TV business and the high growth OTT streaming businesses

The Group has invested significantly in growing its OTT business to supplement its advertising revenues from free to air broadcasting and from the AVOD OTT service. Overall, in 2022G, the Group's Shahid SVOD revenue already accounted for 13% of the Group's total revenue excluding eliminations, with revenues increasing from SAR 132 million in 2020G to SAR 370 million in 2021G to SAR 508 million in 2022G. The Group's revenue is thus increasingly diversified and as a result more resilient to trends in the advertising market. The advertising-based revenue streams comprised TV advertising revenue of SAR 1,198 million in 2022G, radio advertising revenues of SAR 29 million, social media advertising revenue of SAR 62 million and AVOD revenue of SAR 46 million in 2022G, amounting to a total of SAR 1,336 million as gross advertising revenues.

In addition, the Company generates ad revenues from Al Arabiya, amounting to SAR 78 million. After deducting commissions and volume rebates of SAR 75 million, net advertising revenues amounted SAR 1,339 million in 2022G.

The Group's combination of different business models, namely broadcasting TV and its digital OTT platform Shahid, allows it to create synergies within the Group primarily around shared content. It also leverages the broadcasting business' profit and cash generation to fund its investment in the subscriber growth of the OTT business. Shahid's business model requires substantial investments to further grow its subscriber base. In 2022G, the Group, however, achieved a 13% adjusted EBITDA margin excluding its Shahid platform. The Group believes that the strong revenue growth potential in SVOD can provide the Group with significant adjusted EBITDA contributions from economies of scale, despite Shahid as of 2022G not yet contributing to the overall adjusted EBITDA of the Group.

4.4.1.8 The Group can leverage its position as the leading media group in the MENA region by building up ancillary businesses such as events management and video game development

The Group has developed and invested in various ancillary business segments that leverage its long-standing relationships in the region and its know-how and capabilities. While the Group had ventured into the interactive gaming business in 2007G with a project called Dream Competition and later with the WIZZO gaming platform, it has more recently started large-scale video game production. The Group and the KSA's NEOM city initiative have signed an agreement to jointly establish a high-quality games development studio in the KSA, making it the first studio of its kind in the MENA region. The studio is intended to relocate to NEOM city's media hub and the Group has plans to produce high-production-value games to the worldwide gaming audience.

The Group started its events management operations several years back, with the first large scale events management operation conducted in 2017G in the KSA. The Group has organized events such as the Cirque du Soleil shows in the KSA. Due the Group's size and its complementary business in FTA and content production, the Group's management believes it is ideally suited to operate this ancillary business. The Group also has a music-publishing and music talent-management business under its Platinum Records label and is seeking to expand its music-related activities going forward.

These business segments operate independently from the Group's other segments but are part of a larger multi-dimensional ecosystem within the Group. This ecosystem allows the Group to leverage its content, intellectual property and human capital in one business line to develop another. Furthermore, MBC Academy and MBC Talent have sourced talents from the talent shows aired on the Group's platforms such as The Voice, and Arab Idol and connected young Saudi talent to opportunities in the entertainment, music, and media industries, respectively.

4.4.2 The Group's strategy for further growth and profitability

4.4.2.1 The Group aims to maintain its leading position in advertising on TV and radio and leverage its leading OTT platform to capture advertising that is being shifted to digital platforms

The Group's management aims to maintain its leading position in TV and radio advertising and grow revenues from this segment. The Group runs its advertising business through its sales arm, MBC Media Solutions ("**MMS**"). MMS already has a very strong position in the market but sees significant additional potential from improved pricing and intensified sales efforts, including by using modern ad-sales technology and better audience measurement data. Approximately 700 advertisers from across the KSA, the UAE and Egypt, as well as multinational corporations, place adverts on the Group's media. The Group's management believes that the recently introduced People Meter audience measurement system will drive greater transparency and make TV advertising more attractive for advertisers resulting in more sales and improved, data-driven pricing. The Group aims to realize significant benefits from internalizing sales via MMS and raising the standards of technology and human resources to international levels. The Group has, for instance, implemented a solution that allows it to dynamically insert targeted adverts into live channels seamlessly. The Group aims to optimize the sale of advertising inventory through programmatic sales on technology platforms in addition to sales through its sales team.

The most significant development in the advertising market in recent years has been the shift from advertising spend on linear FTA TV (traditional television model where audience watches prescheduled content in real-time) to advertising on digital media. While the Group continues to invest in its FTA TV business, it has established its AVOD OTT platform to capture the growing proportion of advertising revenue allocated to digital media. The digital advertising market on OTT platforms in the MENA region is expected to increase at a 25% CAGR from 2022G to 2025G. This would allow for further profitable growth in the Group's overall advertising revenues.

4.4.2.2 The Group aims to further grow its OTT subscription revenue and leverage economies of scale to significantly improve the SVOD's EBITDA margins

The Group's Management believes that there is substantial further growth potential in its Shahid SVOD platform which has seen rapid growth from 1.0 million subscribers as at 31 December 2020G to a total of 3.76 million subscribers during Ramadan 2023G. With over 477 million people in the MENA region and a large share of young people as well as an increasing amount of disposable income, the Group believes that Shahid can be grown substantially in the next years. As a result, the Group's strategy focuses on further growing the number of subscribers on its digital platform through acquiring additional market share, marketing Shahid across the region and in particular by adding more highly rated content. To achieve this, the Group plans to continue investing in its own production of high-quality Arabic content. The Group is also targeting markets outside the region with a significant Arab diaspora and large Arabic-speaking populations. For example, the Group's Shahid SVOD platform is available to viewers in the United States, the UK and Canada.

To strengthen customer acquisition, the Group aims to refine the efficiency of its marketing to targeted groups of customers while also organizing social events to increase brand recognition. In the business to business ("**B2B**") sphere, the Group aims to enter into carefully selected partnerships with brands and organizations that have traction with similar target audiences as the Group's. This would allow the Group to achieve maximum synergies in brand recognition and subscriber growth.

To capture viewers in countries with lower spending power, the Group enters into partnership deals with telecommunications providers. Such deals allow the Group to offer mobile-only packages at lower prices to audience in countries with lower purchasing power.

The Group believes that the quality and popularity of Shahid originals and its sports offering will continue to incentivize viewers to subscribe to Shahid. The Group also believes that as content is added to the platform and further local language content is available, the proposition to subscribe to Shahid will be even more attractive for potential customers across the region and to the Arabic speaking population globally. In addition, the Group aims to geographically expand its subscription audience and also provide compatibility of Shahid with all mainstream personal devices.

The Group continues to improve the user experience through new product features on the Shahid platform. Such new product features include offering video content in the highest quality and resolution, 4K and ultra-high-definition ("**Ultra HD**"), which is in line with the standard of leading international digital streaming services. The Group started offering video content in Ultra HD in 2022G for its digital streaming services. During Ramadan 2023G, as many as seven of MBC's most popular Ramadan shows were available in Ultra HD quality. In May 2023G, Shahid broadcasted its first Ultra HD live sports event.

Furthermore, Shahid has a multi-lingual user interface that currently supports Arabic, English and French. All the Shahid content, both streaming and live, supports multi-lingual audio and subtitle tracks. For example, the Al Nassr matches in the RSL are available with commentary in Arabic, English and Portuguese. Shahid has also been strongly focused on improving the latency of its live sports content. Recently implemented technical improvements have allowed the Group to reduce the delay of the service from more than 30 seconds to an average of less than ten seconds across its OTT platforms. This is especially important for live streaming of channels over the Group's OTT platforms. The Group has also introduced autoplaying of episodes and has made Shahid available on PlayStation 4 and PlayStation 5. The Group aims to enable compatibility of Shahid digital platform with all mainstream devices, such as MBC Android TV Box, and Xbox. In addition, the Group plans to introduce payment capabilities on smart TV, app galleries and consoles. This would make Shahid easier to join and would streamline the payment process by allowing customers to make direct payments through the platform. Such payment services include STC Pay, PayPal and Apple Pay.

Shahid is also planning to introduce co-viewing functions as well as a smart download function. Shahid has developed a new sign-up interface that should enhance the user experience and maximize the conversion of subscribers. The Group is also implementing support for short form content to allow a TikTok-like experience within Shahid.

Lastly, the Group, in relation to Shahid, believes that maintaining competitive pricing compared to regional and international competitors is key for promoting its widespread adoption and customer growth. As at the date of this prospectus, Shahid pricing for monthly subscriptions is lower than some of its competitors such as Starzplay and OSN. The Group has the ability to further increase the price for Shahid SVOD in the coming years; however the Group's principal aim is to remain competitive and further build on its leading market position by increasing its subscription revenue through an increase in subscriptions, while increasing its EBITDA from the SVOD business through economies of scale.

4.4.2.3 The Group plans to significantly invest in content production and acquisition to continue its leadership role as a broadcasting and media company in the MENA region

The Group plans to make further investments in its own content productions and aims to continue driving user acquisition and retention through, for example, promoting exclusive Shahid originals. Because of the Group's scale, substantial record as a Group with a focus on the MENA region and its relationships with production companies and the film industry generally, the Group believes it can remain the leading broadcasting and media company in the MENA region.

Having the flexibility of producing its own content, the Group plans to further improve the localization of content in each particular market where it is present. Localized content is more tailored to the preferences and needs of the relevant audience and better resonates with local audiences. The Group also aims to invest in external premium content and is investing in strategic sports rights which it combines into compelling subscription packages that are expected to drive further customer demand. Incorporating local sports content in Shahid SVOD content has increased the number of its subscribers. The Group expects to achieve further long-term subscriber growth by including international sports content. The Group is considering entering into a strategic partnership with Public Investment Fund of Saudi Arabia ("**PIF**") to jointly acquire the Saudi Sports Company, which will allow it to, as a shareholder of SSC have influence over the rights to sports content and to continuously offer sports content. The Group is investing in children-focused and youth-focused content to expand its audience base and establish a connection with the Group's younger audience. The Group continues to explore external partnerships aiming to secure Western content that would complement its core offering. For that purpose, the Group has obtained a large deal for Turkish content and adaptations and is working on introducing anime content on both Shahid and TV channels. The Group believes that making substantial investments in production of various segments of its digital offerings will have an anti-churn effect on its viewers, through which relevant content will encourage the subscribers to remain subscribed to the platform. In addition, the effect of its own production in attracting subscribers for Shahid as well as the Group's TV channels should further increase over time, as the content library of the Group continues to increase.

To provide the most relevant content to its customers, the Group aims to leverage its significant existing market share to gain further insights into its audience. This ability to leverage deeper audience insights would enable the Group to find content that drives the highest demand for streaming and further tailors its offerings to focus on such content or invest in similar content which is likely to keep driving demand. To this end, the Group seeks to use data to inform decision-making, which in turn would ensure the most effective outcomes in relation to the allocation of resources, investment in content and management focus.

4.4.2.4 The Group is further diversifying its business by expanding its events management and gaming activities

The Group has diversified its historically broadcasting-focused business by establishing AVOD and SVOD platforms and by investing in ancillary businesses that leverage its long-standing business operations in the MENA region, know-how and expertise. The Group is expanding and developing new business lines tailored to the growing population of young Saudi citizens and youth in the MENA region. In recent years, the Group developed or invested in more versatile business segments such as gaming, music, and events management. The Group is set to keep expanding each of these business lines by broadening the scope of services provided and expanding its reach. For that reason, the Group plans to enter into strategic partnerships to establish itself in the video games development business.

Besides the individual potential of each of the business segments, the Group also sees potential benefits from the collaboration between its segments. The Group is already profiting from synergies that the diversification of its services has created. It is expected that the individual success of the business lines the Group is developing and expanding will allow the Group to profit from synergies at a greater scale.

As part of the Group's business expansion and development plans, the Company continues to examine opportunities to acquire a number of companies and businesses complementary to its main activities. As at the date of this Prospectus, the Company is currently conducting feasibility studies for potential projects prior to taking any decisions to invest in such companies and businesses. After being listed, the Company will announce any transactions that must be disclosed in accordance with the requirements of the relevant laws and regulations.

4.5 The Group's Principal Activities and Business

4.5.1 Overview

The Group's activities are structured across four segments. The Group's first segment includes its free-to-air TV operations, which are advertising based. The Group's second segment includes the Group's OTT platform - Shahid, which is advertising and subscription based. MBC Studios is the Group's third segment, producing high-quality, scripted content. The fourth segment is a bundle of other businesses that include gaming such as WIZZO platform, music under Platinum Records, events management, the Group's talent development (MBC Academy and MBC Talent), licensing and merchandising and the Group's investments.

The Group's assets outside and inside the KSA

As at the date of this Prospectus, the Group owns several assets located inside and outside the KSA. The book value of the assets that the Group owns and operates valued at SAR 98 million, out of which approximately 90% is located outside the KSA.

The following table shows the Group's assets that are located inside and outside the KSA as well as their location and value:

Table (4.8): Details of the value of the Group's assets held by the Subsidiaries inside and outside the KSA

COMPANY	LOCATION	PRINCIPAL ACTIVITY	BOOK VALUE (SAR '000)
IN THE KSA			
MBC MEDIA KSA	KSA	Production of motion pictures, television programs, television commercials, film editing, radio broadcasting by air, wire, satellite and via the internet, radio activities, television broadcasting, television activities, organizing and managing exhibitions and conferences, managing and developing artistic and entertainment talents, and organizing entertainment events	6,535
MBC STUDIOS PROJECTS KSA	KSA	Production	144
MBC MEDIA SOLUTIONS KSA	KSA	Advertising entities and agencies	1,706
MBC INITIATIVES	KSA	Talent management and development	636
Total asset value in the KSA			**9,020**
OUTSIDE THE KSA			
MBC STUDIOS PROJECTS FZ	UAE	Radio and film production	1,593
MBC MEDIA SOLUTIONS FZ	UAE	Communications, advertising, marketing services, marketing consulting, media and new media support services	3,221
MBC STUDIOS FZ	UAE	Production	300
PLATINUM RECORDS FZ	UAE	Music and entertainment	309
WANASAH FZ	UAE	TV broadcasting	5
MBI FZ	UAE	TV broadcasting	72,652
MIDDLE EAST PRODUCTION COMPANY MBC EGYPT	EGYPT	Program and content production	6,939
AL MIZA CO (EGYPT)	EGYPT	Advertising and publicity	386
MBC MEDIA SOLUTIONS EGYPT	EGYPT	Advertising and publicity agencies and entities	130
MBC MEDIA (CYPRUS)	CYPRUS	Consultancy in IT systems and communications network services	618
MBC GROUP HOLDING HUNGARY	HUNGARY	Provision of services to the parent company	3
MBC JORDAN LLC	JORDAN	Provision of services and consultancy	2,811
MBC LEBANON	LEBANON	Television program production	161
Total asset value outside the KSA			**88,850**
TOTAL ASSET VALUE			**97,871**

Source: Company.

The following table sets out the Group's total revenues per segment for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G:

Table (4.9): Revenue by Business Segment in SAR million

	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Broadcasting[1] Total Revenue	**1,751**	**2,067**	**2,034**	**1,177**	**1,145**
Broadcasting revenue from contracts with customers	1,288	1,453	1,414	843	790
Other broadcasting operating revenue	463	614	621	334	355
OTT[2] Total Revenue	**220**	**449**	**701**	**310**	**511**
OTT revenue from contracts with customers	220	449	701	310	511
Other OTT operating revenues	-	-	-	-	-
Studios[3] Total Revenue	**154**	**182**	**549**	**84**	**264**
Studios revenue from contracts with customers	98	103	124	44	107
Other studio operating revenue	56	79	425	40	157
Other Business[4] Total Revenue	**255**	**453**	**532**	**252**	**212**
Other business revenue from contracts with customers	242	349	443	202	189
Other business operating revenue	12	103	89	50	22
Eliminations	**(63)**	**(306)**	**(328)**	**(193)**	**(242)**
Total Revenue	**2,318**	**2,845**	**3,489**	**1,629**	**1,890**
Total revenue from contracts with customers[5]	1,786	2,049	2,354	1,205	1,356
Total other operating revenue[6]	531	797	1,135	424	534

(1) Broadcasting revenues include revenues generated from advertising from the Group's FTA TV, radio channels and social media as well as a variety of additional non-advertising revenues including revenues from carriage agreements and interactive games for viewers.

(2) OTT revenues include revenues generated from subscriptions for Shahid, Shahid VIP packages, advertising revenue from Shahid AVOD and the revenues earned by the Group from the technical services and broadcast of Saudi Sports Channel predominantly available on Shahid.

(3) Studios revenues include revenues generated from the content produced by MBC Studios.

(4) Other Business revenues include revenues generated from Group's operations in interactivity products, merchandising, new media, mobile apps, events, encryption and artist management.

(5) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties.

(6) Other operating revenue includes the revenue that the Group, in large part from the government, receives to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels dedicated to viewers outside of KSA, content production, gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA.

Source: Company.

The Group has diversified its revenue streams, as it is now an integrated broadcasting, media and entertainment group. The Group invests significantly in premium original content, co-productions of content and purchasing licenses of content.

4.5.2 The Group's Content

4.5.2.1 Content Categories

The Group's content is the basis for its operations in its Broadcasting and OTT segments. The Group's value proposition to its customers relies primarily on providing new, attractive and compelling content on an ongoing basis. Both on its TV channels and on its OTT streaming platform the Group offers a diverse range of content categories which it provides through various channels. The Group held rights to approximately 9,200 titles in 2022G, and 86 of the MBC titles ranked in the top 100 programs in the KSA in 2022G. The Group maximizes the value of its content by airing its content across all its platforms. This means that the Group may air its content on various channels as well as on its OTT segments.

The Group offers scripted and unscripted content, sports content, live content and content on current affairs. The scripted content includes Shahid originals, and content based on novels. The content is provided in the form of series, programs, movies, plays, concerts, podcasts (only available on digital platforms), and documentaries. The Group provides a wide range of content genres which, among others, includes action, biography, business-related content, comedy, crime, documentaries, drama, entertainment, family and children-oriented content, historical content, horror, lifestyle shows, music, current events, reality shows, religion-related content, romance, soap operas, special events, sports, and talk-shows.

The following content categories are of particular importance to the Group:

- **TV Talent and Game Shows (large formats):** The Group produces and airs its versions of popular international shows such as Saudi Idol, Arab Idol, Arabs Got Talent, The Voice, Who Wants to Be a Millionaire, The X Factor, Top Chef and Project Runway. Most of these shows rely on licensing an internationally successful formats, which includes branding and guidelines, from the owners of the intellectual property. The license agreements cover multiple years or "**seasons**". These shows attract large audiences and large amounts of advertising spending.
- **Drama series including "Soap Operas" and Adaptations:** The Group produces and acquires drama content. This genre, which is very popular in the Middle East, includes the dramas aired during Ramadan which are of particular commercial importance for the Group. The Group, together with affiliated suppliers, produces and commissions such series. However, the Group mostly acquires third-party licenses to the series. The most popular shows produced by the Group's MBC Studios include Rashash, Al Thaman, Stiletto, and Al Asouf. The Group licenses and adapts drama scripts that prove successful in other markets such as Latin America. The Group produces and acquires soap operas which are longer-running drama series, typically shot in studio-based sets at lower production cost. The Group has produced the first soap opera in the MENA region The Inheritance.
- **Other international acquisitions:** The Group acquires rights for TV series that target audiences in other countries or regions, such as Korea, India, or Latin America (and historically Turkey). After acquiring these titles, the Group will dub or apply Arabic sub-titles to the content.
- **Western Movies and Series:** Historically, the Group has acquired transmission licenses for Western movies and series primarily from well-known Hollywood studios in the United States which it airs with Arabic subtitles. The commercial importance of the Group's TV channels that air Western content (primarily MBC2) has declined over the course of the last decade. The western content the Group airs includes popular titles such as Marvel movies, James Bond, and Top Gun.
- **Sports:** The Group provides sports content via sports channels that are owned by the Saudi Sports Company ("**SSC**"), as well as over its OTT platform with an additional sports subscription. Such channels are available for viewers on Shahid to purchase as a special package. The Group airs content and produces sports coverage for the Roshn Saudi League, AFC Champions League, AFC Asian Qualifiers and CAF (Confédération Africaine de Football), as well as basketball content such as NFL and SBF (Saudi Arabian Basketball Federation) and other premium sports events such as Formula 1.
- **Anime:** The Group acquires anime content to air on its TV channels and Shahid platform. The Group has recently started its own production of anime content through a joint venture with a specialist firm.

- **Recurring Studio-Based Programs:** The Group produces a variety of recurring studio-based programs such as talk shows, sports discussions, beauty and health features, celebrity news, cooking shows and morning shows. These programs are produced by the Group in its studio facilities in Riyadh, Jeddah, Dubai, Cairo and other locations. Programs are typically hosted by well-known presenters or moderators who may be associated with the program for multiple years.
- **Regional Content:** In certain circumstances, the Group also needs to tailor its content offering to the tastes of regional markets beyond the Gulf region. The Egyptian channels require an additional separate offering of content. The same applies to the Group's channels targeting audiences in Iraq, Iran, and Morocco, however, their respective commercial features and the extent of programming spending by the Group are substantially smaller compared to the Egyptian channels.

The Group produces content in-house, acquires content from third party suppliers, commissions third parties to produce content on its behalf and co-produces content with third parties. When commissioning content, the Group holds the rights for such content. The Group has commissioned as much as 30% of the content it airs. The third party produced content acquired includes Western, Arabic, Indian, and Persian content. The Group airs predominantly Arabic content (as much as 85%) and most of the content the Group produces is in Arabic. The following table shows the total inventory acquired by suppliers for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2023G.

Table (4.10): Total Inventory acquired by suppliers for the Financial Years Ended 31 December 2020G, 2021G, 2022G and the Six-Month Periods Ended 30 June 2023G

SAR million	2020G	2021G	2022G	30 June 2023G
Supplier 1	63	101	101	123
Supplier 2	78	88	109	92
Supplier 3	96	126	126	70
Supplier 4	25	39	71	63
Supplier 5	0	0	0	26
Supplier 6	7	16	24	26
Supplier 7	17	23	25	26
Supplier 8	0	24	44	21
Supplier 9	4	5	30	20
Supplier 10	42	33	25	18
Other	297	470	561	753
Total	**629**	**925**	**1,115**	**1,237**
As a percentage of total software inventory held				
Supplier 1	9.9%	10.9%	9.1%	9.9%
Supplier 2	12.5%	9.5%	9.8%	7.4%
Supplier 3	15.3%	13.6%	11.3%	5.7%
Supplier 4	4.0%	4.2%	6.3%	5.1%
Supplier 5	0.0%	0.0%	0.0%	2.1%
Supplier 6	1.1%	1.7%	2.1%	2.1%
Supplier 7	2.8%	2.5%	2.2%	2.1%
Supplier 8	0.0%	2.6%	4.0%	1.7%
Supplier 9	0.6%	0.5%	2.7%	1.6%
Supplier 10	6.6%	3.6%	2.2%	1.5%
Other	47.2%	50.9%	50.3%	60.9%

4.5.2.2 Strategic Production Categories

The Group make continuous investments in content production to increase the quality of its content offering on an ongoing basis to drive both viewership and subscribers.

In terms of strategy for self-produced content, the Group typically breaks down its productions in the following strategic categories:

- **Flagship Originals:** Rashash (a series about a notorious Saudi gangster), Mouwiya, Qaddafi, and Hariri;
- **Premium Originals:** Room 207, Jareemat Qalb, Boarding School, Mawdou A'eli;
- **Scripted and Unscripted TV Shows and Dramas:** AlThaman, Stilleto and Arous Beirut (popular Turkish dramas, adapted into Arabic), Al Hayba, Sabah il Kheyr Ya Arab and Scoop with Raya and Saudi idol.

The Group is considering the possibility of acquiring a share in SSC. In the event the acquisition is finalized, the Group will hold a 50% stake of SSC in a joint venture with PIF. This investment is a strategic partnership that will allow the Group to secure rights to sports content and to continuously offer sports content. SSC operates diversified sports content through free-to-air channels. The sports content is already provided through SVOD, as a supplementary service available to Shahid SVOD subscribers through an additional sports subscription.

4.5.2.3 Greenlighting Process

The Group has a detailed and comprehensive process to choose projects. When deciding if a project will be developed, the following factors are considered:

- Compatibility of a concept or idea with the Group's or platform's needs and the target audience.
- Compatibility of a concept or idea for different platforms the Group operates.
- Historical data, market trends and predictive analytics that estimate engagement for proposed content.
- Estimated production costs, licensing fees, marketing and distribution expenses and projected revenue streams linked to proposed content.
- Estimated return on investment for the proposed content.
- Tracking of accuracy of forecasted return on investment and comparing results against predicted metrics.

4.5.3 Broadcasting Business Segment (TV, Radio, Supporting Activities)

4.5.3.1 Overview and History

The cornerstone of the Group's business, with respect to the revenue it generates, is its broadcasting business. The Group combines the free-to-air TV business, the Group's radio broadcasting business and various supporting activities such as social media into the Broadcasting segment.

The following table sets out the Group's total revenues per segment for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G:

Table (4.11): Broadcasting Segment Performance per year in SAR million

	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Broadcasting revenue from contracts with customers[1]	1,288	1,453	1,414	843	790
Other broadcasting operating revenue[2]	463	614	621	334	355
Total broadcasting revenue	1,751	2,067	2,034	1,177	1,145
Operating costs	(1,688)	(1,749)	(1,922)	(1,138)	(1,088)
Other income	6	375	188	67	39
Share of results in associates and joint ventures (net)	-	-	-	-	-

	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Gain on financial assets and derivative instruments (net)	-	-	-	-	-
Net finance income/(costs)	-	-	3	(2)	-
Depreciation and amortization	(2)	(2)	(2)	(1)	(1)
Segment results before income tax	**68**	**691**	**301**	**107**	**95**

(1) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties.

(2) Other operating revenue includes the revenue that the Group, in large part from the government, receives to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels dedicated to viewers outside of KSA.

Source: Company.

The Group's first TV channel dates back to the Group's founding in 1991G, when it was transmitting Arabic-language TV service to the MENA region from London. The Group's television network is based on a free-to-air business model with the channels delivered through satellite technology. The TV income stems primarily from advertising spots which are sold on the Group's TV programming, via the Group's in-house ad sales division.

In terms of geography, the KSA and Egypt constitute the largest audience shares with respect to the Group's TV content. Currently, the Group's TV offerings ("**MBC TV**") provide viewers with a mix of locally relevant content, produced by the Group itself (or in conjunction with production partners), along with content acquired from various local and international third parties. Viewers can watch MBC TV content via the Group's network channel or stream content on Shahid. MBC TV reaches viewers across the MENA region and abroad. The Group broadcasts bespoke local channels in Egypt, Iraq and Iran among other areas.

4.5.3.2 MBC TV channel reach

As at 2022G, with its 13 FTA channels, MBC TV maintains a 40% share of the KSA audience.

As at April 2023G, the Group's TV content reaches, on a weekly basis, 92% of satellite households in the GCC countries, 91% of satellite households in Egypt and Sudan, 68% satellite households in Algeria, Libya, Morocco and Tunisia, and 77% satellite households in Jordan, Palestine, Lebanon and Iraq[6]. The Group's flagship channel, MBC1, reaches 66% of satellite households in the GCC countries, 59% of satellite households in the KSA and 49% of satellite households in Egypt.

4.5.3.3 Overview of the Group's various TV channels

The Group provides a multitude of programming types. Below is a summary of the Group's channels.

MBC 1

MBC1, the Group's first FTA TV channel, was launched in 1991G and was the first commercial channel targeting the MENA region, especially countries in the Gulf region. This is the Group's flagship and most popular channel, generating the most revenue. Today, MBC1 is a general entertainment channel offering various programs, including a morning show, sports entertainment, international formats, and primetime original programming (such as talk shows, reality shows, and cooking shows). It also features first runs of Gulf and Pan Arab dramas. The channel continues to be ranked number one for family entertainment in the region. With a strong commitment to local programming, MBC1 hosts a news bulletin as well as hit reality TV shows.

6 According to a study conducted by the Company based on third-party data

MBC MASR and MBC MASR 2

MBC MASR debuted in 2012G and provides viewers with entertainment catered to their diverse concerns and tastes through a selection of programs, dramas, series, movies, and documentaries. The Group launched MBC MASR 2 in 2014G after MBC MASR reached the top-rated position in the Egyptian market. MBC MASR 2 airs various sports and entertainment shows in addition to live coverage of some of the Egyptian league's football matches.

MBC 2

MBC2 debuted in 2002G, and at that time offered a variety of programming. In 2005G, MBC2 was transformed into the first 24-hour FTA movie channel in the MENA region. For twenty years, MBC2 has been the Saudi family's "**home of Blockbuster Hollywood movies**" and the channel, which largely targets the Arabic audience, particularly young adults, is highly popular among Arab viewers. The Group has long-term movie deals with major Hollywood studios and the channel features Hollywood productions and a variety of Western content.

MBC3

MBC3 was launched in 2004G as a children's entertainment channel that provides a mix of educational and entertaining content, including animated shows, educational programs, and popular children's movies. The channel focuses on local productions in Arabic, including entertainment, games, and reality shows, while also continuing its various long-standing international studio deals and partnerships. Some of the main primetime productions of the channel include Eish Safari (a children's adventure program), Tasali Ahla Alam (a live game show hosted by MBC3 presenters), Banat Wa Bass (a young girls' talk show) and Eish Tabkheen ya Dania (a children's cooking show). MBC3 has a deal with Nickelodeon to air its children's shows and programs, which are dubbed into Arabic before being aired. MBC3 airs Nickelodeon shows such as Victorious, iCarly, and Drake & Josh.

MBC Drama

MBC Drama was launched in 2010G as a family entertainment channel dedicated to airing Arabic drama series 24/7. The launch coincided with the Group's 20th anniversary and marked the Group's 10th channel launch. The channel showcases locally-produced shows and also features a variety of top-rated Egyptian and Syrian series.

MBC Action

MBC Action was launched in 2007G to cater to a young Arab audience. The channel airs action movies, dramas, and thrillers, as well as popular sports content such as the Saudi sports talk-show Action Ma' Waleed.

MBC4

MBC4 was launched in 2005G as the Arab world's first channel geared exclusively towards young Arab families, with women's interests at its core. MBC4 prides itself on producing local flagship shows such as Arabs Got Talent as well as popular Turkish dramas and adaptations of soap operas.

MBC Cinq

MBC Cinq launched in 2019G is MBC's North African channel. It is dedicated to family entertainment and was among Morocco's most-watched TV channels in first quarter of 2022G.

MBC Max

MBC Max was launched in 2008G as the Group's second 24-hour movie channel and caters to a younger audience. The channel delivers a family viewing experience and airs Western comedies, action films, dramas, and romantic movies.

MBC Bollywood

MBC Bollywood was launched in 2013G. The channel delivers a fresh approach to Bollywood by offering the region a combination of the newest Bollywood content along with culturally relevant daily drama series and premium celebrity magazine shows from the Indian subcontinent.

MBC Persia

MBC Persia was launched in 2018G. MBC Persia is the Farsi-speaking channel that features exciting family entertainment targeting audiences in Iran and beyond.

MBC Iraq

MBC Iraq was launched in 2019G. MBC Iraq is a premium entertainment television channel, broadcasting a diverse selection of content – including Iraqi and regional productions – that suits the entire Iraqi family.

Table (4.12): Television channels overview

Channel	Year launched	Geographical/Audience focus
MBC1	1991G - General Entertainment Channel	The KSA and GCC countries
MBC2	2002G - Transformed to the first free-to-air movie channel in the MENA region in 2005G	Pan-Arab – younger generation
MBC3	2004G - Kids channel	Pan-Arab – children
MBC4	2005G - Pan Arab Entertainment channel	Pan-Arab – young families and young urban women
MBC Cinq	2019G - Entertainment local channel	Morocco
MBC Action	2007G - Action channel	Pan-Arab with focus on the KSA
MBC Drama	2010G - Arabic drama series channel	The KSA and GCC
MBC Max	2008G – Second free-to-air movie channel	Pan-Arab – younger generation
MBC Bollywood	2013G - High-rated Indian movies and Series	Pan-Arab
MBC Persia	2018G - Family entertainment channel for Farsi-speaking audiences in the Middle East and beyond.	Iran
MBC Iraq	2019G - Entertainment local channel	Iraq
MBC MASR	2012G – Entertainment channels	Egypt and Arabs in general
MBC MASR 2	2014G - Entertainment channels	Egypt

Source: Company.

4.5.3.4 Television Content Production

The Group's TV channels air either in-house productions, content produced by MBC Studios, content commissioned or purchased from third parties or content co-produced with third parties. The Group produces scripted and unscripted content. The non-scripted content includes news and events coverage as well as hit reality TV shows such as Arab Idol and Top Chef. In 2022G, the Group has produced more than 1,700 hours of TV content, 40% of which was produced in the KSA. In 2023G, the Group aims to produce more than 2,400 hours of TV content, 80% of which the Group aims to produce in the KSA. The Group's TV content has, for instance, received a nomination at the 2022G International Emmy Awards for its show Top Chef. The Group has exclusive content production agreements with a multitude of leading local producers, including local Turkish and Lebanese companies.

The Group's TV production, including its projects with third parties, takes place in various locations including Turkey, Jordan, Lebanon, Syria, Egypt, Morocco and the Gulf Cooperation Council countries, which include the KSA, Bahrain, Kuwait, Qatar, Oman and the UAE ("**GCC**"). The Group's own studio productions, meanwhile, take place in locations such as Riyadh, Jeddah, Dubai, Cairo, and Beirut. In such locations, the Group's own production arm creates a variety of content such as talk shows, game shows, sports discussions, beauty and health features, celebrity news, cooking shows and morning shows. In 2022G, the Group produced more than 45 titles and transmitted more than 1,760 episodes and 1,745 hours of content for TV and Shahid.

For more information on content types, please see Section 4.5.2.1 ("**Content Categories**").

4.5.3.5 MBC Masr

The Group's presence in Egypt is of strategic importance due to the fact that Egypt is one of the largest markets in the MENA region with a population of over 110 million. To establish its position as a leading media company (with respect to TV and online streaming) in the MENA region, the Group launched MBC Masr in Egypt during November 2012G. MBC Masr is the Group's second-largest TV channel after MBC1 by revenue as at 2022G. With MBC Masr, the Group extended its strong presence into the Egyptian market. The popularity of MBC Masr has grown significantly since its launch.

The success of MBC Masr encouraged the Group to launch a second channel in Egypt – MBC Masr 2 in 2015G. MBC Masr 2 offers various sports and entertainment shows. MBC Masr 2 is, however, substantially smaller in terms of revenue compared to MBC Masr. During Ramadan 2023G, MBC Masr has reached a 40% audience share in Egypt.

MBC Masr continuously presents premium first run dramas, and entertainment shows including talk shows. During Ramadan, MBC Masr offers exclusive premium dramas and top entertainment shows. In terms of MBC Masr's programming mix, the channel shows both local content from different producers in Egypt and international content. MBC Masr's acquisition team has also established a relationship with producers in Egypt allowing the team to monitor the production process from inception to airing date.

The table below sets out certain key financial metrics of MBC Masr, including financial metrics for MBC Masr and MBC Masr 2, for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G.

Table (4.13): Key Financial Metrics – MBC Masr in SAR million

Key Financial Metrics[1] (SAR million)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Total Revenue [1]	203	281	231	156	108
Total Costs	(205)	(250)	(246)	176	126
Net Results	(2)	32	(16)	21	18

Source: Company.

(1) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers excluding amounts collected on behalf of third parties.

4.5.3.6 MBC Persia, MBC Iraq and MBC Cinq

The Group is broadcasting TV channels tailored to audiences in Iran, Iraq and Morocco with an aim to extend its presence and reach throughout the MENA region. The Group currently holds leading FTA market positions in Iraq and Morocco. The Group has leveraged MBC Persia, MBC Iraq and MBC Cinq as marketing tools for Shahid in the relevant local markets. Local content across the three channels was introduced to recruit new audiences and has ultimately helped to grow the Shahid user base.

MBC Persia is a Persian-language TV channel that broadcasts films in their original language, with Persian subtitles. The channel also airs comedy, action, drama and romance series that are dubbed in Persian. MBC Iraq and MBC Cinq also focus on a broad set of content.

4.5.3.7 Social Media

As part of the Group's efforts to diversify its business and adapt to changes in the media and entertainment industry, the Group has been exploring opportunities on popular social media platforms and continues to monetize its efforts on these platforms. There are two main reasons for the Group's efforts on well-known social media platforms, namely: (i) to promote its own TV and Shahid streaming content over social media to attract more users to its platforms and channels, and (ii) to generate incremental revenue from its content on social media platforms.

On social media platforms, the Group publishes segments of its content that has aired on its TV channels or Shahid as well as "behind-the-scenes" content which includes preparations of presenters or guests for a show or footage of production and staff. The Group uses brand integrations within its content where product placements are shown organically and are paid for by advertisers. Finally, the Group uses sponsored content that is generated specifically for a client.

As of April 2022G, the Group is one of the leading media companies on social media in the MENA region and one of ten most viewed digital media platforms worldwide across broadcast, cable, radio and film platforms. As of 30 June 2023G, the Group has a strong presence on Facebook (approximately 373 million followers), YouTube (approximately 109 million followers), X (formerly Twitter) (approximately 66 million followers), Instagram (approximately 57 million followers) and TikTok (approximately 37 million followers).

4.5.3.8 Radio (FM, Panorama)

The Group has three FM radio stations: MBC FM, Panorama FM and the recently launched Loud FM. MBC FM Radio was launched in 1994G as the first private radio station in the KSA, and it helped shape the concept of radio listening in the KSA. MBC FM Radio continues to be a leading secular radio station in the region and provides a selection of Gulf region music, poetry, and entertainment. MBC FM is available to Saudi and Gulf region communities. As at 2022G, MBC FM and Panorama FM together hold the leading market position in the KSA with 36% of the total radio market share in the KSA.

Panorama FM, the Group's second FM radio station, was launched in 2004G. A pioneer in pan-Arab music, talk shows, and programs, the station continues to maintain its position as the KSA's most popular modern secular radio station. Since it launched in 2004G, Panorama FM has evolved from a radio station broadcasting traditional classical music, news and talk shows with coverage in Saudi Arabia, Bahrain and the city of Baghdad, to a popular channel with modern Arab youth. With a new identity that provides contemporary pan-Arab and Khaleeji music, Panorama FM is well-known as a radio station for the KSA's youth.

In 2023G, the Group launched Loud FM, based in the KSA, which airs Western commercial content tailored for younger audiences in English.

4.5.4 OTT Video Streaming (Shahid)

4.5.4.1 Overview of Shahid

The Group operates a high-growth online video streaming service in the form of an OTT platform. The Group's Shahid SVOD is the MENA region's number one SVOD service as at 2022G based on number of subscribers. As at 31/12/2022G, Shahid SVOD reached 2.9 million monthly subscribers and had 3.76 million subscribers as of the end of Ramadan 2023G.

The following table provides an overview of Shahid's key financial figures for the years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G:

Table (4.14): OTT Segment Performance per year in SAR million

OTT (SAR million)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
OTT revenue from contracts with customers[1]	220	449	701	310	511
Other OTT operating revenue[2]	-	-	-	-	-
Total revenue	220	449	701	310	511
Operating costs	(402)	(753)	(1,013)	(525)	(594)
Other income	-	-	2	-	5
Share of results in associates and joint ventures (net)	-	-	-	-	-
Gain on financial assets and derivative instruments (net)	-	-	-	-	-
Depreciation and amortization	(1)	(5)	(13)	(6)	(8)
Segment results before income tax	**(184)**	**(309)**	**(322)**	**(221)**	**(85)**

(1) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties.

(2) Other operating revenue includes the revenue that the Group, in large part from the government, receives to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels dedicated to viewers outside of KSA, content production, gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA.

Source: Company.

The global TV and media industry has experienced a general transition of media consumption from linear TV channels to OTT platforms. Thus, the Group launched Shahid SVOD in 2014G and invested heavily in Shahid SVOD since 2020G. The Group aims to expand Shahid's subscriber base and its total monthly users. In order to achieve these objectives, the Group aims to (1) expand beyond the Arab world into select emerging markets; (2) grow the AVOD base by attracting an increase in viewers transitioning from traditional linear TV; (3) rely on AVOD growth in emerging markets due to lower purchasing power; and (4) serve audiences outside the MENA region by also providing non-Arab content.

In 2020G, the subscription-based platform Shahid (Shahid SVOD) relaunched with certain technical advancements and expanded access to the platform by, for instance, offering the platform to viewers in the United States and Canada. As at 2022G, Shahid users primarily watched dramas (65%). As at 2022G, Shahid SVOD has approximately 2.9 million paid subscribers, of which 38% were in the KSA, 25% in Egypt, 8% in the UAE, 6 % in Kuwait, 4% in the USA, 3% in Qatar, and the remainder in Morocco (2%), Jordan (2%), the UK (1%), Bahrain (1%) and 10% in other countries.[7] With increased global access to the platform, the Group strives for Shahid SVOD to become known as the world's leading Arabic streaming platform.

As at 2022G, Shahid ranks as a leader in subscribers across most key OTT platforms in the MENA region. Shahid SVOD is a leader in the MENA region with a 23% market share, followed by Netflix and Starz Play Arabia with 18% and 17%, respectively.

The following table provides an overview of Shahid's target focuses (market focus, audience focus and product focus):

Market Focus	Audience Focus	Product Focus
KSA & GCC: grow the core audience for SVOD + cross sell potential bundles	Premium Arabic as the core offering (Premium SVOD shows + MBC content, while exploring niches in anime, Fight sports, Bollywood, etc.	User experience: continuously improve the user journey to drive differentiation and engagement
Egypt: intensify localization of content and service	Young adults: more youth-focused content to penetrate non-TV audience for future growth	Migrating TV to Digital: straightening virtual channels proposition
Morocco: localization of content/service with Mobile-only product to capitalize on low-ARPU potential	Young parents: further strengthening of offerings for children to meet demand for such content	Covering all screens: introducing payments to Smart TVs, app galleries and consoles
International: catering for all Arabic diaspora	Non-Arabic centric Arabs: explore opportunities to be bridge between Arabic and Western content	Commercial offering: potential to white label TV or VOD solutions, Shahid for B2B

Shahid platform technology allows subscribers to personalize their experience, for example by organizing the homepage based on their preferences. In the future, the Group aims to leverage technology to add subtitles in different languages more efficiently.

4.5.4.2 Shahid AVOD

The AVOD version of Shahid was originally launched in 2008G as MBC Shahid Online and was designed to independently provide users with free access to MBC's TV programs at additional times outside the usual TV programming schedules. Specifically, the original Shahid platform had access to archives of the Group's content and allowed users to watch their selected MBC channels at alternate times. In 2009G, Shahid Online was relaunched as Shahid.net and was made available in multiple regions. In 2012G, the Group launched the Shahid application. The application reached the top spot on the App Store for the MENA region within one week. Excluding the international groups such as Alphabet and Meta (previously known as Facebook), Shahid is the leading digital advertising platform in the MENA region. Shahid AVOD has reached 22 million average monthly users as of Ramadan 2023G and has experienced a very strong growth on a year-on-year basis in AVOD plays of twofold (2x) compared to the first three months of 2022G and 2023G.

7 Source: Company.

4.5.4.3 Shahid SVOD

In 2014G the Group launched its SVOD platform "Shahid Plus", which was re-launched in 2020G as Shahid SVOD. Shahid Plus was a subscription-based version of the existing Shahid.net platform that offered ad-free content to subscribers. In 2020G, the Group relaunched it as the technologically improved Shahid SVOD by offering more customer-friendly features. The customer-friendly features include streaming downloads, continue watching, a redesign of the user interface which included English language support and improvement of the overall user experience. The Group also continued to upgrade the platform by introducing an electronic program guide, multilanguage support, subtitles, advertisement and multiple audio features. Since 2022G, the Group has offered content in Ultra HD on the Shahid platform. Shahid is available on mainstream devices such as PlayStation 4 and PlayStation 5. Shahid SVOD is available to users outside of MENA region, for example in the USA, the UK and Canada. The subscription price for Shahid varies across countries. The Group's pricing strategy for Shahid subscription aims to maximize availability and reach.

By the end of Ramadan 2022G, Shahid SVOD had a total of 2.9 million subscribers, marking a 72% year-on-year increase of its total customer base (Ramadan 2021G: 1.7 million). By the end of Ramadan 2023G, Shahid SVOD had a total of 3.76 million subscribers, marking a 29% year-on-year increase of its total customer base compared to 2022G. Shahid SVOD also experienced an increase in content engagement over the years with Shahid SVOD's ten most watched titles during Ramadan in 2023G generating substantially more viewership than in prior years.

In 2023G, the average daily play time during Ramadan had increased by 16 minutes compared to the average play time in 2022G.

The Group aims for Shahid SVOD to remain the number one regional premium video OTT brand with great premium content and delivery of a multitude of exclusive originals series. The Group in particular focuses on its strategy to significantly expand its subscriber numbers by 2025G.

The table below sets out various SVOD platforms market share in the MENA region, the KSA and Egypt as at 2022G.

Table (4.15): Market shares by SVOD service by number of subscribers

SVOD Platform	MENA region(1)	KSA	Egypt
Shahid SVOD	23%	32%	29%
Netflix	18%	20%	19%
StarzPlay	17%	11%	7%
OSN +	6%	11%	5%
iWatch iT	5%	2%	20%
Other platforms	31%	26%	20%

(1) The available data includes the data from the following countries: the KSA, the UAE, Kuwait, Qatar, Bahrain, Oman, Palestine, Jordan, Lebanon, Iraq, Egypt, Sudan, Tunisia, Algeria, Morocco.

Source: Market Report.

4.5.4.4 Key operational data including key subscriber data

The table below sets out the breakdown of the Group's operational data for Shahid AVOD and SVOD by key performance metrics for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G.

Table (4.16): Shahid AVOD and SVOD key operational data

Key Performance Metrics (million)	2020G	2021G	2022G	H1 2022G	H1 2023G
SVOD Subscribers	1.0	2.1	2.9	2.5	3.4
SVOD Monthly Average Active Users*	1.7	4.4	6.0	6.3	7.8
SVOD Monthly Average Plays	52	147	223	241	320
AVOD Monthly Average Active Users*	12	11	12	13	16
AVOD Monthly Average Plays	67	23	31	32	109

* Active users are unique users that visited the Shahid platform (any app or the website).

Source: Company.

Shahid has consistently increased the share of the Group's revenue that is attributable to it. In 2022G, Shahid earned 15% of the Group's total revenue excluding eliminations, which shows a continuous increase from 9% and 13% of the Group's total revenue in 2020G and 2021G and growth at a CAGR of 59% in the period from 2020G to 2022G. In the six-month period ended 30 June 2023G, Shahid earned 18% of the Group's total revenue, excluding eliminations. In the period from 2019G to 2023G, Shahid had an increase of 42% in its effective cost per thousand impressions.

The table below sets out the breakdown of the Group's key financial data for Shahid AVOD and SVOD for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G.

Table (4.17): OTT Key Financial Metrics

Key Financial Metrics (SAR million)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Shahid AVOD revenue	87	45	46	26	60
Shahid SVOD (B2B) revenue	18	51	70	32	36
Shahid SVOD (B2C) revenue	114	318	438	218	297
Total Revenue Shahid	**220**	**415**	**554**	**277**	**394**
Shahid adjusted EBITDA[1]	(183)	(295)	(381)	(216)	(157)
Shahid adjusted EBITDA margin[1]	(83)%	(71)%	(69)%	(78)%	(40)%
Sports revenue[2]	-	34	147	33	117
Total revenue OTT	220	449	701	310	511

(1) Shahid adjusted EBITDA or Shahid adjusted EBITDA margin do not include revenues earned by the Group from the technical services and broadcast of Saudi Sports Channel predominantly available on Shahid.

(2) Sports revenue includes the revenues earned by the Group from the technical services and broadcast of Saudi Sports Channel predominantly available on Shahid.

Source: Company.

4.5.4.5 Content

Shahid provides its users and subscribers with original content as well as licensed content from the Group's media partners. In 2020G, Shahid partnered with Disney, Universal, Lionsgate, Warner Bros., Sony, Paramount, Metro-Goldwyn-Mayer, Fox and Spotify to provide its users with exclusive content. The content available on Shahid includes adaptations of third-party content, high-quality Turkish content, TV soap operas, podcasts, international content from regions like South Korea, Bollywood, and Latin America and more than 45 Free Ad Supported Streaming ("**FAST**") channels that air movies, drama shows, comedy shows, and lifestyle shows including popular series. Shahid offers approximately 224 thousand movies and episodes.

Shahid SVOD offers its subscribers Shahid originals and premium Arabic content that has not yet been aired on TV channels or digital platforms, including Shahid AVOD. Furthermore, Shahid SVOD allows subscribers to watch live streams of all linear MBC TV channels and Rotana TV. Shahid AVOD only offers its users a limited preview of the MBC TV channels, together with content from YouTube creators.

Shahid SVOD also provides premium content as part of additional subscription packages. For example, sports content, including content in Ultra HD, is available to Shahid SVOD subscribers only with an additional sports subscription. The sports content includes premium football content such as RSL, FIFA CLUB World Cup, AFC Champions League, COPA Del Ray, AFC Asian Qualifiers, Campeonato Brasileiro and CAF (Confédération Africaine de Football), as well as basketball content such as NFL and SBF (Saudi Arabian Basketball Federation) and other premium sports events such as Formula 1, Kings Cup and World Wrestling Entertainment. Incorporating local sports content in Shahid SVOD content has increased the number of subscribers. The live sports matches have had as many as 795 thousand concurrent views. The Group aims to drive long-term subscriber growth by adding further international sports content.

General Entertainment Authority ("**GEA**") channels are only available to Shahid SVOD subscribers with an additional subscription. The additional subscription includes access to GEA channels such as Takhayal that broadcasts concerts and entertainment shows from Riyadh. Other major channels available on Shahid SVOD include Saudi Broadcast Channels, channels from French M6 Groupe, the Tunisian channel Nessama, the Algerian channel Samira and the Jordanian channel Roya, as well as channels tailored for children such as Spacetoon and Cartoon Network (Kids channels) and the news channel Euronews.

For more information on content types, see Section 4.5.2.1 ("**Content Categories**").

4.5.4.6 Strategy for Customer Acquisition and Retention

The table below sets out key marketing strategies the Group uses to acquire and retain new customers with respect to Shahid.

Table (4.18): Shahid's Key Market Strategy to Drive Customer Acquisition and Retention

Target	Contributing Factors	Assessment Method
Awareness[1]	• Content • Brand Marketing Campaigns • Public Relations • Events and Activations	• Brand Awareness & Reach
Consideration[2]	• Content • Social Media • Search Engine Optimization and Search Engine Marketing • Pricing • Content Curation • Partner Reach • AVOD	• Platform Visits • Search • Social Engagement
Acquisition[3]	• Content • Payment Channels • Partner Bundles • Performance Marketing • Promotions • User Journey • Device Availability	• Sign-ups • Cost-per-Acquisition • First Watch • Conversion from AVOD to SVOD
Engagement[4]	• Content • Targeted Customer Relationship Management Communication through email, push notifications, etc. • Content Discovery and Content Personalization	• Plays/Hours-per-user • Active Users

Target	Contributing Factors	Assessment Method
Retention[5]	• Content • User Interface • Product Experience • User Retention & Win-back Activities • Customer Support	• Churn rate • Net Promoter Score

(1) Awareness refers to establishing Shahid as the most popular OTT and maintaining this status.
(2) Consideration refers to making Shahid subscription appealing to subscribers.
(3) Acquisition refers to motivating viewers to subscribe for Shahid SVOD.
(4) Engagement refers to making Shahid viewers' habit.
(5) Retention refers to keeping viewers subscribed to Shahid SVOD and making them promoters of Shahid.
Source: Company.

The Group is seeking to expand its B2B strategy in terms of engaging telecommunications operators to penetrate North Africa, targeting hard bundles with mobile only plans. For instance, the Group has offered business to customer ("**B2C**") services in Morocco since November 2021G, with a reach of more than 140,000 paid subscribers. As part of Shahid's strategy to expand into North African markets, Shahid has established live deals in countries such as Morocco, Tunisia, Libya and Sudan. The Group is pitching several new projects and engaging in initial negotiations in these countries, including Algeria.

4.5.4.7 Customer Profile

As at 2022G, 62% of Shahid users rely on mobile devices, through applications or the internet browser (with 56% using Android and 44% using iOS). 16% of Shahid users rely on a desktop and 22% of the users rely on Smart TVs. Shahid users are 51% female and 63% of users are under 35 years old. Additionally, most Shahid users are in the MENA region (with 38% in the KSA, 19% in the rest of GCC, and 25% in Egypt). Approximately 48% of Shahid subscribers are between the ages of 25 and 44, particularly in the KSA and Egypt.

The table below sets out the locations of the Shahid SVOD subscribers for 2022G.

Table (4.19): Shahid SVOD User Profile – Locations

Top 10 Locations	Share of Users
KSA	38%
Egypt	25%
UAE	8%
Kuwait	6%
USA	4%
Qatar	3%
Morocco	2%
Jordan	2%
UK	1%
Bahrain	1%
Other Countries	10%[1]

(1) Other Countries includes various countries where subscribers amount to less than 1%.
Source: Company.

Shahid subscribers in GCC countries amounted to 49% as of the six-month period ended 30 June 2023G, with 31% from the KSA and 18% from the remaining GCC countries. Shahid subscribers in Egypt amounted to 33%, while 9% of subscribers were from outside the MENA region. As of the six-month period ended 30 June 2023G, the number of Shahid AVOD viewers in GCC countries amounted to 45%, with 32% in the KSA and 12% from the remaining GCC countries, while the number of viewers in Egypt reached 21%.

4.5.5 MBC Studios

Historically, most of the content the Group aired was third party produced content for which the Group has acquired rights. In 2018G, the Group established MBC Studios to produce high-quality Arabic content that would be of equal or higher quality than the international content it was airing. To ensure high quality content, MBC Studios partners with accomplished Hollywood writers and directors to advance its productions and to educate local talent. The teams at MBC Studios include international, leading writers such as Gary Ross (The Hunger Games, Ocean's 8) and David Self (Road to Perdition, Thirteen Days). The content produced by MBC Studios is included on MBC channels and on Shahid. The production of high-quality Arabic content with high production budgets and inclusion of international experts is contributing to the development of the media and entertainment industry in the KSA.

The Group's high-quality Arabic content is one of the drivers behind the Group's success as all of its platforms benefit from the content it produces. This is evidenced by the audience's recognition of the shows produced by MBC Studios. One of the most popular drama series produced by the Group is Rashash. Other examples of popular drama series produced by the Group are Al Thaman, Stiletto, Al Asouf and Devil's Promise that won the Best OTT Production at the BroadcastPro ME Summit Awards in 2022G.

Shahid originals produced by MBC Studios are aired on the Group's TV channels which allows the Group to generate additional revenue through advertising. The Group also earns revenue from distributing MBC Studio's productions internationally. The Group has a successful track record of adopting Turkish content for the Arabic market. The Group launched 19 Shahid originals in 2021G, 20 productions 2022G, and 11 in 2023G.

The following table provides an overview of MBC Studios' key financial figures for the years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G:

Table (4.20): MBC Studios Segment Performance

MBC Studios (in SAR million)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Studio revenue from contracts with customers[1]	98	103	124	44	107
Other studio operating revenue[2]	56	79	425	40	157
Total revenue	154	182	549	84	264
Operating costs	(146)	(181)	(550)	(82)	(263)
Other revenue	1	-	1	-	-
Share of results in associates and joint ventures (net)	-	-	-	-	-
Gain on financial assets and derivative instruments (net)	-	-	-	-	-
Finance income/(costs) - net	-	-	-	-	-
Depreciation and amortization	(1)	(1)	(1)	-	(1)
Segment results before income tax	**9**	**1**	**(2)**	**1**	**1**

(1) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties.

(2) Other operating revenue includes the revenue that the Group, in large part from the government, receives to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including content production and gaming.

Source: Company.

The Group continues to invest in and diversify the content it produces. MBC Studios produced the first soap opera in the MENA region – The Inheritance. MBC Studios has started to develop an anime series titled Fist of the North Star with the aim to offer premium Japanese content and introduce new anime themes and concepts. The Group expects to make anime content available on both OTT and TV channels by 2026G. For that reason, the Group is working to create anime content tailored to the MENA region and the culture and community of anime lovers in the MENA region.

Over the years, the Group has increasingly commissioned and owned more of the content distributed across its platforms compared to the content acquired from third parties. In 2020G MBC acquired 83% of its content and commissioned only 17%, while by 2022G MBC acquired 70% of its content and already commissioned 30%.

The table below sets out the ratio of the Group's produced and commissioned content compared to acquired content for the past three financial years.

Table (4.21): Ratio between MBC commissioned content and acquired content

Commissioned Content vs. Acquired Content	2020G	2021G	2022G
Commissioned Content (includes self-produced content)	17%	26%	30%
Acquired Content	83%	74%	70%

Source: Company.

MBC Studios films and produces its programming in various locations, including the KSA, Egypt, the UAE, as well as in other countries. MBC Studios has more than 90 full-time employees that work in production offices in Riyadh, Dubai and Cairo.

The table below sets out the breakdown of MBC Studios' operational data by key performance metric for the financial years ended 31 December 2020G, 2021G and 2022G.

Table (4.22): MBC Studios' key operational data

Key Performance Metric	Financial year ended 31 December		
	2020G	2021G	2022G
Number of titles	5	9	12
Run time (hours)	338	318	380

Source: Company.

The Group has entered into a number of Expansion Project Agreements under the framework of the Strategic Cooperation Agreement with the KSA government (represented by Istedamah Holding Company) in respect of specific projects as part of MBC Studios. Please see Section 4.12 ("**Agreements with the Government (represented by Istedamah Holding Company) for certain projects and initiatives of the Group**") of this Prospectus for further details on the relevant agreements.

4.5.5.1 MBC Studios Partners

MBC Studios partners with third-party production companies or co-investors on certain projects and thereby splits the cost of production with such production companies. The MBC Studios' partnerships with third-party production companies are entered into on a project-by-project basis. Previous partnerships MBC Studios has entered into include Image Nation, twofour54 and Tarzan. Intellectual property rights are ordinarily retained by MBC Studios, and in the event of partnerships or co-investments MBC Studios generally still retains most of the intellectual property rights. For example, in May 2023G, the Group released action film Kandahar starring Gerard Butler as a secret service agent tasked with sabotaging an illicit nuclear energy program. Kandahar was co-produced by MBC Studios, and the Group holds the intellectual property rights.

MBC Studio's strategic partnerships include an exclusive partnership with twofour54 in the UAE for rebate deals (tax incentives). The twofour54 rebate deals have provided MBC Studios with preferential rebate rates compared to standard rates that would typically be applied. The preferential rebate rates will also be provided to MBC Studios for the projects produced in Abu Dhabi. Furthermore, MBC Studios is in discussion with the Ministry of Culture of the KSA regarding the terms and conditions of their additional investment support for the MBC slate of projects produced in the KSA which were completed in June 2023G. MBC Studios is also currently establishing media and production infrastructure in Riyadh through knowledge transfer and capability investments by opening new production offices in 2023G. Additionally, MBC Studios supports and advances the production industry in the KSA through its various projects by engaging and training Saudi talent, creating business for production facilities in the KSA (through local catering companies, production houses and equipment rental companies), while promoting the KSA infrastructure by producing content there. For example, the Group is preparing shooting locations across multiple locations in the KSA including NEOM city (a city being built in Saudi Arabia that will incorporate smart city technologies, attractive architecture, and is also planned as a tourist destination), the walled city Al Ula, coastal city Jeddah, Riyadh as well as in regions in the south.

4.5.6 Group's Other Business

The Group is expanding its other business initiatives that are ancillary to its core TV and OTT businesses. These other businesses include video game development, events organization, and music publishing. The Group also operates talent development and management businesses, as well as the Group's GOBOX services and licensing and merchandising activities. All of these business lines are complementary to the Group's core business and benefit from synergies within the Group. These additional business lines further deepen the Group's engagement with its key audience segments and provide insights in consumer preferences that are useful for the Group's overall business activities.

The following table provides an overview of the Group's Other Business segment key financial figures for the years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G:

Table (4.23): Group's Other Business Segment Performance per year in SAR million

Other Business (in SAR million)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Other business revenue from contracts with customers	242	349	443	202	189
Other business operating revenue	12	103	89	50	22
Total revenue	255	453	532	252	212
Operating costs	(218)	(395)	(446)	(196)	(166)
Other income	35	24	12	4	5
Share of results in associates and joint ventures (net)	(14)	(4)	14	1	22
Gain on financial assets and derivative instruments (net)	-	342	9	61	(5)
Financial income/cost	3	(4)	(5)	nil	(4)
Depreciation and amortization	(52)	(50)	(40)	(20)	(15)
Segment results before income tax	**9**	**366**	**77**	**101**	**48**

(1) Revenue from contracts with customers is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties.

(2) Other operating revenue includes the revenue that the Group, in large part from the government, receives to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA.

Source: Company.

The Group has entered into certain Expansion Project Agreements under the framework of the Strategic Cooperation Agreement with the government (represented by Istedamah Holding Company) in respect of specific projects as part of MBC Studios. Please see Section 4.12 ("**Agreements with the Government (represented by Istedamah Holding Company) for certain projects and initiatives of the Group**") of this Prospectus for further details on the relevant agreements.

4.5.6.1 Game Development

Digital games in their various forms have become a sizeable global industry and provide an alternative to the passive consumption of media content. They are particularly popular with younger men and women in the KSA and across the MENA region, a key target demographic for the Group. The Group is actively expanding its gaming business unit to capture a share of this large and growing market.

The Group started its gaming operations in 2007G, by providing SMS competitions and interactivity products. These products focus on rewarding player interactions with cash prizes by allowing players to participate in a competition by sending an SMS, which is charged at a premium rate. The Group subsequently introduced mobile applications for its competition and interactivity products.

The Group operates WIZZO, a mobile gaming social platform in the MENA region. WIZZO incentivizes players to create profiles, to chat, upload content, download games, and purchase in-app content on its platform. Through WIZZO, the Group is active in game publishing and enters partnerships with leading gaming publishers such as Activision, Garena, Netmarble, and IGG strategic partners. The Group has previously commissioned games based on MBC's content and aims to further identify areas in which MBC content can be used as a foundation for developing games.

More recently, the Group has entered large scale game development. In a joint venture with NEOM Company, in which the Group holds 70% of the shares, the Group is developing a gaming project for PC and consoles, which is laying the foundation for the Group to become a scaled video game developer and publisher focused on original big-budget games. For its first gaming project, the Group is developing an open-world action-adventure game. The Group believes that this will allow it to build a community-first, social publishing organization that can support large-scale, evergreen game franchises.

4.5.6.2 Music

The Group sees the music industry as one that is naturally compatible with its core business. The Group operates Platinum Records, a music label that scouts talent, promotes music careers, and publishes records. Platinum Records has access to a pool of talent across the MENA region through the popular music shows such as The Voice and Arab Idol, which are aired on the Group's platforms. The MBC Talent initiative identifies young Saudi music talents and through this initiative MBC Talent provides another pool of sourcing and developing music talent for Platinum Records. The Group's music business is also connected to the Group's events management business through organizing concerts and events. Aside from Platinum Records, the Group's activities in the music industry include a share in music streaming platform Anghami and the broadcasting of its 24-hour music channel, Wanasah, a joint venture with artist Rashed Al Majed. The Group aims to expand its music label business in the future.

4.5.6.3 Events Management

The Group organizes live events such as concerts, theatricals, various international shows, and exhibitions in the KSA, the UAE and Egypt. Such live events are organized for audiences ranging from 2,000 to 15,000 attendees depending on the venue and type of event. For example, the Group has organized events such as Cirque du Soleil in the KSA. The live events such as theatre plays and concerts the Group manages provide content that the Group can use on its linear and digital assets. In organizing such live events the Group earns revenue from ticket sales and sponsorships as well as from airing content on its channels.

The KSA event management industry is expected to grow from USD 544 million (approximately SAR 2,040 million) in 2022G to USD 867 million (approximately SAR 3,251 million) in 2027G positioning the Kingdom to become the region's primary event destination in line with the KSA's Vision 2030. The rapid growth is driven by the government's support to significantly boost the sector through several investments and initiatives. The Group aims to grow its events management business in the KSA given the growth outlook in the events market. In growing its events management business, the Group aims to offer a range of event- related services ranging from ideation, design, and organizing events to producing and operating events.

4.5.6.4 GOBOX services

The Group has established the GOBOX service that offers users access to all free-to-air channels and provides an option to subscribe to Pay TV packages. GOBOX is positioned as a freemium equivalent for the digital world and targets satellite TV homes primarily in the KSA.

4.5.6.5 Licensing and Merchandising

The Group is active in licensing and merchandising its intellectual property from across its business lines. The licensing and merchandising primarily support the Group's other business lines such as MBC Studios and its merchandise is targeted for children.

4.5.6.6 MBC Academy and MBC Talent

In 2020G, MBC Academy and MBC Talent were launched to focus on fostering Saudi talent in the entertainment industry as part of the Expansion Projects the Group is undertaking under the Expansion Project Agreements concluded with the government (represented by Istedamah Holding Company). MBC Academy aims to discover and develop skills of talented Saudi students and professionals. MBC Academy's goal is to prepare and develop a creative generation to be the best representatives of the KSA in the sectors of production, media and entertainment. MBC Academy has contributed significantly to the promotion of Saudi elements in Pan-Arab programming.

In 2022G, MBC Academy trained more than 18,000 individuals. MBC Academy offers diverse training tailored to identifying and scouting of talent and the development of skills as well as offering scholarships and film fellowships including through the Saudi Film Festival and the Red Sea Film Festival. MBC Academy has initiatives focused on discovering talents which include Creative Nation Roadshow where the Group presents the media sector to young Saudi talents, hosts live sessions to discuss topics related to the media and entertainment industry and provides support to creative clubs, schools, and universities. MBC Academy offers training programs that enhance existing skills specifically through on-the-job training within the Group. It also offers structured educational programs, that include semester-long programs and MBC Academy's Masterclass in a form of virtual training.

MBC Talent is an outreach program to identify, promote, and, through auditions, connect young Saudi talents to opportunities in the entertainment, music, and media industries. During 2022G, MBC Talent auditioned more than 2,000 people and connected more than 1,330 people to jobs. It managed and represented 26 selected talents. In 2023G, MBC Talent aims to significantly increase the number of people in the program and auditions of talents including for actors, presenters, writers, directors, and music artists.

4.5.6.7 Other Investments

The Group has investments in associates and joint ventures. The investments in joint ventures include investments in Wego online travel platform, Angami music streaming platform, Tapmad OTT platform and an investment in Arabian Contracting Services Company.

The investments in associates include the investments in 03 Turkey, Stargate and MBC Game Studio.

The following table provides an overview of the Group's investments in associates and joint ventures for the years as at 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 2023G:

Table (4.24): Group's investments in associates and joint ventures in SAR million

Investment balances (in SAR million)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
03 Turkey[1]	-	-	-	-	-
Stargate[2]	-	-	-	-	-
MBC Game Studio[3]	-	-	47	-	114
Total investment in equity accounted joint ventures	**-**	**-**	**47**	**0**	**114**
Wego	17	15	16	16	16
Tapmad	9	16	14	13	14
ACSC	47	57	903	55	925

Investment balances (in SAR million)	For the year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
Anghami	20	8	-	54	14
Total investment in associates	**92**	**96**	**933**	**138**	**969**
Total	**92**	**96**	**980**	**138**	**1,083**

(1) O3 Turkey Medya Produksiyon Hizmetleri Ticaret A.S ("**O3 Turkey**") joint venture where the Group holds 51% share.

(2) Stargate is a joint venture with Stargate Studios Films Inc. incorporated in United States where the Group holds 50% share. Stargate has no operations.

(3) MBC Initiatives LLC, a fully owned Group Subsidiary holds 70% of shares in MBC Game Studio. The Company contributed SAR 248.5 million to MBC Game Studio from its incorporation as a joint venture until 30 June 2023G. The above table sets out the equity-accounted balance of the investment as of the end of the years/periods shown.

4.5.6.7.1 Wego Online Travel Platform

Wego is an online travel platform in which the Group holds a 10% share. The Group played a significant role in developing the Wego brand across the MENA region. Wego operates a popular digital platform through a digital travel application and website in the MENA region. Wego's business model includes both metasearch and an online travel agency ("**OTA**") and also operates a significant media business. Wego is dual headquartered in Singapore (technology) and Dubai (commercial).

4.5.6.7.2 Anghami Music Streaming Platform

Anghami is a digital entertainment and online music streaming platform in which the Group holds a 14.74% share. Angami offers its users music, podcasts, music videos, and live events. Anghami secures its content via licenses with music labels and independent artists to provide its service. Anghami has a freemium business model which means that subscribers i.e., paying users, gain unlimited access to online streaming content, a streaming experience with no advertising, and the option of unlimited downloads. Non-paying users can access content that includes advertisements, but that access is limited to on-demand online streaming content without the ability to download content.

4.5.6.7.3 Tapmad OTT Platform

Tapmad is an OTT player in Pakistan that has been operating in the OTT market for several years with a focus on subscriptions by users. Tapmad's content includes major Pakistani sports, Tier 1 football, more than 50 live channels and more than 18,000 hours of VOD content. The Group holds a 30% share in Tapmad.

4.5.6.7.4 Arabian Contracting Services Company (ACSC)

The Arabian Contracting Services Company ("**ACSC**") is a Saudi based advertising company focused on outdoor advertising. ACSC is the leader in its market in the KSA. Virtually all of its revenue is generated from advertising with a small share also generated from printing services. The Group holds 20% of ACSC's shares which are listed on Tadawul.

4.5.7 Details on the Group's Advertising Revenue

4.5.7.1 The Group's Advertising Sales Arm MBC Media Solutions (MMS)

The Group generates a significant part of its total revenues through its advertising income. Historically, the Group's advertisement efforts were outsourced to a third party – the Choueiri Group. The Group established MMS (FZ) in 2021G, which in turn established MMS (KSA) and MMS Egypt (collectively, referred to as "**MMS**"). MMS was established to serve as an in-house operation to sell advertising across all of its media assets and platforms (including TV, radio, Shahid and social media). MMS (FZ) is a joint venture in which the Group owns 60%, while the remaining 40% is owned by Saudi Media Advertising Company, a subsidiary of Engineer Holdings Limited. Since the launch of MMS, the Group has relied on the commercial competitiveness of MMS' customer deals, its management process, the integrity and completeness of its revenue data and its implemented sales management framework and system. MMS offers advertising spots across all of the Group's platforms in the KSA, the UAE and Egypt. As of the six-month period ended 30 June 2023G, MMS holds 46% of broadcasting advertising market share, and 10% of the AVOD advertising market share in the MENA region.

MMS aims to (i) reinforce the Group's advertising business across the Gulf region, (ii) enhance its use of technology and (iii) rely on an audience measuring system that provides credible data which customers can turn to for confirmation that their advertisement reaching their target audience.

MMS provides advertisers an opportunity to reach many viewers, listeners and users across various platforms. MMS offers brands a suite of advertising solutions across MBC's premium content and platforms to forge consumer connections and drive business growth. MMS sells advertising spots across the UAE, the KSA and Egypt on all of the Group's platforms. The advertising spots are typically sold "in a bundle", which means that the advertisers purchase advertising spots on various channels in a single contract.

As a result of the incorporation of MMS, the Group has been able to capture additional local Saudi clients—both in the public and private sectors. For example, after deploying MMS (KSA) in the KSA, the Group has expended its portfolio of clients to include the General Entertainment Authority, NEOM Company and the Ministry of Culture, Hungerstation, Al Inma Medical center, Icontent, Qasar Al Masaken, Nice One, Shgardi, etc. In the UAE, MMS (FZ) clients include the Expo 2020G, the Bahrain Ministry of Tourism, Kellogg's, Supreme Community, Dolce & Gabana, Al Tunkaya and TikTok, etc.

In recent years, a trend towards the use of digital marketing alternatives has emerged. This trend comes in response to consumers' increased reliance on digital content for entertainment and the industry shift away from traditional TV. The Group has adapted to this trend by increasing its focus on Shahid and its social media activities. As of 2022G, a large majority of the digital advertising spending is contracted with international companies such as Google, Facebook and TikTok.

In terms of advertising revenue management, MMS (KSA) creates viewership-based rate cards that include sized-up audiences based on the most accurate viewership data. MMS (KSA) systematically shares these updated rate cards on its website where customers can easily access them. Furthermore, MMS (KSA) collaborates with Media Ratings Company ("**MRC**"), the operator of the Saudi People Meter. MMS (KSA) will support People Meter by selling campaigns referenced to its data rather than the existing IPSOS data. For further details, please refer to Section 4.5.7.2 ("**People Meter Audience Measurement System**") of this Prospectus.

The Group has benefited from the sale of advertisement across all of its platforms, TV, radio, social media platforms and OTT. In the GCC countries, the average price per advertising spot on TV has increased by 55% from 2020G to 2021G, and average revenue per broadcasting advertisement increased by 33% CAGR from 2020G to 2023G.

The table below sets out the Group's advertising revenue from its various platforms for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G.

Table (4.25): Group's publicity and advertising revenue from its various platforms for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 2023G

SAR million	Financial year ended 31 December			For the six-month period ended 30 June	
	2020G	2021G	2022G	H1 2022G	H1 2023G
TV	1,166	1,284	1,192	764	690
Radio	30	38	29	13	13
OTT	87	45	46	26	60
Social media	21	44	62	26	27
Total	**1,305**	**1,411**	**1,330**	**829**	**791**

Source: Company.

Prominent corporations rely on the Group and use its advertising services to reach their target audience. The Group's key advertisers include Procter and Gamble, General Entertainment Authority, Unilever, Ferrero, GlaxoSmithKline, Saudi Telecom Company, Mars, Roshn Real Estate Company, Al Marai Dairy Company, Hungerstation, Emirates and Nestle. The Group's key advertising agencies include Omnicom Media Group, Publicis, MCN, Group M and Dentsu & Havas. In 2022G, the Group continued to expand its client base by including new clients such as Emirates Group, the KSA Ministry of Culture, General Authority Of Statistics – Gstaad, Dolce & Gabbana S.R.L, the KSA Ministry of Industry and Mineral Resources, and Jeddah Season. The following table shows the Group's publicity and advertising revenue by customer (agency) for the financial years ended 31 December 2020G, 2021G, 2022G and the six-month period ended 30 June 2022G and 2023G.

Table (4.26): The Group's Publicity and Advertising Revenue by Customer (Agency) for the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Six-Month Periods Ended 30 June 2022G and 2023G

SAR million	2020G	2021G	2022G	30 June 2022G	30 June 2023G
Agent 1	N/A	285	282	151	132
Agent 2	N/A	157	209	103	115
Agent 3	N/A	160	151	85	97
Agent 4	N/A	214	133	75	52
Other agencies	N/A	332	295	214	214
As a percentage of total publicity and advertising revenue*					
Agent 1	N/A	20.5%	21.2%	18.4%	18.3%
Agent 2	N/A	11.3%	15.7%	12.6%	15.9%
Agent 3	N/A	11.5%	11.3%	10.3%	13.4%
Agent 4	N/A	15.4%	10.0%	9.2%	7.2%
Other agencies	N/A	23.9%	22.2%	26.1%	29.7%

*Direct customers were factored into these percentages. Accordingly, the percentages in the above table do not total 100%.

Source: Company.

As at 2022G, MMS contracts with approximately 700 advertisers across the KSA, the UAE, Egypt and additional clients from other countries. The largest accounts in the client portfolio of MMS (KSA) include General Entertainment Authority, Unilever, P&G, STC, GSK, Ferrero, Saudi Tourism Authority. In 2022G, the majority of MMS (KSA) clients were from the consumer goods sector (49%), followed by media and advertising (16%), technology and electronics (16%), and property and infrastructure (5%).

4.5.7.2 People Meter Audience Measurement System

The audience measurement system People Meter, set up in the KSA with the support of the Group, is operated by MRC. The People Meter audience measurement system was developed by Nielsen.

The People Meter system collects and stores data on viewing habits of the general TV audience. MRC currently only collects viewership data within the KSA where it is implemented in 2,400 households. The data is collected through a digital streaming meter and a measurement box installed within a given household. For People Meter to collect data, individuals must manually select who is in the room watching the content. People Meter collects the data in relation to which household member is using which device. As a result, People Meter can accumulate data that is then used to better target advertisements. The data collected by the People Meter is audited by 3M3A, an organization supervised by a technical committee of key industry stakeholders.

The Group benefits from the data from MRC. This data provides the Group with information that allows it to tailor advertisements for a particular target audience and adopt a data-driven approach to optimize pricing.

4.5.8 Distribution Revenue

The Group has entered into carriage arrangements for its TV channels and for Shahid with pay-TV operators and telecommunications providers in the region and internationally. In 2022G, the Group generated a small portion of its overall revenues from its distribution activity (SAR 103 million). Under the agreements the Group enters into, the contract partners pay the Group to bundle the Shahid online streaming service or the MBC TV channels with their own offerings. The Group's traditional distribution partners include Ziggo, AzamTV, Orange, Vodafone, and the BBC. The Group's digital distribution partners include molotov, stc, Roku, Jawwy, Samsung and firetv. The Group also distributes individual programs such as Gharabeeb Soud S1, Carlos Ghosn, Beirut Bride and Rashash to Netflix, Amazon, globoplay, tapmad, tubi, amedia, zacu and other broadcasters and streaming platforms.

In addition, the Group hosts a TV shopping business on certain time slots on its TV channels and receives a fee in exchange. The Group has agreements with Intigral/STC, Etisalat for UAE, Morocco Telecom as well as Ooredoo for Qatar. In addition, the Group's international distribution contracts include agreements with telecom operators in Europe such as Free, Orange, SFR, Bouygues telecom, Vodafone, Ziggo and Dish network in the United States.

As for different countries across the MENA region, the Group has entered various partnerships with telecommunication service providers:

- In Morocco, the Group has direct carrier billing ("**DCB**") telecommunication payments partnerships with Maroctel, Orange and Inwi. DCB allows users to make online purchases directly while charging their mobile phone bill or using prepaid credit. Smaller, short-term paid VIP voucher deals and discounted DCB offers for VIP Mobile existed in the past. There are currently no long-term hard bundle deals in Morocco.
- In Tunisia, similar to the situation in Morocco, the Group has DCB partnerships with Ooredoo, and Orange. Currently only smaller, short-term voucher and discounted DCB offers are available for VIP Mobile.
- In Libya, the Group has entered a DCB partnership with Libyana. Only one voucher deal was offered in early 2022G.
- In Sudan, a hard bundle partnership with Sudani Sudatel/Espresso Group with a 12-month commitment and a 3-to-6-month first mover exclusivity focusing primarily on the VIP Mobile plan was launched in October 2022G.
- In Egypt, Vodafone EG is Shahid's largest B2B partnership in terms of subscribers and subscribers' commitments, with a guarantee from the Ministry of Finance. The exclusive telecom partnership with Egypt was extended to cover all of 2023G and 2024G for hard bundles for mobile and DSL plans (1 year), as well as for telecommunication e-wallets. Shahid's first partnership with Vodafone started in March 2020G.
- In Algeria, the Group aims to enter into further telecom partnerships in 2023G.

The table below sets out the Group's Distribution revenue stream for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month periods ended 30 June 2022G and 30 June 2023G.

Table (4.27): Distribution Revenue (in SAR million)

Distribution – Total Revenue	2020G	2021G	2022G	H1 2022G	H1 2023G
Total Revenue	**68**	**93**	**103**	**42**	**49**

4.6 Material Subsidiaries

The Group's Material Subsidiaries are as follows:

- MBC Media KSA LLC (KSA)
- MBC FZ (UAE)
- MBC Studios Projects FZ (UAE)
- MBC Media FZ (UAE)
- MBC Media Solutions Limited KSA (KSA)
- MBC Media Solutions FZ (UAE)
- MBC Media Solutions Egypt (Egypt)

For more information on the Group's Material Subsidiaries, please refer to Section 12.4 ("**Subsidiaries**") of the Prospectus.

4.6.1 Organizational Chart – Material Subsidiaries

For an overview of the material subsidiaries within the Group's organization structure, please refer to Section 4.2.1 ("**Group Structure**") of the Prospectus.

4.6.2 Material Subsidiaries

Material Subsidiaries are those that contributed to 5% or more of the Group's total assets, revenue, equity or profits as at 31 December 2022G.

The following table sets out the overview of the Group's Material Subsidiaries.

Table (4.28): The Group's Material Subsidiaries

Material Subsidiary	Incorporated	Principal activities	Registered seat	Asset value (SAR million)	Contribution to the Group's revenue/ income*/ assets	Group's actual ownership interest (as at 30 June 2023G)
MBC Media KSA LLC	04/08/2021G	The Group's operating arm in the KSA.	KSA	188.7	1.47% / 0.43% / 2.86%	100%
MBC FZ -LLC	28/01/2002G	This subsidiary includes the broadcasting and operation of MBC1, MBC2, MBC MAX, MBC4, MBC Drama, MBC Variety as well as the Group's radio channels and the Group's OTT business.	Dubai, UAE	3,451.60	31.38% / 5.8% / 42.17%	100%
MBC Studios Projects FZLLC	09/09/2004G	This subsidiary includes the production of content for the MBC Studios segment including premium content for television and the Group's OTT platform.	Dubai, UAE	1,363.60	13% / 4.02% / 11.88%	100%
MBC Media FZ-LLC	04/08/2019G	This subsidiary is an administrative entity which hosts MBC Persia, MBC Iraq and MBC Cinq.	Dubai, UAE	72.8	12.51%/ 0/ 1.15%	100%
MBC Media Solutions Limited KSA	18/03/2019G	Hosts the Group's sales arm for advertising in the KSA.	KSA	343.7	17.76%/ 33.49%/ 5.31%	60%
MBC Media Solutions FZLLC	25/01/2021G	Hosts the Group's sales arm for global advertising outside the KSA and Egypt.	Dubai, UAE	230.4	14.42% / 16.32% / 3.63%	60%
MBC Media Solutions Egypt LLC	13/03/2022G	Hosts the Group's sales arm for advertising in Egypt.	Egypt	82.3	2.38%/ 0.06% / 1.30%	60%
Al Miza for Promotion and Advertising	27/03/2019G	Hosts the Group's sales arm for advertising in Egypt.	Egypt	64.0	3.81% / 5.76% / 1.01%	60%

* Net income.

4.6.3 The Group's Subsidiaries

For an overview of the structure of the Group, please refer to Section 4.2.1 ("**Group Structure**") and Section 4.5.6 ("**Group's Other Business**") of this Prospectus, as well as Section 12.5 ("**Subsidiaries**") which details all the material and non-material Subsidiaries.

4.7 Material Agreements

For more information on the Material Agreements, please refer to Section 12.6 ("**Material Agreements**") of this Prospectus.

4.8 Overview of the Group's IT Infrastructure

The Group's operations are highly reliant on information technology. Cybersecurity and a reliable IT infrastructure are key factors for the Group's continued operations and commercial success, in particular due to the Group's growth strategy in relation to Shahid. As a result, the Group's IT strategy is closely intertwined with its corporate strategy.

IT plays a major role as an enabling factor for the organization. The Group's IT division has adopted technologies and best practices to contribute to the Group's success. As part of this move to adopt the required technologies for growth and business operations, the Group has invested heavily in IT, especially in IT reliability and customer service delivery. As a result, the Group's IT systems have not experienced any significant interruptions in their availability in the past five years and the Group believes it has significant IT capacity to support the future growth of its business. In addition, the Group's IT systems have also proven to be resilient and scalable, successfully handling a significant increase in demand through its online streaming services in recent years.

The Group's IT division (i) maintains the Group's IT systems, (ii) manages the OTT platform which includes maintaining related digital products, websites and mobile applications, (iii) manages the Group's Al Arabiya websites and mobile applications and (iv) manages the deployment of the enterprise resource planning software Oracle Fusion. As at 2022G, the Group's IT division includes 67 engineers and IT architects which support the Group's overall business operations across 21 locations. The Group's IT division consists of six departments.

- The Media Asset Business Management department supports the central media life cycles including ingest, transcode, quality control, archiving, traffic management, planning, scheduling, contracts and sales.
- The Network Operations Center provides initial help-desk support to the entire Group covering more than 6,000 applications, in addition to proactive monitoring of the technical infrastructures in place.
- The Networks & Telephony department manages 700 network appliances, around 60,000 IP addresses and a global network.
- The Cyber Security & Security Operations Center protects the Group's assets, supervising information security operations and completing continuous penetration testing.
- The Web Development & Business Intelligence department automates manual processes and creates internal enterprise resource planning platforms as well as real-time dashboards.
- The Systems & Cloud Infrastructure department administers the backend data center infrastructure (i.e., storage, virtualization) with thousands of resources and servers on premises in 25 global locations, and on several public clouds.

The Group's information technology to a large extent depends on cloud computing infrastructure. As at 2022G, more than 90% of the IT infrastructure of the Group (including Shahid) has been shifted to public cloud hyperscalers, with a plan to increase this percentage further in the future. The shift allows the Group to reduce its expenditures on IT systems, while increasing overall efficiency and reliability. For example, the Group's Enterprise Resource Planning system, Cataneo Mydas Sales Management system and MediaGenix WhatsOn Traffic Management system all rely on the Oracle Cloud Infrastructure. The Group uses Microsoft Dynamics 365 for its sales pipelines and Microsoft Office365 for workplace functions (email, file storage, telephony, collaboration, endpoint security), which both rely on Microsoft Azure cloud technology. The Group's Shahid video on demand services (AVOD, SVOD and FAST) and MBC websites (mbc.net and mbc3.net) rely on Amazon Web Services ("**AWS**"). The Group's Shahid customer relationship management system relies on Salesforce's Experience Cloud.

The Group's top ten IT contracts by importance as at 2022G include the below:

Table (4.29): Top ten IT contracts by Group reliance

Ranking	Vendor	Function
1	Amazon Web Services	Public cloud for Shahid on demand
2	Microsoft	Microsoft Azure & Office365 Clouds
3	du	Internet Service Provider in UAE
4	MEDIAGENIX	Traffic, Scheduling & Planning Management for TV & VOD
5	Oracle	Oracle Enterprise Resource Planning
6	GO	Internet Service Provider in KSA
7	Mediacast	Adobe Licenses
8	Etisalat	Internet Service Provider in UAE
9	Spectra Logic	Media Tape Library
10	Cisco	Network Hardware

The Group has completed various projects in 2022G including:

- an upgrade to Dalet MAM; and
- the deployment of the continuously operating "Breach and Attack Simulation" security platform.

Projects in 2023G which have not yet been completed include:

- Shahid's migration to MediaGenix WhatsOn;
- the cloud migration of IT backoffice and media asset management archive library and servers to Microsoft Azure;
- the Al Narjis production complex; and
- deploying the Dalet Flex cloud-based media asset management for Shahid and the KSA.

The Group relies on customized code as the Shahid technology platform comprises in-house development with several partners. For example, the subscriber management system includes several customizations of applications offered by Evergent, Checkout.com, ApplePay and GooglePlay. The Group's content management system includes a customization of the Magnolia platform, and the Group's media-related platforms include the customization of AWS and Insys Video Technologies.

The Group's cybersecurity ensures the confidentiality, integrity, and availability of the Group's information, data, and IT services. The Group focuses on designing, implementing, monitoring and maintaining a robust information security program to enhance its contribution to business and overall information security in line with business needs and in compliance with applicable regulations. Major cybersecurity accomplishments include building a 24/7 security operations center team, while training new team engineers to fully handle incidents and alerts. The Group also onboarded critical systems from Shahid to the corporate cloud application security gateway for a 360-view in terms of security and identity. The Group established a cloud web application firewall with advanced distributed denial of service protection capabilities. The Group also established a "Third-Party Vendor Risk Assessment" questionnaire in accordance with the requirements of the European GDPR Regulation with respect to a transfer impact analysis.

4.9 Intellectual Property

The Group's intellectual property principally includes its commissioned and produced content as well as intellectual property connected to the Group's IT systems. For more information on the Group's content, please refer to Section 12.11 ("**Intellectual Property and Intangible Assets Owned by the Group**"). The Group has registered its intellectual property in relevant jurisdictions, and regularly monitors and renews the protection. For more information on the Group's intellectual property right, please refer to Section 12.11 ("**Intellectual Property and Intangible Assets Owned by the Group**") of this Prospectus.

4.10 Regulatory Environment

The media and entertainment industry are regulated industries. The Group must abide by the regulations of each jurisdiction it operates in.

4.11 Government Enablers

The Group contributes to the KSA Vision 2030 through continuous investment in various entertainment and media programs and initiatives in the KSA, including talent development, content production, gaming, events management and increased broadcasting of TV and streaming through the Shahid platform. The Group believes that its media strategy is in line with the KSA Vision 2030. Accordingly, the Group contributes to the development of the media and entertainment sector in the KSA. Furthermore, by relocating to the KSA, the Group will create new employment opportunities for individuals in the entertainment and media sector in the KSA. The Group has been awarded, among other private sector participants, several enablers in relation to Saudi taxes and governmental fees applicable to the Group in return for certain commitments made by the Company to develop the local media ecosystem in the KSA, find and develop local talents and attract investments in the sector.

The KSA government agreed to grant the Group these enablers for 20 years in return for the Company's commitment to its obligations. Please refer to Section 12.6 ("**Material Agreements**") of this Prospectus for a summary of the framework agreement governing this arrangement. The government also agreed to grant the Group certain incentives for the purposes of facilitating the Group's operations and its relocation to the KSA, which include accelerating and facilitating government procedures related to licensing, customs, visa issuance and exemptions from Saudization requirements. It is difficult to accurately determine the financial effects of these enablers, considering they relate to taxes, fees and other future costs and other factors that are difficult to foresee. Additionally, the financial effect of the enablers depends on the method of application from a practical perspective, which is subject to additional discussions with the relevant parties. It should be noted that the primary objective of these enablers is to limit increases in expenses applicable to the Group's business in consideration of the level of expenses applicable to payment of taxes and other governmental fees, which the Group used to incur prior to relocating to the Kingdom. Please also see Section 2.2.8 ("**Risks related to enablers granted by the government to the Group**") of this Prospectus for the risks associated with this arrangement.

4.12 Agreements with the Government (represented by Istedamah Holding Company) for certain projects and initiatives of the Group

The Group believes its media strategy is in line with the KSA's Vision 2030 which has established numerous programs, initiatives and targets for various sectors, in order to develop the non-oil sectors to diversify the cornerstones of the economy in the KSA. The Group contributes to the KSA's Vision 2030 through continuous investment in various entertainment and media initiatives in the KSA including developing talent, content production, development of e-games, events management, with an interest in expanding the scope of TV broadcast viewership through certain channels, and through Shahid, as well as by creating new employment opportunities for individuals in the media and entertainment industries in the KSA through its move to the KSA. See Section 4.4.1.6 ("**The Group's role in contributing to KSA's Vision 2030**") of this Prospectus for further details.

The Group entered into various agreements with the KSA government (represented by Istedamah Holding Company) under the framework of the Strategic Framework Cooperation Agreement. As a result of these agreements, the Group receives funding to implement a number of the Expansion Projects which contribute to the overall KSA vision to build up the media sector in the KSA, while further helping the Group to increase its global footprint. The government has agreed to allocate certain amounts for the costs of implementation of these projects and initiatives. In its statement of comprehensive income, the Group recognized funding of approximately SAR 2,803 million between 2019G and the six-month period ended 30 June 2023G from such Expansion Project Agreements. Receipt by the Group of the relevant amounts is linked to pre-agreed key performance indicators ("**KPIs**") that must be satisfied, and other agreed conditions. The Group has been able to achieve such KPIs. In addition, content produced because of the Expansion Projects is ultimately owned by the Group and can be watched and streamed through its platforms, which can increase the Group's profitability in the future.

The relevant agreements focus on content production, MBC Academy and training initiatives, the Group's gaming initiative, as well as the creation and operation of certain channels, and other initiatives the Group is developing including sports content and events management. The government is also covering certain costs and expenses for the relocation of the Group's operations to the KSA. Please see Section 12.6.5 ("**Summary of the Agreements entered into between the Group Companies and Istedamah Holding Company**") of this Prospectus for further details on these agreements.

The table below sets out the summary breakdown of funding the Group received from the government (represented by Istedamah Holding Company) under the Expansion Project Agreements in the period between 2019G and the six-month period ended 30 June 2023G.

Table (4.30): Funding the Group received from the government (represented by Istedamah Holding Company), as recognised by the Group in its statement of comprehensive income for the period between 2019G and the six-month period ended 30 June 2023G

Other Operating Revenue (SAR million)	Financial year ended 31 December				Six-month period ended 30 June		Total (2019G-H1 2023G)
	2019G	2020G	2021G	2022G	2022G	2023G	
TV channels initiatives and MBC Academy initiatives	334	363	437	430	250	299	1,862
Production related initiatives	23	56	79	425	40	157	741
Support for game development and other initiatives	-	-	83	59	37	10	151
Relocation of the Company's headquarters*	-	-	-	21	-	27	48
Total	**357**	**419**	**599**	**935**	**327**	**494**	**2,803**

* Recognized in the Company's financial statements as a deduction from related expenses, not as Group revenue.

Source: The Company

4.12.1 Project Agreements in relation to broadcasting

The Group's TV channels initiatives and MBC Academy initiatives received funding of approximately SAR 1,862 million from the government (represented by Istedamah Holding Company) between 2019G and the six-month period ended 30 June 2023G. The Group has entered into Expansion Project Agreements with Istedamah Holding Company to operate MBC Academy and MBC Talent which develop professionals with skill sets relevant for the entertainment industry in the KSA as well as for the production and operation of certain channels, which are aimed to help the Group expand its operations regionally and globally. While some of these channels may not generate direct commercially feasible return, they would allow the Group to expand its reach and to establish a footprint across the region in countries that are not currently a part of the Group's core revenue sources and to recruit new audiences and ultimately help grow Shahid's subscribers and user base. Further, the amounts paid by the government (represented by Istedamah Holding Company) for these projects cover the costs for producing local content tailored for such channels and the countries where they are broadcast.

In addition to the amounts received for TV channels initiatives and MBC Academy initiatives, the Group received approximately SAR 632 million for funding of broadcasting rights between 2019G and the six-month period ended 30 June 2023G. Please see Section 12.6.5 ("**Summary of the Agreements entered into between the Group Companies and Istedamah**") of this Prospectus for a summary of the agreements with Istedamah.

4.12.2 Project Agreements in relation to production initiatives

Between 2019G and the six-month period ended 30 June 2023G, the Group recognized revenues from funding of approximately SAR 741 million from the government (represented by Istedamah Holding Company) specifically earmarked for projects in relation to creating high-quality premium content with a KSA or regional focus which is in line with the KSA's Vision 2030. The Group's ultimate ownership of such productions will contribute to its future profitability, in consideration for its commitments to the government to develop local production and Saudi talent. There are further projects that are planned to be funded by the government in the coming years under several tranches of amounts for specific projects. For more information on the amounts to be received in the next years, please see Section 12.6.5 ("**Summary of the Agreements entered into between the Group Companies and Istedamah Holding Company**") of this Prospectus for a summary of the agreements with Istedamah.

4.12.3 Support for game development and other initiatives

Between 2019G and the six-month period ended 30 June 2023G, the Group recognized revenues from funding of approximately SAR 151 million from the government (represented by Istedamah Holding Company) earmarked for expanding gaming initiatives, among other initiatives. Please see Section 12.6.5 ("**Summary of the Agreements entered into between the Group Companies and Istedamah Holding Company**") of this Prospectus for a summary of the agreements with Istedamah.

4.12.4 Funding for relocating operations to the KSA and construction of studios in Riyadh

The Group, through MBC Media KSA, has signed an agreement to receive funding in consideration for the costs of the relocation of the Group's operation to Riyadh as part of the Group's role in contributing to the development of the media ecosystem in the KSA and other related obligations. This agreement covers a period from 2022G to 2026G. The purpose of this agreement is to fund the relocation of the Group's headquarters and offices to the KSA (to relocate employees and move production facilities). The funding also includes a requirement that a certain part of it needs to be spent on the construction of MBC Narjis Studio located at Narjis, Riyadh. The Group has received funding of approximately SAR 217.9 million from the government (represented by Istedamah Holding Company) pursuant to the agreement, which is earmarked for relocation costs of the Group's headquarters between 2019G and the six-month period ended 30 June 2023G.

4.12.5 Investments and Initiatives

The Group has started two major initiatives, both of which relate to the relocation of a large number of operations to Riyadh:

- The Group is building a major complex in North East Riyadh, which is expected to be completed in 2024G. The complex includes six major studio production buildings.
- The Group is building a full-scale campus as its headquarters in Riyadh with more than 100,000 m2 of space. The Group is currently in an early planning phase for the campus.

4.13 Employees, employee development and other programs

4.13.1 Employees

As at 30 June 2023G, the Company is a holding company and has no employees. But the Company, subsequently to 30 June 2023G has started to have employees (as at 01/11/2023G, it had a total of 7 employees).

The Company and its Material Subsidiaries (namely MBC Media KSA; MBC FZ, MBC Studios Projects FZ, MBC Media, MBC Media Solutions FZ, MBC Media Solutions Egypt, and MBC Media Solutions KSA) collectively employed a total of 1,497 employees as at 30 June 2023G.

As at 30 June 2023G, the Group overall employed a total of 2,137 employees. Approximately 29% of the Group's employees are in the KSA as at 30 June 2023G, with the remainder in the UAE (approximately 49%) and other countries located in the MENA region (approximately 22%). The Group's employees in the KSA will increase over the next three years because of the relocation of its key operations to the KSA as part of the Group Restructuring process described in this section. The Company seeks to continue employing Saudi and non-Saudi individuals in the KSA based on merit and competence to achieve the Group's expansion plans and to meet the needs of its customers in the region, as the Company follows a trend to empower Saudis in the sector.

The Group has entered into employment contracts with all the Company's Executives and other members of management. The contracts stipulate their salaries and other allowances according to their qualifications and experience, and include several benefits such as medical insurance for employees and their families. These contracts are renewable and subject to the labor regulations in force in the relevant jurisdictions (for more details on the contracts concluded with Senior Executives, please refer to Section 5.8.2 ("**Contracts entered into with Senior Executives**") of this Prospectus).

The Group has experienced no material labor disputes or strikes and believes that it has good relations with its employees. As at the date of this Prospectus, the Group has not entered into any collective bargaining agreements with its employees or any trade unions.

4.13.2 Employees of the Material Subsidiaries

4.13.2.1 MBC Media KSA LLC (KSA)

The table below sets out the number of employees that are employed by MBC Media KSA LLC (KSA) by main activity category.

Table (4.31): Number of Saudi and Non-Saudi employees at MBC Media KSA LLC

Function/Division	31 December 2022G			30 June 2023G		
	Non-Saudi	Saudi	Total	Saudi	Non-Saudi	Total
Operations	25	25	50	42	72	114
Television (TV)	26	37	63	85	66	151
VOD	2	3	5	3	3	6
Production	24	4	28	12	45	57
Finance	7	2	9	3	13	16
Studios	0	0	0	0	0	0
Audio & Music	3	1	4	11	14	25
Emerging Media (incl. encryption and devices, events and mobile services)	3	3	6	6	14	20
Other (Executive, Legal, CEO Office, Internal Audit, PR, CSR, Strategy, Bus Dev & Other)	0	3	3	5	8	13
Total	**90**	**78**	**168**	**167**	**235**	**402**

* MBC Media KSA LLC was established in 2021G but had no employees until the start of 2022G.

4.13.2.2 MBC FZ-LLC (UAE)

The table below sets out the number of employees that are employed by MBC FZ-LLC (UAE) by main activity category.

Table (4.32): Number of employees at MBC FZ-LLC (UAE)

Division/Function	31 December 2020G	31 December 2021G	31 December 2022G	30 June 2023G
Audio & Music	14	21	17	9
Central Commissioning Unit	0	2	5	3
CEO Office	5	3	4	8
Commercial	12	0*	0	0
Emerging Media	37	35	31	20
Executive	24	23	21	23
Finance	46	44	48	42
Internal Audit	5	5	6	3
Legal	11	11	13	7
MBC Academy	0	1	1	0
MBC Talent	0	0	1	1
MBC MASR	1	1	0	0
MBC Cinq	0	1	1	1
Operations	370	365	383	344
Production	38	35	31	27
PR	9	5	5	3
Strategy & Business Development	4	4	4	4
TV	223	257	268	246
VOD	112	115	170	175
Total	**911**	**928**	**1,009**	**916**

* The function "**Commercial**" which used to handle brand integration and special projects for governmental entities was moved outside the Group in 2021G to MMS where all the commercial activities have been centralized.

4.13.2.3 MBC Studios Projects FZ-LLC (UAE)

The table below sets out the number of employees that are employed by MBC Studios Projects FZ-LLC (UAE) by main activity category.

Table (4.33): Number of employees at MBC Studios Projects FZ-LLZ (UAE)

Division/Function	31 December 2020G	31 December 2021G	31 December 2022G	30 June 2023G
Studios	34	35	42	25
Finance	3	8	10	11
Operations	0	3	4	2
Legal	3	3	3	3
Total	**40**	**49**	**59**	**41**

4.13.2.4 MBC Media (UAE)

There are no employees employed at MBC Media (UAE) and no employees have been employed by MBC Media (UAE) in the past three financial years.

4.13.2.5 MBC Media Solutions Limited KSA (KSA)

The table below sets out the number of Saudi and Non-Saudi employees that are employed by MBC Media Solutions Limited KSA by main activity category.

Table (4.34): Number of Saudi and Non-Saudi employees at MBC Media Solutions Limited KSA (KSA)

Division/Function	31 December 2020G			31 December 2021G			31 December 2022G			30 June 2023G		
	Non-Saudi	Saudi	Total	Non-Saudi	Saudi	Total	Non-Saudi	Saudi	Total	Non-Saudi	Saudi	Total
Admin	0	0	0	1	3	4	1	3	4	1	3	4
Brand Integration	0	0	0	0	0	0	2	1	3	1	0	1
Applied Intelligence	0	0	0	0	0	0	0	0	0	1	0	1
Executive	0	1	1	0	1	1	0	1	1	0	1	1
Finance	0	0	0	2	0	2	2	0	2	2	0	2
HR	0	0	0	0	1	1	0	2	2	0	2	2
Market and Sector	0	0	0	6	5	11	7	7	14	6	9	15
Marketing	0	0	0	0	0	0	0	1	1	0	1	1
Total	**0**	**1**	**1**	**9**	**10**	**19**	**12**	**15**	**27**	**11**	**16**	**27**

4.13.2.6 MBC Media Solutions FZ-LLC (UAE)

There are no functional divisions for MBC Media Solutions FZ-LLC (UAE), i.e., brand integration, finance and traffic are operated within the company across functions.

Table (4.35): Number of employees at MBC Media Solutions FZ-LLC (UAE)

Division/Function	31 December 2020G	31 December 2021G	31 December 2022G	30 June 2023G
MBC Media Solutions	33	72	65	69

4.13.2.7 MBC Media Solutions Egypt LLC (Egypt)

The table below sets out the number of employees that are employed by MBC Media Solutions Egypt LLC by main activity category.

Table (4.36): Number of employees at MBC Media Solutions Egypt LLC (Egypt)

Division/Function	31 December 2020G*	31 December 2021G*	31 December 2022G	30 June 2023G
Admin	-	-	6	6
Commercial - Agency	-	-	10	14
Executive	-	-	1	1
Finance	-	-	8	8
HR	-	-	1	1
Marketing	-	-	2	2
Technology	-	-	1	1
Traffic	-	-	9	9
Total	**-**	**-**	**38**	**42**

* MBC Media Solutions Egypt (Egypt) was established in 2022G.

4.13.3 Saudization

The Group has been granted an exemption from complying with Saudization requirements in order to facilitate the transfer of its operations to the KSA and as part of the enablers granted to private-sector participants for the purpose of developing the media ecosystem within the KSA. However, the Group is committed to increasing the Saudization percentage in the future as well as developing and encouraging national talent through appointing its employees on the basis of merit and competence, while striving to attract the best Saudi talents, senior leadership and other positions, and while adhering to the applicable rules and regulations. Please refer to Section 2.2.10 ("**Risks related to compliance with labor law and localization requirements**") for further details on the risks associated with no longer benefiting from this exemption.

4.13.4 Employee development

A key strategic HR objective of the Group is to improve the Organization Health Index through focusing on communicating the Group's direction and vision to the Group's employees. As a result, the Group focuses on employee engagement and has implemented initiatives to engage with employees. It has implemented a number of online webinars on topics including "Managing Cross Cultural Teams", "Stress Management" and "Communication". In addition, the Group maintains a subscription to LinkedIn Learning, an online training platform offering more than 17,000 courses. These programs and initiatives cover a range of topics from business process management courses to addressing timely issues such as how to lead teams remotely.

As part of the KSA's Vision 2030 goal of increasing female participation in the workforce, the Group has increased its percentage of female employees from 24% in 2020G to 28% in 2022G. The Group is committed to continue to foster the growth of female employees in the future.

The Group intends to develop strategies and initiatives that will enable it to achieve its development objectives in the future. The Group is implementing various development initiatives such as organizing in-house programs on topics including a new leadership program, which covers different topics such as communication and people management, and other topics such as "Sympathy vs Empathy" and "Emotional Intelligence". The Group is also conducting workshops for different teams on personality tests to enhance the teamwork environment and communication skills.

4.13.5 Female empowerment

The Group is committed to female empowerment. As at 2022G, women occupied 31% of the C-Level positions in the Group and 28% of the Group's total workforce. The Group is committed to growing the representation of women and further their advancement within the Group. To do so, the Group has launched a women's empowerment initiative that aims to provide professional advancement the Group's female workforce through a series of impactful partnerships, workshops and networking events. The Group also conducted a joint event with the Dubai Business Women Council under the theme of "Women in Media Forum" discussing the role of media organizations in the representation of women in society, on screens, and in the workforce.

4.14 Significant interruptions to the business

There has been no interruption to the Group's business that could have or has had a significant impact on its financial position during the previous three financial years. However, there was a technical outage on the Shahid platform during Q3 of 2023G. Despite this, as at the date of this Prospectus, such technical outage has not affected the Group's business or assets in a negative or material manner. For further details regarding the risks related to the same, please refer to Section 2.1.9 ("**Risks related to any significant disruption in or unauthorized access to the Group's computer systems**") of this Prospectus.

4.15 Corporate Social Responsibility

The Group is one of the leaders in the MENA media and entertainment sector. The global and the MENA media and entertainment sector has been subject to substantial innovation in the past years, in particular because people's preferences have continuously been shifting towards digital media solutions. Therefore, the media and entertainment sector has responded by developing digital products, services and platforms. This change includes various sub-trends including an increasing demand for original premium content, the digitization of content formats and distribution shift to OTT and demand for new content genres and experiences at the intersection of content, places and technology.

As part of the industry shifts, corporate social responsibility ("**CSR**") has become continuously important, not just in the media and entertainment sector but globally. The Group's key CSR developments are aligned with the KSA's Vision 2030 objectives which include the support of the KSA's economic leadership position globally, increasing the localization of non-oil sectors in the KSA and in the region, developing the digital economy, developing economic ties with global partners, upholding the Arabic language; and expanding vocational training to help expand chances for young people in the KSA and the region.

The Group believes it can leverage its position as a leading media and entertainment group by not only taking a leadership role in the KSA, but also providing premium Arabic language content in countries such as Egypt and Iraq and helping the industry foster across the MENA region on both free-to-air TV and digital platforms, thus helping to provide jobs and opportunities and diversifying the KSA economy and regional economy. In particular, the Group also believes that being a leading source of premium Arabic content is an investment in local culture and language heritage that improves social relationships across the region. The Group also operates MBC Academy focused on identifying and training the talent in the KSA and MBC Talent that focuses on connecting them with suitable work opportunities.

The Group's long-term vision includes its CSR objectives, as the Group strives to provide premium global content in the MENA region and to the Arab speaking diaspora and become a diversified entertainment gateway for Arabs in the MENA region as well as Arabic speaking people globally. The Group's long-term vision is to also be the catalyst for the development of Saudi talent in the media and entertainment sector and an innovative provider of digital and live experiences.

Overall, as a long-term strategy, the Group aims to create a hub for the media and entertainment sector within the KSA and outside through various non-commercial channels as well as through MBC Studios. This includes jobs in the creative sector such as high-end jobs for scriptwriters, directors and animators which provides opportunities for young people in the KSA that currently only exist to a limited extent.

4.16 Ownership structure and shareholders

The table below shows the shareholding structure of the Company as at the date of this Prospectus.

Table (4.37): Shareholders of the Company

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Par Value of Shares (SAR)	Shareholding Percentage	Number of Shares	Par Value of Shares (SAR)	Shareholding Percentage
Mr. Waleed Ibrahim Abdulaziz Al-Ibrahim	119,700,000	10	40%	119,700,000	10	36%
Istedamah Holding Company	179,550,000	10	60%	179,550,000	10	54%
Public	-	-	-	33,250,000	10	10%
Total	**299,250,000**	**-**	**100%**	**332,500,000**	**-**	**100%**

Source: Company.

4.17 Overview of any material changes in the nature of the Group's business

As at the date of this Prospectus, there has been no material change in the nature of the Group's business that may, individually or collectively, have a material impact on the Group's business, financial position, results of operations or prospects.

4.18 Research and Development Activities

The Group has in particular invested in the research and development of games. The Group has incurred game development research costs amounting to SAR 37 million in 2022G and SAR 83 million in 2021G.

At the date of this Prospectus, the Group does not undertake material research and development activities.

4.19 Latest developments

As at the date of this Prospectus, there are no material developments that may affect the nature of the Group's business which would, individually or collectively, affect the Group's business, financial condition or operations.

5. Ownership and Organizational Structure

5.1 Company's Share Capital and Ownership Structure

As at the date of this Prospectus, the Company's share capital is two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) shares of equal value, each with a nominal value of SAR 10, all of which are fully paid ordinary cash shares.

The following table sets out the Company's ownership structure before and after the Offering:

Table (5.1): The Company's Direct Ownership Structure Before and After the Offering

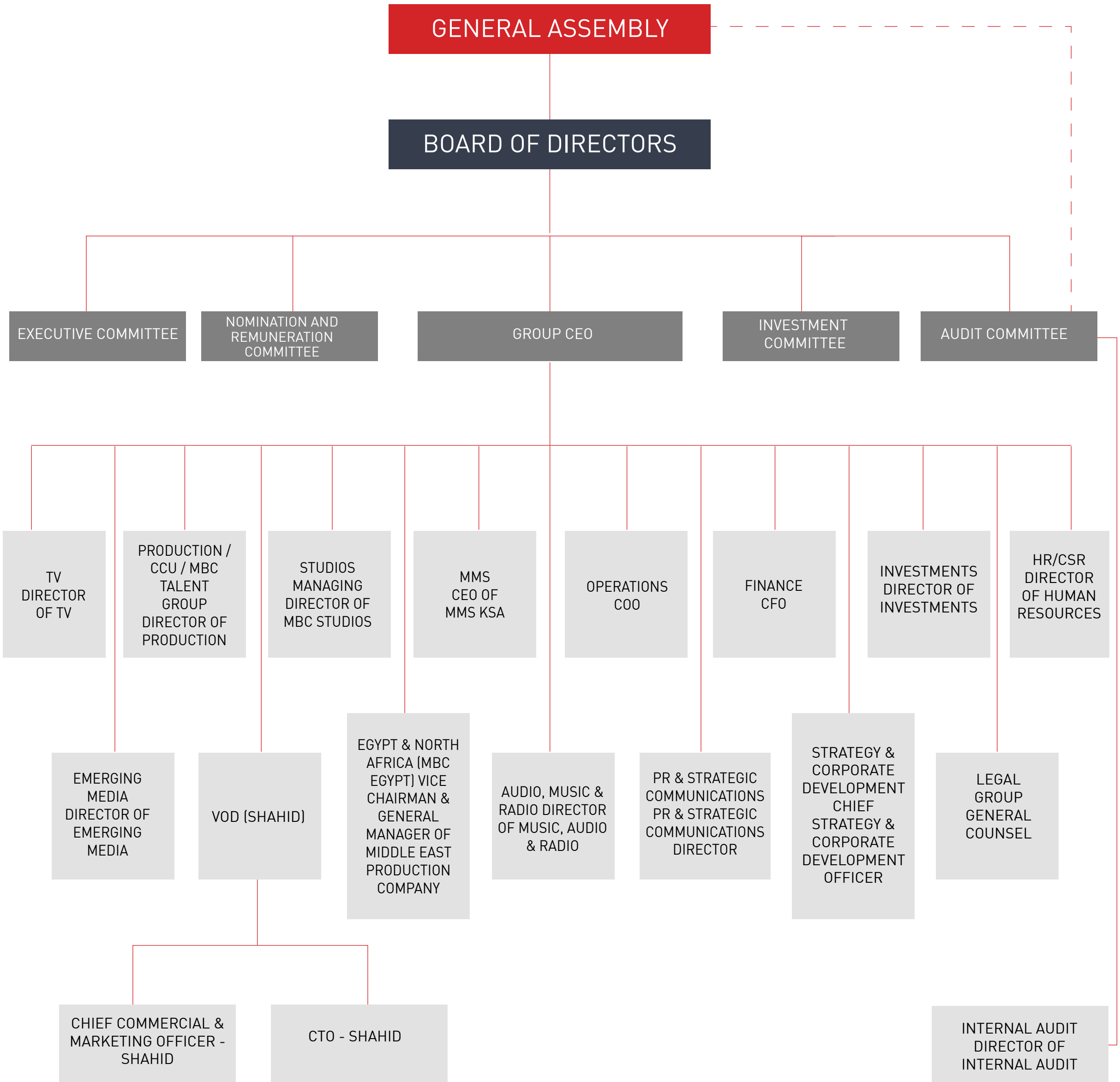
Shareholders	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Ownership (%)	No. of Shares	Nominal Value (SAR)	Ownership (%)
Mr. Waleed Ibrahim Abdulaziz Al Ibrahim	119,700,000	10	40%	119,700,000	10	36%
Istedamah Holding Company	179,550,000	10	60%	179,550,000	10	54%
Public	-	-	-	33,250,000	10	10%
Total	**299,250,000**	**-**	**100%**	**332,500,000**	**-**	**100%**

Source: The Company

5.2 Organizational Structure

The Company has an organizational structure composed of the Board of Directors (the "**Board of Directors**" or the "**Board**"), the Executive Management and the committees established by the Board, namely (1) the Audit Committee, (2) the Nomination and Remuneration Committee, (3) the Executive Committee, and (4) the Investment Committee. These committees assume the powers delegated to them by the Board of Directors in accordance with the Company's corporate governance rules. The Board assumes ultimate responsibility for the general direction, supervision and control of the Company. The following chart sets out the organizational structure of the Company:

Exhibit (5.1): Organizational Structure of the Company



Source: The Company

5.3 Board of Directors and Secretary of the Board

5.3.1 Composition of the Board

The Company's Board of Directors consists of nine (9) highly experienced, efficient and reputable members elected by the Ordinary General Assembly. All members of the Company's Board of Directors are non-executive members. As per the Company's Bylaws, the membership term of the Board of Directors - including the Chairman - is a maximum of four (4) years per term. The current Board term commenced on 20/04/2023G and will end on 19/04/2027G. Directors may be re-elected for subsequent terms. The Board of Directors shall hold periodic meetings as it deems appropriate, provided that at least four (4) meetings are held per year. The Companies Law, the CGRs, the Company's Bylaws, and the Company's Corporate Governance Manual define the duties and responsibilities of the Board of Directors. In accordance with the Company's Bylaws, and subject to the powers reserved for the General Assembly, the Board of Directors has the broadest powers to manage the Company in order to achieve its purposes (for further details on the responsibilities and powers of the Board, please refer to Section 5.4 ("**Responsibilities and Powers of the Board of Directors**") of this Prospectus).

The following table sets out the names, details and ownership percentages of the Directors in the Company as at the date of this Prospectus:

Table (5.2): The Company's Board of Directors

No.	Name	Position	Nationality	Age	Status	Direct Ownership (%)		Indirect Ownership (%)		Appointment Date*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1.	Waleed Ibrahim Abdulaziz Al Ibrahim	Chairman	Saudi	63	Non-executive/ Non-independent member	40%	36%	N/A	N/A	20 April 2023G
2.	Hindi Abdullah Humaidan Al-Sohimi	Vice Chairman	Saudi	49	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
3.	Abdulrahman Ibrahim Abdulrahman Al-Ruwaita	Director	Saudi	66	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
4.	Abdullah bin Nasser bin Abdullah Al Dawood	Director	Saudi	41	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
5.	Mosa Omran Mohammed Alomran	Director	Saudi	54	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
6.	Majed Abdulaziz Ibrahim Alibrahim	Director	Saudi	38	Non-executive/ Independent member	N/A	N/A	N/A	N/A	20 April 2023G
7.	Nasser Manahi bin Mounir Al Baqami	Director	Saudi	49	Non-executive/ Non-independent member	N/A	N/A	N/A	N/A	20 April 2023G
8.	Khalid bin Abdullah bin Abdulaziz Al Mulhim	Director	Saudi	66	Non-executive/ Independent member	N/A	N/A	N/A	N/A	20 September 2023G
9.	Mansour Abdulaziz Mohammed Almansour	Director	Saudi	53	Non-executive/ Independent member	N/A	N/A	N/A	N/A	20 September 2023G

* The dates listed in this table are the dates of appointment to the current seats on the Board of Directors. The respective biographies of the Directors describe the dates of their original appointment, whether to any other previous or current position in the Group, or to the Board of Directors of MBC Group (BVI).

Source: The Company

The current Board Secretary is Ali Ibrahim Al-Rashid Al-Hudaithi, who was appointed for the current Board term pursuant to Board of Directors Resolution dated 08/01/1445H (corresponding to 26/07/2023G). The Board Secretary does not own any shares in the Company.

5.3.2 Summary Biographies of the Company's Directors and Secretary

An overview of the experience, qualifications and current and previous positions of each Director and the Board Secretary is provided below.

Table (5.3): Summary Biography of Waleed bin Ibrahim Al Ibrahim - Chairman

Name	Waleed Ibrahim Abdulaziz Al Ibrahim
Age	63 years
Nationality	Saudi
Current Position	Chairman – non-executive and non-independent.
Academic Qualifications	• Bachelor's degree in Business Management and Media, Portland State University, USA, 1984G.
Other Current Positions	• Chairman, MBC Media Solutions FZ LLC, a limited liability company in the UAE Free Zone operating in the media sector, from 2023G to present. • Director, MBC Events, a limited liability company in the KSA operating in the event management sector, from 2022G to present. • Chairman, MBC Game Studio, a limited liability company in the KSA operating in the game development sector, from 2021G to present. • Chairman, MBC International, a limited liability company in the Cayman Islands operating in the media sector, from 2014G to present. • Chairman, MBC FZ LLC, a limited liability company in the UAE operating in the media sector, from 2013G to present. • Chairman, Akhbaar24 Holding Company, a limited liability company in the British Virgin Islands operating in the media sector, from 2011G to present. • Chairman, Al Arabiya News Holding, a limited liability company in the British Virgin Islands operating in the media sector, from 2011G to present. • Chairman, MBC Group Holdings, a limited liability company in the British Virgin Islands operating in the investment sector, from 2011G to present. • Director, MBC Holdings (Cyprus), a limited liability company in Cyprus operating in the investment sector, from 2001G to present. • Chairman, ARA Group International Holding Company, a limited liability company in the KSA operating in the investment sector, from 1994G to present.
Previous Positions	• N/A

Source: The Company

Table (5.4): Summary Biography of Hindi Abdullah Humaidan Al-Sohimi – Vice Chairman

Name	Hindi Abdullah Humaidan Al-Sohimi
Age	49 years
Nationality	Saudi
Current Position	Vice Chairman – non-executive and non-independent
Academic Qualifications	• Bachelor's degree in Accounting, King Saud University, KSA, 1997G. • Master's degree in Accounting, King Saud University, KSA, 2004G.

Other Current Positions	• Director and Executive Committee Member, Almadinah Almunawarah Development Authority, a government agency in the KSA operating in the government sector, from 2023G to present. • Chairman, Istedamah Holding Company, a closed joint stock company in the KSA operating in the investment sector, from 2022G to present. • Director, Qiddiya Investment Company, a single-Shareholder closed joint stock company in the KSA operating in the investment sector, from 2022G to present. • Director and Chairman of the Audit Committee, Saudi Entertainment Ventures, a single-person closed joint stock company in the KSA operating in the entertainment sector, from 2022G to present. • Director, Qiddiya Coast Company, a limited liability company in the KSA operating in the investment sector, from 2022G to present. • Director and Chairman of the Audit Committee, MBC Game Studio LTD, a mixed limited liability company in the KSA operating in the game development sector, from 2022G to present. • Member of the Audit Committee, Qiddiya Investment Company, a single-Shareholder closed joint stock company in the KSA operating in the investment sector, from 2021G to present. • Chairman of the Audit Committee and Member of the Executive Committee, Al Arabiya News Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2021G to present. • Chairman of the Audit Committee, Saudi Authority for Data and Artificial Intelligence, a government agency in the KSA operating in the government sector, from 2020G to present. • Director, Tourism Development Council, a government agency in the KSA operating in the government sector, from 2020G to present. • Director, ARA Group International Holding Company, a limited liability company in the KSA operating in the media sector, from 2020G to present. • Director, Al Arabiya News Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2019G to present. • Director, Akhbaar24 Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2019G to present. • Director, Middle East News FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 2019G to present. • Director, Saudi Broadcasting Authority, a government agency in the KSA operating in the government sector, from 2019G to present. • Director, Al Arabiya Network FZ LLC, a limited liability company in the UAE operating in the media sector, from 2019G to present. • Director, Chairman of the Audit Committee and Member of the Executive Committee, MBC Group Holdings (BVI), a limited liability company in the British Virgin Islands operating in the investment sector, from 2018G to present. • Assistant Minister of Finance, Ministry of Finance, a ministry in the KSA operating in the government sector, from 2018G to present. • Director, General Authority for Survey and Geospatial Information, a government agency in the KSA operating in the government sector, from 2017G to present.
Previous Positions	Assistant Minister of Finance of Financial and Technical (Acting), Ministry of Finance, a ministry in the KSA operating in the government sector, from 2017G to 2018G. Deputy for Financial Affairs, Budget, and Organization (Acting), Ministry of Finance, a ministry in the KSA operating in the government sector, from 2017G to 2018G. Deputy for Account Affairs (Acting), Ministry of Finance, a ministry in the KSA operating in the government sector, from 2017G to 2018G.

Source: The Company

Table (5.5): Summary Biography of Abdulrahman Ibrahim Abdulrahman Al-Ruwaita - Director

Name	Abdulrahman Ibrahim Abdulrahman Al-Ruwaita
Age	66 years
Nationality	Saudi
Current Position	Director – non-executive and non-independent
Academic Qualifications	• Bachelor's degree in Industrial Engineering, University of Southern California, USA, 1980G. • Master's degree in Industrial Engineering, University of Southern California, USA, 1982G.

Other Current Positions	• Director and Chairman of the Nomination Committee at Al Arabiya News Holding, Ltd., a limited liability holding company in the British Virgin Islands operating in the media sector, from 2021G to present. • Director, Akhbaar24 Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2021G to present. • Director, ARA Group International Holding Company, a limited liability company in the KSA operating in the media sector, from 2020G to present. • Chairman of the Board of Directors and Non-executive Chairman of the Executive Committee, Saudi Research and Marketing Group, a listed joint-stock company in the KSA operating in the media sector, from 2018G to present. • Director, Chairman of the Nomination Committee and Member of the Investment Committee, MBC Group Holdings Ltd, a limited liability holding company in the British Virgin Islands operating in the investment sector, from 2018G to present. • Director and Non-executive Chairman of the Audit and Risk Management Committee, Jadwa Investment, a closed joint stock company in the KSA operating in the investment sector, from 2006G to present.
Previous Positions	• Non-executive Director, Emaar, The Economic City, a listed joint stock company in the KSA operating in the real estate development sector, from 2011G to 2020G. • Director, Wilaya Investment Company, a closed joint stock company in the KSA operating in the investment sector, from 2016G to 2018G. • Non-executive Director, General Authority of Civil Aviation, a government agency in the KSA operating in the civil aviation sector, from 2015G to 2018G. • Non-executive Director, Amlak International Real Estate Finance Company, a closed joint stock company in the KSA operating in the finance sector, from 2013G to 2018G. • Non-executive Director, Alessa Industries Company, a closed joint stock company in the KSA operating in the industrial sector, from 2013G to 2018G. • Non-executive Chairman, Halwani Bros Company, a listed joint stock company in the KSA operating in the food sector, from 2008G to 2018G. • General Manager, Aseer Company for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting, a listed joint stock company in the KSA operating in the investment sector, from 2005G to 2018G. • Executive Vice President and Chairman of the Management Committee, Dallah Albaraka, a limited liability company in the KSA operating in the investment sector, from 1989G to 2018G. • Non-executive Director, Al Khozama Management Company, a closed joint stock company in the KSA operating in the real estate development sector, from 2007G to 2017G. • Member of the Economic Advisory Board, Council of Economic Affairs, a government agency in the KSA operating in the government sector, from 2011G to 2015G. • Non-executive Director, Saudi Printing and Packaging Co., a listed joint stock company in the KSA operating in the printing and packaging sector, from 2003G to 2011G. • Managing Director, Alsamaha Trading, a limited liability company in the KSA operating in the investment sector, from 1990G to 2010G. • Non-executive Director, Saudi Industrial Export Company (SADIRAT), a listed joint stock company in the KSA operating in the trade sector, from 1995G to 1998G.

Source: The Company

Table (5.6): Summary Biography of Abdullah bin Nasser bin Abdullah Al Dawood - Director

Name	Abdullah bin Nasser bin Abdullah Al Dawood
Age	41 years
Nationality	Saudi
Current Position	Director – non-executive and non-independent
Academic Qualifications	• Bachelor's degree in Business Administration, King Saud University, KSA, 2002G. • Master of Science in Foreign Service , Walsh School of Foreign Service, Georgetown University, USA, 2007G. • Master's degree in Business Administration, Corporate finance and strategy, McDonough School of Business, Georgetown University, USA, 2007G.

Other Current Positions	• Non-executive Director, Lumi, a closed joint-stock company in the KSA operating in the car rental sector, from 2022G to present. • Director, Thiqah, a closed joint-stock company in the KSA operating in the IT sector, from 2022G to present. • Director and Managing Director, Qiddiya Investment Company, a closed joint-stock company in the KSA operating in the investment sector, from 2021G to present. • Non-executive Member of the Supreme Committee for Transport and Logistics Services, a committee affiliated with the Council of Economic and Development Affairs in the KSA operating in the economic affairs and development sector, from 2021G to present. • Non-executive Director, Akhbaar24 Holding, a limited liability company in the British Virgin Islands operating in the media sector, from 2021G to present. • Non-executive Director, Al Arabiya News Holding, a limited liability company in the British Virgin Islands operating in the media sector, from 2021G to present. • Non-executive Director, ARA Group International Holding Company, a limited liability company in the KSA operating in the media sector, from 2020G to present. • Non-executive Director, Hotel Management Company, a closed joint-stock company in the KSA operating in the hospitality sector, from 2020G to present. • Non-executive Director, E-Commerce Council, a government council in the KSA operating in the government sector, from 2019G to present. • Non-executive Chairman, Saudi Entertainment Ventures, a single-person closed joint-stock company in the KSA operating in the entertainment sector, from 2018G to present. • Non-executive Director, MBC Group Holdings, a limited company in the British Virgin Islands operating in the investment sector, from 2018G to present. • Non-executive Chairman, Alraedah Finance, a closed joint-stock company in the KSA operating in the finance sector, from 2015G to present. • Non-executive Director, Careem Inc., a closed joint-stock company in the British Virgin Islands operating in the IT sector, from 2014G to present. • Director and Managing Director, Seera Group Holding Co., a listed joint-stock company in the KSA operating in the tourism sector, from 2012G to present.
Previous Positions	• Non-executive Chairman, Almosafer, a closed joint-stock company in the KSA operating in the tourism sector, from 2016G to 2021G. • Non-executive Director, Rua Al Madinah Holding Company, a closed joint-stock company in the KSA operating in the real estate sector, from 2016G to 2021G. • CEO, Seera Group Holding Co., a listed joint-stock company in the KSA operating in the tourism sector, from 2015G to 2021G. • Non-executive Director, Saudi Exchange Company (Tadawul), a listed joint-stock company in the KSA operating in the investment sector, from 2018G to 2020G. • Acting Executive Vice President, Deutsche Bank (MENA), a listed joint-stock company in Germany operating in the banking sector, from 2007G to 2014G.

Source: The Company

Table (5.7): Summary Biography of Mosa Omran Mohammed Alomran – Director

Name	Mosa Omran Mohammed Alomran
Age	55 years
Nationality	Saudi
Current Position	Director – non-executive and non-independent
Academic Qualifications	• Bachelor's degree in Industrial Engineering, King Saud University, KSA, 1991G. • Master's degree in Business Administration, St. Edward's University, USA, 1993G.

Other Current Positions	• Director, Omran Mohammed Al Omran & Partners Investment Company, a closed joint stock Company in the KSA operating in the investment sector, from 2023G to present. • Director, Saudi Entertainment Ventures, a single-person closed joint stock company in the KSA operating in the entertainment sector, from 2023G to present. • Director, Al Arabiya News Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2021G to present. • Director, Akhbaar24 Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2021G to present. • Director, Qiddiya Investment Company, a closed joint stock company in the KSA operating in the investment sector, from 2021G to present. • Director, ARA Group International Holding Company, a limited liability company in the KSA operating in the media sector, from 2020G to present. • Director, Saudi Research and Media Group, a listed joint stock company in the KSA operating in the media sector, from 2019G to present. • Director, Royal Commission for AlUla (RCU), a government agency in the KSA operating in the government sector, from 2018G to present. • Director, MBC Group Holdings, a limited liability company in the British Virgin Islands operating in the investment sector, from 2018G to present.
Previous Positions	• Director, Almarai, a listed joint stock company in the KSA operating in the food sector, from 2007G to 2017G. • Director, Banque Saudi Fransi, a listed joint stock company in the KSA operating in the banking sector, from 2007G to 2016G. • Director, Savola, a joint stock company listed in the KSA operating in the food sector, from 2004G to 2013G. • Director, Arabian Cement Company, a listed joint stock company in the KSA operating in the cement sector, from 2009G to 2010G. • Director, Western Bakeries Co., a limited liability company in the KSA operating in the food sector, from 1994G to 2007G.

Source: The Company

Table (5.8): Summary Biography of Majed Abdulaziz Ibrahim Alibrahim - Director

Name	Majed Abdulaziz Ibrahim Alibrahim
Age	39 years
Nationality	Saudi
Current Position	Director – non-executive and independent
Academic Qualifications	• Bachelor's degree in Investment and Financial Risk Management, Cass University, UK, 2008G. • Master's degree in Public Administration, Harvard Kennedy School, USA, 2017G. • Master's degree in Business Administration, MIT, USA, 2017G.
Other Current Positions	• Director, Saudi Ports Authority, a government agency in the KSA operating in the government sector, from 2021G to present. • Director, MBC Group Holdings, a limited liability company in the British Virgin Islands operating in the investment sector, from 2021G to present. • Director, Akhbaar24 Holding, a limited liability company in the British Virgin Islands operating in the media sector, from 2021G to present. • Director, MBC Game Studio, a limited liability company in the KSA operating in the game development sector, from 2021G to present. • Director, ARA Group International Holding Company, a limited liability company in the KSA operating in the media sector, from 2020G to present.
Previous Positions	• N/A

Source: The Company

Table (5.9): Summary Biography of Nasser Manahi bin Mounir Al Baqami – Director

Name	Nasser Manahi Mounir Al Baqami
Age	50 years
Nationality	Saudi
Current Position	Director – non-executive and non-independent
Academic Qualifications	• Bachelor's degree in Accounting, Umm Al-Qura University, KSA, 1994G. • Master's degree in Information Systems, Loughborough University, UK, 1997G. • Ph.D. in Computer Science, University of Nottingham, UK, 2001G.
Other Current Positions	• Director, Akhbaar24 Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2023G to present. • Director, Al Arabiya News Holding Ltd, a limited liability company in the British Virgin Islands operating in the media sector, from 2023G to present.
Previous Positions	• Advisor, Ministry of Education, a government agency in the KSA operating in the government sector, from 2015G to 2016G. • Assistant Professor, Umm Al-Qura University, a public university in the KSA operating in the education sector, from 1994G to 2015G. • Advisor, Ministry of Education, a government agency in the KSA operating in the government sector, from 2013G to 2015G. • Consultant, private sector in the KSA operating in the IT and media sectors, from 2008G to 2012G. • General Manager of Administrative Development, Emirate of Makkah Province, a government agency in the KSA operating in the government sector, from 2006G to 2008G. • General Manager of IT, Emirate of Makkah Province, a government agency in the KSA operating in the government sector, from 2004G to 2008G.

Source: The Company

Table (5.10): Summary Biography of Khalid bin Abdullah bin Abdulaziz Al Mulhim - Director

Name	Khalid bin Abdullah bin Abdulaziz Al Mulhim
Age	66 years
Nationality	Saudi
Current Position	Director - non-executive and independent
Academic Qualifications	• Bachelor's degree in Engineering Management, University of Evansville, Indiana, USA, 1980G.
Other Current Positions	• Director and Chairman of the Executive Committee, Al-Uqair Development Company, a closed joint-stock company in the KSA operating in the real estate development sector, from 2022G to present. • Director, Qiddiya Coast Company, a limited liability company in the KSA operating in the real estate development sector, from 2021G to present. • Director, Chairman of the Investment Committee and Chairman of the Benefits and Compensation Committee, Kidana Development Company, a closed joint-stock company in the KSA operating in the real estate development sector, from 2020G to present. • Chairman, Alawwal Invest, a closed joint-stock company in the KSA operating in the investment sector, from 2020G to present. • Vice Chairman, Riyadh Cement, a listed joint-stock company in the KSA operating in the cement sector, from 2004G to present.

Previous Positions	• General Manager, Saudia Airlines, a government institution in the KSA operating in the aviation sector, from 2006G to 2014G. • Chairman, Saudi Telecom Company, a listed joint-stock company in the KSA operating in the communications sector, from 2001G to 2006G. • Vice President of Finance, Saudi Telecom Company, a listed joint-stock company in the KSA operating in the communications sector, from 1998G to 2001G. • CEO, Almarai, a listed joint-stock company in the KSA operating in the agriculture, dairy products and food supply sectors, from 1997G to 1998G. • Senior Account Manager, Regional General Manager and Executive General Manager for Investment, SABB, a listed joint-stock company in the KSA operating in the banking sector, from 1983G to 1989G. • Engineer, Maintenance and Operation Department at Dhahran International Airport and King Abdulaziz Air Base, Royal Saudi Air Force, from 1981G to 1983G.

Source: The Company

Table (5.11): Summary Biography of Mansour Abdulaziz Mohammed Almansour - Director

Name	Mansour Abdulaziz Mohammed Almansour
Age	53 years
Nationality	Saudi
Current Position	Director - non-executive and independent
Academic Qualifications	• Bachelor's degree in English Language, King Faisal University, KSA, 1992G. • Master's degree in Management Sciences, University of Central Missouri, USA, 1997G. • Master's degree in Literature, University of Central Missouri, USA, 1997G. • Ph.D. degree in Applied Linguistics, Ball State University, USA, 2004G. • Executive Diplomas in Finance and Energy, Harvard University, USA and Oxford University, UK.
Other Current Positions	CEO of Support Services, Qiddiya Investment Company, a closed joint-stock company operating in the investment sector, from 2021G to present.
Previous Positions	• Vice President of Finance and Operations, King Abdullah Petroleum Studies and Research Center (KAPSARC), a government entity in the KSA operating in the petroleum research sector, from 2016G to 2021G. • Deputy Director General, Human Resources Development Fund (HRDF), a government fund in the KSA which aims to support the efforts of qualifying and employing the workforce in the private sector, from 2014G to 2016G. • Vice President of Human Resources, Arabian Pipes Company, a listed joint-stock company in the KSA operating in the industrial sector, from 2006G to 2014G. • Chairman, Riyadh Airports Company, a government company operating in the airport management and operation sector, from 2018G to 2022G. • Chairman, of KAPSARC Investment Management, a company owned by a government entity in the KSA operating in the investment sector, from 2018G to 2022G.

Table (5.12): Summary Biography of Ali Ibrahim Al-Rashid Al-Hudaithi - Group General Supervisor and Board Secretary

Name	Ali Ibrahim Al-Rashid Al-Hudaithi
Age	66 years
Nationality	Saudi
Current Position	Group General Manager and Secretary
Academic Qualifications	• Bachelor's degree in Business and Economics, University of Puget Sound, USA, 1981G.

Other Current Positions	• General Manager, MBC Studios FZ, a limited liability company in the UAE operating in the media sector, from 2023G to present. • Director, Middle East News UK, a limited liability company in the UK operating in the media sector, from 2022G to present. • Director and General Manager, MBC Media FZ, a limited liability company in the UAE operating in the media sector, from 2019G to present. • Director and General Manager, MBI FZ, a limited liability company in the UAE operating in the media sector, from 2019G to present. • Director, MBC International Limited, a limited liability company in the British Virgin Islands operating in the media sector, from 2014G to present. • Director and General Manager, Platinum Records FZ, a limited liability company in the UAE operating in the media sector, from 2008G to present. • Director and General Manager, MBC IP FZ, a limited liability company in the UAE operating in the media sector, from 2007G to present. • Director and General Manager, Wanasah FZ, a limited liability company in the UAE operating in the media sector, from 2007G to present. • Director and General Manager, MBC International FZ, a limited liability company in the UAE operating in the media sector, from 2006G to present. • Director, MEN US Inc, an incorporation in the US operating in the media sector, from 2005G to present. • Director and General Manager, MBC Studios Projects FZ, a limited liability company in the UAE operating in the media sector, from 2004G to present. • Director and General Manager, MBC FZ, a limited liability company in the UAE operating in the media sector, from 2002G to present. • Director, MBC Holdings (Cyprus), a limited liability company in Cyprus operating in the media sector, from 2002G to present.
Previous Positions	• Director, MMS FZ, a limited liability company in the UAE operating in the media sector, from 2021G to 2023G. • Director, Al Arabiya Network FZ, a limited liability company in the UAE operating in the media sector, from 2005G to 2019G. • Director, Middle East News FZ, a limited liability company in the UAE operating in the media sector, from 2002G to 2019G.

Source: The Company

5.4 Responsibilities and Powers of the Board of Directors

Without prejudice to the powers reserved for the General Assembly, the Board shall have the widest powers in managing the affairs of the Company to achieve its objectives inside and outside the KSA. In accordance with the Company's Bylaws, this includes the following:

1- Representing the Company in its relations with third parties, including government entities, chambers of commerce and industry, all companies and institutions, commercial, investment and central banks and all government financing institutions and funds of various names and competencies except for those of a judicial nature; concluding all types of contracts, documents and papers, including, but not limited to, articles of association of companies established by the Company or in which the Company is a Shareholder, along with all amendments and annexes thereto and liquidation resolutions thereof; signing contracts, instruments and declarations before notaries public and other official authorities; bidding for tenders on behalf of the Company; entering loan agreements, guarantees, bonds, mortgages, lease contracts, deeds of sale, purchase, and conveyance of plots and buildings, in addition to all other contracts and agreements; and delegating some or all of these powers pursuant to a power of attorney or other written authorization to any person or persons;

2- Concluding loans, provided that the terms of the loan and the guarantees thereof take into account the general guarantees of the creditors. The Board shall define in its resolution the uses of the loan and the repayment mechanism thereof, and the terms of such loans shall not exceed the expiration of the Company's term;

3- The right to purchase properties and accept the purchase thereof, pay a price, mortgage real estate assets owned by the Company for the purpose of constructing its offices, movables and facilities, release mortgage, sell, convey, collect and hand over a price, provided that the Board shall specify in its resolution the reasons and justifications for the same, and the price of the sold asset must be approximate to the price of a similar asset, as determined in accordance with the applicable accounting principles. The price shall not be deferred, except in cases of necessity and with adequate guarantees, and the conditions of sale or mortgage shall not result in the Company incurring damages or other liabilities or the suspension of some of its activities;
4- The right to request and accept reconciliation and waive, enter into and adhere to contracts in the name of the Company and on its behalf, as well as the right to litigate on behalf of the Company, collect its debts and accept reconciliation and arbitration;
5- Preparing and approving the Company's internal, financial, administrative and technical regulations, investment policies, internal control and audit systems, accounting systems, procurement and contracting systems for business and services and employee-related regulations, in accordance with the applicable laws in the KSA;
6- Establishing subsidiaries and companies in which the Company is a Shareholder as per the interests of the Company, determining the capital and forming the management thereof, as well as approving the sale of their interests and shares and amending their articles of association, including the capital and management clauses;
7- Opening, closing and operating bank and investment accounts; withdrawing, depositing, utilizing and investing amounts with banks and requesting time deposits; updating account data; receiving and issuing checks; signing receipts, clearances, discharges, declarations, bills of exchange, promissory notes, checks and all commercial documents;
8- Appointing and dismissing executive employees and members of the Company's senior management and determining their responsibilities, powers and entitlements;
9- Granting the Company's management the necessary powers for daily operations, subject to the powers mentioned in Article 24 of the Company's Bylaws;
10- Forming permanent and temporary committees, subject to the Companies Law, the relevant regulations and the articles mentioned in the Bylaws;
11- Seeking assistance from Saudi and non-Saudi consultants and experts and defining their financial remuneration;
12- Establishing a program to provide performance incentives to the Company's employees and setting the mechanisms for providing such incentives, the criteria for performance evaluation and the amounts and other benefits allocated annually for such purpose;
13- Providing financial support to any of the companies in which the Company is a Shareholder, as well as its subsidiaries and sister companies, and guaranteeing credit facilities obtained by any of the companies in which the Company is a Shareholder, as well as subsidiaries and sister companies;
14- Developing the Company's business and operating plans and annual capital budget and submitting them to the Shareholders' Assembly for approval;
15- Managing the Company in accordance with its business plan and budget and any amendments made thereto by the Shareholders;
16- Reviewing the reports of the Group CEO and Senior Management members (if any); Ensuring that the Group CEO and Senior Management members carry out their duties;
17- The right to release the Company's debtors from their obligations, taking into account the Company's interest;
18- The Board may, within the limits of its competence, delegate any of its powers to any of its members or to a third party to take a certain action(s) or conduct certain work(s), and it may revoke such delegation in whole or in part.

In addition to what is set out above, the Board enjoys all authorities and powers set out in Chapter II and Chapter III of the CGRs.

5.4.1 Responsibilities and Duties of the Chairman and Vice Chairman of the Board

Pursuant to the Company's Bylaws, the Chairman is prohibited from holding any executive position in the Company. The Vice Chairman (appointed by the Board) shall replace the Chairman in his absence or if authorized in writing by the Chairman.

The Chairman shall preside over Board meetings, call for them to be convened and implement the resolutions decided therein. The Chairman shall represent the Company in its relations with others and before government agencies, companies, individuals, courts of all degrees and types, arbitration panels, notaries, the Board of Grievances, committees for the resolution of commercial paper disputes and chambers of commerce and industry. The Chairman may file pleadings and defenses on behalf of the Company, present evidence and documents, enter into settlements, grant releases, deny or admit a charge, request taking of the oath within the scope of the resolutions adopted by the Board. The Chairman may also receive, challenge, appeal and execute judgments. The Chairman may take the necessary actions to obtain the deeds and title transfer deeds before notaries public and the official and civil authorities with respect to the properties owned by the Company to construct its offices. The Chairman may delegate or assign certain work(s) within the limits of his competence to a third party.

5.4.2 Responsibilities and Duties of the Board Secretary

The Board shall appoint a Secretary from amongst its members or others, and the Board shall determine the remuneration of the Secretary of the Board pursuant to an independent resolution of the Board of Directors. The Secretary shall be responsible for all administrative work of the Board of Directors, Board meetings and Board committees. The Secretary shall have the following responsibilities:

1- Document Board meetings and prepare minutes that contain the discussions and deliberations that took place in the meetings, indicating the place and date of the meetings as well as the times of their beginning and end;
2- Document the Board's resolutions and voting results and keep them in a separate and organized record; write down the names of the attending Directors and their reservations and directions, if any; and present such minutes to all attendees for their signature;
3- Retain the reports submitted to and prepared by the Board of Directors;
4- Provide Directors with the agenda of the Board meeting as per the Chairman's instructions and the related worksheets, documents and information, and any additional documents or information requested by any Director related to the topics included in the agenda;
5- Ensure that the Directors comply with the procedures approved by the Board;
6- Give Directors sufficient notice of the dates of the Board's meetings;
7- Submit the draft minutes to the Directors for them to provide their opinions thereon before signing;
8- Ensure that the Directors receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company;
9- Coordinate between the Directors;
10- Regulate the Register of Disclosures of the Board and Executive Management in accordance with the Implementing Regulations of the relevant Capital Market Law if the Company is listed;
11- Provide assistance and advice to the Directors;
12- Receive letters or notices from the Shareholders with respect to their representatives at the General Assembly and record their attendance accordingly;
13- Prepare or review the minutes of the General Assembly meetings and share copies thereof with the Shareholders within five (5) days of the date of each meeting;
14- Submit the necessary applications related to the Company to the competent authorities; and
15- Abide by any other regulations pertaining to the responsibilities of the Secretary as may be determined by the Board from time to time.

Pursuant to the Company's Bylaws, the term of membership of the Vice Chairman and Secretary, if they are Directors, shall not exceed their membership on the Board.

5.5 Senior Executives

The Executive Management consists of qualified and experienced members who have the necessary knowledge and experience to manage the Group's business in accordance with the Board of Directors' objectives and directives.

The Board of Directors shall appoint a CEO for the Company. The appointment resolution shall set out the CEO's responsibilities, duties and dues. The CEO shall implement the Board's Resolutions, run the Company's daily business, and manage its employees under the supervision of the Board of Directors, in addition to such other powers as may be determined by the Board of Directors and stipulated in the Company's Bylaws and its internal regulations.

Table (5.13): Details of Senior Executives

	Name	Position	Nationality	Age	Date of Appointment to the Position*	Number of Shares Owned Pre-Offering	Number of Shares Owned Post-Offering
1.	Samuel James Kilion Barnett	Group CEO	French	53 years	16/12/2020G	N/A	N/A
2.	Ali Ibrahim Al-Rashid Al-Hudaithi	Group Director General and Board Secretary	Saudi	66 years	01/09/2017G	N/A	N/A
3.	Omar Amin El Barrage	Group General Counsel	Lebanese	42 years	01/12/2022G	N/A	N/A
4.	Ali Mustafa Moein Jaber	Director of TV	Emirati	61 years	04/09/2011G	N/A	N/A
5.	Nasser Omar Othman Al Somali	Director of Human Resources	Saudi	51 years	01/07/2014G	N/A	N/A
6.	Christina Marie Wayne	Managing Director of MBC Studios	American	55 years	01/02/2023G	N/A	N/A
7.	Fadel Zahreddine	Group Director of Emerging Media	British	56 years	03/10/2018G	N/A	N/A
8.	Dominic James Farrell	CTO - Shahid	British	49 years	06/08/2021G	N/A	N/A
9.	Hussam Aldein Alnouri	Group CFO	Turkish	51 years	25/02/2019G	N/A	N/A
10.	Joseph Michael Igoe	COO	USA	52 years	03/10/2018G	N/A	N/A
11.	Karim bin Salah	Director of Investments	French	54 years	18/05/2022G	N/A	N/A
12.	Mohamed Abdel Motaal Salem Ashour	Vice Chairman and General Manager of Middle East Production Company (MBC Egypt)	Egyptian	55 years	01/11/2013G	N/A	N/A
13.	Samar Abdullah Akrouk	Group Director of Production	American	50 years	01/04/2023G	N/A	N/A
14.	Stephanie Sue Holden	Chief Strategy and Corporate Development Officer	American	49 years	20/02/2013G	N/A	N/A
15.	Ziad Fawzi Hamza	Director of Music and Radio	British	49 years	23/11/2017G	N/A	N/A
16.	Ban Osama Youssef Zureikat	Director of Internal Audit	Jordanian	37 years	13/09/2023G	N/A	N/A
17.	Natasha Ventura Matos-Hemingway	Chief Commercial and Marketing Officer - Shahid	South African	38 years	08/08/2023G	N/A	N/A
18.	Ahmed bin Attaf bin Abdul Malik Al Sahhaf	CEO of MMS (KSA)	Saudi	41 years	02/11/2021G	N/A	N/A

* The dates listed in this table are the dates of appointment to the current seats on the Group's Board of Directors.

The summary of the biographies of the Company's Senior Executives is set out below.

Table (5.14): Summary Biography of Samuel James Kilion Barnett - Group CEO

Name	Samuel James Kilion Barnett
Age	53 years
Nationality	French
Current Position	Group CEO
Academic Qualifications	• Bachelor's degree in History and Economics, University of Cambridge, UK, 1993G. • Master's degree in Business Administration, INSEAD University, France, 1997G.
Other Current Positions	• Non-executive Director, Artem Group Limited, a limited liability company in the British Virgin Islands operating in the arts sector, from 2023G to present. • Non-executive Director, MBC Game Studio, a limited liability company in the KSA operating in the game development sector, from 2022G to present. • Non-executive Director, Antenna Group, a private company in the Netherlands operating in the media sector, from 2022G to present. • CEO, Al Arabiya Network, a limited liability company in the UAE Free Zone operating in the media sector, from 2022G to present. • Non-executive Director, Arabian Contracting Services, a listed joint stock company in the KSA operating in the advertising sector, from 2021G to present. • Non-executive Director, MBC Media FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 2021G to present. • Non-executive Director, O3 Media, a limited liability company in Turkey operating in the production sector, from 2021G to present. • Non-executive Director, Middle East News, an incorporation in the US operating in the media sector, from 2005G to present.
Previous Positions	• Non-executive Director, Pawame, a private limited liability company operating in the solar energy sector, from 2021G to 2023G. • COO, MBC, a limited liability company in the UAE Free Zone operating in the media sector, from 2005G to 2011G. • Operations Manager, MBC, a limited liability company in the UAE Free Zone operating in the media sector, from 2002G to 2005G. • Senior Manager, Arthur Andersen Company, a joint venture company in the UK operating in the consultancy sector, from 2000G to 2002G. • Manager, PricewaterhouseCoopers, a joint liability company in the Republic of Tanzania operating in the consultancy sector, from 1997G to 2000G. • Consultant, Calchas Group, a joint liability company in the UK operating in the consultancy sector, from 1993G to 1996G.

Source: The Company

Table (5.15): Summary Biography of Ali Ibrahim Al-Rashid Al-Hudaithi – Group General Supervisor and Board Secretary

For more details regarding the experience, qualifications and current and previous positions of Ali Ibrahim Al-Rashid Al-Hudaithi, please refer to Table 5.12 ("**Summary Biography of Ali Ibrahim Al-Rashid Al-Hudaithi – Group General Supervisor and Board Secretary**").

Table (5.16): Summary Biography of Omar Amin El Barrage - Group General Counsel

Name	Omar Amin El Barrage
Age	42 years
Nationality	Lebanese
Current Position	Group General Counsel
Academic Qualifications	• Bachelor's degree in Law, Lebanese University, Lebanon, 2004G.

Other Current Positions	• Director, CG Drama Holdings, a limited liability company in the UAE operating in the media sector, from 2023G to present. • Director, Desert Warrior Holdings, a limited liability company in the UAE operating in the media sector, from 2023G to present. • Director, MBC Holding Cyprus, a limited liability company in Cyprus operating in the media sector, from 2023G to present. • Managing Director, MBC Group Holding, a limited liability company in Hungary operating in the media sector, from 2022G to present. • Director, MBC Media, a limited liability company in Cyprus operating in the media operations sector, from 2022G to present. • Director, MBC Media Services, a limited liability company in the British Virgin Islands operating in the media sector, from 2022G to present. • Director, MBC Studios (BVI), a limited liability company in the British Virgin Islands operating in the media sector, from 2022G to present.
Previous Positions	• Attorney, Fichte & Co, a limited liability company in the UAE operating in the legal services sector, from 2007G to 2009G.

Source: The Company

Table (5.17): Summary Biography of Ali Mustafa Moein Jaber - Director of TV

Name	Ali Mustapha Mouin Jaber
Age	50 years
Nationality	Emirati
Current Position	Director of TV
Academic Qualifications	• Bachelor's degree in Business Administration, American University, Lebanon, 1984G. • Master's degree in Communications, Syracuse University, USA, 1986G.
Other Current Positions	• Dean, Mohammed Bin Rashid School of Communication, American University in Dubai, from 2008G to present. • Chairman, Academic Council of the Dubai Institute of Design and Innovation. He was also a former advisor and founding member and then the Head of Content at Dubai Media Incorporated, which manages Dubai TV Network, from 2018G to present.
Previous Positions	• Managing Editor, Dubai Media Incorporated - Dubai TV, a semi-governmental institution in the UAE operating in the media sector, from 2003G to 2011G. • Founder, Future TV Co., a joint stock company in Lebanon operating in the media sector, from 1993G to 2003G.

Source: The Company

Table (5.18): Summary Biography of Nasser Omar Othman Alsomali - Director of Human Resources

Name	Nasser Omar Othman Alsomali
Age	51 years
Nationality	Saudi
Current Position	Director of Human Resources
Academic Qualifications	• Bachelor's degree in Business Administration, Imam Mohammad Ibn Saud University, KSA, 2016G.
Other Current Positions	• N/A
Previous Positions	• Director of Human Resources, Fist Company, a limited liability company in the KSA operating in the training sector, from 2012G to 2014G. • Human Resources Specialist, Al Moammar Information Systems Co. (MIS), a limited liability company in the KSA operating in the technology sector, from 2011G to 2012G. • Administrative Clerk, Ministry of Justice, a government agency in the KSA operating in the government sector, from 1992G to 1997G.

Source: The Company

Table (5.19): Summary Biography of Christina Marie Wayne - Managing Director of MBC Studios

Name	Christina Marie Wayne
Age	55 years
Nationality	American
Current Position	Managing Director of MBC Studios
Academic Qualifications	• Bachelor's degree in English and Film, Columbia University, USA, 1990G.
Other Current Positions	• Director, 03 Media, a limited liability company in the KSA operating in the production sector, from 2023G to present.
Previous Positions	• Principle International creative executive, Amazon Studios, a public joint-stock company in the USA operating in the media sector, from 2019G to 2022G. • CEO, Assembly Entertainment, a private limited liability company in the USA operating in the media sector, from 2013G to 2019G. • President, Cineflix Studios, a private company in Canada operating in the media sector, from 2010G to 2013G. • Head of Programming – SVP Scripted series & mini-series, AMC New York, a public company in the US operating in the media sector, from 2005G to 2009G.

Source: The Company

Table (5.20): Summary Biography of Fadel Zahreddine – Group Director of Emerging Media

Name	Fadel Zahreddine
Age	56 years
Nationality	British
Current Position	Group Director of Emerging Media
Academic Qualifications	• Bachelor's degree in Mass Communication - TV and Film Production, Beirut University, Lebanon, 1991G. • Master's degree in TV Production and Development, University of Winchester, England, 1995G.
Other Current Positions	• Chairman and General Manager, MFZ Holding S.A. L, a holding company in Lebanon operating in the investment sector, from 2015G to present. • Director, Al-Fursan International S.A. L, a holding company in Lebanon operating in the food sector, from 2015G to present.
Previous Positions	• Group Director of Brand Management, MBC FZ, a limited liability company in the UAE operating in the media sector, from 2010G to 2018G. • Group Director of Creative Services, MBC FZ, a limited liability company in the UAE operating in the media sector, from 2008G to 2010G. • Director of Creative Services, MBC FZ, a limited liability company in the UAE operating in the media sector, from 2002G to 2008G. • Head of Promotions, MBC, a limited liability company in the UK operating in the media sector, from 1999G to 2002G. • Producer – Special Programs - Current Affairs, MBC, a limited liability company in the UK operating in the media sector, from 1996G to 1999G.

Source: The Company

Table (5.21): Summary Biography of Dominic James Farrell - CTO - Shahid

Name	Dominic James Farrell
Age	49 years
Nationality	British
Current Position	CTO - Shahid
Academic Qualifications	• Bachelor's degree in Information Systems, Brunel University, UK, 1996G.
Other Current Positions	N/A

Previous Positions	• Vice President of Product Development, OSN, a limited liability company in the UAE Free Zone operating in the media sector, from 2015G to 2018G. • Head of Product Development, Sky, a limited liability company in the UK operating in the media sector, from 2004G to 2015G. • Senior Software Consultant, Liberate Technologies, a limited liability company in the UK operating in the technology sector, from 2002G to 2004G. • Pre-Sales Engineer, Portal Software, a limited liability company in the UK operating in the technology sector, from 2001G to 2002G. • Software Team Leader, Oracle Corp., a limited liability company in the UK operating in the technology sector, from 1998G to 2001G. • Software Developer, ISAMS, a limited liability company in the UK operating in the defense sector, from 1996G to 1997G.

Source: The Company

Table (5.22): Summary Biography of Hussam Aldein Alnouri - Group CFO

Name	Hussam Aldein Alnouri
Age	51 years
Nationality	Turkish
Current Position	Group Chief Financial Officer
Academic Qualifications	• Bachelor's degree in Accounting, Damascus University, Syria, 1996G. • Master's degree in Global Business Administration, University of Manchester, UK, 2014G.
Other Current Positions	N/A
Previous Positions	• CFO, MBC FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 2017G to 2018G. • Financial Controller, MBC FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 2010G to 2017G. • Senior Finance Manager, MBC FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 2008G to 2010G. • Finance Manager, Middle East News (Al Arabiya), a limited liability company in the UAE Free Zone operating in the media sector, from 2002G to 2007G. • Sector Head, Commercial Bank of Syria, Branch 12, a governmental institution operating in the banking sector, from 1991G to 2001G.

Source: The Company

Table (5.23): Summary Biography of Joseph Michael Igoe - COO

Name	Joseph Michael Igoe
Age	52 years
Nationality	American
Current Position	Chief Operating Officer
Academic Qualifications	• Bachelor's degree in Electrical Engineering, Rochester Institute of Technology, USA, 1994G. • Master's degree in Business Administration, California State University, Northridge, USA, 2001G.
Other Current Positions	• Member of the Board of Directors, Saudi Media Ratings Company, a limited liability company in the KSA operating in the media measurement sector, from 2021G to present. • Member of the Board of Directors, MBC Media Cyprus Limited, a limited liability company in Cyprus operating in the media operations sector, from 2018G to present.

Previous Positions	• Chief Operating Officer, MBC FZ, a limited liability company in the UAE operating in the media and data centers sector, from 2016G to 2022G. • Chief Technology Officer, MediaCorp Technologies Pte Ltd, a limited liability company in Singapore operating in the media and data center sector, from 2013G to 2016G. • Chief Technology Officer, WGBH, a non-profit company in the USA operating in the non-profit public media sector, from 2008G to 2013G. • Vice President, Fox Networks Group, a public company in the USA operating in the media sector, from 2000G to 2008G. • Engineering Manager, Disney Channel, a public company in the USA operating in the media sector, from 1995G to 2000G. • Design Engineer, NTC, a private company in the USA operating in the media engineering sector, from 1994G to 1995G.

Source: The Company

Table (5.24): Summary Biography of Karim ben Salah - Director of Investments

Name	Karim ben Salah
Age	54 years
Nationality	French
Current Position	Director of Investments
Academic Qualifications	• Bachelor's degree in Economics, Gai Savoir School, Switzerland, 1988G. • Master's degree in Economics and Social Sciences, University of Geneva, Switzerland, 1993G.
Other Current Positions	• Non-executive Director, O3 Media, a limited liability company in the KSA operating in the production sector, from 2023G to present. • Non-executive Director, Antenna Greece BF, a limited liability company in the Netherlands operating in the TV broadcasting sector, from 2022G to present. • Non-executive Director, Introspect Capital, a limited liability company in the Cayman Islands operating in the investment sector, from 2023G to present.
Previous Positions	• Non-executive Director, ABC, a limited liability company in Tunisia operating in the media sector, from 2014G to 2020G. • CEO, Tell Limited DIFC, a limited liability company in the UAE Free Zone operating in the financial sector, from 2015G to 2018G. • Executive Director, Tell Limited DIFC, a limited liability company in the UAE Free Zone operating in the financial sector, from 2015G to 2018G. • Fund Chairman, Malaz Capital, a limited liability company in the KSA operating in the financial sector, from 2013G to 2015G. • Private Equity Manager, Swicorp, a limited liability company in the UAE Free Zone operating in the financial sector, from 2006G to 2013G. • Non-executive Director, Arab Cotton Ginning Company, a joint stock company listed in Egypt operating in the industrial sector, from 2007G to 2013G. • Non-executive Director, United Sugar Company of Egypt, a limited liability company in Egypt operating in the industrial sector, from 2009G to 2010G. • Manager, Philip Morris International, a publicly traded company listed in the USA operating in the consumer goods sector, from 2001G to 2004G. • Manager, Philip Morris International, a limited liability company in Switzerland operating in the consumer goods sector, from 1999G to 2001G. • Manager, Philip Morris International, a limited liability company in Tunisia operating in the consumer goods sector, from 1996G to 1999G.

Source: The Company

Table (5.25): Summary Biography of Mohamed Abdel Motaal Salem Ashour - Vice Chairman and General Manager of Middle East Production Company (MBC Egypt)

Name	Mohamed Abdel Motaal Salem Ashour
Age	55 years
Nationality	Egyptian.
Current Position	Vice Chairman and General Manager of the Middle East Production Company (MBC Egypt).
Academic Qualifications	Bachelor's degree in Mass Media, Cairo University, Egypt, 1990G.
Other Current Positions	Vice Chairman, MBC Egypt, a joint stock company in Egypt operating in the media sector, from 2018G to present.
Previous Positions	• Experienced Member of the Board of Trustees, Egyptian Radio and Television Union, a public company in Egypt operating in the media sector, from 2016G to 2016G. • Vice Chairman and General Manager, Sigma Media (Al Hayat TV), a joint stock company in Egypt operating in the media sector, from 2008G to 2013G. • General Manager, El Mehwar TV, a joint stock company in Egypt operating in the media sector, from 2006G to 2007G. • Responsible Officer for supervising the launch and establishment of Nahrain TV, the first private Iraqi channel (Baghdad), operating in the media sector, from 2004G to 2006G. • Executive Director of the Public Channel of Nile Specialty Channels, Radio and Television Union, a public institution in Egypt, from 1999G to 2004G. • Member of the Broadcasters, Reporters, Filmmakers and Editors Selection Committee for the Nile Specialty Channels, Radio and Television Union, a public institution in Egypt, from 1997G to 2004G. • Director of Preparation and Implementation for Nile News Channel, Radio and Television Union, a public institution in Egypt operating in the radio and television sector, from 1998G to 2002G. • Member of the Committee responsible for launching and establishing the Nile Specialty Channels, Radio and Television Union, a public institution in Egypt operating in the radio and television sector, from 1997G to 1999G. • Head of the Cultural Department of the Information Channel, Radio and Television Union, a public institution in Egypt operating in the radio and television sector, from 1992G to 1996G. • Member of the Committee responsible for launching and establishing Nile TV International in English and French, Radio and Television Union, a public institution in Egypt operating in the radio and television sector, from 1993G to 1994G. • Research Assistant for Studies and Strategy, Al Ahram Foundation, a public institution in Egypt operating in the journalism sector, from 1991G to 1992G.

Source: The Company

Table (5.26): Summary Biography of Samar Abdullah Akrouk - Group Director of Production

Name	Samar Abdullah Akrouk
Age	50 years
Nationality	American
Current Position	Group Director of Production
Academic Qualifications	• Bachelor's Degree in International Politics and Law, Georgetown University, USA, 1995G.
Other Current Positions	N/A
Previous Positions	• General Manager, MBC Lebanon, a limited liability company in Lebanon operating in the media sector, from 2001G to 2007G.

Source: The Company

Table (5.27): Summary Biography of Stephanie Sue Holden – Chief Strategy and Corporate Development Officer

Name	Stephanie Sue Holden
Age	49 years
Nationality	American
Current Position	Chief Strategy and Corporate Development Officer
Academic Qualifications	• Bachelor's degree in International Relations and Economics, University of Pennsylvania, USA, 1995G. • Master's degree in Business Administration - Public Administration, Harvard Business School, USA, 2003G. • Master's degree in Public Administration - International Security Policy, Kennedy School of Government, Harvard University, USA, 2004G.
Other Current Positions	• Chairman, MBC Ventures Limited, a limited partnership in the British Virgin Islands operating in the communications, media and technology sector, from 2023G to present. • Director, Tapmad Holdings, a limited liability company in Singapore operating in the media sector, from 2019G to present. • Assistant Professor, American University in Dubai, a limited liability company in the UAE operating in the education sector, from 2018G to present. • Director, Wego, a limited liability company in Singapore operating in the tourism sector, from 2017G to present.
Previous Positions	• Consultant, McKinsey & Company, a company incorporated in the US operating in the management consulting sector, from 2004G to 2005G. • CFO, Priceline, a limited liability company in the US operating in the tourism sector, from 1999G to 2001G. • Strategic and Financial Analyst, Walt Disney Co., a limited liability company in the US operating in the entertainment sector, from 1998G to 1998G. • Financial Analyst for Mergers and Acquisitions, Merrill Lynch, Pierce, Fenner & Smith Incorporated, a company incorporated in the US operating in the investment management sector, from 1995G to 1998G.

Source: The Company

Table (5.28): Summary Biography of Ziad Fawzi Hamza – Director of Music and Radio

Name	Ziad Fawzi Hamza
Age	49 years
Nationality	British
Current Position	Director of Music and Radio
Academic Qualifications	Bachelor's degree in Business Administration, Charisma University, Turks and Caicos Islands, 2013G.
Other Current Positions	N/A
Previous Positions	• Director of Audio & Music , MBC FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 2010G to 2017G. • Senior Manager – Music Office, FM and Wanasah, MBC FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 2002G to 2010G. • Music Studio DJ Manager, Radio Studios and DJ, MBC FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 1998G to 2002G. • Music Studio DJ Supervisor, Radio Studios and DJ, MBC FZ, a limited liability company in the UAE Free Zone operating in the media sector, from 1994G to 1998G.

Source: The Company

Table (5.29): Summary Biography of Ban Osama Youssef Zureikat – Director of Internal Audit

Name	Ban Osama Youssef Zureikat
Age	37 years.
Nationality	Jordanian
Current Position	Director of Internal Audit.
Academic Qualifications	• Bachelor's degree in Information Systems Management, University of Jordan, 2008G.
Other Current Positions	N/A
Previous Positions	• Executive Director, Ernst & Young, a limited liability company in the UAE operating in the financial sector, from 2016G to 2023G. • Senior Manager, Deloitte & Touche, a limited liability company in Jordan operating in the financial sector, from 2008G to 2015G.

Source: The Company

Table (5.30): Summary Biography of Natasha Ventura Matos-Hemingway – Chief Commercial and Marketing Officer – Shahid

Name	Natasha Ventura Matos-Hemingway
Age	38 years
Nationality	South African
Current Position	Chief Commercial and Marketing Officer - Shahid
Academic Qualifications	• Bachelor's degree with honors in Human Biosciences, University of Cape Town, South Africa, 2006G. • Bachelor's degree in Physiology, University of Witwatersrand, South Africa, 2007G.
Other Current Positions	• N/A
Previous Positions	• Chief Marketing Officer, Showmax, a listed company in South Africa operating in the VOD sector, from 2019G to 2021G. • Director of Commerce and Marketing - M365 Middle East and Africa, Microsoft, a listed company in South Africa based in Johannesburg and operating in the technology sector in the Middle East and Africa, from 2018G to 2019G. • Director of Marketing and Operations for Sub-Saharan Africa, Microsoft, a listed company in South Africa based in Johannesburg and operating in the technology sector in the Middle East and Africa region, from 2015G to 2017G. • Regional Sales Manager, Google, based in Dublin/Europe, Middle East, Africa, Greece and Sub-Saharan Africa, from 2014G to 2015G. • Sales Manager for South Africa, the Czech Republic and Slovakia at Google, a listed company in Ireland operating in the technology sector, from 2013G to 2014G. • Industry Manager, Google, a listed company in South Africa operating in the technology sector, from 2011G to 2013G. • Senior Business Analyst, FeverTree Consulting, a private company in South Africa operating in the strategic consulting sector, from 2009G to 2010G.

Source: The Company

Table (5.31): Summary Biography of Ahmed bin Attaf bin Abdul Malik Al Sahhaf – CEO of MMS (KSA)

Name	Ahmed bin Attaf bin Abdul Malik Al Sahhaf
Age	41 years
Nationality	Saudi
Current Position	CEO of MMS (KSA)
Academic Qualifications	• Bachelor's degree in Business Administration (majored in Management and Marketing), American University of Sharjah, UAE, 2005G. • Attended several executive courses, most notably at Harvard University and INSEAD.
Other Current Positions	• Member of the Supervisory Board, Engineer Holding Group, a closed joint stock company in the KSA operating in the investment sector, from 2022G to present. • Director, Arabiya United Digital, a closed joint stock company in Egypt operating in the advertising sector, from 2022G to present.
Previous Positions	• General Manager of Consumer Marketing Communication, STC Group, a listed joint stock company in the KSA operating in the telecommunications sector, from 2010G to 2020G. • Corporate Communication Manager, Arabian Capital, a closed joint stock company in the KSA operating in the banking sector, from 2008G to 2010G. • Manager of the Communication and Events Department, STC Group, a listed joint stock company in the KSA operating in the telecommunications sector, from 2007G to 2008G. • International Money Market Executive in the Treasury Department, Samba Financial Group, a (formerly) listed joint stock company in the KSA operating in the banking sector, from 2006G to 2007G. • Marketing Operations Executive, Nestle Middle East, a public joint stock company in Switzerland operating in the consumer goods sector, from 2005G to 2006G.

Source: The Company

5.6 Declarations by Directors, Senior Executives and Board Secretary

Each of the Directors, Senior Executives and the Secretary of the Board declares that:

1- He/she has not, at any time, been declared bankrupt or been subject to bankruptcy proceedings.

2- No insolvency has been declared in the previous five years against a company in which any of the Directors, Senior Executives or Board Secretary were appointed by the insolvent company to a managerial or supervisory position.

3- Except as provided in Section 5.9.1 ("**Interests of the Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company and its Subsidiaries**"), neither the Directors, nor the Senior Executives, the Secretary or any of their relatives directly or indirectly hold shares or debt instruments or have an interest of any kind in the Company or any of the Subsidiaries or any interest in any matters that may have an impact on the Company's operations.

5.7 Remuneration and Compensation of Directors and Senior Executives

Pursuant to the Company's Bylaws, the remuneration of the Chairman and Directors shall be set pursuant to a resolution of the Company's General Assembly. Such remuneration may include certain amounts, attendance allowances, in-kind benefits or a percentage of net profits, and two or more of these benefits may be combined. Pursuant to the Company's Bylaws, the Board's report to the General Assembly shall include a comprehensive statement of all remuneration, expense allowances and other benefits received by the Board Directors during the financial year. It shall also include a statement of amounts paid to the Directors as employees or managers or amounts paid to them for technical, administrative or advisory works. In addition, the report shall include a statement of the number of Board meetings as well as the number of meetings attended by each Director.

The table below shows the total remuneration paid by the Company and its Affiliates to the Directors and the top six Senior Executives. These remunerations include salaries, benefits and allowances for the financial years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G.

Table (5.32): Remuneration of the Board of Directors and the Top Six Senior Executives including the Group CEO and CFO

	For the Period Ended 31 December 2020G (SAR)	For the Period Ended 31 December 2021G (SAR)	For the Period Ended 31 December 2022G (SAR)	For the Period Ended 30 June 2023G (SAR)
Directors	2,666,250	4,627,500	4,650,000	900,000
Senior Executives	22,618,451	22,783,218	30,719,906	16,298,047

Source: The Company

The Chairman receives in-kind benefits from the Group, including accommodation, transportation, a mobile phone allowance, a rental car and health insurance (as part of the Group policy). Aside from the aforementioned, none of the Directors receive any in-kind benefits.

The Senior Executives, on the other hand, receive health insurance, life insurance and mobile phone allowances. In addition, the Group CEO receives a car, driver and accommodation, while the Group CFO and General Counsel receive accommodation.

The Directors, Senior Executives and Board Secretary are prohibited from voting on decisions relating to their own remuneration, and they are prohibited from borrowing from the Company or voting on a contract or arrangement in which they have an interest.

5.8 Contracts Entered into with the Directors and Senior Executives

5.8.1 Contracts Entered into with the Directors

As at the date of this Prospectus, no contracts have been entered into with the Directors.

5.8.2 Contracts Entered into with Senior Executives

The Group has entered into employment contracts with all of the Senior Executives, whether directly with the Company or through its wholly owned Subsidiaries (MBC Media KSA, MBC FZ and Middle East Production Company (MBC Egypt)). These contracts set out their salaries and bonuses in accordance with their qualifications and experience. These contracts provide a number of benefits, such as a monthly transportation and/or housing allowance. These contracts are renewable.

As at the date of this Prospectus, some of the Senior Executives have entered into employment contracts with the Subsidiaries, since the Company operates as a holding company and the Group conducts its activities through the Subsidiaries in various jurisdictions. As the Senior Executives manage and supervise certain departments within the Subsidiaries, they operate at the Group level. The Company has also entered into a service agreement with each of these Subsidiaries governing the service relationship provided by each of the Group's Senior Executives, including transferring employees between the Group companies if necessary. The Company confirms the following:

a- The employment contracts of Senior Executives expressly state the possibility of transferring the employee to any of the Group Companies (including the Company) to fulfill their duties.

b- Each employee is duly registered in the jurisdiction in which the relevant Subsidiary operates, including with social security.

c- Employees are residents of the jurisdiction in which they are registered and do not work in other jurisdictions for extended periods, nor do they perform any work that may lead to them being considered an employee of another company or in another jurisdiction, subject to the labor regulations in force.

The table below provides a brief overview of the employment contracts with Senior Executives:

Table (5.33): Summary of the Employment Contracts Concluded with the Group CEO, CFO and Senior Executives

Name	Position	Group Contracting Entity	Date of Contract**	Term of Contract
Samuel James Kilion Barnett	Group CEO	The Company	01/11/2023G	One year, automatically renewable
Ali bin Ibrahim bin Al-Rashid Al-Hudaithi	Group General Supervisor and Board Secretary	MBC FZ*	28/08/2023G	Five years, automatically renewable
Omar Amin El Barrage	Group General Counsel	The Company	01/11/2023G	One year, automatically renewable
Ali Mustafa Moein Jaber	Director of TV	The Company	01/11/2023G	One year, automatically renewable
Nasser Omar Othman Al Somali	Director of Human Resources	MBC Media KSA	01/08/2022G	Indefinite
Christina Marie Wayne	Managing Director of MBC Studios	MBC Studios Projects KSA	01/02/2023G	One year, automatically renewable
Fadel Zahreddine	Group Director of Emerging Media	The Company	01/11/2023G	One year, automatically renewable
Dominic James Farrell	CTO - Shahid	MBC FZ	13/01/2023G	Five years, automatically renewable
Hussam Aldein Alnouri	Group CFO	The Company	01/11/2023G	One year, automatically renewable
Joseph Michael Igoe	COO	The Company	01/11/2023G	One year, automatically renewable
Karim bin Salah	Director of Investments	MBC FZ*	14/02/2023G	Five years, automatically renewable
Mohamed Abdel Motaal Salem Ashour	Vice Chairman and General Manager of Middle East Production Company (MBC Egypt)	Middle East Production Company (MBC Egypt) SAE	18/05/2022G	Five years
Samar Abdullah Akrouk	Group Director of Production	MBC FZ*	16/01/2023G	Five years, automatically renewable
Stephanie Sue Holden	Chief Strategy and Corporate Development Officer	MBC FZ*	17/01/2023G	Five years, automatically renewable
Ziad Fawzi Hamza	Director of Music and Radio	The Company	01/11/2023G	One year, automatically renewable
Ban Osama Youssef Zureikat	Director of Internal Audit	MBC FZ*	06/09/2023G	Five years, automatically renewable
Natasha Ventura Matos-Hemingway	Chief Commercial and Marketing Officer - Shahid	MBC FZ	18/02/2023G	Five years, automatically renewable
Ahmed bin Attaf bin Abdul Malik Al Sahhaf	CEO of MMS (KSA)	MMS (KSA)	02/11/2020G	One year, automatically renewable

* The Group intends to transfer the employment contract of the relevant Senior Executive to the Company within two years of the date of this Prospectus.

** Shows the date the employment contract was entered into with the aforementioned entity. Please refer to Table 5.13, ("**Details of Senior Executives**") of this Prospectus for the date of appointment to the position.

Source: The Company

5.9 Conflicts of Interest

The Company's Bylaws and its internal regulations and policies do not grant Directors the power to vote on any contract, business or offer in which they have a direct or indirect interest. This is in accordance with Article 71 of the Companies Law and Article 27 of the Companies Law, which provide a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the authorization of the Ordinary General Assembly, the Shareholders, or their delegates. Additionally, Article 27 of the Companies Law prohibits Directors from engaging in any activity that competes with the Company or its activities without authorization from the General Assembly, the Shareholders, or their delegates.

Pursuant to Article 71 of the Companies Law, Directors must disclose and notify the Board of any personal interest they may have in the transactions and contracts to be entered into by the Company, or if they have an interest that competes with the Company. Such notification shall be recorded in the meeting minutes of the Board upon convening. The Board is obliged to notify the Ordinary General Assembly of the transactions and/or contracts in which a Director has a direct or indirect interest, and such notification shall be accompanied by a special report from the Company's Auditor prepared according to the auditing standards endorsed in the KSA.

Directors may not participate in deliberations or vote on resolutions related to transactions and/or contracts entered into for the Company in which they have a direct or indirect interest.

The Company has developed and implemented a clear written policy to address conflicts of interest and dealings with Related Parties which accounts for nature of its size and operations and its internal organization, in order to ensure that there is a clear mechanism for identifying conflicts of interest and competing interest cases and set out the cases in which the approval of the General Assembly must be sought. Such policy sets out a stringent process that aims to comply with the general principles under the Companies Law, the CGRs, the Regulatory Rules and Procedures Relating to Listed Joint Stock Companies and other relevant requirements. The Board approved the policy on 24/04/1445H (corresponding to 08/11/2023G) and it was ratified by the General Assembly on 01/05/1445H (corresponding to (15/11/2023G).

5.9.1 Interests of Directors, Senior Executives and the Secretary in the Shares or Debt Instruments of the Company and its Subsidiaries

The table below shows the direct and indirect interests of the Directors, Senior Executives and the Secretary in the shares of the Company and its Subsidiaries.

Table (5.34): Interests of Directors and Senior Executives in the Shares of the Company

Name (Position)	Ownership (%)	Description
Waleed bin Ibrahim Al Ibrahim (Chairman)	40% (direct)	Direct ownership of 40% of the Company's shares pre-Offering (equivalent to 36% post-Offering).

Table (5.35): Interests of Directors and Senior Executives in the Shares of the Company's Subsidiaries

Name (Position)	Subsidiary	Ownership (%)	Description
Ali bin Ibrahim bin Al-Rashid Al-Hudaithi (General Manager and Board Secretary)	MBC Lebanon	One share, equivalent to 0.003% of the share capital	His ownership in the Subsidiary is solely for the purpose of meeting the requirements of the laws in force in Lebanon.
Samar Abdullah Akrouk (Group Director of Production)	MBC Lebanon	One share, equivalent to 0.003% of the share capital	Her ownership in the Subsidiary is solely for the purpose of meeting the requirements of the laws in force in Lebanon.

Except as disclosed in this section above, none of the Directors, Senior Executives or Board Secretary have any direct or indirect interest in the shares or debt instruments of the Company or its Subsidiaries or in any other matter that may affect the Company's business. It is also worth noting that none of the relatives of the Directors have any direct or indirect interest in the shares or debt instruments of the Company or its Subsidiaries, or in any other matter that may affect the Company's business. For the purposes of this Section 5.9.1 ("**Interests of the Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company and its Subsidiaries**"), relatives shall mean a Director's husband, wife and minor children.

5.9.2 Interests of Directors and Senior Executives in Contracts and Agreements entered into by the Company and its Subsidiaries

As at the date of this Prospectus, neither the Directors nor the Senior Executives have any direct or indirect interest in the contracts and agreements entered into by the Company or its Subsidiaries, except for certain contracts and agreements which are set out below:

- The Group, through its Subsidiaries, entered into seven Expansion Project Agreements with Istedamah Holding Company (in its capacity representing the Government) in connection with funding a number of media and entertainment projects and initiatives as agreed with the Group. For further details regarding these agreements, please see Section 12.6.5 ("**Summary of the Agreements entered into between the Group Companies and Istedamah Holding Company**") of this Prospectus. In each of these agreements, MBC Group Holdings (BVI), the previous Group holding company, guarantees the obligations of the relevant Group companies, noting that the Company is currently in discussions with Istedamah to consider whether such guarantees should be moved to be granted by the Company as the new Group holding company following the Restructuring. The necessary approvals will be obtained in this respect at such time. These agreements do not include any preferential provisions. The Vice-Chairman, Hindi Abdullah Humaidan Al-Sohimi, has an indirect interest in these agreements as he is the chairman of the board of directors of Istedamah. Accordingly, the provisions of Paragraph 1 of Articles 27 and 71 of the Companies Law apply to this agreement, which require obtaining the approval of the Company's General Assembly. It should be noted that the General Assembly has not approved these agreements as at the date of this Prospectus. However, the Company is working to obtain the approval of the General Assembly for these agreements before completion of the Offering and Listing procedures.

- The Company entered into a strategic cooperation framework agreement with the Government of KSA (represented by Istedamah) on 20/11/2023G, which sets the general framework governing the relationship between the Group and the government in respect of the existing and future initiatives, including the Group's Expansion Projects. This agreement does not include any preferential provisions. The Vice-Chairman, Hindi Abdullah Humaidan Al-Sohimi, has an indirect interest in this agreement as he is the chairman of the board of directors of Istedamah. Accordingly, the provisions of Paragraph 1 of Articles 27 and 71 of the Companies Law apply to this agreement, which require obtaining the approval of the Company's General Assembly. It should be noted that the General Assembly has not approved this agreement as at the date of this Prospectus. However, the Company is working to obtain the approval of the General Assembly for these agreements before completion of the Offering and Listing procedures. Pursuant to this agreement, the parties agreed that a separate agreement, as appropriate, will be entered into to govern each initiative, the allocated amounts, scope of services, KPIs, project milestones and any other terms the parties may agree on a case-by-case basis. The Company will obtain all required approvals and authorization upon signing each separate agreement.

- The Company entered into a loan agreement with Istedamah on 6 October 2022G, as amended on 6 July 2023G, to acquire shares in Arabian Contracting Services Company. The value of this agreement is SAR 497,250,000. This agreement does not include any preferential provisions. The Vice-Chairman, Hindi Abdullah Humaidan Al-Sohimi, has an indirect interest in this agreement as he is the chairman of the board of directors of Istedamah. Accordingly, the provisions of Paragraph 1 of Articles 27 and 71 of the Companies Law apply to this agreement, which require obtaining the approval of the Company's General Assembly. It should be noted that the General Assembly has not approved this agreement as at the date of this Prospectus. However, the Company is working to obtain the approval of the General Assembly for these agreements before completion of the Offering and Listing procedures.

- MBC FZ entered into a master services agreement with ARA International Productions Company ("**AIP**") on 01/08/2018G, whereby MBC FZ - or its Affiliates - will provide media services (including promotions and advertisements on its channels, content production and licensing of its trademarks) in consideration for fees to be paid as agreed in each service request submitted by AIP. The agreement shall remain effective until it is terminated by either party. The Group achieved revenues of SAR 96,094,926 from this agreement in 2022G. This agreement does not include any preferential provisions. The Chairman, Waleed bin Ibrahim Al Ibrahim, has an indirect interest in this agreement as he owns 50% of ARA International Holding Company, which wholly owns AIP. Accordingly, the provisions of Paragraph 1 of Articles 27 and 71 of the Companies Law apply to this agreement, which require obtaining the approval of the Company's General Assembly. It should be noted that the General Assembly has not approved these agreements as at the date of this Prospectus. However, the Company is working to obtain the approval of the General Assembly for these agreements before completion of the Offering and Listing procedures.
- MBC FZ concluded a framework agreement for the provision of production services with AIP on 28/03/2018G in connection with the provision of general production management services by AIP, including the provision of studios, production crew, cameras, production equipment, in consideration of the cost of the services plus 5%. The period of such agreement is indefinite and continues until the agreement is terminated by either party. The Group incurred costs for such services amounting to SAR 144,961,800 in 2022G. This agreement does not include any preferential provisions. The Chairman, Waleed bin Ibrahim Al Ibrahim, has an indirect interest in this agreement as he owns 50% of ARA International Holding Company, which wholly owns AIP. Accordingly, the provisions of Paragraph 1 of Articles 27 and 71 of the Companies Law apply to this agreement, which require obtaining the approval of the Company's General Assembly. It should be noted that the General Assembly has not approved these agreements as of the date of this Prospectus. However, the Company is working to obtain the approval of the General Assembly for these agreements before completion of the Offering and Listing procedures.
- MBC FZ entered into a services agreement with Middle East News (FZ) on 01/01/2021G in connection with the provision of administrative services by MBC FZ to Middle East News (FZ). The agreement term is three years and expires on 31 December 2023G. The total amounts paid under this agreement in 2022G amounted to USD 24,343,164 (approximately SAR 91,286,865). This agreement does not include any preferential provisions. The Chairman, Waleed bin Ibrahim Al Ibrahim, has an indirect interest in this agreement as he owns 40% of News24 Holding Limited (BVI), which wholly owns Middle East News (FZ). Accordingly, the provisions of Paragraph 1 of Articles 27 and 71 of the Companies Law apply to this agreement, which require obtaining the approval of the Company's General Assembly. It should be noted that the General Assembly has not approved these agreements as at the date of this Prospectus. However, the Company is working to obtain the approval of the General Assembly for these agreements before completion of the Offering and Listing procedures.
- MBC FZ provided a loan of USD 26,666,666 (equivalent to SAR 99,999,997) to MBC Group Holdings (BVI) to cover some of the operational costs, having previously disbursed a total amount of SAR 81,683,910 during period between 12/07/2021G and 07/11/2023G. The Company is in the process of preparing and concluding a contract that regulates this relation between MBC FZ and MBC Group Holdings (BVI). The Chairman, Waleed bin Ibrahim Al Ibrahim, has an indirect interest in this contract since he owns 40% of MBC Group Holdings (BVI). Accordingly, the provisions of Paragraph 1 of Articles 27 and 71 of the Companies Law apply to this contract, which require obtaining the approval of the Company's General Assembly. It should be noted that the approval of the General Assembly for this contract has not been obtained as at the date of this Prospectus. However, the Company is working to obtain the General Assembly's approval for the contract before completion of the Offering and Listing procedures.
- As part of the ordinary course of its business, MBC FZ enters into numerous service agreements from time to time with Charisma Gulf FZ and Sci NC. It is important to note that the husband of, Samar Abdullah Akrouk, one of the Senior Executives, is a partner in these companies. These agreements do not contain any preferential terms, and the Company confirms that they are entered into on a purely commercial basis.

5.9.3 Business of Directors that Competes with the Company

As at the date of this Prospectus, the Directors do not conduct any business or activity that competes with the business of the Company or its Subsidiaries, except for the following:

The Directors Abdulrahman Ibrahim Abdulrahman Al-Ruwaita and Mosa Omran Mohammed Alomran are currently directors of the Saudi Research and Media Group, which carries out activities that compete with those of the Group, including broadcasting of news and entertainment content. Accordingly, the provisions of Paragraph 2 of Article 27 of the Companies Law apply, which require obtaining approval from the Company's General Assembly. It should be noted that the Company's Ordinary General Assembly approved the participation of the aforementioned Directors in such business and activities which compete with the Company or its Subsidiaries at its meeting held on 05/03/1445H (corresponding to 20/09/2023G). The Company and the relevant Directors will follow the necessary procedures outlined in the Companies Law and the relevant regulations (including the CGRs after Listing and the Company's Corporate Governance Manual). For more information on the risks associated with this relationship, please refer to Section 2.1.37 ("**Risks related to transactions and contracts with Related Parties and the Company's Directors and Executives competing with the Company's business or activities**") of this Prospectus.

Based on the above, the Board of Directors declares and confirms that each Director shall:

1- Comply with Articles 27 and 71 of the Companies Law and Chapter 6 of the CGRs.
2- Refrain from voting on resolutions of the Board of Directors or the General Assembly relating to business, contracts or transactions entered into with Related Parties that are carried out for the account of the Company if they have a direct or indirect interest in such business and contracts or have a direct or indirect competing interest therein.
3- Not participate in any business that would compete, or is competing, with the Company or any of its activities, without the authorization of the Ordinary General Assembly pursuant to Article 27 of the Companies Law.
4- Ensure that all future businesses and contracts, including those in which a Director has an interest, will be concluded in accordance with the provisions of the CGRs and the regulatory controls and procedures issued in implementation of the Companies Law, that they do not include preferential terms for a Director and are entered into on a purely commercial basis similar to all ordinary transactions and contracts made with others.

5.10 Board Committees and their Responsibilities

A number of committees emanate from the Company's Board that contribute to the effective performance of the Company's tasks, in addition to fulfilling the relevant statutory requirements. These committees consist of the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee. These committees assume the powers delegated to them by the Board of Directors in accordance with the Company's corporate governance rules.

5.10.1 Audit Committee

Pursuant to the Company's Bylaws, an Audit Committee consisting of three to five non-executive Directors shall be formed pursuant to a resolution of the Board of Directors. Based on the recommendation of the Board of Directors, the General Assembly shall issue the Audit Committee's charter. This charter shall specify the controls and procedures of the Committee's work, its responsibilities, the criteria for the selection of its members, the nomination process, the terms of their membership, their remuneration, and the mechanism for the temporary appointment of members in the event of a vacancy on the Committee.

Pursuant to the Bylaws and the CGRs, the Audit Committee was formed by a resolution of the Board dated 16/01/1445H (corresponding to 03/08/2023G). The Audit Committee charter was prepared and approved by the Board on 16/01/1445H (corresponding to 03/08/2023G) and it was ratified by the General Assembly on 01/05/1445H (corresponding to 15/11/2023G).

The current Audit Committee consists of four (4) non-executive Directors appointed by the Company's Board of Directors. In accordance with the Audit Committee's charter, the term of membership on the Committee shall be four (4) years, which may be extended subject to the approval of the Board of Directors. The Audit Committee monitors the Company's business and verifies the integrity and soundness of its reports, financial statements and internal control systems.

In accordance with the Company's Bylaws, the Audit Committee shall be responsible for monitoring the Company's business. To this end, it shall have the right to access the Company's records and documents and to request clarification from the Directors or Senior Executives. The Audit Committee may request the Board to invite the Company's General Assembly to convene if its work is hindered by the Board or if the Company suffers material losses or damages. The responsibilities of the Audit Committee include the following:

5.10.1.1 Financial Reports

In accordance with the Audit Committee's charter, the Committee is responsible for monitoring and ensuring the integrity and soundness of the Company's financial statements and reviewing any financial information contained in other documents. The Committee, as part of its regular duties, also reviews the following matters:

1- Examining the Company's initial and annual financial statements before presenting them to the Board and offering an opinion and recommendations thereon to ensure their integrity, fairness and transparency.
2- Providing a technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy.
3- Analyzing any important or unfamiliar issues contained in the financial reports.
4- Accurately investigating any issues raised by the Group's CFO or any person assuming the CFO's duties, as well as issues raised by the Company's compliance officer or Auditor.
5- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
6- Considering the Company's applicable accounting policies and providing opinions and recommendations to the Board of Directors thereon.

5.10.1.2 Internal Audit

The Committee undertakes tasks related to internal audit, which include the following:

1- Examining the Company's internal and financial control and risk management systems.
2- Examining internal audit reports and monitoring the implementation of corrective measures in respect of the remarks made in such reports.
3- Monitoring and supervising the performance and activities of the Company's internal auditor and Internal Audit Department to verify the availability of the necessary resources and their effectiveness in performing the duties and tasks assigned thereto.
4- Providing recommendations to the Board on the appointment of the manager of the Internal Audit Unit or Department or the internal auditor and suggesting their remuneration.

5.10.1.3 Auditor

The Committee undertakes tasks related to the Auditor, which include the following:

1- Providing recommendations to the Board on the nomination and dismissal of auditors, determining their fees and evaluating their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2- Verifying the independence, objectivity and fairness of the Auditor and the effectiveness of auditing activities, taking into account the relevant rules and standards.
3- Examining the Auditor's action plan and works, verifying that no technical, administrative or advisory work was submitted outside the scope of the audit works and providing its opinions in this regard.
4- Responding to inquiries of the Company's Auditor.
5- Examining the Auditor's report and notes on the financial statements and following up on the actions taken with regard thereto.

5.10.1.4 Compliance

The Committee undertakes tasks related to ensuring compliance, which include the following:

1- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
2- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
3- Reviewing proposed Related Party contracts and transactions in relation to the Company and providing its recommendations to the Board in connection therewith.
4- Reporting to the Board any issues it deems necessary to take action on and providing recommendations as to the steps that should be taken.

As at the date of this Prospectus, the Audit Committee consists of the following members:

Table (5.36): Members of the Audit Committee

Name	Position
Hindi Abdullah Humaidan Al-Sohimi	Chairman of the Audit Committee – Non-executive and Non-independent Director
Abdullah bin Nasser bin Abdullah Al Dawood	Member of the Audit Committee – Non-executive and Non-independent Director
Mohammed bin Abdulaziz bin Abdulrahman Alshaya	Member of the Audit Committee –Non-Director
Khalid bin Abdullah bin Abdulaziz Al Mulhim	Member of the Audit Committee - Non-executive and Independent Director

Source: The Company

5.10.1.5 Summary Biographies of the Members of the Audit Committee

An overview of the experience, qualifications and current and previous positions of the Audit Committee members is provided below.

Table (5.37): Summary Biography of Hindi Abdullah Humaidan Al-Sohimi – Chairman of the Audit Committee

For more information regarding the experience, qualifications and current and previous positions of Hindi Abdullah Humaidan Al-Sohimi, please refer to Table 5.4 ("**Summary Biography of Hindi Abdullah Humaidan Al-Sohimi – Vice Chairman**").

Table (5.38): Summary Biography of Abdullah bin Nasser bin Abdullah Al Dawood – Member of the Audit Committee

For more information regarding the experience, qualifications and current and previous positions of Abdullah bin Nasser bin Abdullah Al Dawood, please refer to Table 5.6 "**Summary Biography of Abdullah bin Nasser bin Abdullah Al-Dawood – Director.**"

Source: The Company

Table (5.39): Summary Biography of Mohammed bin Abdulaziz bin Abdulrahman Alshaya – Member of the Audit Committee

Name	Mohammed bin Abdulaziz bin Abdulrahman Alshaya
Age	56 years
Nationality	Saudi
Current Position	Member of the Audit Committee
Academic Qualifications	• Bachelor's degree in Accounting, Imam Mohammad Ibn Saud Islamic University, KSA, 1990G. • Master's degree in Accounting, University of Illinois, USA, 1998G. • Several professional certifications in management and accountancy.

Other Current Positions	• Member of the Audit Committee, Events Investment Fund, a government entity in the KSA operating in the government sector, from 2023G to present. • Director, Saudi Gelatin and Capsules Co., a limited liability company in the KSA operating in the industrial sector, from 2023G to present. • Member of the Audit Committee, Hedab Alkhaleej, a closed joint-stock company in the KSA operating in ceramic trade, from 2023G to present. • Director, Hedab Alkhaleej, a closed joint-stock company in the KSA operating in ceramic trade, from 2022G to present. • Member of the Audit Committee, Kidana, a closed joint-stock company in the KSA operating in the real estate development sector, from 2022G to present. • Chairman, Saudi Steel Pipes, a listed joint-stock company in the KSA operating in the industrial sector, from 2022G to present. • Director, Amlak International Real Estate Finance Company, a listed joint-stock company in the KSA operating in the finance sector, from 2021G to present. • Member of the Audit Committee, Al Rabie Saudi Foods Company, a closed joint-stock company in the KSA operating in the food sector, from 2021G to present. • Member of the Audit Committee, National Transformation Program Center, a government entity in the KSA operating in the government sector, from 2019G to present. • Director and Chairman of the Audit Committee, General Authority for Competition, a government entity in the KSA operating in the government sector, from 2018G to present. • Member of the Risk Committee, Amlak International Real Estate Finance Company, a listed joint-stock company in the KSA operating in the finance sector, from 2016G to present. • Chairman of the Audit Committee, Amlak International Real Estate Finance Company, a listed joint-stock company in the KSA operating in the finance sector, from 2015G to present. • Member of the Audit Committee, Riyadh Cement, a listed joint-stock company in the KSA operating in the cement sector, from 2015G to present.
Previous Positions	• Chairman of the Audit Committee, Alessa Industries Company, a closed joint-stock company in the KSA operating in the industrial sector, from 2020G to 2023G. • Director, Alessa Industries Company, a closed joint-stock company in the KSA operating in the industrial sector, from 2019G to 2023G. • Director and Chairman of the Audit Committee, HSBC Saudi Arabia, a closed joint-stock company in the KSA operating in the investment sector, from 2015G to 2023G. • Chairman of the Board of Directors and Chairman of the Executive Committee, SABB Takaful Co., a (previously) listed joint-stock company in the KSA operating in the insurance sector, from 2018G to 2022G. • Chairman of the Audit Committee, Najm for Insurance Service Co., a closed joint-stock company in the KSA operating in the insurance sector, from 2017G to 2019G. • Director, Najm for Insurance Service Co., a closed joint-stock company in the KSA operating in the insurance sector, from 2016G to 2019G. • Director, Chairman of the Audit Committee and Member of Executive Committee, Saudi Ground Services Co., a public joint-stock company in the KSA operating in the aviation services sector, from 2015G to 2019G. • CEO, Mediterranean and Gulf Insurance and Reinsurance Group (MEDGULF), a listed joint-stock company in the KSA operating in the insurance sector, from 2016G to 2017G. • Director General of Supervision for Finance Companies, Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a government entity in the KSA operating in the government sector, from 2012G to 2014G. • Director, Public Pension Agency, a government entity in the KSA operating in the government sector, from 2011G to 2014G. • Director and Chairman of the Audit Committee, Tunisian Saudi Bank (formerly STUSID Bank), a closed joint-stock company in Tunisia operating in the banking sector, from 2008G to 2013G. • Vice Chairman of the Anti-Money Laundering Permanent Committee, a government committee in the KSA operating in the government sector, from 2006G to 2013G. • Director General of Supervision for Insurance Companies, Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a government entity in the KSA operating in the government sector, from 2007G to 2012G. • Director of Banking Inspection, Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a government entity in the KSA operating in the government sector, from 2004G to 2007G. • Banking Inspector, Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a government entity in the KSA operating in the government sector, from 1999G to 2004G. • Accountant, Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a government entity in the KSA operating in the government sector, from 1992G to 1999G. • Accountant, Saudi Unified Electricity Company (currently the Saudi Electricity Company), a listed joint-stock company in the KSA operating in the electricity sector, from 1990G to 1992G.

Source: The Company

Table (5.40): Summary Biography of Khalid bin Abdullah bin Abdulaziz Al Mulhim - Member of the Audit Committee

Please refer to Table 5.10 ("**Summary Biography of Khalid bin Abdullah bin Abdulaziz Al Mulhim - Director**") for further details on the experience, qualifications and current and previous positions of Khalid bin Abdullah bin Abdulaziz Al Mulhim.

5.10.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed pursuant to the Board of Directors' Resolution dated 16/01/1445H (corresponding to 03/08/2023G). The Board approved the charter of the Nomination and Remuneration Committee on 16/01/1445H (corresponding to 03/08/2023G), which it was ratified by the General Assembly on 01/05/1445H (corresponding to 15/11/2023G).

The current Nomination and Remuneration Committee consists of three (3) non-executive Directors and non-Board members appointed by the Company's Board. Pursuant to the Nomination and Remuneration Committee's charter, the membership term on the Committee is four (4) years, subject to extension, provided that the majority of the Committee's members are non-executive and at least one member is independent. The responsibilities of the Nomination and Remuneration Committee include, but are not limited to, the following:

1- Proposing clear policies and criteria for membership of the Board of Directors and the Executive Management.
2- Providing recommendations to the Board of Directors on the nomination and renomination of Directors in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a committing a crime involving moral turpitude or dishonesty.
3- Preparing a description of the skills and qualifications required for membership on the Board of Directors and for holding Executive Management positions.
4- Determining the time that Directors should allocate for Board activities.
5- Undertaking an annual review of the skills and experience required of members of the Board and Executive Management.
6- Ensuring the independence of the independent Directors on an annual basis and ensuring that there is no conflict of interest if a Director serves as a director of another company.
7- Providing job descriptions for executive, non-executive and independent members and Executive Management.
8- Evaluating the strengths and weaknesses of the Board and proposing solutions to address such weaknesses, in line with the interests of the Company.
9- Reviewing the organizational structure, size and composition of the Company's Board (including skills, knowledge, experience and diversity) on a regular basis (at least annually), and providing the appropriate recommendations to the Board (which in turn will submit such recommendations to the General Assembly).
10- Developing the procedures to be followed in the event there is a Board or Senior Executive vacancy.
11- Preparing, disclosing and ensuring a clear policy for the remuneration of the members of the Directors and Committees emanating from the Board and the Executive Management, and submission of the same to the Board for approval by the General Assembly, provided that such policy takes into account performance-related standards.
12- Clarifying the relationship between the remuneration granted and the applicable remuneration policy, indicating any material deviation from such policy.
13- Periodically reviewing the remuneration policy and evaluating its effectiveness in terms of achieving its objectives.
14- Making recommendations to the Board of Directors regarding the remuneration of the Directors, Board Committees and Senior Executives of the Company, in accordance with the approved policy.

As at the date of this Prospectus, the Nomination and Remuneration Committee consists of the following members:

Table (5.41): Members of the Nomination and Remuneration Committee

Name	Position
Mansour Abdulaziz Mohammed Almansour	Chairman of the Nomination and Remuneration Committee - Non-executive and Independent Director
Abdulrahman Ibrahim Abdulrahman Al-Ruwaita	Chairman of the Nomination and Renumeration Committee – Non-executive and Non-independent Director
Mosa Omran Mohammed Alomran	Member of the Nomination and Renumeration Committee – Non-executive and Non-independent Director

Source: The Company

5.10.2.1 Summary Biographies of the Members of the Nomination and Remuneration Committee

An overview of the experience, qualifications and current and previous positions of the Audit Committee members is provided below.

Table (5.42): Summary Biography of Mansour Abdulaziz Mohammed Almansour – Chairman of the Nomination and Remuneration Committee

Please refer to Table 5.11 "**Summary Biography of Mansour Abdulaziz Mohammed Almansour - Director**" for further details on the experience, qualifications and current and previous positions of Mansour Abdulaziz Mohammed Almansour.

Table (5.43): Summary Biography of Abdulrahman Ibrahim Abdulrahman Al-Ruwaita – Member of the Nomination and Remuneration Committee

For more information regarding the experience, qualifications and current and previous positions of Abdulrahman Ibrahim Abdulrahman Al-Ruwaita, please refer to Table 5.5 ("**Summary Biography of Abdulrahman Ibrahim Abdulrahman Al-Ruwaita – Director**").

Table (5.44): Summary Biography of Mosa Omran Mohammed Alomran – Member of the Nomination and Remuneration Committee

For more information regarding the experience, qualifications and current and previous positions of Mosa Omran Mohammed Alomran, please refer to Table 5.7 ("**Summary Biography of Mosa Omran Mohammed Alomran – Director**").

5.10.3 Executive Committee

The Executive Committee was formed pursuant to the Board of Directors' Resolution dated 16/01/1445H (corresponding to 03/08/2023G). The Board approved the Executive Committee charter on 16/01/1445H (corresponding to 03/08/2023G).

The current Executive Committee consists of three (3) members who are Senior Executives of the Company and have been appointed by the Board of Directors. According to the Executive Committee's charter, the term of membership on the Committee is three (3) years, subject to extension, provided that it does not exceed the period stipulated in the Company's Bylaws. The responsibilities of the Executive Committee generally include the following:

1- Reviewing and making recommendations on the Company's strategy and commercial, financial and operational plans proposed to the Board of Directors.
2- Reviewing budgets and annual plans and making recommendations to the Board of Directors in connection therewith, as well as verifying the material differences in the approved plan.
3- Reviewing the Company's performance based on management reports to determine whether the Company is achieving its short- and long-term goals.
4- Participating in the review of proposals for new capital investments and projects that fall within the competence of the Committee.

5- Forming or restructuring any partnerships or joint projects.
6- Reviewing and making recommendations to the Board of Directors on any projects related to enhancing and updating the Company's technologies and technical support.
7- Ensuring the coordination and appropriate communication of information and opinions between the Executive Management and the heads of the key departments.
8- Monitoring the performance of the Group's CEO and Executive Management.
9- Reviewing and approving contracts beyond the powers of the Group CEO within the limits of the approved budget and in accordance with the Company's Delegation of Authority Matrix.
10- Reviewing periodic administrative activities and reports on the implementation and completion of the Company's major projects.
11- Presenting recommendations to the Board of Directors with respect to any other resolutions beyond the scope of the Committee's powers.
12- Performing other duties assigned to it by the Board in line with the Committee's purpose.

As at the date of this Prospectus, the Executive Committee consists of the following members:

Table (5.45): Members of the Executive Committee

Name	Position
Waleed Ibrahim Abdulaziz Al Ibrahim	Chairman of the Executive Committee – Non-Executive and Non-independent Chairman of the Board of Directors
Hindi Abdullah Humaidan Al-Sohimi	Member of the Executive Committee – Non-Executive and Non-independent Vice Chairman of the Board of Directors
Abdullah bin Nasser bin Abdullah Al Dawood	Member of the Executive Committee – Non-Executive and Non-independent Director

Source: The Company

5.10.3.1 Summary Biographies of the Members of the Executive Committee

An overview of the experience, qualifications and current and previous positions of the Executive and Risk Management Committee members is provided below.

Table (5.46): Summary Biography of Waleed Ibrahim Abdulaziz Al Ibrahim - Chairman of the Executive Committee

For more information regarding the experience, qualifications and current and previous positions of Waleed Ibrahim Abdulaziz Al Ibrahim, please refer to Table 5.3, ("**Summary Biography of Waleed Ibrahim Abdulaziz Al Ibrahim - Chairman**").

Table (5.47): Summary Biography of Hindi Abdullah Humaidan Al-Sohimi - Member of the Executive Committee

For more information regarding the experience, qualifications and current and previous positions of Hindi Abdullah Humaidan Al-Sohimi, please refer to Table 5.4 ("**Summary Biography of Hindi Abdullah Humaidan Al-Sohimi – Vice Chairman**").

Table (5.48): Summary Biography of Abdullah bin Nasser bin Abdullah Al Dawood - Member of the Executive Committee

For more details regarding the experience, qualifications and current and previous positions of Abdullah bin Nasser bin Abdullah Al Dawood, please refer to Table 5.6, ("**Summary Biography of Abdullah bin Nasser bin Abdullah Al Dawood - Director**").

5.10.4 Investment Committee

The Investment Committee was formed pursuant to the Board of Directors' Resolution dated 16/01/1445H (corresponding to 03/08/2023G). The Investment Committee charter was approved by the Board on 16/01/1445H (corresponding to 03/08/2023G).

The current Investment Committee consists of four (4) members appointed by the Board. According to the Investment Committee's charter, the term of membership on the Committee is three (3) years, subject to extension, provided that it does not exceed the period stipulated in the Company's Bylaws. The responsibilities of the Investment Committee generally include the following:

1- Recommending a framework to the Board of Directors on capital allocation for the investment activities of the Company, taking into consideration aspects such as the Group's strategic objectives, return on invested capital targets, criteria, allocations and risk limits.
2- Reviewing the Company's performance against the standards set in the framework on a regular basis.
3- Periodically developing and reviewing the investment policy and guidelines, including asset classes, asset allocation ranges, restricted investments and their reporting line.
4- Providing recommendations to the Board of Directors regarding investment opportunities, acquisitions, joint ventures and liquidation of investments.
5- Evaluating the impact of proposed specific investment transactions on the Company's balance sheet, liquidity and debt ratios and recommending them to the Board of Directors for approval.
6- Monitoring investment-related risks, including liquidity and portfolio diversification.
7- Appointing investment managers for various investments and regularly evaluating their performance.
8- Monitoring the Company's investment systems and IT resources.
9- Performing other duties assigned to it by the Board and in line with the Committee's purpose.

As at the date of this Prospectus, the Investment Committee consists of the following members:

Table (5.49): Members of the Investment Committee

Name	Position
Khalid bin Abdullah bin Abdulaziz Al Mulhim	Chairman of the Investment Committee – Non-executive and Independent Director
Mosa Omran Mohammed Alomran	Member of the Investment Committee – Non-executive and Non-independent Director
Abdulrahman Ibrahim Abdulrahman Al-Ruwaita	Member of the Investment Committee – Non-executive and Non-independent Director
Majed Abdulaziz Ibrahim Al Ibrahim	Member of the Investment Committee - Non-executive and Independent Director

Source: The Company

5.10.4.1 Summary of Biographies of the Members of the Investment Committee

An overview of the experience, qualifications and current and previous positions of the Investment Committee members is provided below.

Table (5.50): Summary Biography of Khalid bin Abdullah bin Abdulaziz Al Mulhim - Chairman of the Investment Committee

Please refer to Table 5.10 "**Summary Biography of Khalid bin Abdullah bin Abdulaziz Al Mulhim - Director**" for further details on the experience, qualifications and current and previous positions of Khalid bin Abdullah bin Abdulaziz Al Mulhim.

Table (5.51): Summary Biography of Mosa Omran Mohammed Alomran – Member of the Investment Committee

For more information regarding the experience, qualifications and current and previous positions of Mosa Omran Mohammed Alomran, please refer to Table 5.7 ("**Summary Biography of Mosa Omran Mohammed Alomran – Director**").

Table (5.52): Summary Biography of Abdulrahman Ibrahim Abdulrahman Al-Ruwaita – Member of the Investment Committee

For more information regarding the experience, qualifications and current and previous positions of Abdul Rahman Ibrahim Abdul Rahman Al Ruwaita, please refer to Table 5.5 ("**Summary Biography of Abdulrahman Ibrahim Abdulrahman Al-Ruwaita – Director**").

Table (5.53): Summary Biography of Majed Abdulaziz Ibrahim Al Ibrahim - Member of the Investment Committee

Please refer to Table 5.8 ("**Summary Biography of Majed Abdulaziz Ibrahim Al Ibrahim - Director**") for further details regarding the experience, qualifications and current and previous positions of Majed Abdulaziz Ibrahim Al Ibrahim.

5.11 Corporate Governance

5.11.1 Overview

The main sources of the Company's corporate governance are the CGRs issued by the CMA, certain provisions of the Companies Law and the best corporate governance practices in the KSA.

The CGRs regulate the various relationships between the Board of Directors, Executive Directors, Shareholders and other stakeholders by establishing rules and procedures to facilitate decision-making processes with the aim of protecting the rights of Shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct in the context of the financial market and business environment.

The CGRs also require developing clear methods and procedures for disclosure and transparency, which ensure that the Board of Directors serves the best interests of Shareholders and provides a clear and fair image of the Company's financial position and results of operations.

The Company's policy aims to adopt high standards of corporate governance and to apply the CGRs to the Company as of the date of its Listing. While the Company currently applies most of the provisions of the CGRs, it will comply with them in full as at the date of Listing. The Company believes that its keenness to adhere to and comply with the CGRs and other relevant laws and regulations is an important contributor to its continued success, and it will continue to update its Corporate Governance Manual when needed to reflect best practices. Except where listed as indicative, the provisions of the CGRs are mandatory.

5.11.2 Key Corporate Governance Requirements

The CGRs outline the key governance requirements to which the Company adheres and will adhere. These specifications cover, but are not limited to, the following broad areas:

- General rights of Shareholders (Articles 4 to 9).
- Rights related to the meeting of the General Assembly (Articles 10 to 15).
- The Board of Directors: its composition, responsibilities, competencies, procedures, and training (Articles 16 to 39).
- Cases of conflict of interest (Articles 40 to 46).
- The Company Committees (Articles 47 to 69).
- Internal controls, external auditors, the Company reports and policies and other matters (Articles 70 to 94).

5.11.3 The Company's Corporate Governance Manual and Regulations

On 24/04/1445H (corresponding to 08/11/2023G), the Board of Directors approved the Company's Corporate Governance Manual.

The Company's Corporate Governance Manual contains provisions relating to the following:

- Shareholders' rights.
- The Board of Directors, including its composition, membership rules, meetings, work procedures, responsibilities, powers and remuneration.
- The Company's Committees, including their composition, membership rules, meetings, work procedures, responsibilities, powers and remuneration.
- Control, internal audit and auditor.
- Professional and ethical standards.
- Disclosure and transparency policies.
- Dividend Distribution Policy
- Remuneration Policy
- Policy on conflicts of interests and dealings with Related Parties

The Company is in the process of forming a subcommittee specializing in investor relations to ensure representation of the Company's investors, guarantee transparency and equality, and generally develop investor relations within the Company, commencing from the date of its Listing.

5.11.4 Compliance with the CGRs

The Board of Directors declare that the Company is currently compliant with the majority of the provisions of the CGRs and will fully comply with the provisions of the CGRs as at the date of Listing.

As at the date of this Prospectus, the Company's Board of Directors consists of nine (9) members appointed by the Ordinary General Assembly. The Companies Law, the CGRs, the Company's Bylaws and the Company's Corporate Governance Manual define the duties and responsibilities of the Board of Directors. The membership term of the Board of Directors is a maximum of four (4) years per term. Moreover, all members of the Company's Board of Directors are non-executive Directors.

The Company is currently compliant with the mandatory governance requirements that apply to joint stock companies in the KSA. However, the Company is not currently compliant with the provisions that are mandatory only in relation to listed companies and therefore do not apply to the Company at present as it is not yet listed on the Saudi Stock Exchange. However, the Company will apply and comply with such provisions once the Company's shares are listed on the Exchange. These requirements include the following provisions set forth in the CGRs:

- Article 8(a) regarding announcing information regarding the nominees for Board membership on the website of the Exchange upon calling for the General Assembly.
- Article 8(b) regarding the limitation of voting in the General Assembly to the Board nominees whose information has been announced in accordance with Article 8(a).
- Article 13(d) regarding publication of the invitation to the General Assembly on the websites of the Exchange and the Company.
- Article 13(e) regarding amendments to the agenda of the General Assembly during the period between the publication of the announcement referred to in Article 13(d) and the date of the General Assembly meeting.
- Article 14(c) regarding making information related to the items of the General Assembly agenda available to Shareholders through the websites of the Company and the Exchange, and accessing information related to the items of the General Assembly agenda, particularly the reports of the Board and the Auditor, the financial statements and the Audit Committee's report.
- Article 15(d) in relation to providing the CMA with a copy of the minutes of the General Assembly meeting.
- Article 15(e) in relation to announcing to the public and notifying the CMA and the Exchange of the results of General Assembly meetings immediately following their conclusion.

- Article 17(d) in relation to notifying the CMA of the Directors' names, membership descriptions, and any changes to their membership within five working days from the date of such changes.
- Article 21(1)(a) regarding setting a comprehensive strategy, key business plans and policies and risk management mechanisms for the Company.
- Article 24(4) regarding the appointment of the manager of the Internal Audit Unit or Department, or the Internal Auditor.
- Article 58 in relation to preparing a clear policy for remuneration of Directors, Board committee members and Executive Management.
- Article 65 regarding the publication of the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated for Board membership, provided that the nomination period shall remain open for at least one month from the date of the announcement.
- Article 70 regarding the approval of an internal control system for the Company.
- Article 83 in relation to developing a policy for professional conduct and ethical values.
- Article 86 in relation to preparing a disclosures policy and procedures.

5.12 Employee Share Program

As at the date of this Prospectus, there are no employee share programs entitling employees to participate in the Company's share capital, nor are there any other similar arrangements in place.


mbc
GROUP

6. Management's Discussion and Analysis of Financial Position and Results of Operations

6.1 Introduction

The Group's Management Discussion and Analysis section provides an analytical view of the Group's operational performance and financial position for the years ended 31 December 2020G, 2021G and 2022G, and the six-month periods ended 30 June 2022G and 2023G. This section and the attached notes have been prepared based on the audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

MBC Group ("**MBC Group**" or the "**Company**") is a newly formed company under Saudi Arabian laws that was incorporated as a closed joint stock company limited by shares. The financial statements consolidate the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**"). The principal activity of the Group is to provide broadcasting services and to operate free-to-air Pan-Arab entertainment channels and over-the-top (OTT) platform, and to produce content.

The consolidated financial statements for the years ended 31 December 2020G, 2021G and 2022G are the first set of financial statements of the Group following the reorganization of the Group (the "**reorganization**") for the purpose of submitting an application to the Capital Market Authority in the Kingdom of Saudi Arabia for inclusion in the Company's initial public offering.

On 20 April 2023G, pursuant to the reorganization, the shareholders established the Company as a new holding company with a share capital of SAR 500,000 at SAR 10 per share. The Company became the new holding company of the Group through transfer of shares of the certain entities, as listed under "Group overview" below. The shares were transferred from the MBC Group Holdings Limited (the previous holding company) to the new holding company for nil consideration. The reorganization was completed on 22 June 2023G during which all the legal ownership of the aforementioned entities were transferred to the new holding company. The reorganization did not result in any change in the economic essence and is not considered a business combination as defined in IFRS 3 "Business Combinations". Accordingly, the consolidated financial statements of the Group were prepared on the basis that the reorganization is essentially a consolidation of the existing Group's companies, assuming that the Company permanently owned the existing Group companies. As a result of the above-mentioned share transfer, the Company's general assembly approved on 20 September 2023G, to increase the Company's capital by an amount of SAR 2,992.0 million with a nominal value of SAR 10 per share (therefore, the total capital after the increase will become SAR 2,992.0 million) (for more information, refer to Section (4-2) ("Structure of the Group") and Section (4-2-2) ("History, Incorporation, and Evolution of Share Capital ") of this Prospectus).

The consolidated financial statements for the years ended 31 December 2020G, 2021G and 2022G have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 ("SOCPA") (here in after referred to as "**International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia**") and have been audited by Ernst & Young Professional Services (hereinafter referred to as "EY" or the "**Auditor**") as stated in their report included herein. The unaudited interim condensed consolidated financial statements for the six-month periods ended 30 June 2023G have been prepared in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia and have been reviewed by the Auditor as stated in their report included herein, collectively referred to, with the audited consolidated financial statements, as the "Financial Statements." These financial statements are included in Section (19) ("**Financial Statements and Auditor's Report**") of this Prospectus.

Neither EY, nor any of its subsidiaries, affiliates or any of their employees (from the engagement team serving the Company) or relatives, own any shares or shares of any kind in the Group, which may affect its independence as at the date of issuance of the independent auditor's report on the audited consolidated financial statements. As of the date of this Prospectus, the Auditor provided the written consent to the reference to their role as Auditors of the Group's accounts for the financial years ended on 31 December 2020G, 2021G and 2022G, and for the six-month period ended 30 June 2023G, and this approval has not been withdrawn or amended as at the date of this Prospectus.

All amounts in this section have been rounded to the nearest thousand Saudi Riyals unless stated otherwise, and numbers and percentages have been rounded to the nearest decimal place. Therefore, the sum of these numbers may differ from what is stated in the tables. Accordingly, all ratios, key performance indicators, annual expenditures, and compound annual growth rates are based on rounded figures. In cases where amounts in this Prospectus are converted from US Dollars to Saudi Riyals, the exchange rate used is 3.75 Saudi Riyals for every 1 US Dollar.

The financial information for the financial years ended 31 December 2020G, 2021G and 2022G was extracted from the Group's audited consolidated financial statements for the three financial years ended 31 December 2020G, 2021G and 2022G. The financial information for the six-month periods ended 30 June 2022G and 30 June 2023G was extracted from the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

This section may include statements in connection with the Group's future prospects, based on the executive management's current plans and expectations regarding the Group's growth and results of operations, and financial conditions, and therefore such statements may involve risks and unconfirmed expectations that may lead to material differences from the Group's actual results as a result of multiple factors and events, including the factors discussed in Section No. 2 "**Risk Factors**" in this Prospectus.

6.2 Directors' declaration for financial information

The Board of Directors declare the following:

1- The Directors declare that the financial information contained in this section was extracted without material change and is presented in accordance with the audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes that was prepared by the Group in accordance with International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia, and the unaudited interim condensed consolidated financial statements for the financial period ended 30 June 2023G and the accompanying notes that was prepared by the Group in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia.

2- The Directors declare that the Group has sufficient working capital for a period of at least (12) months immediately following the date of publication of the Prospectus.

3- The Directors declare that there has been no significant adverse change in the financial or commercial position of the Group in the three financial years immediately preceding the application for registration and offering of securities set out in this Prospectus and the period included in the audited report until the date of approval of this Prospectus. The members of the Board of Directors confirm that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents, or facts if they are omitted, the data contained in this Prospectus will become misleading.

4- The Directors declare that the Group does not have any property, including any contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain, which significantly affects the assessment of its financial position, except for financial instruments at fair value through profit or loss, which were disclosed in Section No. 6-7-2 "**Consolidated Balance Sheet Statement**" of this Prospectus.

5- The Directors declare that the Group has not provided any commissions, discounts, brokerage fees or any other non-cash compensation in connection with the issuance or offering of any securities to any of the members of the Board of Directors or suggested members of the Board of Directors and senior executives and those in charge of issuance or offering of these securities or the experts who received any of these payments or benefits during the three years immediately preceding the date of submitting an application for acceptance and offering of securities subject to this Prospectus.

6- The Directors declare that the Group does not have any loans or other liabilities whether covered by a personal guarantee or other kind of guarantee or covered by a mortgage, including any overdrafts from bank accounts, and does not have any secured liabilities or liabilities under acceptance or acceptance credit or any lease purchase liabilities except as disclosed in Section No. 12-8 "**Financing and Loan Agreements**" of this Prospectus.

7- The Directors acknowledge that, except as disclosed in Section No. 6-6 "**Principal Factors Affecting the Operations of the Group**" and Section No. 2 "**Risk Factors**" of this Prospectus, to their knowledge the Group has no information on any government policies or economic, financial, monetary, political or any other factors that have a material impact (directly or indirectly) on the Group's operations.

8- The Directors declare that the Group has no intention of making any material change in its activity.

9- The Directors declare that the Group's operations have not been interrupted in a way that have affected or significantly affected its financial position during the last twelve months.

10- The Directors declare that none of the Company or its subsidiaries' capital are subject to the right of option, except as disclosed in Section No. 12-6 "**Material Agreements**" of this Prospectus.

11- The Directors declare that the Group has provided comprehensive details in this section of any potential liabilities and has accounted for and recorded a provision for the obligations contained in management's discussion and analysis of the financial position and results of operations (for more information, refer to Section No. 6 "Management Discussion and Analysis of Financial Position and Results of Operations " of this Prospectus).

12- The Directors declare that the Group's properties are not subject to any mortgages, rights, or encumbrances as at the date of this Prospectus.

13- The Directors declare that the Group has provided extensive details in this section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.

14- The Directors declare that the Group has not issued debt instruments, term loans, secured or unsecured mortgages, current or approved, but not issued, except for what was disclosed in Section No. 12-8 "**Financing and Loan Agreements**" of this Prospectus.

15- The Directors declare that there was no qualification on the financial statements of the Company and its material subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.

16- The Directors declare that there have been no material changes in the accounting policies of the Company and its material subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.

17- The Directors declare that no material changes have been made/or obligated to make any material amendments to the published audited financial statements of the Company and its material subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.

18- The Directors declare that no material restructuring has been made to the Company or its material subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus, except as disclosed in Section No. 4 "**The Company**", and Section No. 12 "**Legal Information**" of this Prospectus regarding the reorganization of the Group.

19- The Directors declare that except for what is mentioned in this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Company or any of its subsidiaries, if applicable.

6.3 Group overview

MBC Group ("**MBC Group**" or the "**Company**") is a newly formed company under Saudi Arabian laws that was incorporated as a closed joint stock company limited by shares in Riyadh, Kingdom of Saudi Arabia. The audited consolidated financial statements consolidate the financial statements of the Company, its subsidiaries, joint ventures, and associates (collectively referred to as the "**Group**").

The principal activities of the Group mainly include (i) providing broadcasting services and operating free-to-air Pan-Arab entertainment channels, (ii) operating an online over-the-top (OTT) platform (Shahid), (iii) production and post-production of television programs, (iv) advertising services, (v) event management services and media content production, (vi) music label and rights management, (vii) gaming and interactivity, and (viii) management and development of artistic and entertainment talents.

The following table summarizes the subsidiaries included in the consolidated financial statements:

Table (6.1): MBC Group subsidiaries

Subsidiary	Legal form	Country of incorporation	Ownership share held by the Group			
			As at 31 December 2020G	As at 31 December 2021G	As at 31 December 2022G	As at 30 June 2023G
MBC FZ LLC and its subsidiaries	LLC	UAE	100%	100%	100%	100%
MBC Studios FZ LLC	LLC	UAE	100%	100%	100%	100%
MBC IP FZ LLC	LLC	UAE	100%	100%	100%	100%
MBC Studios Projects FZ LLC	LLC	UAE	100%	100%	100%	100%
Platinum Records FZ LLC	LLC	UAE	74%	74%	100%	100%
Wanasah FZ LLC	LLC	UAE	51%	51%	51%	51%
MBC Holding Cyprus Limited	LLC	Cyprus	100%	100%	100%	100%
MBC Ventures Limited	LLC	British Virgin Island	100%	100%	100%	100%
MBI FZ LLC	LLC	UAE	100%	100%	100%	100%
MBC Media FZ LLC	LLC	UAE	100%	100%	100%	100%
MBC Initiatives LLC	LLC	KSA	100%	100%	100%	100%
MBC Media Services BVI Limited	LLC	British Virgin Island	-	100%	100%	100%
MBC Events Limited	LLC	KSA	-	-	100%	100%

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the subsidiaries of MBC FZ LLC:

Table (6.2): MBC FZ LLC subsidiaries

Subsidiary	Legal form	Country of incorporation	Ownership share held by the Group			
			As at 31 December 2020G	As at 31 December 2021G	As at 31 December 2022G	As at 30 June 2023G
MBC Group Holding Hungary Limited Liability Company, Hungary	LLC	Hungary	100%	100%	100%	100%
MBC Jordan LLC	LLC	Jordan	100%	100%	100%	100%
MBC Media Cyprus Limited	LLC	Cyprus	100%	100%	100%	100%
Middle East Production Company	LLC	Egypt	90%*	90%*	90%*	90%*
MBC Media Saudi Arabia Co. Ltd.	LLC	KSA	-	100%	100%	100%

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

* MBC FZ LLC owns 90% of the equity interest in MEP Egypt whilst the remaining 10% equity interest is owned by companies within the Group.

The following table summarizes the subsidiaries of MBC Studios Projects FZ LLC:

Table (6.3): MBC Studios Projects subsidiaries

			Ownership share held by the Group			
Subsidiary	Legal form	Country of incorporation	As at 31 December 2020G	As at 31 December 2021G	As at 31 December 2022G	As at 30 June 2023G
MBC Studios BVI Limited	LLC	British Virgin Island	100%	100%	100%	100%
Desert Warriors Holdings Limited	LLC	UAE	100%	100%	100%	100%
Ze Qar Art Productions Limited	LLC	KSA	100%	100%	-**	-
CG Drama Project Holdings Limited	LLC	UAE	-	100%	100%	100%
MBC Studios Projects Saudi Limited	LLC	KSA	-	100%	100%	100%

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

** During the year ended 31 December 2022G, as part of the Group reorganization, MBC Studios Projects Saudi Limited became the immediate parent company of Ze Qar Art Productions Limited by virtue of acquisition of equity interest for nil consideration.

The following table summarizes the subsidiaries of MBC Media Services BVI Limited:

Table (6.4): MBC Media Services BVI Limited subsidiaries

			Ownership share held by the Group			
Subsidiary	Legal form	Country of incorporation	As at 31 December 2020G	As at 31 December 2021G	As at 31 December 2022G	As at 30 June 2023G
MBC Media Solutions FZ-LLC	LLC	UAE	-	60%	60%	60%

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the subsidiaries of MBC Media Solutions FZ-LLC:

Table (6.5): MBC Media Solutions FZ-LLC subsidiaries

			Ownership share held by the Group			
Subsidiary	Legal form	Country of incorporation	As at 31 December 2020G	As at 31 December 2021G	As at 31 December 2022G	As at 30 June 2023G
MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) (MMS KSA)	LLC	KSA	-	100%	100%	100%
Al Miza Co. for Advertising (MMS Egypt)	LLC	Egypt	-	100%	100%	100%
MBC Media Solutions for Advertising Services LLC (MMS EGY)	LLC	Egypt	-	-	99%	99%

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

6.4 Basis of preparation and summary of significant accounting policies

Basis of preparation

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

The consolidated financial statements for the years ended 31 December 2020G, 2021G and 2022G are the first set of financial statements of the Group following the reorganization of the Group (the "**reorganization**") for the purpose of submitting an application to the Capital Market Authority in the Kingdom of Saudi Arabia for inclusion in the Company's initial public offering.

Except for the defined employees' benefits liabilities which are recognized at the present value of future liabilities using the projected unit credit method, derivative financial instruments, and Investment in financial asset which are recognized at fair value through profit or loss, the consolidated financial statements are prepared under the historical cost convention and have been presented in Saudi Riyal (SAR).

On 20 April 2023G, after the reorganization, the shareholders established the Company as a new holding company with a capital of SAR 500,000 at a value of SAR 10 per share. The Company became a new holding company for the Group through the transfer of shares in selected companies, as described in the "Group Overview" paragraph. The shares were transferred from MBC Holdings Group (the former holding company) to the new holding company for nil consideration. The reorganization of the Group was completed on 22 June 2023G during which the legal ownership of the aforementioned companies was transferred to the new holding company.

The acquisition of the shares in the subsidiaries and associates by the Company was effectively concluded during June 2023G. Accordingly, the acquisition was accounted for as of 30 June 2023G, through "additional shareholders contributions" account. Starting from that date, revenues, expenses, assets and liabilities of the Company and its subsidiaries are consolidated, after eliminating intercompany transactions and balances.

The reorganization has not resulted in any change in economic substance and is not considered a business combination as defined in IFRS 3 "Business Combinations." Accordingly, the consolidated financial statements of the Group were prepared on the basis that the reorganization is essentially a consolidation of the existing Group companies, assuming that the Company permanently owns the existing Group companies. As a result of the above-mentioned share transfer, the Company's general assembly approved on 20 September 2023G, an increase in the company's capital by an amount of SAR 2,992.0 million, with a nominal value of SAR 10 per share (therefore, the total capital after the increase will become SAR 2,992.0 million).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as at 31 December 2022G, 2021G and 2020G. 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(s) 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 controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on 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, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those used in the previous year, except as follows:

New and amended standards and interpretations:

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022G (unless otherwise stated). The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

The adoption of the above amendments and improvements had no significant impact on the consolidated financial statements of the Group.

Standards and interpretations issued and apply for the first time in 2023G:

The new and amended standards and interpretations that are issued and apply for the first time in 2023G are disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023G);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2023G);
- Amendments to IAS 8 – Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023G);
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023G); and
- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023G).

The above standards, amendments and interpretations are not expected to have any material impact on the Group.

Summary of significant accounting policies

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an 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 share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

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 profit or loss.

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 relative values of the disposed operation and the portion of the cash-generating unit retained.

Accounting for business combinations involving entities or businesses under common control

Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3 Business Combinations. In the case of an absence of a specific guidance in IFRS, the management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement the management may also consider the most recent pronouncement of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that they do not conflict with the IFRS.

Management have adopted the pooling of interest method to account for the business combination of entities under common control other than combinations with substance. Acquisition method of accounting is explained in the business combinations policy.

This method involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No goodwill is recognized as a result of combination. The only goodwill recognized is relating to the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity.

The Group has elected to adopt an accounting policy to report the comparative information as if the Group always owned the business acquired under common control from the date when such businesses were part of the Group. This approach is applied consistently for all such transactions.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profits/ losses of associates and joint ventures' in the consolidated statement of comprehensive income. Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue from contracts with customers

The principal activities of the Group are to provide broadcasting services and to operate free-to-air Pan-Arab entertainment channels. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenues when it transfers control over a product or service to a customer as per the underlying contractual terms.

The specific recognition criteria described below must also be met before revenue is recognized:

Advertising revenue

Advertising revenue is recognized over the period of contract, generally when the advertisement is aired on the related platforms.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group also provides retrospective volume rebates to certain customers once the quantum of advertising slots purchased during the period exceeds the threshold specified in the contract. The volume rebates give rise to variable consideration.

Volume rebates

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the expected future rebates (i.e. the amount not included in the transaction price). The refund liability is clubbed under accrued expenses as part of trade and other payables.

Interactivity revenue

Interactivity revenue represents income from the use of interactive services and is recognized based on interactive transaction volumes from internal reports, adjusted for estimated uncertainties based on management's prior experience.

Barter revenue

Barter transactions are recorded at the fair value at contract inception of cash and noncash consideration received or promised from the customer. Revenue from barter transactions, involving the exchange of dissimilar goods or services, are only recognized if the amount of revenue can be reliably measured. The Group, where appropriate, measures barter related revenue by estimating the economic value of the goods or services received in the barter transaction.

Program revenue

Program revenue represents income earned from the sale of filmed events, concerts, and other related television programs owned by the Group to the customers and is recognized at the point in time when control of the program is transferred to the customers, generally at the time of passing the title to the customers.

Distribution revenue

Distribution revenue represents income from the licensing of TV channels and the Over-The-Top (OTT) platform subscription income generated through business-to-business channels. The performance obligation is satisfied over the underlying contractual period or subscription period, and therefore, the Group recognizes the associated revenue as the service is provided over the period of contract.

Event management revenue

Event management revenue represents income from events and concerts held by the Group and is recognized at point in time, generally when the event takes place.

Digital revenue

Digital revenue represents the business -to-consumer subscription fees earned from the Group's digital platform, Shahid, and is recognized over the period of the subscription.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services provided to the customer. If the Group provides services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract assets are initially recognized for revenue earned from various services performed as receipt of consideration is conditional on successful completion of contractual milestones. Upon completion of contractual obligations and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to provide services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group provides services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Interest income

Interest income is recognized as the interest accrues using the effective interest rate (EIR), under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of comprehensive income.

Value Added Tax (VAT)

Revenue, expenses and assets are recognized at amounts net of VAT except:

- where VAT incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or part of the expense items, as applicable.
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Commission expenses

Commission expenses are for procurement of advertisements for the Group for their agents. In 2020G, the commission expenses represented approximately 23% of the actual qualifying gross advertising revenue earned. The expenses are recognized when the advertisements are broadcasted. Effective 1 January 2021G, the Group's advertising contract with its main agent expired. The advertising services are mainly routed through its subsidiary, MBC Media Solutions BVI.

Inventories

Inventories consist of programs acquired from third parties and related parties, and programs which are produced in-house. Inventories are stated at cost less accumulated amortization and allowance for impairment, if any.

Acquired programs

Represents the costs incurred in acquiring the right to telecast the programs, net of amortization.

Developed programs

Represents the expenses incurred and recharged to develop the programs, net of amortization (based on expected usage of the program).

Production work in progress

Cost represents direct costs incurred for the development of programs not completed as at year-end.

Amortization

The cost of programs is amortized based on each category and when the related content is broadcasted and aired to public. Based on past experience, management believes that substantially all benefits from the sale (licensing) of programs are realized upon first airing and a significant majority of those benefits are realized during the first two years of that period. Shahid content inventory is amortized on an accelerated basis which is the lesser of six years or the license period and most of the content is amortized within first three years.

Government grants

Government grants are recognized where there is reasonable assurance that the funding will be received, and all attached conditions will be complied with. When the funding relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the funding relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. The related portion of the government funding is recognized under other operating revenues or netted off against the related specific line item of expense, and the related receivable, if any, is recorded under due from related parties.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the consolidated statement of other comprehensive income during the year in which they are incurred.

Work-in-progress is not depreciated. Depreciation is calculated using the straight-line method to reduce the carrying cost of each asset to its residual value over its estimated useful life as follows:

Table (6.6): Property and equipment useful life

Asset	Years
Leasehold improvements	5
Technical equipment	3-5
Motor vehicles	3
Furniture and fixtures	3-5

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The intangible assets in the consolidated financial statements are related to trademarks and development and upgrade costs of Shahid platform.

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

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

The estimated economic useful lives of trademark and Shahid platform costs are 10 years and 3 years, respectively.

Intangible assets with indefinite useful lives are not amortized, 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in direct costs. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Cash dividend

The Group recognizes liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Financial instruments – Initial recognition and subsequent measurement

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

1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and 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 Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets consist of derivative financial instruments, bank balances and deposits, amounts due from related parties and trade and other receivables.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (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 profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include bank balances, trade and other receivables and due from related parties.

Financial assets designated 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 instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss 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.

The Group elected to classify irrevocably the related non-listed equity investments under this category.

Financial assets at fair value through profit and loss (equity instruments and derivatives)

Financial assets at fair value through profit or loss are carried in consolidated the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group carries its call options on its investments in associates as derivative financial instruments which are recognized as financial assets at fair value through profit and loss.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized 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 the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred assets to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset 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.

Impairment of financial assets

The Group recognizes an allowance for ECL for all debt instruments not held at fair value through profit or loss. 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 to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, contract assets, bank balance and due from related parties, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the consolidated statement of comprehensive income.

Bank balances, cash and short-term deposits

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and treasury bills with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, bank balances and cash consist of cash and cash at banks, as defined above, as they are considered an integral part of the Group's cash management.

2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include amounts due to related parties, trade and other payables, borrowings and lease liabilities.

Subsequent measurement

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

Financial liabilities at amortized cost

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities

A financial liability is 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 recognized in the consolidated statement of comprehensive income.

3. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Income and expenses will not be offset in the consolidated statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

4. Fair value measurement

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Provisions

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. Where 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 any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the consolidated statement of comprehensive income.

Employees' end of service benefits

The Group primarily has end of service benefits which qualify as defined benefit obligations ("**DBO**").

The employee's defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service costs, past service cost, as well as gains and losses on curtailment and settlement)
- Interest expense, and
- Re-measurements

The Group presents the first two components of defined benefit costs in the consolidated statement of profit or loss in relevant lines.

Further, the Group operates a defined contribution plan, for which the contribution is upon the discretion of the Group. The plan is deemed a saving fund. All interest received in the plan shall be accrued as part of the provision of employees' end of service indemnity payable at the end of the period of service.

Taxes

1. Income tax

The tax currently payable is based on taxable profit for the year of those Group entities located in taxable jurisdictions. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in those jurisdictions where tax is applicable.

2. Deferred tax

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss:
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. Value added tax

Expenses and assets are recognized net of the amount of value added tax, except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

When receivables and payables are stated with the amount of sales tax included.

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

4. Zakat

Zakat is provided for in accordance with the regulations of Zakat, Tax, and Customs Authority ("ZATCA"). The provision for zakat is charged to the consolidated statement of comprehensive income on an accrual basis. Any differences between the provision and the final assessment is recorded when the final assessment is approved.

Foreign currencies

The Group's consolidated financial statements are presented in SAR, 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 profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into SAR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Leases

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

Group as 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.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, 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, as follows:

Table (6.7): Right-of-use assets useful life

Asset	Years
Leasehold building	3-20
Motor vehicles	1-4
Satellites	2

Source: The audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

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 also subject to impairment. Refer to the accounting policy for impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes 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 the 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 recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, 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 lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as income in the period in which they are earned.

Contingencies

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

6.5 Material subsidiaries

MBC FZ LLC and its subsidiaries, MBC Media Services BVI Limited and its subsidiaries, MBC Studios Projects FZ LLC and its subsidiaries, and MBC Media FZ LLC have been identified as material subsidiaries based on their contribution to the Group's revenue, net income / (loss), assets and liabilities as shown in the analysis below.

The following table summarizes the contribution of each of the subsidiaries to the Group's revenue and net income / (loss) for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.8): Revenue and net income/(loss) by subsidiary

SAR in 000s	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 June 2022G (Management Information)		30 June 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
Pre-elimination										
MBC FZ LLC	2,187,255	(113,118)	2,450,849	374,909	2,640,660	(6,481)	1,404,735	(94,078)	1,572,356	4,507
MBC Media Saudi Arabia Co. Ltd.	-	-	-	-	60,936	(620)	393	(23,861)	137,037	15,075
Other subsidiaries	83,961	4,949	97,509	1,321	109,256	1,775	54,525	794	37,078	877
MBC FZ LLC and its subsidiaries	**2,271,216**	**(108,169)**	**2,548,357**	**376,230**	**2,810,852**	**(5,326)**	**1,459,653**	**(117,145)**	**1,746,471**	**20,459**
MBC Media Solutions FZ LLC	N/A	N/A	520,730	(22,529)	503,108	(21,955)				
MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) ("MMS KSA")	N/A	N/A	488,054	46,575	619,467	49,235				
MBC Media Solutions for Advertising Services LLC (MMS EGY) & Al Miza Co. for Advertising ("MMS Egypt")	N/A	N/A	232,439	4,227	215,660	6,934	793,722	32,092	701,702	15,879
MBC Media Services (BVI) Limited	N/A	N/A	-	(75)	-	962				
MBC Media Services BVI Limited and its subsidiaries	**N/A**	**N/A**	**1,241,223**	**28,199**	**1,338,234**	**35,176**	**793,722**	**32,092**	**701,702**	**15,879**
MBC Studios Projects FZ LLC	108,707	-	143,027	-	527,133	-	76,583	1	227,105	14,442
Other subsidiaries	-	-	-	-	-	-	-	(1)	-	(14,442)
MBC Studios Projects FZ LLC and its subsidiaries	**108,707**	**-**	**143,027**	**-**	**527,133**	**-**	**76,583**	**-**	**237,105**	**-**
MBC Media FZ LLC	372,615	16,009	450,569	12,657	436,554	-	267,764	-	313,738	-

SAR in 000s	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 June 2022G (Management Information)		30 June 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
MBC Initiatives LLC	12,387	-	103,469	-	87,399	(167)	45,126	-	16,931	171
MBC Studios FZ LLC	45,504	8,907	16,679	1,006	24,783	(1,574)	7,942	957	27,286	819
Platinum Records FZ LLC	13,534	(36)	4,732	(2,487)	8,000	(1,438)	4,538	(227)	3,030	(983)
Wanasah FZ LLC	1,532	(749)	1,840	162	1,922	(341)	843	(225)	808	(301)
MBC Lebanon	110,571	5,343	83,546	(12,821)	55,828	(8,561)	45,192	6,276	6,531	(6,310)
MBC Events Limited	-	-	-	-	-	-	-	-	-	(1,192)
MBC Ventures Limited	-	-	-	-	-	6,771	-	44,227	-	(5,957)
Reclass and adjustments related to MBC	-	-	-	-	-	-	-	19,432	-	30,274
Total	**2,938,066**	**(78,696)**	**4,593,444**	**402,947**	**5,290,706**	**24,539**	**2,701,361**	**(14,615)**	**3,053,600**	**52,858**
Post-elimination										
MBC FZ LLC	1,711,663	(282,419)	787,238	20,369	1,014,756	(398,139)	495,977	(245,383)	694,997	(146,494)
MBC Media Saudi Arabia Co. Ltd.	-	-	-	-	60,936	9,150	393	(23,861)	23,077	(96,179)
Other subsidiaries	83,961	(64,434)	97,509	1,321	109,256	5,681	1,004	(52,727)	981	(35,235)
MBC FZ LLC and its subsidiaries	**1,795,624**	**(346,853)**	**884,746**	**21,689**	**1,184,948**	**(383,309)**	**497,374**	**(321,971)**	**719,056**	**(277,908)**
MBC Media Solutions FZ LLC	N/A	N/A	520,730	(22,529)	503,108	(21,955)				
MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) ("MMS KSA")	N/A	N/A	488,054	46,575	619,467	49,235				
MBC Media Solutions for Advertising Services LLC (MMS EGY) & Al Miza Co. for Advertising ("MMS Egypt")	N/A	N/A	232,439	4,227	215,660	6,934	793,722	32,092	701,702	15,879
MBC Media Services (BVI) Limited	N/A	N/A	-	(75)	-	962				
MBC Media Services BVI Limited and its subsidiaries	**N/A**	**N/A**	**1,241,223**	**28,199**	**1,338,234**	**35,176**	**793,722**	**32,092**	**701,702**	**15,879**

SAR in 000s	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 June 2022G (Management Information)		30 June 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
MBC Studios Projects FZ LLC	108,707	6,146	143,027	938	465,919	13,494	48,419	13,970	160,193	24,102
Other subsidiaries	-	-	-	-	-	-	-	(1)	-	(14,442)
MBC Studios Projects FZ LLC and its subsidiaries	**108,707**	**6,146**	**143,027**	**938**	**465,919**	**13,494**	**48,419**	**13,969**	**160,193**	**9,659**
MBC Media FZ LLC	350,137	351,210	450,569	449,628	403,372	403,276	240,711	240,711	286,720	286,563
MBC Initiatives LLC	12,387	12,367	103,469	6,728	87,399	9,826	45,126	1,496	16,931	6,249
MBC Studios FZ LLC *	44,615	9,524	16,679	1,181	1,515	(1,178)	742	(6,044)	1,543	819
Platinum Records FZ LLC	2,508	(10,071)	3,919	(3,131)	5,427	(3,138)	2,441	(1,761)	2,749	(398)
Wanasah FZ LLC	1,532	764	1,840	433	1,922	751	843	313	808	264
MBC Lebanon **	2,071	(105,228)	-	(96,367)	-	(64,389)	-	(38,916)	306	(12,534)
MBC Events Limited	-	-	-	-	-	-	-	-	-	(1,192)
MBC Ventures Limited ***	-	-	-	-	-	6,774	-	44,227	-	(5,957)
Reclass and adjustments related to MBC ****	-	(13,654)	-	338,266	-	25,179	-	19,432	-	30,274
Total	**2,317,581**	**(95,794)**	**2,845,473**	**747,565**	**3,488,735**	**42,463**	**1,629,378**	**(16,453)**	**1,890,009**	**51,734**

Source: Management information.

* MBC Studios FZ LLC: operations of MBC Studios FZ LLC have moved to MBC Studios Projects commencing end of 2021G. MBC Studios FZ LLC has minimal operations and is kept to cater to legacy transactions, therefore there are minimal activities in 2022G and going forward (as presented post eliminations).

** MBC Lebanon: costs in MBC Lebanon are mainly staff and admin costs and does not have third party revenue. The entire operations have moved to MBC Media KSA and hence no material transactions are expected to be conducted under this entity.

*** MBC Ventures Limited: profit under MBC Ventures Limited is mainly the unrealized fair value gain from Anghami's share price fluctuations which is a one-off activity. No material transactions are expected to occur going forward.

**** Reclass and adjustments related to the deconsolidation of the former MBC BVI and the establishment of the MBC (along with its subsidiaries).

Table (6.9): Revenue and net income/(loss) post-elimination as a % of total

As % of total	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 June 2022G (Management Information)		30 June 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
MBC FZ LLC	73.9%	294.8%	27.7%	2.7%	29.1%	(937.6%)	30.4%	1491.4%	36.8%	(283.2%)
MBC Media Saudi Arabia Co. Ltd.	0.0%	0.0%	0.0%	0.0%	1.7%	21.5%	0.0%	145.0%	1.2%	(185.9%)
Other subsidiaries	3.6%	67.3%	3.4%	0.2%	3.1%	13.4%	0.1%	320.5%	0.1%	(68.1%)
MBC FZ LLC and its subsidiaries	**77.5%**	**362.1%**	**31.1%**	**2.9%**	**34.0%**	**(902.7%)**	**30.5%**	**1956.9%**	**38.0%**	**(537.2%)**

As % of total	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 June 2022G (Management Information)		30 June 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
MBC Media Solutions FZ LLC	N/A	N/A	18.3%	(3.0%)	14.4%	(51.7%)	48.7%	(195.0%)	37.1%	30.7%
MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) ("MMS KSA")	N/A	N/A	17.2%	6.2%	17.8%	115.9%				
MBC Media Solutions for Advertising Services LLC (MMS EGY) & Al Miza Co. for Advertising ("MMS Egypt")	N/A	N/A	8.2%	0.6%	6.2%	16.3%				
MBC Media Services (BVI) Limited	N/A	N/A	0.0%	(0.0%)	0.0%	2.3%				
MBC Media Services BVI Limited and its subsidiaries	**N/A**	**N/A**	**43.6%**	**3.8%**	**38.4%**	**82.8%**	**48.7%**	**(195.0%)**	**37.1%**	**30.7%**
MBC Studios Projects FZ LLC	4.7%	(6.4%)	5.0%	0.1%	13.4%	31.8%	3.0%	(84.9%)	8.5%	46.6%
Other subsidiaries	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(0.0%)	0.0%	(27.9%)
MBC Studios Projects FZ LLC and its subsidiaries	**4.7%**	**(6.4%)**	**5.0%**	**0.1%**	**13.4%**	**31.8%**	**3.0%**	**(84.9%)**	**8.5%**	**18.7%**
MBC Media FZ LLC	15.1%	(366.6%)	15.8%	60.1%	11.6%	949.7%	14.8%	(1463.0%)	15.2%	553.9%
MBC Initiatives LLC	0.5%	(12.9%)	3.6%	0.9%	2.5%	23.1%	2.8%	(9.1%)	0.9%	12.1%
MBC Studios FZ LLC	1.9%	(9.9%)	0.6%	0.2%	0.0%	(2.8%)	0.0%	36.7%	0.1%	1.6%
Platinum Records FZ LLC	0.1%	10.5%	0.1%	(0.4%)	0.2%	(7.4%)	0.1%	10.7%	0.1%	(0.8%)
Wanasah FZ LLC	0.1%	(0.8%)	0.1%	0.1%	0.1%	1.8%	0.1%	(1.9%)	0.0%	0.5%
MBC Lebanon	0.1%	109.8%	0.1%	(12.9%)	0.0%	(151.6%)	0.0%	236.5%	0.0%	(24.2%)
MBC Events Limited	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(2.3%)
MBC Ventures Limited	0.0%	0.0%	0.0%	0.0%	0.0%	16.0%	0.0%	(268.8%)	0.0%	(11.5%)
Reclass and adjustments related to MBC	0.0%	14.3%	0.0%	45.2%	0.0%	59.3%	0.0%	118.1%	0.0%	58.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Management information.

MBC FZ LLC and its subsidiaries

MBC FZ LLC and its subsidiaries is considered as a material subsidiary of the Group as it includes MBC FZ LLC, which is the main entity of the Group (along with other smaller subsidiaries). Accordingly, MBC FZ LLC and its subsidiaries is analysed separately.

MBC Media Services BVI Limited and its subsidiaries

MBC Media Services BVI Limited include entities of several locations comprising its subsidiaries. The Group views MBC Media Services BVI Limited and its subsidiaries as one business unit due to the nature of its operations whereby results are consolidated based on their ultimate client base. Whilst each subsidiary of MBC Media Services BVI Limited may seem to be material independently, the Group considers this as "one company". Accordingly, the consolidated results of MBC Media Services BVI Limited and its subsidiaries is considered to be material.

MBC Studios Projects FZ LLC and its subsidiaries

MBC Studios Projects FZ LLC and its subsidiaries includes several entities; however, the result of MBC Studios Projects FZ LLC and its subsidiaries are primarily related to MBC Studios Projects FZ LLC and accordingly the results of the consolidated entity of MBC Studios Projects is considered to be material.

MBC Media FZ LLC

MBC Media FZ LLC is considered a material subsidiary and has been analysed separately.

The following table summarizes the contribution of each of the subsidiaries to the Group's assets and liabilities for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2023G:

Table (6.10): Assets and liabilities by subsidiary

SAR in 000s	31 Dec 2020G (Management Information)		31 Dec 2021G (Management Information)		31 Dec 2022G (Management Information)		30 June 2023G (Management Information)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Pre-elimination								
MBC FZ LLC	2,853,233	819,438	3,354,216	949,479	3,447,575	1,054,795	3,923,334	1,520,571
MBC Media Saudi Arabia Co. Ltd.	-	-	156,516	155,516	188,684	188,304	375,297	359,842
Other subsidiaries	118,957	105,876	65,687	58,634	132,192	125,147	128,925	122,000
MBC FZ LLC and its subsidiaries	**2,972,190**	**925,314**	**3,576,419**	**1,163,629**	**3,768,451**	**1,368,246**	**4,427,556**	**2,002,413**
MBC Media Solutions FZ LLC MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) ("MMS KSA") MBC Media Solutions for Advertising Services LLC (MMS EGY) & Al Miza Co. for Advertising ("MMS Egypt") MBC Media Services (BVI) Limited	N/A	N/A	788,986	760,741	721,377	661,995	845,237	771,280
MBC Media Services BVI Limited and its subsidiaries	**N/A**	**N/A**	**788,986**	**760,741**	**721,377**	**661,995**	**845,237**	**771,280**
MBC Studios Projects FZ LLC	405,440	405,228	1,059,789	1,059,577	1,363,647	1,357,668	1,542,935	1,525,513

SAR in 000s	31 Dec 2020G (Management Information)		31 Dec 2021G (Management Information)		31 Dec 2022G (Management Information)		30 June 2023G (Management Information)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Other subsidiaries	-	-	395,752	395,752	736,435	741,618	848,577	868,202
MBC Studios Projects FZ LLC and its subsidiaries	**405,440**	**405,228**	**1,455,541**	**1,455,329**	**2,100,082**	**2,099,286**	**2,391,512**	**2,390,715**
MBC Media FZ LLC	24,136	-	61,995	25,201	72,830	36,036	55,984	19,190
MBC Initiatives LLC	55,853	55,833	134,967	134,937	146,073	146,053	259,912	259,722
MBC Studios FZ LLC	167,787	37,243	162,964	31,414	138,408	33,801	146,597	41,171
Platinum Records FZ LLC	7,734	18,084	9,556	23,113	6,789	21,783	6,045	61,442
Wanasah FZ LLC	261	1,820	202	1,600	776	2,515	1,244	28,039
MBC Lebanon	59,547	48,057	36,558	37,888	21,458	31,373	(2,624)	24,375
MBI FZ LLC	-	-	-	-	-	-	1,033	14
MBC IP FZ LLC	-	-	-	-	-	-	49	(0)
MBC Events Limited	N/A	N/A	N/A	N/A	N/A	N/A	5,001	1,193
MBC Ventures Limited	6,576	24,315	14,076	31,815	21,930	31,937	44,024	31,937
Reclass and adjustments related to MBC *	-	-	-	-	282	(886)	947,439	475,415
Total	3,699,525	1,515,894	6,241,264	3,665,667	7,002,507	4,432,139	9,129,007	6,106,905
Post-elimination								
MBC FZ LLC	2,798,550	814,709	3,305,019	966,986	3,315,742	960,037	3,418,493	1,313,070
MBC Media Saudi Arabia Co. Ltd.	-	-	156,516	-	188,684	142,017	366,909	198,162
Other subsidiaries	112,014	59,521	61,946	38,436	117,348	118,537	128,561	119,038
MBC FZ LLC and its subsidiaries	**2,910,564**	**874,230**	**3,523,481**	**1,005,422**	**3,621,774**	**1,220,591**	**3,913,963**	**1,630,270**
MBC Media Solutions FZ LLC MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) ("MMS KSA") MBC Media Solutions for Advertising Services LLC (MMS EGY) & Al Miza Co. for Advertising ("MMS Egypt") MBC Media Services (BVI) Limited	N/A	N/A	788,986	760,741	721,377	661,995	845,237	771,280
MBC Media Services BVI Limited and its subsidiaries	**N/A**	**N/A**	**788,986**	**760,741**	**721,377**	**661,995**	**845,237**	**771,280**

SAR in 000s	31 Dec 2020G (Management Information)		31 Dec 2021G (Management Information)		31 Dec 2022G (Management Information)		30 June 2023G (Management Information)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
MBC Studios Projects FZ LLC	398,247	405,228	659,607	1,055,147	776,242	1,356,816	789,417	1,509,428
Other subsidiaries	-	-	395,752	-	736,435	155,838	848,466	155,281
MBC Studios Projects FZ LLC and its subsidiaries	**398,247**	**405,228**	**1,055,359**	**1,055,147**	**1,512,677**	**1,512,654**	**1,637,883**	**1,664,709**
MBC Media FZ LLC	24,085	-	61,944	25,201	72,830	36,036	23,678	(132,086)
MBC Initiatives LLC	55,833	55,833	134,947	24,820	86,579	146,053	223,356	(359,140)
MBC Studios FZ LLC	167,787	37,243	162,964	31,414	138,220	33,801	165,593	41,171
Platinum Records FZ LLC	7,734	18,084	9,556	23,113	6,681	21,675	(13,787)	61,364
Wanasah FZ LLC	261	1,820	202	1,600	776	2,327	(1,542)	28,032
MBC Lebanon	59,543	48,057	36,558	37,888	21,458	31,348	(2,624)	23,183
MBI FZ LLC	-	-	-	-	-	-	973	14
MBC IP FZ LLC	-	-	-	-	-	-	49	(0)
MBC Events Limited	N/A	N/A	N/A	N/A	N/A	N/A	3,808	1,193
MBC Ventures Limited	6,576	24,315	14,076	31,815	21,930	31,937	43,732	31,937
Reclass and adjustments related to MBC *	(217,464)	(121,973)	(606,755)	(656,410)	131,755	(309,933)	346,316	418,290
Total	**3,464,586**	**1,342,837**	**5,216,798**	**2,340,751**	**6,349,091**	**3,388,484**	**7,186,635**	**4,180,215**

Source: Management information.

Table (6.11): Assets and liabilities post-elimination as a % of total

As % of total	31 Dec 2020G (Management Information)		31 Dec 2021G (Management Information)		31 Dec 2022G (Management Information)		30 June 2023G (Management Information)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
MBC FZ LLC	80.8%	60.7%	63.4%	41.3%	52.2%	28.3%	47.6%	31.4%
MBC Media Saudi Arabia Co. Ltd.	0.0%	0.0%	3.0%	-	3.0%	4.2%	5.1%	4.7%
Other subsidiaries	3.2%	4.4%	1.2%	1.6%	1.8%	3.5%	1.8%	2.8%
MBC FZ LLC and its subsidiaries	**84.0%**	**65.1%**	**67.5%**	**43.0%**	**57.0%**	**36.0%**	**54.5%**	**39.0%**

As % of total	31 Dec 2020G (Management Information)		31 Dec 2021G (Management Information)		31 Dec 2022G (Management Information)		30 June 2023G (Management Information)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
MBC Media Solutions FZ LLC MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) ("MMS KSA") MBC Media Solutions for Advertising Services LLC (MMS EGY) & Al Miza Co. for Advertising ("MMS Egypt") MBC Media Services (BVI) Limited	N/A	N/A	15.1%	32.5%	11.4%	19.5%	11.8%	18.5%
MBC Media Services BVI Limited and its subsidiaries	**N/A**	**N/A**	**15.1%**	**32.5%**	**11.4%**	**19.5%**	**11.8%**	**18.5%**
MBC Studios Projects FZ LLC	11.5%	30.2%	12.6%	45.1%	12.2%	40.0%	11.0%	36.1%
Other subsidiaries	0.0%	0.0%	7.6%	0.0%	11.6%	4.6%	11.8%	3.7%
MBC Studios Projects FZ LLC and its subsidiaries	**11.5%**	**30.2%**	**20.2%**	**45.1%**	**23.8%**	**44.6%**	**22.8%**	**39.9%**
MBC Media FZ LLC	0.7%	0.0%	1.2%	1.1%	1.1%	1.1%	0.3%	(3.2%)
MBC Initiatives LLC	1.6%	4.2%	2.6%	1.1%	1.4%	4.3%	3.1%	(8.6%)
MBC Studios FZ LLC	4.8%	2.8%	3.1%	1.3%	2.2%	1.0%	2.3%	1.0%
Platinum Records FZ LLC	0.2%	1.3%	0.2%	1.0%	0.1%	0.6%	(0.2%)	1.5%
Wanasah FZ LLC	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	(0.0%)	0.7%
MBC Lebanon	1.7%	3.6%	0.7%	1.6%	0.3%	0.9%	(0.0%)	0.6%
MBI FZ LLC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MBC IP FZ LLC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(0.0%)
MBC Events Limited	N/A	N/A	N/A	N/A	N/A	N/A	0.1%	0.0%
MBC Ventures Limited	1.7%	1.8%	0.9%	1.4%	0.6%	0.9%	0.6%	0.8%
Reclass and adjustments related to MBC	(6.3%)	(9.1%)	(11.6%)	(28.0%)	2.0%	(9.1%)	4.8%	10.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Management information.

* Reclass and adjustments related to the deconsolidation of the former MBC BVI and the establishment of the MBC (along with its subsidiaries).

MBC FZ LLC and its subsidiaries

MBC FZ LLC and its subsidiaries is considered as a material subsidiary of the Group as it includes MBC FZ LLC, which is the main entity of the Group (along with other smaller subsidiaries). Accordingly, MBC FZ LLC and its subsidiaries is analysed separately.

MBC Media Services BVI Limited and its subsidiaries

MBC Media Services BVI Limited and its subsidiaries include entities of several locations, however, the Group views MBC Media Services BVI Limited and its subsidiaries as one business unit whereby results are reported based on their ultimate client base. Whilst each may seem to be material independently, the Group considers this as "one company". Accordingly, the consolidated results of MBC Media Services BVI Limited and its subsidiaries is considered to be material.

MBC Studios Projects FZ LLC and its subsidiaries

MBC Studios Projects FZ LLC and its subsidiaries includes several entities, the results are primarily related to MBC Studios Projects FZ LLC as the other entities mainly included funded projects and accordingly their assets mainly include the inventory content that is work in progress along with their corresponding liability.

6.6 Principal factors affecting the Group's performance and operations

Seasonality impact on Group's results

The Group's business and operating segments are impacted by seasonality during the year. These include primarily (i) the introduction/acquisition of new content from production houses/studios during the first quarter of each year, (ii) the significance of the month of Ramadan and contribution of this month to multiple drivers of the business including and not limited to advertising revenue, subscription revenue, viewership, airtime utilization, content production, content amortization etc., (iii) the slowdown of performance during the summer period and (iv) the subsequent pick-up during the fourth quarter which also coincides with the completion of the students' registration in schools (back-to-school period) and holiday seasons.

The highest demand for advertising spots, subscription-based video on demand "SVOD" subscriptions and content consumption usually occurs in the month of Ramadan, and accordingly the calendar month during which Ramadan coincides in a fiscal period will have an impact on the quarterly results of this period. During the historical period 2020G-2022G, the month of Ramadan occurred in the second quarter (i.e., April-May of 2020G, April-May of 2021G and April of 2022G and March-April of 2023G). The respective calendar months during Ramadan occurred over the historical period 2020G-2022G and the six-months period ended 30 June 2023G contributed approximately 24% to total advertising revenue and digital revenue in 2020G, approximately 28% in 2021G and approximately 23% in 2022G and approximately 54% for the six-month period ended 30 June 2023G.

The Group's total revenue was usually the highest during the second quarter (as it coincided with Ramadan) and the fourth quarter of 2020G, 2021G, and 2022G, whereby the second quarter total advertising and digital revenue represented 29.5%, 33.1% and 34.4% of total revenue from contracts with customers revenue and the fourth quarter represented 29.3%, 30.2% and 24.7% of total revenue from contracts with customers revenue during 2020G, 2021G, and 2022G respectively, while the second quarter total advertising and digital revenue represented approximately 49% of total revenue from contracts with customers revenue for the six-months period ended 30 June 2023G. During the summer period (third quarter), total advertising and digital revenue is the lowest compared to other quarters representing 20.3%, 16.8% and 17.8% of total revenue from contracts with customers revenue during 2020G, 2021G and 2022G respectively.

Any occurrence that disrupts the Group's activities during the high revenue generating periods, if not offset by savings of the high costs incurred during that same period, could have an impact on the Group's performance.

Advertising revenue concentration

The Group's advertising services (conducted by MBC Media Services BVI Limited and its subsidiaries) is primarily driven by (i) agencies and (ii) direct customers. The Group transacts with prominent advertising agencies that contract with leading global, regional, and local companies. The relationship with agencies is governed by non-binding monetary commitments based on several commercial discussions held by MBC Media Services BVI Limited and its subsidiaries and the respective agencies. These commitments are agreed upon for the fiscal during the beginning of each year and stipulate the annual volume rebate "AVR" each agency is expected to receive upon achieving the committed targets (and which are defined within certain target brackets). It is worth noting that AVR's are provided in terms of credit notes to the agencies and not as cash or additional airtime rebates.

Revenue from agencies represented 82.5% in 2021G, 80.6% in 2022G and 86.0% in the six-months period ended 30 June 2023G of total advertising revenue on MBC platforms whilst the top four agencies contributed 58.7%, 58.4%, and 55.7% to total advertising revenue in 2021G, 2022G and for the six-month period ended 30 June 2023G, respectively.

The loss of any of these key agencies could impact the financial performance of the Group. If any of these key agencies are lost or impacted, a significant portion of this respective agency's underlying clientele base could shift to another agency that the Group transacts with (on the basis that the Group has existing relationships with the key agencies) and accordingly the impact on the Group's performance (if any) would relatively be smoothened.

Shahid investments and impact on profitability

Revenue generated from Shahid platform represented 15.9% of Group's total revenue in 2022G, up from 14.6% and 9.5% in 2021G and 2020G respectively. The majority of Shahid revenue is generated from subscriber fees and as a consequence, trends in subscribers has a meaningful impact on the revenue generated from this business operation. The Shahid platform witnessed a high intake of subscribers after the re-launch of the service in 2020G and the COVID-19 pandemic with a net addition of 855 thousand SVOD subscribers during 2020G and a year-end number of subscribers of 983 thousand. The Group was able to maintain this growth with the year-end number of SVOD subscribers growing at a rate of 111.9% in 2021G recording 2,082 thousand subscribers (a net addition of 1,099 thousand subscribers) and by 37.7% in 2022G recording 2,867 thousand (a net addition of 785k subscribers) and by 18.1% during the six-month period ended 30 June 2023G recording 3,385 thousand subscribers (net addition of 518 thousand subscribers). This was also a result of the continuous investment in the platform and marketing spend which allowed the Group to reduce the average monthly churn rates from 15.4% in 2020G to 13.5% in 2021G and further to 9.6% in 2022G and then to 9.0% during the six-month period ended 30 June 2023G.

This continuous growth was primarily a result of (i) the additional investment in marketing spend to acquire new subscribers leading to an increase in reported customer acquisition cost "CAC" from SAR 6.8 per subscriber in 2020G to SAR 12.9 per subscriber in 2021G and further to SAR 29.6 subscriber in 2022G and (ii) the additional investment in the content available on the platform both to attract new and retain subscribers. During the six-month period ended 30 June 2023G, CAC decreased to SAR 24.0 driven by a slow-down in paid media costs, which is monitored based on the budget set, organic growth of subscribers and seasonality of the content aired. The cost of programs increased from 56.7% as a % of total Shahid revenue in 2020G to 64.5% in 2021G and further to 83.7% in 2022G (69.0% after removing the impact of the digital content impairment accounting estimate adjustment) and 65.9% during the six-month period ended 30 June 2023G.

The Group ensured the continuous growth of its Shahid platform through an increasing level of spend both in terms of marketing and content availability. While the platform is yet to reach profitability, the Group has funded and continues to fund the deficit resulting from investments required to further grow the platform's attractiveness and its subscribers base through cash flows generated from other profitable operating segments and compensations received from its Ultimate Controlling Party (the Government of the Kingdom of Saudi Arabia).

The future profitability of the platform is largely linked to the Group's ability to grow its subscriber base and increase its revenue to absorb the fixed costs and investments made to attract and retain these subscribers.

Until the segment reaches a breakeven point, the Group will have to continue to fund the investments in the technical capabilities, marketing spends and content quality available on the platform as these are the key drivers for the success of Shahid.

Evolution of revenue models of the OTT sector and its impact on the Linear TV landscape

The MENA OTT market historically grew at a healthy rate, driven by the impact of COVID-19 and the expansion of library sizes. The SVOD and other digital channels, which offer more adaptable content choices, are expected to gain significant traction in the MENA region. The shift to digital channels has been putting pressure on the Linear TV audience and market share as well as counterbalancing its growth trajectory. Nevertheless, the MENA TV advertising market is expected to show signs of recovery, primarily arising from the projected growth in consumer expenditure within the region and advancements in recently established media measurement platforms, enhancing the capability to accurately identify and report audience metrics. Given its substantial market presence and its sizeable portfolio within the Linear TV market, the Group might be faced with the outcomes of the shift towards the digital channels and on-demand options yet may also be an opportunity for its AVOD platform.

In fact, the Group continues to expand Shahid's AVOD offering, building off the success of its SVOD offering. This has allowed the Group to generate advertising revenues on Shahid. OTT players mainly offer subscription video on demand models to their subscribers with only a few adopting a hybrid model with both AVOD and SVOD. However, going forward, the AVOD market is expected to experience a growth faster than that of the SVOD market up to 2027G.

Finally, the current OTT market has been characterized by intense international and regional competition, exerting pressure on subscription costs and market shares. The Group's ability to uphold its leading market share in the OTT market will be underpinned by its ability to foster customer loyalty, all while curating captivating content offerings and maintaining competitive pricing strategies.

Funded projects

The Group contributes to the KSA's Vision 2030 through continuous investment in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels, content production, gaming, developing talent and events management in the KSA. In this way the Group contributes to the development of the local KSA media industry and economy. Furthermore, the Group is, through its move to the KSA, creating new employment opportunities for individuals in the entertainment industry. The Group's content production strategy is in line with the KSA's Vision 2030 aim to become a global film, TV series and live shows production hub.

Moreover, given the Group's capabilities and position in the media industry and the successes it has achieved historically, it was chosen as a strategic partner to the Government of the Kingdom of Saudi Arabia regarding the implementation of media and entertainment projects and initiatives that will develop the media system in the Kingdom and in the region in accordance with the Kingdom's Vision 2030 ("**Expansion projects**"). This is in accordance with a framework agreement for strategic cooperation concluded with the government (represented by Istedamah Holding Company). The expansion projects include providing sports content on the Group's platforms, operating some television channels, and producing high-quality content in Arabic language, with the aim of highlighting the status of the Arabic language and activating its role regionally and globally. The expansion projects also include training Saudi talents through establishing a private academy for professional training and amplifying the Group's expertise in managing events and developing high-quality electronic games. Expansion projects enable the Group to contribute to the Kingdom's Vision 2030, as it is a leading national company that occupies a regional leading position and aims to increase its global reach. In order to finance the costs of the media and entertainment initiatives implemented by the Group, the Group enters into agreements with the government (represented by Istedamah Holding Company) under the Strategic Cooperation Framework Agreement for the purposes of implementing those projects ("**Expansion Project Agreements**"). The revenue earned by the Group under Expansion Project Agreements, amounted to SAR 2,754 million during the period from 2019G to the six-month period ended 30 June 2023G.The Group's receipt of the aforementioned amounts is linked to a number of obligations to be fulfilled by the Group, including achieving key performance indicators specified in the agreements or reaching specific completion stages, in addition to adhering to a number of other restrictions and conditions specified in those agreements. Expansion project agreements also include restrictions on the Group and its companies not to distribute dividends without obtaining prior written approval from Al Istedamah Holding Company, given its roles as the counterparty to those agreements.

Any reference to a funded project, or funded costs or other references to funding in this section includes the definitions set out above in this paragraph.

These agreements with the Government of Kingdom of Saudi Arabia (represented by Istedamah Holding Company) have impacted the Group's financials during the historical period 2020G-2022G. As per IAS 20.24 and based on the nature of the funded projects, the Group has resolved to segregate the presentation of the government grants in the consolidated financial statements under other operating revenue. It should be noted that despite that the accounting classification of the amounts as "government grants," it must be taken into account that these are grants provided in exchange for the Group's commitment to implementing projects and initiatives in accordance with specific performance indicators and other agreed upon commitments, and they are for a specific purpose related to covering the relevant projects and initiatives, and thus, they are conditional grants.

The Group is entitled to receive from the Government of Kingdom of Saudi Arabia (represented by Istedamah Holding Company) funding in regard to (i) the operation of certain TV channels and the management and development of Saudi and non-Saudi talent, (ii) production and development of programs, (iii) services relating to special projects as directed and requested under the Initiatives, and (iv) game development. The funding received is subject to the Group's achievement of specific key performance indicators detailed in the respective Expansion Project Agreements. In addition, content produced as a result of projects funded by the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company) is ultimately owned by the Group and can be watched and streamed through its platforms. The Group has other operating revenues amounting to SAR 531.2 million in 2020G, SAR 796.5 million in 2021G, SAR 1,135.0 million in 2022G, and SAR 534.4 million during the six-month period ended 30 June 2023G, relating to the aforementioned projects. It is worth noting that the funding only covers the deficit of the operations specified in the agreements.

It is worth noting that all funded projects may contribute to non-significant losses or profits to the Group. All intellectual property rights and content ownership of these projects and initiatives are the property of the Group. In the case that these agreements are not renewed, or the key performance indicators are not achieved by the Group, the Group will terminate the cost expenditure in relation to these specific projects.

Digital content impairment accounting estimates

The cost of programs is amortized based on an internal agreed percentage for each category and when the related content is broadcast and aired to public. The internal agreed percentage is determined through Management's expertise, the use of historical data and market insights after considering the expected runs, the air timing, and the means of distribution of the content.

Based on experience, Management believes that substantially all benefits from the sale (licensing) of programs are realized within three years from first availability, and a significant majority of those benefits are realized during the first two years of that period. Shahid (digital) content inventory is amortized on an accelerated basis which is the lesser of six years or the license period.

Management reviews the useful lives and residual values of available content periodically. These reviews lead to the adjustment of content inventory net book value through write offs and impairments of residual values as per the policies set internally. This happens in cases where the content rights expire, or the content's maximum allowed useful life as per the internal set policy is reached. Management applies a forced amortization on content that has not yet been fully amortized when aged 3 years and writes it off completely when aged 4 years. Management also analyses market trends and historical viewership trends periodically to assess its applied amortization policy. The impact resulting from any change on accumulated amortization due to a change accounting estimate is absorbed during the respective period under assessment or review.

The Group segregates the content between digital and non-digital depending on the rights acquired. Once the content is allocated, Management applies different amortization methods for digital and non-digital content.

During year end 31 December 2022G, Management updated the digital content impairment accounting estimate of each year based on the actual viewership data (content performance, users, etc.) collected on the platform for the past 3 years. This was primarily driven by the ramp-up of the platform maturity which allowed for analysis of historical data such as content performance and viewership data. Due to this change, the Group has recorded an additional SAR 81.4 million in content amortization expense (related to Shahid) which adjusts for the historical accumulated amortization.

The Group will continue to periodically (on a quarterly basis) assess the content impairment which will become more practical as the platform further evolves and provides additional statistics/analysis. The periodic review will account for content impairment if required (on a need basis), whereby the amortization policy is on an accelerated basis (minimum 80% of the content value is amortized in the first 3 years).

Any further adjustment to the digital content impairment accounting estimate, could have an impact on the Group's performance, whilst a positive content performance may also contribute positively to the Group's results.

Reliance on third party content providers

The Group's main source of income, namely advertising and digital revenue is linked and driven by the content available on the Group's channels and platforms.

The Group produces part of the content that is aired on its channels and acquires the rest from regional and international content providers. Out of the total content held in inventory, 10.3%, 16.8%, 12.8% and 9.9% related to content produced by Group entities during 2020G, 2021G, 2022G, and the six-month period ended 30 June 2023G, respectively. It is worth noting that approximately 28%, 22%, 20%, and 13% of the total inventory available as at 31 December 2020G, 2021G, 2022G, and as at 30 June 2023G, respectively was produced by the top 2 content suppliers of the Group. The Group is also involved in the production of live programs and news which are amortized upon airing and are not held in inventory. Out of the total program amortization recorded, 38.0%, 28.0%, 29.1%, and 27.8% were for programs produced by the Group for 2020G, 2021G, 2022G, and the six-month period ended 30 June 2023G, respectively.

Furthermore, the top 5 content suppliers of the Group specialize in Arabic movies and series and are also the main Group's providers of Ramadan series. SAR 63.4 million and SAR 77.5 million worth of advertising revenue was generated from content provided by the Group's top 5 vendors during 2021G and 2022G respectively. 88.8% and 87.5% of advertising revenue was generated by the top 10 titles during Ramadan 2021G and 2022G, respectively.

In the event the agreements with top content providers are discontinued or are subject to significant cost increases, the Group will have to either look for another source of content to sustain the traction on the Group's channels and platform or bear these additional costs which could have an impact on the Group's performance should these not be absorbed by the growth in Group's performance. Nevertheless, the Group engages with multiple content suppliers, yet historically the top 5 have been the most effective and efficient in terms of providing the quality content needed to fulfil the Group's viewership base.

Emergence of Arabic and locally tailored content

The emergence of localized, content types is positively resonating with consumers and driving viewership, further fueling the growth of Arabic movies, and TV shows. As a result, media providers are increasing investments in localized content to address this underserved demand segment that is witnessing strong appeal among MENA audience. In this landscape, the Group enjoys a distinct advantage over its competitors, thanks to its well-established and expansive network of partnerships with renowned directors and talent. This network may empower the Group to take the lead in securing the best talents in the industry, facilitating the creation of niche and original content.

However, as the popularity of Arabic original content experiences an increase, driven by both international and regional players, there exists the potential for challenges to arise. One of these challenges pertains to the sourcing of talent, potentially leading to an increased production cost and a scarcity of skilled professionals. The intensifying demand for local content could put the Group at risk when acquiring talent and resources for content creation. The Group leverages on MBC Academy that invests in creating new talents which provides the Group an access to young professionals.

Impact of political and economic instability

The MENA region is confronted with the risks of political instability. These uncertain conditions have the potential to place the Group in a vulnerable position, as they affect consumer spending capabilities. The repercussions of political instability extend further to the country's economic landscape, contributing to fluctuations in currency, disposable income levels, and overall consumer expenditure. The spend on subscriptions to various media outlets and advertising could face a decrease as they are considered as discretionary expenses and could potentially be reduced as people prioritize their financial commitments during times of economic instability.

Foreign currency translation risk

The Group undertakes certain transactions denominated in foreign currencies as the Group operates in multiple jurisdictions. Hence, the Group is exposed to exchange rate fluctuation. These mainly include exposure to Sterling Pound, Egyptian Pound, Euro, Kuwaiti Dinar, and Lebanese Pound. The foreign currency translation reserve amounted to SAR 7.0 million as at 31 December 2020G and SAR 7.0 million as at 31 December 2021G and SAR 9.1 million as at 31 December 2022G. Foreign exchange loss / gain, net recorded on the income statement amounted to a loss of SAR 2.2 million in 2020G, a gain of SAR 7.7 million in 2021G, a loss of SAR 61.2 million in 2022G, and a loss of SAR 14.2 million during the six-month period ended 30 June 2023G. Any material foreign currency fluctuations could have an impact on the Group's performance. The Group manages this foreign currency risk by utilizing funds in Egypt to produce local contents.

Piracy and cybersecurity risk

Piracy and cybersecurity, a typical risk faced by any media conglomerate, may present concerns for the Group. The prevalence of piracy, unauthorized distribution channels, illicit streaming and downloading of the Group's original content, may pose a threat to its revenue.

Determination of control over MBC Media Solutions FZ LLC

Though the Group has 60% equity stake in MBC Media Solutions FZ LLC, through a wholly owned subsidiary, it is required to assess whether or not the Group has control over MBC Media Solutions FZ LLC, in accordance with IFRS 10 Consolidated Financial Statements, as the minority shareholder has certain voting rights including the ability to vote on the approval of the entity's annual budget. The Group has concluded that the budget approval rights held by the minority shareholder are considered protective in nature rather than substantive and hence the Group has control over MBC Media Solutions FZ LLC. Accordingly, the Group has consolidated MBC Media Solutions FZ LLC within the consolidated financial statements of the Group. As required by IFRS 10, the Group will reassess the accounting whenever there are any changes in the facts and circumstances.

Should there be any changes in determination of control over MBC Media Solutions FZ LLC, this may have a material impact on the Group's results.

6.7 Results from operations

6.7.1 Statement of comprehensive income

The following table summarizes the statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.12): Statement of comprehensive income data

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Revenue from contracts with customers	1,786,361	2,048,947	2,353,711	14.7%	14.9%	14.8%	1,205,489	1,355,623	12.5%
Other operating revenues	531,220	796,526	1,135,023	49.9%	42.5%	46.2%	423,889	534,386	26.1%
Direct costs	(1,862,005)	(2,128,015)	(2,847,598)	14.3%	33.8%	23.7%	]1,386,187)	(1,441,734)	4.0%
Gross profit	**455,576**	**717,458**	**641,136**	**57.5%**	**(10.6%)**	**18.6%**	**243,191**	**448,266**	**84.3%**
General and administrative expenses	(580,995)	(693,180)	(815,196)	19.3%	17.6%	18.5%	(391,084)	(451,558)	15.5%
Operating (loss) / profit	**(125,419)**	**24,278**	**(174,060)**	**N/A**	**N/A**	**17.8%**	**(147,893)**	**(3,292)**	**(97.8%)**

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Other income	41,648	398,539	203,159	856.9%	(49.0%)	120.9%	70,786	49,154	(30.6%)
Finance (costs) / income, net	3,420	(45)	2,359	N/A	N/A	(16.9%)	2,551	(4,478)	(275.5%)
Share of results in associates and joint ventures	(13,823)	(4,008)	14,187	(71.0%)	N/A	N/A	1,014	22,319	2101.1%
Loss on disposal of an investment in a joint venture	(1,501)	-	-	(100.0%)	N/A	N/A	-	-	N/A
Unrealized gain on investment in financial asset through profit or loss (FVTPL)	-	-	10,771	N/A	N/A	N/A	46,566	(4,980)	N/A
(Loss) / gain on derivative financial instruments	-	341,625	(1,326)	N/A	N/A	N/A	14,433	268	(98.1%)
Profit / (loss) before tax	**(95,675)**	**760,389**	**55,090**	**N/A**	**(92.8%)**	**N/A**	**(12,543)**	**58,991**	**N/A**
Income tax and Zakat	(119)	(12,824)	(7,224)	10676.5%	(43.7%)	679.1%	(3,910)	(7,257)	85.6%
Profit / (loss) for the year / period	**(95,794)**	**747,565**	**47,866**	**N/A**	**(93.6%)**	**N/A**	**(16,453)**	**51,734**	**N/A**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):									
Exchange differences on translating foreign operations, net	(1,047)	(84)	(4,536)	(92.0%)	5300.0%	108.1%	(1,180)	(1,225)	3.8%
Share of other comprehensive income of associates, net	1,045	83	780	(92.0%)	837.4%	(13.6%)	(108)	(1,437)	1230.6%
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods (net of tax):									
Remeasurement gain on defined benefits plans	(26,057)	6,714	35,452	N/A	428.0%	N/A	30,208	(2,330)	N/A
Other comprehensive income for the year / period	**(26,059)**	**6,713**	**31,696**	**N/A**	**372.2%**	**N/A**	**28,920**	**(4,992)**	**N/A**
Total comprehensive income / (loss) for the year / period	**(121,853)**	**754,278**	**79,562**	**N/A**	**(89.5%)**	**N/A**	**12,467**	**46,742**	**274.9%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.13): Key performance indicators

Key performance indicators	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Revenue from contracts with customers	1,786,361	2,048,947	2,353,711	14.7%	14.9%	14.8%	1,205,489	1,355,623	12.5%
Other operating revenues	531,220	796,526	1,135,023	49.9%	42.5%	46.2%	423,889	534,386	26.1%
Group's total revenue	**2,317,581**	**2,845,473**	**3,488,734**	**22.8%**	**22.6%**	**22.7%**	**1,629,378**	**1,890,009**	**16.0%**
Advertising									
Spots revenue (SAR in 000s)	N/A	878,116	792,430	N/A	(9.8%)	N/A	467,410	386,106	(17.4%)
AVOD revenue (SAR in 000s)	N/A	44,713	46,065	N/A	3.0%	N/A	26,255	60,395	130.0%
Revenue from sponsorships, brand integration, and social media	N/A	467,750	489,572	N/A	4.7%	N/A	326,567	275,373	1567.6%
Gross advertising revenue (SAR in 000s)	1,305,187	1,390,579	1,328,067	6.5%	(4.5%)	0.9%	820,232	721,874	(12.0%)
AVR %	N/A	5.1%	5.9%	N/A	8.0	N/A	7.5%	7.8%	4.0
Net advertising revenue (SAR in 000s)	**1,305,187**	**1,319,548**	**1,249,607**	**1.1%**	**(5.3%)**	**(2.2%)**	**758,951**	**665,259**	**(12.3%)**
Total advertising revenue (SAR in 000s)	**1,305,187**	**1,349,441**	**1,339,380**	**3.4%**	**(0.7%)**	**1.3%**	**793,521**	**755,582**	**(4.8%)**
Number of spots sold	N/A	300,009	265,671	N/A	(11.4%)	N/A	150,961	92,810	(38.5%)
Gross revenue per spot (SAR)	N/A	2,927	2,983	N/A	1.9%	N/A	3,096	4,160	34.4%
No. of impressions sold (000s)	N/A	391,738	478,928	N/A	22.3%	N/A	2,660	1,470	(44.7%)
Average monthly number of AVOD users	N/A	10,628,512	11,553,534	N/A	8.7%	N/A	12,943,130	16,643,934	28.6%
AVOD revenue per thousand impressions (SAR)	N/A	114.1	96.2	N/A	(15.7%)	N/A	98.1	82.1	(16.3%)
Digital (Shahid)									
Total digital revenue (SAR in 000s)	132,359	365,427	502,888	176.1%	37.6%	94.9%	254,842	332,195	30.4%
SVOD revenue (SAR in 000s)	132,350	360,445	486,764	172.3%	35.0%	91.8%	245,556	322,607	31.4%
Average monthly number of SVOD subscribers	720,301	1,577,901	2,548,422	119.1%	61.5%	88.1%	2,488,798	3,398,823	36.6%
Average number of active SVOD subscribers	442,556	1,124,943	1,746,749	154.2%	55.3%	98.7%	1,732,461	2,339,523	35.0%

Key performance indicators	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Number of SVOD subscribers at year / period end	982,644	2,082,051	2,867,446	111.9%	37.7%	70.8%	2,535,606	3,385,493	33.5%
Monthly average revenue per user (ARPU) (SAR)	15.3	19.5	16.6	27.5%	(15.0%)	4.1%	16.8	16.3	(2.7%)
As a percentage of total revenue					**Percentage points**		**As a percentage of total revenue**		**Percentage points**
Gross margin[1]	19.7%	25.2%	18.4%	5.6	(6.8)	(1.3)	14.9%	23.7%	8.8
General and administrative expenses[2]	25.1%	24.4%	23.4%	(0.7)	(1.0)	(1.7)	24.0%	23.9%	(0.1)
Operating (loss) / profit[3]	(5.4%)	0.9%	(5.0%)	6.3	(5.8)	0.4	(9.1%)	(0.2%)	8.9
Other income[4]	1.8%	14.0%	5.8%	12.2	(8.2)	4.0	4.3%	2.6%	(1.7)
Profit / (loss) before tax[5]	(4.1%)	26.7%	1.6%	30.9	(25.1)	5.7	(0.8%)	3.1%	3.9
Profit / (loss) for the year / period[6]	(4.1%)	26.3%	1.4%	30.4	(24.9)	5.5	(1.0%)	2.7%	3.7

Source: Management information.

(1) Gross margin is computed based on gross profit for the year / period / total Group revenue for the year / period

(2) G&A expenses is computed based on the general and administrative expenses for the year / period / total Group revenue for the year/ period

(3) Operating (loss) / profit margin is computed based on operating (loss) / profit for the year / period / total Group revenue for the year / period

(4) Other income is computed based on other income for the year/ total Group revenue for the year / period

(5) Profit / (loss) before tax is computed based on profit / (loss) before tax for the year / period / total Group revenue for the year / period

(6) Net income margin is computed based on net income for the year / period / total Group revenue for the year / period

Table (6.14): Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Total Revenue	2,317,581	2,845,472	3,488,734	22.8%	22.6%	22.7%	1,629,378	1,890,009	16.0%
Direct Costs	(1,946,410)	(2,227,880)	(2,922,402)	14.5%	31.2%	22.5%	(1,419,260)	(1,484,225)	4.6%
Gross Profit	**371,171**	**617,593**	**566,332**	**66.4%**	**(8.3%)**	**23.5%**	**210,117**	**405,784**	**93.1%**
General and administrative expenses	(399,596)	(522,247)	(604,144)	30.7%	15.7%	23.0%	(274,570)	(363,009)	32.2%
Share in the results of associate companies and joint ventures	(13,823)	(4,008)	24,958	(71.0%)	(722.7%)	N/A	47,580	16,008	(66.4%)
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	(42,247)	91,338	(12,854)	(316.2%)	(114.1%)	(44.8%)	(16,873)	58,783	(448.4%)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
As a percentage of total revenue					**Percentage points**		**As a percentage of total revenue**		**Percentage points**
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) margin	(1.8%)	3.2%	(0.4%)	5.0	(3.6)	1.5	(1.0%)	3.1%	4.1

Source: Management information.

The Group uses financial performance indicators consistent with IFRS. The Group also utilize financial performance indicators for the purpose of comparison and financial analysis that do not comply with IFRS. Financial performance indicators that do not comply with IFRS do not have a uniform definition and other companies may calculate them differently. Accordingly, financial performance indicators that do not comply with IFRS may not be comparable to financial performance indicators with a similar name provided by other companies and should not be relied upon to exclude financial performance indicators consistent with IFRS.

Such financial performance indicators include the adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) according to management accounts, in which management excludes provisions for expected credit losses, gains and losses from foreign currency exchange, other income from compensation for business loss, as well as unusual non-recurring items that affect comparability. The Group believes that historical financial performance indicators that do not conform to IFRS are useful as an additional tool to help management and investors make informed decisions about the Group's operating performance.

MBC Group is a media conglomerate in the Middle East & North Africa with significant presence in the GCC region. It engages in (i) providing broadcasting services and operating free-to-air Pan-Arab entertainment channels, (ii) operating an online over-the-top (OTT) platform (Shahid), (iii) production and post-production of television programs, (iv) advertising services, (v) event management services and media content production, (vi) music label and rights management, (vii) gaming and interactivity, and (viii) management and development of artistic and entertainment talents. The Group was launched in London, United Kingdom in 1991G, and then moved its headquarters to Dubai, United Arab Emirates. In 2022G, the Group became headquartered in Riyadh, Kingdom of Saudi Arabia.

Revenue from contracts with customers

Revenue from contracts with customers mainly consisted of advertising revenue, digital revenue, distribution revenue and other revenues which accounted for an average of 65.3%, 15.5%, 4.3% and 14.9% of total revenue from contracts with customers during 2020G, 2021G, and 2022G, respectively. It also presented 60.8%, 22.8%, 3.6%, and 12.8% of the total revenue from contracts with customers during the six-month period ended 30 June 2022G and 30 June 2023G, respectively.

Revenue from contracts with customers increased by SAR 567.3 million (CAGR of 14.8%) from SAR 1,786.4 million in 2020G to SAR 2,353.7 million in 2022G mainly driven by (i) the growth in digital revenue by SAR 370.5 million due to the increase in SVOD subscribers after the re-launch of the Shahid platform and (ii) the growth in Broadcast and Technical services revenue by SAR 146.5 million provided to Saudi Sports Channel (SSC) in 2022G.

Revenue from contracts with customers increased by 14.7% from SAR 1,786.4 million in 2020G to SAR 2,048.9 million in 2021G mainly due to:

1- the increase in digital revenue by SAR 233.1 million due to the ramp up effect of the Shahid platform that was re-launched during 2020G, driven by the growth in number of SVOD subscribers from 982.6 thousand subscribers in 2020G to 2,082.1 thousand subscribers in 2021G;

2- the increase in advertising revenue primarily as a result of the in-house sales team (MBC Media Services BVI) to replace the external arrangement with a key agency (terminated in 2020G). This has contributed to the growth in advertising revenue by 3.4% from SAR 1,305.2 million in 2020G to SAR 1,349.4 million in 2021G; and

3- the post COVID-19 market recovery which enhanced revenue over the same period.

Revenue from contracts with customers increased by 14.9% from SAR 2,048.9 million in 2021G to SAR 2,353.7 million in 2022G primarily driven by:

1- the increase in digital revenue by SAR 137.5 million due to a further growth in the number of subscribers from 2,082.1 thousand subscribers in 2021G to 2,867.4 thousand subscribers in 2022G;

2- the increase in Broadcast and Technical service revenue (earned from SSC) by SAR 112.1 million; and

3- the increase in Event Management revenue by SAR 69.4 million mainly attributable to the increase in number of events in the KSA.

The growth in revenue from contracts with customers was partly offset by a decrease in Interactivity revenue by SAR 31.9 million over the same period. Moreover, advertising revenue decreased by 0.7% from SAR 1,349.4 million in 2021G to SAR 1,339.4 million in 2022G due to macro-economic factors impacting the ultimate clients' advertising budgets, partly offset by the increase in revenue from Al Arabiya by SAR 77.4 million primarily due to the change in agreement with Al Arabiya from agency to principal and the removal of the minimum guaranteed amount in 2022G.

Revenue from contracts with customers increased by 12.5% from SAR 1,205.5 million in the six-month period ended 30 June 2022G to SAR 1,355.6 million in the six-month period ended 30 June 2023G, mainly due to:

1- the increase in digital revenue by SAR 77.4 million due to an increase in the number of SVOD subscribers, from 2,535.6 thousand subscribers to 3,385.5 thousand subscribers during the same period, resulting in an increase of SAR 77.1 million in SVOD revenue;

2- the increase in distribution revenue by SAR 6.8 million due to a new agreement signed during the end of 2022G with a customer in Qatar; and

3- the increase in other revenue by SAR 104.0 million mainly due to growth in (i) broadcast and technical service revenue (SAR 94.6 million) as a result of additional services / enhancements to the SSC services which mainly included 4K support, decreasing latency, and other maintenance services, (ii) interactivity revenue (SAR 13.4 million) resulting from the growth of Dream competition (by SAR 4.4 million), and (iii) other revenues (SAR 17.8 million) generated from content consulting services provided during the same period. This was offset by a decrease in event management revenue by SAR 24.2 million.

Other operating revenues

Through expansion projects agreements, the Group receives funding from the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company), to implement expansionary initiatives that contribute to the comprehensive vision of the Kingdom of Saudi Arabia to build up the media sector in the Kingdom of Saudi Arabia. In some specific projects, funding is done directly. The funding aims to offset the costs of implementing these initiatives in various entertainment and media fields in the Kingdom of Saudi Arabia, including broadcasting specific TV channels intended for viewers outside the Kingdom of Saudi Arabia, content production, games, talent development, and event management in the Kingdom of Saudi Arabia, as well as by creating new job opportunities for individuals in the entertainment industry in the Kingdom of Saudi Arabia. The funding received is subject to the Group's achievement of specific key performance indicators detailed in the respective expansion project agreements. In addition, the content produced as a result of the funded projects is ultimately owned by the Group and can be viewed and broadcast across its platforms. During historical periods, the Group has been able to achieve such KPIs and requirements. Amounts received towards these initiatives are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the funds are intended to compensate. The revenue is recognized upon the fulfillment of the key performance indicators of these agreements.

Other operating revenue mainly included funding for operating certain television channels and funding production costs related to the production and development of sponsored programs.

Other operating revenue increased by 49.9% from SAR 531.2 million in 2020G to SAR 796.5 million in 2021G due to the increase in revenue, for the operation of the Group's funded channels by SAR 74.6 million as a result of the increase in costs incurred in these channels, other projects contributing to SAR 66.4 million related to special projects, and funding in connection with gaming initiatives by SAR 82.5 million over the same period.

Other operating revenue increased by 42.5% from SAR 796.5 million in 2021G to SAR 1,135.0 million in 2022G as a result of the increase in funding of program production and development costs mainly relating certain programs.

Other operating revenue increased by 26.1% from SAR 423.9 million in the six-month period ended 30 June 2022G to SAR 534.4 million in the six-month period ended 30 June 2023G due to an increase in revenue from production-related initiatives by SAR 117.1 million in line with the increase in production costs related to the funded programs, in addition to TV channels and MBC Academy initiatives (SAR 50.1 million). This was offset by a decrease in gaming initiatives of SAR 32.6 million and broadcast rights by SAR 31.9 million.

Direct costs

Direct costs mainly pertain to (i) the cost of programs in relation to the amortization of program costs of the Broadcast segment, the OTT segment, and the Production Studios, and (ii) other direct costs which mainly included marketing costs, commission expenses, technical costs, and digital costs amongst others.

Direct costs increased by 14.3% from SAR 1,862.0 million in 2020G to SAR 2,128.0 million in 2021G due to the increase in:

1- cost of programs primarily driven by the increase in the investment in programs available on Shahid by SAR 142.8 million and the growth in funded projects by SAR 96.5 million;
2- game development costs by SAR 82.5 million relating to the MBC Game Studio funded project;
3- marketing costs by SAR 35.7 million to attract new subscribers onto the Shahid platform; and
4- digital costs by SAR 93.9 million mainly relating to the collection fees paid to online payment service providers in relation to Shahid subscribers over the same period.

This was partly offset by the decrease in in commission expenses by SAR 278.6 million after the termination of the advertising agreement with the key agency. Direct cost increased by 33.8% from SAR 2,128.0 million in 2021G to SAR 2,847.6 million in 2022G primarily driven by the increase in:

1- cost of programs by SAR 550.7 million due to the increase in digital content amortization resulting from the investments in the Shahid platform coupled with impact of the change in digital content impairment accounting estimate which resulted in additional amortization of SAR 81.4 million in 2022G;
2- the Group's cost of funded production projects by SAR 355.2 million;
3- commission expenses by SAR 100.1 million mainly paid to Al Arabiya as a result of the change in the advertising arrangement between Al Arabiya and the Group from an agency basis in 2021G where the Group only recorded the commission gained from the sales of advertising on Al Arabiya channel to a principal based contract in 2022G; and
4- event management costs by SAR 51.2 million attributable to the increase in events held in the KSA during the period.

This was partly offset by mainly the decrease in game development research costs by 55.1% from SAR 82.5 million in 2021G to SAR 37.1 million in 2022G as a result of the capitalization of costs during the fiscal year 2022G, in addition to changing the accounting treatment of MBC Game Studio from joint operation to a joint venture after the six-month period ended 30 June 2022G, coupled with the decrease in interactivity costs by 31.9% from SAR 41.6 million in 2021G to SAR 28.4 million in 2022G driven by the decrease in interactivity revenue over the same period.

Direct costs increased by 4.0% from SAR1,386.2 million in the six-month period ended 30 June 2022G to SAR 1,441.7 million in the six-month period ended 30 June 2023G, mainly due to:

1- the increase in the costs of funded programs by SAR 123.0 million due to the increase in content released on the funded channels; and

2- the increase in digital program costs by SAR 19.1 million due the increase in content on the Shahid and the Group's continued focus on the growth of the Shahid.

This was partly offset by:

1- the decrease in GTV program costs by SAR 24.0 million due to the decrease in program costs related to MBC Masr channel by SAR 20.6 million, as a result of production savings in addition to the increase in the second run content release i.e. airing of shows that are already fully amortized;
2- the decrease in other direct costs by SAR 62.6 million due to the decrease in (i) program overhead costs by SAR 15.4 million mainly relating to MBC Masr, (ii) location costs by SAR 28.9 million due to reduced reliance on locations for production services, (iii) costs of event management by SAR 39.3 million in line with the decrease in the number of events held during the period, and (iv) game development research costs by SAR 37.1 million, as the Group no longer bears the costs of MBC Game Studio, which is treated as a joint venture during the six-month period ended 30 June 2023G.

Gross profit

Gross profit increased by 57.5% from SAR 455.6 million in 2020G to SAR 717.5 million in 2021G driven by the increase in revenue generated from contracts with customers amounting to SAR 262.6 million mainly due to the ramp up of the Shahid platform, coupled with the decrease in commission expenses after the termination of the advertising agreement with the key agency and the inception of the inhouse agency, MBC Media Services BVI Limited. This has resulted in an increase in gross margin (i.e gross profit divided by Group's total revenue) from 19.7% in 2020G to 25.2% in 2021G.

Gross profit decreased by 10.6% from SAR 717.5 million in 2021G to SAR 641.1 million in 2022G, as the increase in revenue generated from contracts with customers amounting to SAR 304.8 million was partly offset by the increase in:

1- cost of programs by SAR 550.7 million due to the increase in digital content amortization resulting from the investments in the Shahid platform coupled with impact of the change in digital content impairment accounting estimate which resulted in additional amortization of SAR 81.4 million in 2022G; and
2- commission expenses by SAR100.1 million mainly paid to Al Arabiya and SSC as a result of the change in the advertising arrangement between Al Arabiya and the Group from an agency basis in 2021G where the Group only recorded the commission gained from the sales of advertising on Al Arabiya channel to a principal based contract in 2022G.

This has resulted in a decrease in gross margin from 25.2% in 2021G to 18.4% in 2022G.

Gross profit increased by 84.3% from SAR 243.2 million in the six-month period ended 30 June 2022G to SAR 448.3 million in the six-month period ended 30 June 2023G due to the increase in revenue from contracts with customers by SAR 150.1 million. This is mainly due to the ramp up of the Shahid platform along with a reduction in program overhead costs, location costs and event management costs.

This led to an increase in gross margin from 14.9% during the six-month period ended 30 June 2022G to 23.7% during the six-month period ended 30 June 2023G.

General and administrative expenses

General and administrative expenses mainly included staff costs, IT and maintenance costs, travel costs, building occupancy costs, foreign exchange (gain)/loss and legal and professional fees, amongst others.

General and administrative expenses increased by 19.3% from SAR 581.0 million in 2020G to SAR 693.2 million in 2021G due to an increase in:

1- staff costs by 23.2% from SAR 465.8 million in 2020G to SAR 573.8 million in 2021G as a result of the increase in average headcount from 1,324 employees in 2020G to 1,417 employees in 2021G coupled with the increase in average monthly staff cost per employee from SAR 29.3 thousand to SAR 33.5 thousand during the same period. This was primarily due to the commencement of the advertising arm of the Group (MBC Media Services BVI) and an increase in MBC Studios FZ LLC headcount; and

2- legal and professional fees by 74.4% from SAR 29.0 million in 2020G to SAR 50.5 million in 2021G due to the increase in consultancy fees by SAR 19.3 million related to enterprise resource planning (ERP) enhancement and automation projects amongst others.

The increase in general and administrative expenses was partly offset by a decrease in expected credit loss (ECL) provisions from SAR 12.8 million in 2020G to a reversal of provisions amounting to SAR 26.3 million due to settlement of balances from customers.

General and administrative expenses increased by 17.6% from SAR 693.2 million in 2021G to SAR 815.2 million in 2022G primarily driven by the increase in foreign exchange loss arising from the Group's operations in Egypt from a gain of SAR 7.7 million in 2021G to a loss of SAR 61.2 million in 2022G, and an increase in ECL provisions from a reversal of provisions amounting to SAR 26.3 million in 2021G to a provision amounting to SAR 13.5 million in 2022G. This was coupled with the increase in staff costs by 4.0% from SAR 573.8 million in 2021G to SAR 596.9 million in 2022G in line with the increase in average headcount from 1,417 employees to 1,626 employees during the same period.

General and administrative expenses increased by 15.5% from SAR 391.1 million in the six-month period ended 30 June 2022G to SAR 451.6 million in the six-month period ended 30 June 2023G due to an increase in staff costs of SAR 68.6 million as a result of the growth in average headcount from 1,528 employees to 1,882 employees during the same period. This was offset by a decrease in withholding taxes of SAR 13.0 million due to the reversal of the provision made during the six-month period ended 30 June 2022G.

Operating (loss) / profit

Operating loss for the year decreased from a loss of SAR 125.4 million in 2020G to a profit of SAR 24.3 million in 2021G mainly due to the increase in gross profit by SAR 261.9 million as a result of the increase in revenue generated from contracts with customers due to the ramp up of the Shahid platform, coupled with the decrease in commission expenses after the termination of the advertising agreement with the key agency and the inception of the inhouse agency, MBC Media Services BVI Limited. This was partly offset by an increase in general and administrative expenses by SAR 112.2 million driven by the inception of MBC Media Services BVI Limited and the increase in operating costs of MBC Studios FZ LLC.

Operating profit decreased from a profit of SAR 24.3 million in 2021G to a loss of SAR 174.1 million in 2022G mainly driven by the decrease in gross profit by SAR 76.3 million due to the increased investment in digital content to attract more subscribers to the Shahid platform and the impact of the change in digital content impairment estimate which resulted in additional amortization of SAR 81.4 million in 2022G. This was coupled with the increase in general and administrative expenses by SAR 122.0 million in 2022G mainly due to the increase in foreign exchange loss stemming from the Group's operations in Egypt.

Operating loss decreased by 97.8% from a loss of SAR 147.9 million in the six-month period ended 30 June 2022G to a loss of SAR 3.3 million in the six-month period ended 30 June 2023G. This was offset by an increase in general and administrative expenses from SAR 391.1 million to SAR 451.6 million during the same period.

Other income

Other income mainly related to compensations received for loss of business and rental income.

Other income increased by 856.9% from SAR 41.6 million in 2020G to SAR 398.5 million in 2021G due to the compensation for loss of business pertaining to a TV channel amounting to SAR 375.0 million in 2021G as the Group has received a compensation for loss of business covering two financial periods during 2021G.

Other income decreased by 49.1% from SAR 398.5 million in 2021G to SAR 203.2 million in 2022G as the Group had received a compensation for loss of business covering two financial periods during 2021G whereas the compensation for loss of business in 2022G amounted to SAR 187.5 million pertaining to one financial period.

Other income decreased by 30.6% from SAR70.8 million in the six-month period ended 30 June 2022G to SAR 49.2 million in the six-month period ended 30 June 2023G driven by a decrease in compensation for loss of business of SAR 26.3 million as the amounts to be received depend on management's discretion and their evaluation of the performance of the TV channel ((within the respective limits agreed to be disbursed during the subsequent periods). This was partially offset by an increase in other income of SAR 4.7 million due to a write-off of long outstanding liabilities on the Group's balance sheet.

Finance income / (cost), net

Finance income / (cost), net comprised of (i) finance income on short-term deposits and treasury bills, and (ii) finance cost on short-term borrowing facilities and lease liabilities.

Finance income / (cost), net decreased from an income of SAR 3.4 million in 2020G to a cost of SAR 45 thousand in 2021G due to a decrease in finance income by SAR 3.8 million related to bank deposits as a result of the decrease in short-term deposits coupled with the decrease in interest rates between 2020G and 2021G.

Additionally, finance costs increased from SAR 45 thousand in 2021G to an income of SAR 2.4 million in 2022G due to the increase in finance income by SAR 7.8 million driven by the placement of SAR 30.0 million in short-term treasury bills during 2022G. This was partly offset by the increase in finance costs by SAR 6.0 million due to financing costs related to employees' end-of-service benefits, in addition to financing costs related to the loan used during the fiscal year 2022G.

Finance income / (cost) decreased from an income of SAR 2.6 million in the six-month period ended 30 June 2022G to a cost of SAR 4.5 million in the six-month period ended 30 June 2023G, in line with the end of the term deposit, as the finance income associated with these deposits decreased during the same period.

Share of results in associates and joint ventures

Share of results in associates and joint ventures related to the share of the Group in the results of its investments in Arabian Contracting Services Company (ACSC), Wego PTE LTD (Wego), Tapmad Holdings PTE LTD (Tapmad) and MBC Game Studio.

Share of results in associates and joint ventures increased by 71.0% from a loss of SAR 13.8 million in 2020G to a loss of SAR 4.0 million in 2021G driven by the increase in profits arising from ACSC by SAR 9.8 million over the same period.

On 10 October 2022G, the Group exercised its call option and acquired an additional 15% shareholding in ACSC thereby increasing the total shareholding from 5% to 20%. The exercise price of SAR 497.3 million which has been paid was based on the terms agreed between the Group and Engineer Holding Group, the other main shareholder of ACSC in their agreement entered in August 2020G. At the date of the transaction, the market value of the additional shares acquired amounted to SAR 829.5 million. The call option to acquire an additional 15% share in ACSC, which was valued at SAR 337.5 million as at 31 December 2021G, was reclassified to investment in associates upon exercise. Finally, an amount of SAR 5.3 million was recognized as loss on exercise of the call option during 2021G.

As a result, share of results in associates and joint ventures increased from a loss of SAR 4.0 million in 2021G to a profit of SAR 14.2 million in 2022G in line with the increase in profits from ACSC by SAR 16.1 million, partly offset by losses incurred in Tapmad by SAR 1.8 million over the same period.

The share of results in associates and joint ventures increased by 2101.1% from SAR 1.0 million in the six-month period ended 30 June 2022G to SAR 22.3 million in the six-month period ended 30 June 2023G due to the increase in share of income of ACSC to SAR 26.8 million. This was partly offset by an increase in the Group's share of losses in MBC Game Studio to SAR 4.5 million during the same period given that MBC Game Studio became a joint venture after the six-month period ended on 30 June 2022G.

Loss on disposal of an investment in a joint venture

Loss on disposal of an investment in a joint venture amounted to SAR 1.5 million in 2020G as it pertained to the loss incurred due to the disposal of O3 RP LLC, which was a 50% owned joint venture between the Group and a Kuwait-based JV.

Unrealized gain on investment (FVTPL)

Unrealized gain on investment (FVTPL) amounted to SAR 10.8 million in 2022G and related to the reassessment of the Group's significant influence in Anghami based on the listing particulars and whereby the Group concluded that the investment in Anghami shall be treated as an investment in financial assets at fair value through profit and loss (FVTPL). The change in classification was a deemed disposal giving rise to a gain on reclassification, using the fair value of the shares held at listing.

Unrealized gain / (losses) on an investment in financial assets at fair value through profit or loss decreased from a gain of SAR 46.6 million in the six-month period ended 30 June 2022G to a loss of SAR 5.0 million in the six-month period ended on 30 June 2023G due to the increase in the unrealized loss on Anghami shares during the same period as the share price decreased from SAR 17.4 as at 30 June 2022G to SAR 4.4 as at 30 June 2023G.

Unrealised gain / (loss) on derivative financial instruments

Unrealised gain / (loss) on derivative financial instruments related to the fluctuation of the fair value of the Group's call options.

Unrealized gain / (loss) on derivative financial instruments amounted to SAR 341.6 million in 2021G. In August 2020G, the Group acquired 5% of ACSC with an option to purchase an additional 15% of ACSC's shares. As at 31 December 2021G, the Group hired a valuation specialist to value the ACSC call option. The option was valued at SAR 337.5 million and recognized unrealized gains on the Group's consolidated statement of comprehensive income in 2021G. A similar exercise was conducted on the option held for Tapmad which realized a gain of SAR 4.1 million in 2021G.

Unrealized gain / (loss) on derivative financial instruments decreased from a gain of SAR 341.6 million in 2021G to a loss of SAR 1.3 million in 2022G driven by the absence of the unrealized gain from ACSC in 2021G and a loss on the value of the Tapmad option of SAR 2.3 million. This was partly offset by the Group's option on 40% of the shares of MBC Media Solutions FZ LLC valued at SAR 1.0 million.

Unrealized gains/(losses) on derivative financial instruments decreased by 98.1% from a gain of SAR 14.4 million in the six-month period ended 30 June 2022G to SAR 0.3 million in the six-month period ended on 30 June 2023G, whereby the gain recorded during the six-month period ended on 30 June 2022G pertains to the change in the fair value of the ACSC call option.

Income tax and zakat

Income tax and zakat related to the zakat charge of the Group's entities operating in the KSA and the income tax charge arising from the operations of the Group's entities in Lebanon, Cyprus, Hungary and Egypt.

Income tax and zakat increased from SAR 0.1 million in 2020G to SAR 12.8 million in 2021G due to the increase in income tax payable of SAR 11.6 million mainly relating to the tax base of the Group stemming from its operations in Egypt.

Income tax and zakat decreased by 43.7% from SAR 12.8 million in 2021G to SAR 7.2 million in 2022G driven by the decrease in the Group's income tax base and as such the decrease in income tax from SAR 11.6 million in 2021G to SAR 5.0 million in 2022G. This was partially offset by the increase in the Group's zakat charge for the year from SAR 1.2 million in 2021G to SAR 2.2 million in 2022G, in line with the increase in zakat base of the KSA entities.

Income tax and zakat increased by 85.6% from SAR 3.9 million in the six-month period ended 30 June 2022G to SAR 7.3 million in the six-month period ended 30 June 2023G due to an increase in the income tax expense of MBC Media Services BVI by SAR 3.0 million due to the change in ownership in MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company), whereby 60% of MBC Media Solutions KSA Limited is owned by a non-Saudi entity from September 2022G and 60% of the profits are subject to a 20% income tax.

Profit / (loss) for the year

The Group's net income has been impacted by a few occurrences which resulted in fluctuations over the financial periods covered in this Prospectus. These mainly included (i) expected credit losses provided for certain trade receivable balances and a discretionary discount given to a related party which have been recorded under general and administrative expenses for 2020G, (ii) changes in the fair value of derivative financial instruments (call-option) in 2021G, (iii) other income recognized in 2021G and 2022G relating to the compensation for loss of business, (iv) impact of the change in digital content impairment accounting estimate which resulted in additional amortization of SAR 81.4 million in 2022G, (v) fluctuations in foreign exchange gains / (losses) and (vi) reversals of expected credit loss provisions in 2021G.

Profit / (loss) for the year increased from a loss of SAR 95.8 million in 2020G to a profit of SAR 747.6 million in 2021G mainly driven by an increase in:

1- Digital revenue amounting to SAR 233.1 million due to the ramp up effect of the Shahid Platform that was re-launched during 2020G, driven by the growth in number of SVOD subscribers from 982.6 thousand subscribers in 2020G to 2,082.1 thousand subscribers in 2021G;
2- Advertising revenue primarily as a result of the in-house sales team (MBC Media Services BVI) to replace the external arrangement with a key agency (terminated in 2020G), which also reduced commission expenses over the same period. This has contributed to the growth in advertising revenue by 3.4% from SAR 1,305.2 million in 2020G to SAR 1,349.4 million in 2021G; both of which have resulted in an increase in the Group's gross profit by SAR 261.9 million.

The profit for the year 2021G was also augmented by:

1- the increase in other income by 856.9% from SAR 41.6 million in 2020G to SAR 398.5 million in 2021G due to the compensation for loss of business pertaining to a TV channel (SAR 375.0 million) as the Group has received a compensation for loss of business covering two financial periods during 2021G; and
2- the unrealized gain on derivative financial instruments amounting to SAR 337.5 million and SAR 4.1 million relating to the fair valuation of the Group's option on ACSC and Tapmad shares respectively.

This was partly offset by an increase in general and administrative expenses by SAR 112.2 million driven by the inception of MBC Media Services BVI and MBC Studios FZ LLC. As such, the Group's profit margin increased from a loss of 4.1% in 2020G to a profit of 26.3% in 2021G.

Profit / (loss) for the year decreased by 93.6% from SAR 747.6 million in 2021G to SAR 47.9 million in 2022G mainly driven by:

1- the decrease in gross profit by SAR 76.3 million due to the increased investment in digital content to attract more users to the Shahid platform coupled with impact of the change in digital content impairment estimate which resulted in additional amortization of SAR 81.4 million in 2022G;
2- the decrease in other income by 49.0% from SAR 398.5 million in 2021G to SAR 203.2 million as the Group received compensation for loss of business for one financial year in 2022G as opposed to the compensation covering two periods received in 2021G;
3- the decrease in unrealized loss on derivative financial instruments by SAR 343.0 million mainly relating to the gain of the ACSC option recognized in 2021G; and
4- the increase in general and administrative expenses by SAR 122.0 million in 2022G primarily due to the foreign exchange loss largely resulting from the Group's operations in Egypt.

This was partly offset by the increase in digital revenue by SAR 137.5 million due to a further growth in the number of subscribers from 2,082.1 thousand subscribers in 2021G to 2,867.4 thousand subscribers in 2022G and the increase in Broadcast and Technical service revenue (earned from SSC) by SAR 112.1 million. The profit margin for the year decreased from 26.3% in fiscal year 2021G to 1.4% in fiscal year 2022G.

Profit / (loss) for the period increased from a loss of SAR 16.5 million in the six-month period ended 30 June 2022G to a profit of SAR 51.7 million in the six-month period ended on 30 June 2023G due to the increase in gross profit by SAR 205.1 million due to increased investment in digital content to attract more users to Shahid. This was offset by:

1- the decrease in other income by SAR 21.6 million mainly driven by a decrease in compensation for loss in business of SAR 26.3 million where the amounts to be received depend on management's discretion and their evaluation of the performance of the TV channel (within the respective limits agreed to be disbursed during the subsequent periods);
2- the decrease in unrealized loss on derivative financial instruments by SAR 14.2 million related to the gain on the ACSC option exercised in 2022G;
3- the increase in general and administrative expenses by SAR 60.5 million due to the increase in the average headcount; and
4- the decrease in unrealized gain / (losses) for an investment in financial assets at fair value through profit or loss from a gain of SAR 46.6 million during the six-month period ended 30 June 2022G to losses of SAR 5.0 million during the six-month period ended 30 June 2023G due to the increase in the unrealized loss on Anghami shares as a result of the decrease in the share price of Anghami in the financial market during the same period.

6.7.1.1 Revenue by material subsidiaries

The following table summarizes the revenue by material subsidiaries for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.15): Revenue by material subsidiary

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Pre-eliminations and adjustments									
MBC FZ LLC and its subsidiaries	2,271,216	2,548,357	2,810,852	12.2%	10.3%	11.2%	1,459,653	1,746,471	19.6%
MBC Media Services BVI Limited and its subsidiaries	-	1,241,223	1,338,234	N/A	7.8%	N/A	793,722	701,702	(11.6%)
MBC Studios Projects FZ LLC and its subsidiaries	108,707	143,027	527,133	31.6%	268.6%	120.2%	76,583	237,105	209.6%
MBC Media FZ LLC	372,615	450,569	436,554	20.9%	(3.1%)	8.2%	267,764	313,738	17.2%
Other subsidiaries	183,528	210,268	177,933	13.3%	(15.4%)	(2.1%)	103,640	54,585	(47.3%)
Total	**2,936,066**	**4,593,444**	**5,290,706**	**56.3%**	**15.2%**	**34.2%**	**2,701,362**	**3,053,601**	**13.0%**
Eliminations and adjustments									
MBC FZ LLC and its subsidiaries	(475,592)	(1,663,611)	(1,625,905)	249.8%	(2.3%)	84.9%	(962,279)	(1,027,415)	6.85
MBC Media Services BVI Limited and its subsidiaries	-	-	-	N/A	N/A	0.0%	-	-	N/A
MBC Studios Projects FZ LLC and its subsidiaries	-	-	(61,215)	N/A	N/A	N/A	(28,164)	(76,912)	173.1%
MBC Media FZ LLC	(22,478)	-	(33,182)	N/A	N/A	21.5%	(27,052)	(27,018)	(0.1%)
Other subsidiaries	(120,415)	(84,360)	(81,670)	(31.1%)	(3.2%)	(18.3%)	(54,489)	(32,247)	(40.8%)
Total	**(618,485)**	**(1,747,971)**	**(1,801,972)**	**181.7%**	**3.1%**	**70.4%**	**(1,071,984)**	**(1,163,592)**	**8.5%**
Post-eliminations and adjustments									
MBC FZ LLC and its subsidiaries	1,795,624	884,746	1,184,948	(50.7%)	33.9%	(18.8%)	497,374	719,056	44.6%

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
MBC Media Services BVI Limited and its subsidiaries	-	1,241,223	1,338,234	N/A	7.8%	N/A	793,722	701,702	(11.6%)
MBC Studios Projects FZ LLC and its subsidiaries	108,707	143,027	465,919	31.6%	225.8%	107.0%	48,419	160,193	230,8%
MBC Media FZ LLC	350,137	450,569	403,372	28.7%	(10.5%)	7.3%	240,711	287,720	19.1%
Other subsidiaries	63,113	125,908	96,261	99.5%	(23.5%)	23.5%	49,152	22,338	(54.6%)
Total	**2,317,581**	**2,845,473**	**3,488,734**	**22.8%**	**22.6%**	**22.7%**	**1,629,378**	**1,890,009**	**16.0%**

Source: Management information.

The Group's revenue is mostly generated from (i) MBC FZ LLC and its subsidiaries, which includes aside from MBC FZ LLC, MBC Group Holding Hungary Limited Liability Company, MBC Jordan LLC, MBC Media Cyprus Limited, Middle East Production Company, MBC Media Saudi Arabia Co. Ltd, which primarily provide Broadcast and digital services amongst others and (ii) MBC Media Services BVI Limited and its subsidiaries which primarily provides advertising services.

Revenue from MBC Studios Projects FZ LLC and its subsidiaries and MBC Media FZ LLC is mostly related to strategic projects funded by the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company). Other subsidiaries include MBC Studios FZ LLC, Platinum Records FZ LLC, Wanasah FZ LLC, and MBC Initiatives which are mainly engaged in program development and artist development and management services.

MBC FZ LLC and its subsidiaries

Commencing 2021G, the Group established MBC Media Services BVI Limited as an in-house advertising company to replace the operations of a key agency that used to undertake all advertising activities on behalf of the Group and which its contract was terminated in 2020G (for the purpose of improving efficiency instead of dependency on external parties). The Group approached an experienced media company in the KSA (Saudi Media Company) and established MBC Media Services BVI Limited. Due to this, MBC FZ LLC's arrangement and accounting treatment has changed from an agency model (i.e. commission paid to a third party) to a principal model (i.e. consolidated the results of MBC Media Services BVI Limited within the Group). This has necessitated to present revenue net of costs and volume rebates at the MBC FZ LLC level.

As a result, revenue decreased by 50.7% from SAR 1,795.6 million in 2020G to SAR 884.7 million 2021G due to the inception of MBC Media Services BVI Limited and its subsidiaries whereby advertising revenue was recorded in MBC FZ LLC prior to 2021G.

Revenue increased by 33.9% from SAR 884.7 million 2021G to SAR 1,184.9 million in 2022G mainly due to (i) the increase in digital revenue by SAR 137.5 million due to a growth in the number of subscribers from 2,082.1 thousand subscribers in 2021G to 2,867.4 thousand subscribers in 2022G, (ii) the increase in Broadcast and Technical service revenue (earned from SSC) by SAR 112.1 million, and (iii) the increase in Event Management revenue by SAR 69.4 million mainly attributable to the increase in number of events in the KSA.

Revenue increased by 44.6% from SAR 497.4 million in the six-month period ended 30 June 2022G to SAR 719.1 million in the six-month period ended 30 June 2023G due to an increase in Broadcast and Technical service revenue by SAR 94.6 million in addition to an increase in digital revenue by SAR 77.4 million as a result of the increase in the number of subscribers from 2,535.6 thousand subscribers to 3,398.8 thousand subscribers during the same period, as well as the increase in services provided to SSC in relation to 4K support, decreasing latency, and other maintenance services.

MBC Media Services BVI Limited and its subsidiaries

Revenue increased from nil in 2020G to SAR 1,241.2 million in 2021G due to the establishment of the Group's in-house advertising services (whose advertising revenue which amounted to SAR 1,305.2 million was recorded under MBC FZ LLC prior to 2021G as it was undertaken by a key agency).

Revenue increased by 7.8% from SAR 1,241.2 million in 2021G to SAR 1,338.2 million in 2022G mainly due to the shift of Al Arabiya advertising contract from an agency based to principal based and the removal of the minimum guaranteed amount to Al Arabiya in 2022G, coupled with the increase in advertising revenue generated from KSA clients on MBC channels. This was partly offset by the decrease in revenue generated from UAE clients (MBC channels) and clients in Egypt during the same period.

Revenue decreased by 11.6% from SAR 793.7 million in the six-month period ended 30 June 2022G to SAR 701.7 million in the six-month period ended 30 June 2023G due a decrease in the number of spots sold from 151.0 thousand to 92.8 thousand despite the increase in the gross revenue per spot sold from SAR 3,096 to SAR 4,160 during the same period. This decrease in advertising revenue is due to a decrease in the advertising budget expenditure of major clients, in addition to the devaluation of the Egyptian pound due to fluctuations in the Egyptian pound exchange rate during the same period.

MBC Studios Projects FZ LLC and its subsidiaries

MBC Studios Projects FZ LLC and its subsidiaries is registered in Dubai Development Authority in Dubai, UAE. The Company was incorporated in 2004G, and its principal activity is to provide media content production. The subsidiaries of MBC Studios Projects FZ LLC include Desert Warriors Holdings Limited, CG Drama Projects Holding Limited, MBC Studios Projects Saudi Limited (which owns Ze Qar Limited).

Revenue increased by 31.6% from SAR 108.7 million in 2020G to SAR 143.0 million in 2021G following the increase in operating costs incurred to produce program content.

Revenue increased by 225.8% from SAR 143.0 million in 2021G to SAR 465.9 million in 2022G mainly in relation to revenue generated from government funding related to certain program production.

Revenue increased by 230.8% from SAR 48.4 million in the six-month period ended 30 June 2022G to SAR 160.2 million in the six-month period ended 30 June 2023G due to the revenue generated from funding through the expansion projects agreements related to program production.

MBC Media FZ LLC

MBC Media FZ LLC is entitled to obtain funding from the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company), subject to performance according to certain criteria, which relates to the operation of certain channels. The funding received is intended to compensate for the direct costs and general and administrative expenses incurred in operating these channels.

Revenues mainly consist of advertising revenues generated from these channels along with the respective funding revenue.

Revenue increased by 28.7% from SAR 350.1 million in 2020G to SAR 450.6 million in 2021G in line with the increase in direct costs (i.e., cost of programs, program overheads and transmission costs amongst others) and general and administrative expenses during the same period in connection with operating the channels which were compensated through the funding.

Revenue decreased by 10.5% from SAR 450.6 million in 2021G to SAR 403.4 million in 2022G due to the decrease in funded projects revenue as a result of a decrease in the corresponding direct costs incurred during the same period.

Revenue increased by 19.1% from SAR 240.7 million in the six-month period ended 30 June 2022G to SAR 286.7 million in the six-month period ended 30 June 2023G due to the increase in advertising revenue generated from these channels.

Other subsidiaries

Other subsidiaries include MBC Studios FZ LLC, Platinum Records FZ LLC, Wanasah FZ LLC, and MBC Initiatives which are mainly engaged in program development and artist development and management services.

Revenue increased by 99.5% from SAR 63.1 million in 2020G to SAR 125.9 million in 2021G mainly driven by the increase in revenue from MBC Initiatives KSA as a result of an increase in funding related to program and talent development and gaming initiatives.

Revenue decreased by 23.5% from SAR 125.9 million in 2021G to SAR 96.3 million in 2022G as a result of the decrease from MBC Initiatives KSA driven by the decrease in research costs related to gaming initiatives.

Revenue decreased by 54.6% from SAR 49.2 million in the six-month period ended 30 June 2022G to SAR 22.3 million in the six-month period ended 30 June 2023G driven by the decrease in revenue from MBC Initiatives KSA as a result of a decrease in funding related to program and talent development and gaming initiatives.

6.7.1.2 Revenue from contracts with customers

The following table summarizes the revenue from contracts with customers for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.16): Revenue from contracts with customers

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Advertising revenue	1,305,187	1,349,441	1,339,380	3.4%	(0.7%)	1.3%	793,521	755,582	(4.8%)
Digital revenue	132,359	365,427	502,888	176.1%	37.6%	94.9%	254,842	332,195	30.4%
Broadcast and technical services revenue	-	34,398	146,516	N/A	325.9%	N/A	32,705	127,269	289.1%
Event management revenue	87,628	36,395	105,775	(58.5%)	190.6%	9.9%	26,555	2,402	(91.0%)
Distribution revenue	68,088	93,245	103,487	36.9%	11.0%	23.3%	42,248	49,000	16.0%
Interactivity revenue	115,176	102,697	70,809	(10.8%)	(31.1%)	(21.6%)	29,486	42,895	45,5%
Program revenue	46,931	37,329	45,296	(20.5%)	21.3%	(1.8%)	10,655	4,984	(53.2%)
Barter revenue	17,615	8,364	6,700	(52.5%)	(19.9%)	(38.3%)	1,818	8,675	377.2%
Artists management revenue	806	3,374	1,673	318.6%	(50.4%)	44.1%	596	1,800	202,0%
Other revenues	12,571	18,277	31,187	45.4%	70.6%	57.5%	13,063	30,821	135.9%
Total	**1,786,361**	**2,048,947**	**2,353,711**	**14.7%**	**14.9%**	**14.8%**	**1,205,489**	**1,355,623**	**12.5%**
As a percentage of total revenue				**Percentage points**			**As a percentage of total revenue**		**Percentage points**
Advertising revenue	73.1%	65.9%	56.9%	(7.2)	(9.0)	(16.2)	65.8%	55.7%	(10.1)
Digital revenue	7.4%	17.8%	21.4%	10.4	3.5	14.0	21.1%	24.5%	3.4
Broadcast and technical services revenue	0.0%	1.7%	6.2%	1.7	4.5	6.2	2.7%	9.4%	6.7
Event management revenue	4.9%	1.8%	4.5%	(3.1)	2.7	(0.4)	2.2%	0.2%	(2.0)

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Distribution revenue	3.8%	4.6%	4.4%	0.7	(0.2)	0.6	3.5%	3.6%	0.1
Interactivity revenue	6.4%	5.0%	3.0%	(1.4)	(2.0)	(3.4)	2.4%	3.2%	0.7
Program revenue	2.6%	1.8%	1.9%	(0.8)	0.1	(0.7)	0.9%	0.4%	(0.5)
Barter revenue	1.0%	0.4%	0.3%	(0.6)	(0.1)	(0.7)	0.2%	0.6%	0.5
Artists management revenue	0.0%	0.2%	0.1%	0.1	(0.1)	0.0	0.0%	0.1%	0.1
Other revenues	0.7%	0.9%	1.3%	0.2	0.4	0.6	1.1%	2.3%	1.2

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

The principal activity of the Group is to provide broadcasting services and to operate free-to-air Pan-Arab entertainment channels and over-the-top (OTT) platform, and to produce content. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenues from contracts with customers when it transfers control over a product or service to a customer as per the underlying contractual terms.

Advertising revenue

Advertising revenue mainly comprised of revenue from (i) spot advertising (set at 30 seconds) across the Group's 13 channels and radio, (ii) sponsorship, (iii) brand integration, (iv) AVOD through the digital platform Shahid. It is worth noting that advertising revenue is impacted by seasonality, whereby the month of Ramadan and the fourth quarter of the year witness a significant increase in advertising revenue.

The Group generates its advertising revenue from its sales to advertising agencies and direct customers. The majority of these revenues are not governed by agreements but are however aligned between the Group and its customers at the beginning of each year, based on the available marketing spend budgeted by the companies advertising their products. The Group ensures to keep close ties with the agencies it deals with and does not compete with them since they often handle the cross-border accounts of the companies they represent.

Advertising services (provided by MBC Media Services (British Virgin Islands) Limited and its subsidiaries) consist of services provided primarily to agencies and direct clients. The group deals with prominent advertising agencies, which in turn contract with leading international, regional and local companies. The relationship with the agencies is subject to non-binding financial commitments based on various commercial discussions conducted by MBC Media Services (BVI) Limited, its subsidiaries and the relevant agencies. These financial commitments are agreed upon at the beginning of each financial year and stipulate the annual rebates (AVR) that each agency is expected to receive upon achieving committed targets (which are set within specific target categories). It is worth noting that annual discounts are provided to agencies in the form of credit discounts and not cash discounts or additional airtime minutes.

Revenue from agencies on MBC platforms comprised 82.5% in 2021G, 80.6% in 2022G, and 86.0% during the six-month period ended 30 June 2023G of total advertising revenue, while the four largest agencies contributed to 58.7%, 58.4%, and 55.7% of the total advertising revenues in the fiscal years 2021G, 2022G, and the six-month period ended 30 June 2023G, respectively.

Advertising revenue increased by 3.4% from SAR 1,305.2 million in 2020G to SAR 1,349.4 million in 2021G primarily as a result of the establishment of the in-house sales team (MBC Media Services BVI Limited) to replace the external arrangement with a key agency (terminated in 2020G).

Advertising revenue decreased by 0.7% from SAR 1,349.4 million in 2021G to SAR 1,339.4 million in 2022G due to macro-economic factors impacting the ultimate clients' advertising budget, partly offset by the increase in revenue from Al Arabiya by SAR 77.4 million primarily due to the change in agreement with Al Arabiya from agency to principal and the removal of the minimum guaranteed amount in 2022G.

Advertising revenue decreased by 4.8% from SAR 793.5 million in the six-month period ended 30 June 2022G to SAR 755.6 million in the six-month period ended 30 June 2023G due to a decrease in spot revenue by SAR 81.3 million as a result of devaluation of the Egyptian pound whereby MBC Media Solutions (Egypt) spot revenue decreased by SAR 94.2 million coupled with macro-economic factors impacting the ultimate clients' advertising budget expenditure. This was partly offset by an increase in spot revenue related to MMS KSA by SAR 12.8 million and growth in AVOD revenue by SAR 34.1 million fuelled by the revamp of the AVOD offering with the increase in available content to AVOD users customers coupled with the increase in brand advertising spending on Shahid during the same period.

Digital revenue

Digital revenue represents the revenue from Business-to-Business (B2B) and Business-to-Consumer (B2C) SVOD subscribers of Shahid and encryption revenue. It is worth noting that digital revenue is impacted by seasonality, whereby the month of Ramadan witnesses the highest increase in SVOD subscriptions and content consumption.

Digital revenue increased by 176.1% from SAR 132.4 million in 2020G to SAR 365.4 million in 2021G as a result of strategic focus on rebranding, enhancing and relaunching the Shahid during 2020G whereby the year-end number of subscribers increased from 982.6 thousand subscribers to 2,082.1 thousand subscribers, respectively. This was coupled with an increase in monthly average revenue per user (ARPU) by 27.5% from SAR 15.3 to SAR 19.3 over the same period.

Digital revenue increased by 37.6% from SAR 365.4 million in 2020G to SAR 502.9 million in 2022G due to the ramp up of the Shahid platform as the year-end number of subscribers reached 2,867.4 thousand subscribers in 2022G. The increase in revenue driven by the increase in subscribers' base was partly offset by the decrease in monthly ARPU by 14.9% from SAR 19.3 in 2021G to SAR 16.4 in 2022G stemming from the geography mix of subscribers as the growth mainly came from Egypt and Levant which have lower subscription rates as compared to the KSA, UAE and the rest of GCC over the same period.

Digital revenue increased by 30.4% from SAR 254.8 million in the six-month period ended 30 June 2022G to SAR 332.2 million in the six-month period ended 30 June 2023G due to the increase in the number of SVOD subscribers from 2,535.6 thousand subscribers to 3,385.5 thousand subscribers during the same period.

Broadcast and technical services revenue

Broadcast and technical services revenue represent revenue earned mainly from the technical services provided to the Saudi Sports Channel "SSC". The Group provides SSC with programming, channel management and broadcasting services by making it available on Shahid.

Broadcast and technical services revenue increased from nil in 2020G to SAR 34.4 million in 2021G in line with the commencement of agreement with SSC.

Broadcast and technical services revenue increased by 325.9% from SAR 34.4 million in 2021G to SAR 146.5 million in 2022G where Broadcast and technical services began during the fiscal year 2021G, and the fiscal year 2022G included the full revenues for the year compared to half-year revenues in the fiscal year 2021G, in addition to developing the scope of work submitted to the Saudi Sports Company (SSC) along with the finalization of the contract.

Broadcast and technical services revenue increased by 289.1% from SAR 32.7 million in the six-month period ended 30 June 2022G to SAR 127.3 million in the six-month period ended 30 June 2023G due to (i) increased services rendered to the SSC channel namely 4k support, decreasing latency and the marketing services coupled with the addition of services provided to Al Thakafya Channel, and (ii) the finalization of pricing and as such, recording the profit margin on this contract.

Event management revenue

Event management revenue pertains to revenue generated from managing certain events such as cultural and entertainment events amongst others.

Event management revenue decreased by 58.5% from SAR 87.6 million in 2020G to SAR 36.4 million in 2021G driven by the decrease in number of managed events from 23 to 10 during the same period. This was due to the majority of the events occurring either in the first and fourth quarter of 2020G which coincided with COVID-19 lockdown restrictions, while some of these events were not held in 2021G.

Event management revenue increased by 190.6% from SAR 36.4 million in 2021G to SAR 105.8 million in 2022G as a result of the increase in revenue generated from events in the KSA (including theatrical shows, Al Ula moments, Winter in Tantura amongst others).

Event management revenue decreased by 91.0% from SAR 26.6 million in the six-month period ended 30 June 2022G to SAR 2.4 million in the six-month period ended 30 June 2023G due to the absence of major events that took place during the six-month period ended 30 June 2022G namely Nasser Al Qassabi show, Eid El Fitr Concerts, Dubai Shopping Festival, and Winter in Tantura. Event management revenue during the six-month period ended 30 June 2023G pertained to one event "Dubai Beats", which amounted to SAR 2.4 million.

Distribution revenue

Distribution revenue mainly comprised revenue earned from broadcast agreements, that is distribution of MBC Channels via third party platforms (such as STC, Etisalat and Ooredoo) in addition to revenue from B2B distribution contracts related to the Shahid platform.

Distribution revenue increased by 36.9% from SAR 68.1 million in 2020G to SAR 93.2 million in 2021G as a result of the acquisition of a new distribution agreement with a third-party platform that contributed SAR 14.6 million to revenue coupled with the increase in B2B distribution revenue by SAR 9.3 million which was recorded under digital revenue in 2020G.

Distribution revenue increased by 11.0% from SAR 93.2 million in 2021G to SAR 103.5 million in 2022G mainly driven by the increase in B2B distribution revenue by SAR 11.6 million in line with the ramp up of the Shahid platform over the same period.

Distribution revenue increased by 16.0% from SAR 42.2 million in the six-month period ended 30 June 2022G to SAR 49.0 million in the six-month period ended 30 June 2023G due to a new distribution agreement signed during the end of 2022G with a telecom operator, which resulted in an increase in revenue of SAR 9.4 million, partly offset by a decrease in revenue resulting from other contracts amounting to SAR 3.6 million.

Interactivity revenue

Interactivity revenue includes revenue that is generated from users' engagement on interactive and competition products, namely, Dream Competition, in addition to other TV game shows, by spending through payment platforms such as premium SMS, direct telecom billing and app stores.

Interactivity revenue decreased by 10.8% from SAR 115.2 million in 2020G to SAR 102.7 million in 2021G mainly due to the decrease in revenue from the Dream Competition which decreased from SAR 84.3 million in 2020G to SAR 71.5 million in 2021G as a result of increased engagement in competitions during the COVID-19 period in 2020G.

Interactivity revenue decreased by 31.1% from SAR 102.7 million in 2021G to SAR 70.8 million in 2022G due to the same reasons, whereby revenue earned from the Dream Competition decreased further to SAR 55.4 million in 2022G.

Interactivity revenue increased by 45.5% from SAR 29.5 million in the six-month period ended 30 June 2022G to SAR42.9 million in the six-month period ended 30 June 2023G driven by the growth in revenue generated from Dream competition by SAR 4.4 million coupled with the increase in revenue generated from the newly introduced application "Al Tibbi" by SAR 2.7 million.

Program revenue

Program revenue pertains to revenue generated from the sale of in-house developed programs.

Program revenue decreased by 20.5% from SAR 46.9 million in 2020G to SAR 37.3 million in 2021G and then increased by 21.3% from SAR 37.3 million in 2021G to SAR 45.3 million in 2022G. It is worth noting that the fluctuation in program revenue is mainly related to the number of program episodes produced and released during the year, such as Al Meerath program during 2022G.

Program revenue decreased by 53.2% from SAR 10.7 million in the six-month period ended 30 June 2022G to SAR 5.0 million in the six-month period ended 30 June 2023G due to the non-production or release of any of Al Meerath episodes during the same period.

Barter revenue

Barter revenue primarily consists of media and non-media barter arrangements with third parties.

Barter revenue decreased by 52.5% from SAR 17.6 million in 2020G to SAR 8.4 million in 2021G and then decreased by 19.9% from SAR 8.4 million in 2021G to SAR 6.7 million in 2022G due to the management's lack of focus on Barter arrangements, especially during Covid-19 period.

Barter revenue increased by 377.2% from SAR 1.8 million in the six-month period ended 30 June 2022G to SAR 8.7 million in the six-month period ended 30 June 2023G due to the addition of new contracts with delivery companies during the same period.

Artists management revenue

Artists management revenue consists of revenue generated from the income received against the management, development and bookings of artists.

Artist management revenue increased by 318.5% from SAR 0.8 million in 2020G to SAR 3.4 million in 2021G due to the increase in the number of artistic events after the Corona Virus (Covid-19) pandemic.

Artists management revenue decreased by 50.4% from SAR 3.4 million in 2021G to SAR 1.7 million in 2022G due to the decrease in the number of reservations for artists' artwork during the year.

Artists management revenue increased by 202.0% from SAR 0.6 million in the six-month period ended 30 June 2022G to SAR 1.8 million in the six-month period ended 30 June 2023G due to the pickup in secured managed artist bookings during the period.

Other revenues

Other revenues primarily consist of special project revenues, box subscriptions and merchandising revenue, amongst others.

Other revenues increased by 45.4% from SAR 12.6 million in 2020G to SAR 18.3 million in 2021G due to the increase in content production services revenue by SAR 4.7 million over the same period.

Other revenues increased by 70.6% from SAR 18.3 million in 2021G to SAR 31.2 million in 2022G due to special projects revenue from the newly established entity MBC Media KSA amounting to SAR 12.0 million over the same period.

Other revenues increased by 135.9% from SAR 13.1 million in the six-month period ended 30 June 2022G to SAR 30.8 million in the six-month period ended 30 June 2023G due to the content advisory services provided by the Group during the same period.

6.7.1.2.1 Advertising revenue by type

The following table summarizes the advertising revenue by type for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.17): Advertising revenue by type

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Spots	N/A	878,116	792,430	N/A	(9.8%)	N/A	467,410	386,106	(17.4%)
Sponsorships	N/A	312,605	300,417	N/A	(3.9%)	N/A	208,645	222,320	6.6%
Brand integration	N/A	123,573	127,444	N/A	3.1%	N/A	85,658	26,042	(69.6%)
Social media	N/A	31,572	61,711	N/A	95.5%	N/A	32,264	27,011	(16.3%)
Shahid – AVOD revenue	N/A	44,713	46,065	N/A	3.0%	N/A	26,255	60,395	13,0%
Gross revenue	**1,305,187**	**1,390,579**	**1,328,067**	**6.5%**	**(4.5%)**	**0.9%**	**820,232**	**721,874**	**(12,0%)**
Less: Annual volume rebates (AVR)	N/A	(71,031)	(78,460)	N/A	10.5%	N/A	(61,281)	(56,615)	(7.6%)
Net revenue	**1,305,187**	**1,319,548**	**1,249,607**	**1.1%**	**(5.3%)**	**(2.2%)**	**758,951**	**665,259**	**(12.3%)**
Other advertising revenue	N/A	29,893	89,773	N/A	200.3%	N/A	34,570	90,323	161.3%
Total	**1,305,187**	**1,349,441**	**1,339,380**	**3.4%**	**(0.7%)**	**1.3%**	**793,521**	**755,582**	**(4.8%)**
KPIs				**Var '20G-'21G**	**Var '21G-'22G**	**CAGR '20G-'22G**	**KPIs**		**Var H1'22G-H1'23G**
No. of spots sold (Spots)	N/A	300,009	265,671	N/A	(91.1%)	N/A	150,961	92,810	(38.5%)
No. of spots sold (Sponsorships)	N/A	191,781	162,946	N/A	(15.0%)	N/A	78,441	151,223	92.8%
No. of impressions sold (000s)	N/A	391,738	478,928	N/A	22.3%	N/A	267,593	735,361	174.8%
Avg. monthly no. of AVOD users	N/A	10,628,512	11,553,534	N/A	8.7%	N/A	12,943,130	16,643,934	174.8%
Average revenue (SAR)				**Var '20G-'21G**	**Var '21G-'22G**	**CAGR '20G-'22G**	**Average revenue (SAR)**		**Var H1'22G-H1'23G**
Gross revenue per spot (Spots)	N/A	2,927	2,983	N/A	1.9%	N/A	3,096	4,160	34.4%
Gross revenue per spot (Sponsorship)	N/A	1,630	1,844	N/A	13.1%	N/A	2,660	1,470	(44.7%)
AVOD revenue per thousand impressions	N/A	114	96	N/A	(15.7%)	N/A	2,947	2,493	(15.4%)
As a percentage of gross revenue				**Percentage points**			**As a percentage of gross revenue**		**Percentage points**

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Spots	N/A	63.1%	59.7%	N/A	(3.5)	N/A	57.0%	53.5%	(3.5)
Sponsorships	N/A	22.5%	22.6%	N/A	0.1	N/A	25.4%	30.8%	5.4
Brand integration	N/A	8.9%	9.6%	N/A	0.7	N/A	10.4%	3.6%	(6.8)
Social media	N/A	2.3%	4.6%	N/A	2.4	N/A	3.9%	3.7%	(0.2)
Shahid – AVOD revenue	N/A	3.2%	3.5%	N/A	0.3	N/A	3.2%	8.4%	5.2

Source: Management information.

As part of the Group's strategy to improve advertising efficiency dependency on third parties, commencing 2021G, the Group established an in-house advertising company to replace the operations of a key agency (an external agency that used to undertake all advertising activities on behalf of the Group and which was terminated in 2020G). The Group approached an experienced media company in the KSA (Saudi Media Company) and established MBC Media Services BVI Limited. Due to this, MBC FZ LLC's arrangement and accounting treatment has changed from an agency model (i.e., commission paid to a third party) to a principal model (i.e. the consolidated the results of MBC Media Services BVI Limited within the Group). This has necessitated to present revenue net of costs and volume rebates at the MBC FZ LLC level.

Accordingly, prior to 2021G, the Group did not have the detailed visibility on the key performance indicators monitored by the key agency as it currently has after the establishment of MBC Media Services BVI Limited, given that the Group historically had a commission agreement with the key agency. As a result, the key performance indicators of 2020G relating to advertising revenue were not presented.

The Group generates its advertising revenue from its sales to advertising agencies and direct customers. The majority of these revenues are not governed by agreements but are however aligned between the Group and its customers at the beginning of each year, based on the available marketing spend budgeted by the companies advertising their products.

The Group ensures to keep close ties with the agencies it deals with and does not compete with them since they often handle the cross-border accounts of the companies they represent. Revenue from agencies on MBC platforms comprised 82.5% in 2021G, 80.6% in 2022G and 86.0% during the six-month period ended 30 June 2023G of total advertising revenue on whilst the top four agencies contributed 58.7%, 58.4% and 55.7% to total advertising revenue in 2021G ,2022G and the six-month period ended 30 June 2023G, respectively.

The Group receives campaign bookings from its advertising clients detailing the timing and length of the advertisement to be conducted. Once the order is confirmed, the Group starts to execute the order and revenue is accrued based on the actual airing of the booked advertisement. Invoicing is generally conducted on a monthly basis or when an order is fulfilled.

Spots

Advertising revenue mainly comprised of revenue from (i) spot advertising (set at 30 seconds) across the Group's 13 channels and radio, (ii) sponsorship, (iii) brand integration, (iv) AVOD through the digital platform Shahid. It is worth noting that advertising revenue is impacted by seasonality, whereby the month of Ramadan and the fourth quarter of the year witness a significant increase in advertising revenue.

Spots include revenue generated from the sale of 30-seconds of advertising airtime to customers across the channels of the Group. It is worth noting that the Group accounts for 15 min per channel per TV hour for advertising space. Out of the 15 minutes, 12 minutes are sold to customers while the rest are used for internal and program advertising.

Revenue from spots decreased by 9.8% from SAR 878.1 million in 2021G to SAR 792.4 million in 2022G mainly driven by the decrease in number of spots sold from 300.0 thousand to 265.7 thousand over the same period due to the international macro-economic factors affecting the activities of clients. The Group was able to maintain a relatively stable average revenue per spot averaging to approximately SAR 2,955 between 2021G and 2022G periods.

Revenue from spots decreased by 17.4% from SAR 467.4 million in the six-month period ended 30 June 2022G to SAR 386.1 million in the six-month period ended 30 June 2023G due to the devaluation of the Egyptian pound, noting that revenue from spots sold to MBC Media Solutions (Egypt) decreased by SAR 94.2 million, coupled with the international macro-economic factors affecting the activities of clients whereby major clients have spent lower amounts on advertising in addition to the deferral of advertising spend by key clients to the second half of 2023G. However, average revenue per spot increased from SAR 3,096 during the six-month period ended 30 June 2022G to SAR 4,160 during the six-month period ended 30 June 2023G whereby the Group was able to push higher spot prices to these clients. It is worth noting that the average revenue per spot from direct customers increased from SAR 6.1 thousand to SAR 9.6 thousand during the same period.

Sponsorships

Sponsorships relate to revenue generated from the sponsorship of the Group's programs by advertising clients.

Revenue from sponsorships decreased by 3.9% from SAR 312.6 million in 2021G to SAR 300.4 million in 2022G driven by the decrease in number of sponsorship spots sold from 191.8 thousand to 162.9 thousand as a result of the international macro-economic factors affecting the Group's clients and their marketing budgets. This was partly offset by the increase in average revenue per sponsorship spot by 13.1% from SAR 1,630 to SAR 1,844 attributable to the growth in revenue per sponsorship spot sold in the KSA from SAR 4,396 to SAR 6,571 during the same period.

Revenue from sponsorships increased by 6.6% from SAR 208.6 million in the six-month period ended 30 June 2022G to SAR 222.3 million in the six-month period ended 30 June 2023G driven by the increase in the number of spots sold from 78.4 thousand to 151.2 thousand in Egypt due to the start of a real estate initiative aired on one of the main talk shows on MBC Masr. This was partly offset by a decrease in the average revenue per spot from SAR 2,660 to SAR 1,470 given the higher concentration of sponsorships spots sold in Egypt which tend to have lower prices compared to UAE and KSA, in addition to the impact of the devaluation of the Egyptian pound during the same period.

Brand integration

Brand integration comprised revenue from incorporating the client's brands within a produced program. Brand integration revenue increased by 3.1% from SAR 123.6 million in 2021G to SAR 127.4 million in 2022G driven by the increase in integration revenue generated from MBC Media Solutions for Advertising Services LLC Egypt by SAR 5.2 million over the same period.

Brand integration revenue decreased by 69.6% from SAR 85.7 million in the six-month period ended 30 June 2022G to SAR 26.0 million in the six-month period ended 30 June 2023G due to the continuous rescheduling of integration advertisements which are scheduled to air towards the end of the year.

Social media

Social media revenue increased by 95.5% from SAR 31.6 million in 2021G to SAR 61.7 million primarily due to the agreement signed between the Group and Facebook with the purpose to monetize advertisements on the platform.

Social media revenue decreased by 16.3% from SAR 32.3 million in the six-month period ended 30 June 2022G to SAR 27.0 million in the six-month period ended 30 June 2023G as audience and platforms continue to be attracted by the "**creator**" content rather than professionally generated content.

Shahid – AVOD revenue

Shahid - AVOD revenue is a video on demand monetization strategy, whereby the platform relies on advertisers to generate revenue while users get access to selected content for free through the placement of advertisements within the content. This is primarily driven by the number of impressions sold on the platform. AVOD revenue is recognized on a monthly basis based on the number of impressions/clicks delivered in the month multiplied by the average rate card agreed.

Shahid - AVOD revenue is driven by users that are consuming the limited content available to them on the platform without an active subscription. Average monthly number of AVOD users increased by 8.7% from 10.6 million users in 2021G to 11.6 million users in 2022G in line with the increased reach and brand recognition of the platform.

Shahid - AVOD revenue increased by 3.0% from SAR 44.7 million in 2021G to SAR 46.1 million in 2022G driven by the increase in the number of impressions sold by 22.3% from 391.7 million impressions to 479.0 million impressions over the same period. This was partly offset by the decrease in the average revenue per thousand impressions by 15.7% from SAR 114.1 to SAR 96.2 during the same period due to the increase in AVOD impressions sold in Egypt whereby the average revenue per thousand impression is relatively lower than those in the GCC (KSA and UAE).

Shahid - AVOD revenue increased by 130.0% from SAR 26.3 million in the six-month period ended 30 June 2022G to SAR 60.4 million in the six-month period ended 30 June 2023G in line with the introduction of "MMS Works", a user-friendly platform that facilitates automated purchases coupled with the increase in brand ads on the Shahid platform in light of market conditions that encouraged businesses to advertise digitally during the period.

Annual volume rebates

Annual volume rebates relate to discounts granted to advertising agencies. Volume rebates are linked to the annually targeted spending budgets agreed between the Group and its agencies and which average between 5% to 10% of the total gross advertising revenue in the GCC and up to 15% in Egypt. Volume rebates are accrued by the Group on a monthly basis, based on the budgeted figures for each client and are adjusted at year end based on the actual spend achieved by the client and the agreed rebate. The rebates are in the form of credit notes issued to the account of the client.

Annual volume rebates increased by 10.5% from SAR 71.0 million in 2021G to SAR 78.5 million in 2022G driven by the increase in rebates granted to clients due to the tougher market conditions stemming from the unstable global macro-economic factors and the competitive advertising market in Egypt as compared to other markets (KSA and UAE). Annual volume rebates as a percentage of gross revenue amounted to 5.1% in 2021G and 5.9% in 2022G.

Annual volume rebates decreased by 7.6% from SAR 61.3 million in the six-month period ended 30 June 2022G to SAR 56.6 million in the six-month period ended 30 June 2023G due to the decrease in spots revenue by 17.4% from SAR 467.4 million to SAR 386.1 million during the same period. However, annual volume rebates as a percentage of gross advertising revenue increased from 7.5% during the six-month period ended 30 June 2022G to 7.8% during the six-month period ended 30 June 2023G, due to management's decision to continue incentivizing the advertising agencies to increase advertisement spending.

Other advertising revenue

Other advertising revenue mainly includes advertising revenue generated from non-MBC channels, namely Al Arabiya and SSC as well as advertising revenue generated from MBC Cinq channel which was not handled by the Group's advertising arm in 2022G, whereas this became handled by MBC Media Services BVI Limited commencing April 2023G. The Group has agreements in place with Al Arabiya and SSC for the provision of advertising sales and booking services. The agreement with Al Arabiya was based on an agency based model in 2021G and was changed to a principal based model in 2022G. The agreement with SSC is based on an agency model during 2021G and 2022G amounting to approximately 30% share for the Group.

Under the agency model, the Group only recognises the commission margin resulting from the sale of advertising services on Al Arabiya channel while under the principal model the Group will incur a cost agreed with Al Arabiya for the advertisement to be sold with a minimum guarantee in place along with variable cost per spot.

Other advertising revenue increased by 200.3% from SAR 29.9 million in 2021G to SAR 89.8 million in 2022G primarily due to the change in the advertising agreement (related to Al Arabiya) from an agency to a principal based model coupled with the removal of the minimum guaranteed amount in 2022G. This has led to an increase in advertising revenue generated from Al Arabiya from SAR 503 thousand in 2021G to SAR 77.9 million in 2022G.

Other advertising revenue increased by 161.3% from SAR 34.6 million in the six-month period ended 30 June 2022G to SAR 90.3 million in the six-month period ended 30 June 2023G due to one-off advertising events that took place during the six-month period ended 30 June 2023G and were directly recorded under MBC FZ which related to the Joy Awards of SAR 43.1 million, Tash (Al Awda) of SAR 11.3 million, and the Ramez Galal show of SAR 11.3 million.

6.7.1.2.2 Advertising revenue by geography / territory

The following table summarizes the advertising revenue by geography / territory for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.18): Advertising revenue by geography / territory

SAR in 000s	2020G (Management Information)*	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
KSA	N/A	514,501	567,427	N/A	10.3%	N/A	376,063	315,321	(16.2%)
UAE	N/A	611,930	509,834	N/A	(16.7%)	N/A	278,382	293,007	5.3%
Egypt	N/A	264,148	250,806	N/A	(5.1%)	N/A	165,787	113,545	(31.5%)
Gross advertising revenue	**N/A**	**1,390,579**	**1,328,067**	**N/A**	**(4.5%)**	**N/A**	**820,232**	**721,873**	**(12.0%)**
Less: Annual volume rebate	N/A	(71,031)	(78,460)	N/A	10.5%	N/A	(61,281)	(56,615)	(7.6%)
Net advertising revenue	**1,305,187**	**1,319,548**	**1,249,607**	**1.1%**	**(5.3%)**	**(2.2%)**	**758,951**	**665,258**	**(12.3%)**
Others	N/A	29,893	89,773	N/A	200.3%	N/A	34,569	90,323	(161.3%)
Total	**1,305,187**	**1,349,441**	**1,339,380**	**3.4%**	**(0.7%)**	**1.3%**	**793,520**	**755,581**	**(4.8%)**
As a percentage of gross revenue					**Percentage points**		**As a percentage of gross revenue**		**Percentage points**
KSA	N/A	37.0%	42.7%	N/A	5.7	N/A	45.8%	43.7%	(2.1)
UAE	N/A	44.0%	38.4%	N/A	(5.6)	N/A	33.9%	40.6%	6.7
Egypt	N/A	19.0%	18.9%	N/A	(0.1)	N/A	20.2%	15.7%	(4.5)

Source: Management information.

* Prior to 2021G, the Group did not have the detailed visibility on the KPIs monitored by the key agency as it currently has after the establishment of MBC Media Services BVI Limited. Accordingly, KPIs related to advertising revenue were not presented in 2020G.

The Group's advertising revenue is generated by the three subsidiaries of MBC Media Services BVI Limited operating in the KSA, UAE and Egypt. While the entities in the KSA and Egypt solely service their respective markets, the United Arab Emirates entity records revenue from sales generated through Google ads, irrelevantly of the originating territory, and sales generated from the rest of the MENA and international territories.

Kingdom of Saudi Arabia

Revenue generated from the KSA increased by 10.3% from SAR 514.5 million in 2021G to SAR 567.4 million in 2022G driven by the increase in revenue generated from the initiatives undertaken by key government clients in the KSA which resulted in increased advertising spend over the same period.

Revenue generated from the KSA decreased by 16.2% from SAR 376.1 million in the six-month period ended 30 June 2022G to SAR 315.3 million in the six-month period ended 30 June 2023G due to a decrease in sponsorship revenue as a result of the decrease in the number of spots sold.

United Arab Emirates

Revenue generated from the UAE decreased by 16.7% from SAR 611.9 million in 2021G to SAR 509.8 million in 2022G in line with the overall decrease in advertising revenue due to the international macro-economic factors affecting the activities and advertising budgets of clients and a focus on advertising in the UAE.

Revenue generated from the UAE increased by 5.3% from SAR 278.4 million in the six-month period ended 30 June 2022G to SAR 293.0 million in the six-month period ended 30 June 2023G due to the increase in the number of spots sold during the same period.

Egypt

Revenue generated from Egypt decreased by 5.1% from SAR 264.1 million in 2021G to SAR 250.8 million in 2022G in line with the overall decrease in advertising revenue due to the international macro-economic factors affecting the activities and advertising budgets of clients coupled with the impact of the devaluation of the Egyptian pound over the same period.

Revenue generated from Egypt decreased by 31.5% from SAR 165.8 million in the six-month period ended on 30 June 2022G to SAR 113.5 million in the six-month period ended 30 June 2023G mainly due to the devaluation of the Egyptian pound.

6.7.1.2.2.1 Digital revenue (Shahid)

The following table summarizes the digital revenue (Shahid) for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.19): Digital revenue by type

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
SVOD revenue – B2C	113,931	318,356	437,601	179.4%	37.5%	96.0%	218,235	296,826	36.0%
SVOD revenue – B2B vouchers	18,419	42,089	49,163	128.5%	16.8%	63.4%	27,321	25,781	(5.6%)
Encryption	9	4,982	16,124	55255.6%	223.6%	4132.7%	9,286	9,588	3.3%
Total	**132,359**	**365,427**	**502,888**	**176.1%**	**37.6%**	**94.9%**	**254,842**	**332,195**	**30.4%**
KPIs				**Var '20G-'21G**	**Var '21G-'22G**	**CAGR '20G-'22G**	**KPIs**		**Var H1'22G-H1'23G**
Average monthly number of SVOD – B2C subscribers	549,354	1,279,552	1,858,932	132.9%	45.3%	84.0%	1,893,458	2,182,356	15.3%
Average monthly number of SVOD – B2b subscribers	170,946	298,349	689,491	74.5%	131.1%	100.8%	595,340	1,216,467	104.3%
Average monthly number of total SVOD subscribers	720,301	1,577,901	2,548,422	119.1%	61.5%	88.1%	2,488,798	3,398,823	36.6%

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Average monthly SVOD subscribers churn rate percentage	15.4%	13.5%	9.6%	(1.9)	(3.9)	(5.8)	13.2%	9.0%	(31.8%)
Average number of active SVOD subscribers	442,556	1,124,943	1,746,479	154.2%	55.3%	98.7%	1,732,461	2,339,523	35.0%
Number of SVOD subscribers at year / period end	982,644	2,082,051	2,867,446	111.9%	37.7%	70.8%	2,535,606	3,385,493	33.5%
Monthly average revenue (ARPU) (SAR)				**Var '20G-'21G**	**Var '21G-'22G**	**CAGR '20G-'22G**	**Monthly average revenue (SAR)**		**Var H1'22G-H1'23G**
Per B2C subscriber	17.3	20.7	19.6	20.0%	(5.4%)	6.5%	19.2	22.7	18.0%
Per B2B subscriber *	9.0	14.4	8.5	60.0%	(41.0%)	(2.8%)	9.0	4.9	(45.3%)
Per total subscribers	15.3	19.5	16.6	27.5%	(14.9%)	4.2%	16.8	16.3	(2.7%)
As a percentage of total revenue					**Percentage points**		**As a percentage of total revenue**		**Percentage points**
SVOD revenue – B2C	86.1%	87.1%	87.0%	1.0	(0.1)	0.9	85.6%	89.4%	3.7
SVOD revenue – B2B vouchers	13.9%	11.5%	9.8%	(2.4)	(1.7)	(4.1)	10.7%	7.8%	(3.0)
Encryption	0.0%	1.4%	3.2%	1.4	1.8	3.2	3.6%	2.9%	(0.8)

Source: Management information.

* Average revenue per B2B user includes SVOD revenue – B2B vouchers revenue (recorded under digital revenue) and SVOD revenue – B2B distribution agreements (recorded under distribution revenue).

The Group's digital revenue mainly consisted of revenue generated from the sales of subscriptions on Shahid to B2C and B2B customers. SVOD revenue generated from B2C customers amounted to 86.1%, 87.1% ,87.0% and 89.4% of total digital revenue in 2020G, 2021G and 2022G, and the six-month period ended 30 June 2023G, respectively. SVOD revenue generated from B2B customers amounted to 13.9%, 11.5%, 9.8%, and 7.8% of total digital revenue in 2020G, 2021G, 2022G, and the six-month period ended 30 June 2023G, respectively. The remaining amount recorded under digital revenue related to revenue generated from the subscription to encrypted MBC channels over satellite distribution.

SVOD revenue is generated through the sales of monthly subscription, a subscription package (3-months or 6-months) or an annual subscription to Shahid. During 2021G, the Group introduced new packages (i) Shahid VIP: the platform's basic package, (ii) Sports: VIP + F1, WWE, fight sports and other sports content, and (iii) Ultimate: Full access including live events and concerts. Moreover, the Group increased the pricing of Shahid subscriptions (both in 2021G and 2022G). It is worth noting that the prices of the subscriptions differ depending on the territory.

Shahid SVOD revenue consists of the revenue generated from the subscribers to the Shahid packages deriving from direct sales (B2C) or sales through telecom operators and retailers (B2B). The Group recognises monthly subscription revenue in full during the month the purchase was made. For semi-annual and annual subscriptions, the amount is recognized equally over the period of the subscription and a deferred revenue liability is recorded on the balance sheet date. Sales made through B2B customers are accrued under contract assets upon subscription activation and reconciled at the end of each period with the respective operator before invoice issuance.

SVOD revenue – B2C

SVOD revenue - B2C revenue increased by 179.4% from SAR 113.9 million in 2020G to SAR 318.4 million in 2021G due to the increase in average monthly number of subscribers by 132.9% from 549.4 thousand subscribers to 1,279.6 thousand subscribers coupled with an increase in monthly ARPU by 20.0% from SAR 17.3 to SAR 20.7 during the same period reflecting the package price increase introduced by the Group in 2021G.

SVOD revenue - B2C revenue increased by 37.5% from SAR 318.4 million in 2021G to SAR 437.6 million in 2022G driven by the increase in average monthly number of subscribers by 45.3% from 1,279.6 thousand subscribers in 2021G to 1,858.9 thousand subscribers in 2022G slightly offset by the decrease in monthly ARPU by 5.4% from SAR 20.7 to SAR 19.6 over the same period as a result of the increase in number of subscribers from emerging markets (specifically Egypt and Levant), which tend to carry lower subscription rates yet have high volume potential.

SVOD revenue - B2C revenue increased by 36.0% from SAR 218.2 million in the six-month period ended 30 June 2022G to SAR 296.8 million in the six-month period ended 30 June 2023G due to an increase in the average monthly number of subscribers from 1,893.5 thousand subscribers to 2,182.4 thousand subscribers coupled with the increase in monthly ARPU from SAR 19.2 to SAR 22.7 during the same period, mainly attributable to the increase in subscription prices set by the Group commencing February 2023G to all KSA and international subscribers.

SVOD revenue – B2B vouchers

SVOD revenue - B2B vouchers primarily includes Shahid vouchers sold through partnerships with operators and retailers. Under this sales format the content distribution is technically fulfilled to the end user by the Group.

SVOD revenue - B2B vouchers revenue increased by 128.5% from SAR 18.4 million in 2020G to SAR 42.1 million in 2021G driven by the increase in average monthly number of subscribers by 74.5% from 170.9 thousand subscribers to 298.3 thousand subscribers over the same period. This increase was mainly due to new agreements with a telecom operator contributing to an increase of SAR 26.3 million over the same period. The growth in revenue was also augmented by the increase in monthly ARPU by 60.0% from SAR 9.0 to SAR 14.4 as a result of the new packages and pricing scheme introduced during 2021G.

SVOD revenue - B2B vouchers revenue increased by 16.8% from SAR 42.1 million in 2021G to SAR 49.2 million in 2022G driven by the increase in average monthly number of subscribers by 131.1% from 298.3 thousand subscribers in 2021G to 689.5 thousand subscribers in 2022G. This was largely on the back of new contracts signed, coupled with the increase in revenue generated from existing distributors adding SAR 16.2 million. This was partly offset by the decrease in revenue from a telecom operator by SAR 26.3 million over the same period.

SVOD revenue - B2B vouchers revenue decreased by 5.6% from SAR 27.3 million in the six-month period ended 30 June 2022G to SAR 25.8 million in the six-month period ended 30 June 2023G driven by the decrease in monthly ARPU from SAR 9.0 to SAR 4.9, despite the increase in number of subscribers from 595.3 thousand subscribers to 1,216.6 thousand subscribers during the same period. The increase in the number of subscribers was mainly due to the commencement of two major deals signed with telecom operators related to Shahid distribution vouchers. However, the significant decrease in monthly ARPU was driven by the increase in subscribers in Egypt that typically settle their subscription fees in Egyptian Pounds, which has faced a material currency devaluation during the six-month period ended 30 June 2023G.

Encryption

Encryption revenue increased from SAR 9 thousand in 2020G to SAR 5.0 million in 2021G and then increased from SAR 5.0 million in 2021G to SAR 16.1 million in 2022G due to the increase in the number of subscribers to the encrypted services platform during the same period.

Encryption revenue increased by 3.3% from SAR 9.3 million in the six-month period ended 30 June 2022G to SAR 9.6 million in the six-month period ended 30 June 2023G due to the increase in the number of subscribers to the encrypted services platform during the same period.

Churn rate

Churn is calculated by dividing the subscribers that have not renewed their subscription during the month by the opening subscribers base of the platform. During 2020G and part of 2021G, the Group used to consider a 30 day roll over period before considering the subscriber as churned.

Average monthly churn decreased from 15.4% in 2020G to 13.5% in 2021G and further to 9.6% in 2022G in line with the increased investments made in content available on the Shahid platform and enhanced subscriber retention.

Average monthly churn decreased from 13.2% in the six-month period ended 30 June 2022G to 9.0% in the six-month period ended 30 June 2023G, in line with increased investments made in the content available on Shahid platform and enhanced subscriber retention.

6.7.1.3 Other operating revenues

The following table summarizes the other operating revenues for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.20): Other operating revenues

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
TV channels initiatives and MBC Academy initiatives	362,524	437,083	429,837	20.6%	(1.7%)	8.9%	248,748	298,892	20.2%
Production related initiatives	56,196	79,259	425,215	41.0%	436.5%	175.1%	40,159	157,278	291.6%
Funding of broadcasting rights	112,500	131,250	191,250	16.7%	45.7%	30.4%	97,500	65,625	(32.7%)
Funding of other government related projects	-	66,414	30,000	N/A	(54.8%)	0.0%	-	2,345	N/A
Gaming initiatives	-	82,520	47,171	N/A	(42.8%)	0.0%	37,089	4,471	(87.9%)
Employee relocation cost	-	-	11,550	N/A	N/A	0.0%	393	5,775	1,369.5%
Total	**531,220**	**796,526**	**1,135,023**	**49.9%**	**42.5%**	**46.2%**	**423,889**	**534,386**	**26.1%**
As a percentage of total revenue					**Percentage points**		**As a percentage of total revenue**		**Percentage points**
TV channels initiatives and MBC Academy initiatives	68.2%	54.9%	37.9%	(13.4)	(16.0)	(29.4)	58.7%	55.9%	(1.8)
Production related initiatives	10.6%	10.0%	37.5%	(0.6)	27.5	26.9	9.5%	29.4%	20.0
Funding of broadcasting rights	21.2%	16.8%	16.8%	(4.7)	0.4	(4.3)	23.0%	12.3%	(10.7)
Funding of other government related projects	0.0%	8.3%	2.6%	8.3	(5.7)	2.6	-	0.4%	N/A
Gaming initiatives	0.0%	10.4%	4.2%	10.4	(6.2)	4.2	8.7%	0.8%	(7.9)
Employee relocation cost	0.0%	0.0%	1.0%	0.0	1.0	0.0	0.1%	1.1%	1.1

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

The Group receives, through Expansion projects agreements, funding from the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company), to implement a number of expansion initiatives which contribute to the overall KSA Vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcast of certain TV channels, content production, gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA. Receipt by the Group of the relevant amounts is linked to pre-agreed KPIs that must be satisfied according to the Expansion projects agreements, in addition to adhering to a number of obligations and other conditions specified in these agreements. In addition, content produced as a result of projects funded is ultimately owned by the Group and can be watched and streamed through its platforms. The Group has in the past been able to achieve such KPIs and requirements. Amounts received towards these initiatives are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the funds are intended to compensate. The revenue is recognized upon the fulfillment of the key performance indicators of these agreements.

Other operating revenue comprised funding of costs incurred to operate some channels, funding of production related costs pertaining to the production and development of funded programs.

TV channels initiatives and MBC academy initiatives

The TV Channels and MBC Academy initiatives are related to funded projects that are subject to certain standards related to launching and operating some TV channels in addition to managing and developing artistic and entertainment talent. The vast majority of related costs of the TV channel initiatives, MBC Academy initiatives, and production-related initiatives related to funding other government related projects are included within "direct costs".

TV channels initiatives and MBC academy initiatives revenue increased by 20.6% from SAR 362.5 million in 2020G to SAR 437.1 million in 2021G in line with the increase in costs (mainly cost of programs) incurred under the funded channels amounting to SAR 56.3 million during the same period.

TV channels initiatives and MBC academy initiatives revenue decreased by 1.7% from SAR 437.1 million in 2021G to SAR 429.8 million in 2022G this is due to lower costs related to the operation and growth of funded channels.

TV channels initiatives and MBC academy initiatives revenue increased by 20.2% from SAR 248.7 million in the six-month period ended 30 June 2022G to SAR 298.9 million in the six-month period ended 30 June 2023G due to the increase in the cost of programs related to funded channels from SAR 228.9 million during the six months period ended 30 June 2022G to SAR 276.2 million during the six months period ended 30 June 2023G.

Production related initiatives

Production related initiatives relates to funding for providing a number of services in relation to the development of programs.

Production related initiatives revenue increased by 41.0% from SAR 56.2 million in 2020G to SAR 79.3 million in 2021G due to the completion of the work of producing various contents related to the initiatives.

Production related initiatives revenue increased by 436.6% from SAR 79.3 million in 2021G to SAR 425.3 million in 2022G mainly relating to the production of certain programs contributing an increase of SAR 346.0 million to revenue over the same period.

Production related initiatives revenue increased by 291.6% from SAR 40.2 million in the six-month period ended 30 June 2022G to SAR 157.3 million in the six-month period ended 30 June 2023G in line with the increase in production costs related to the funded programs.

Funding of broadcasting rights

Funding of broadcasting rights includes the reimbursement of costs related to the broadcast of some of the championships as the Group has received the broadcasting rights of some of these championships for 5 years (2019G until 2023G). The annual cost of the broadcasting rights amounts to SAR 131.3 million (USD 35.0 million) per year.

Funding of broadcasting rights revenue amounted to SAR 112.5 million in 2020G due to the cancellation of certain contests during the season, affected by COVID-19 restrictions.

During 2021G, broadcasting rights amounted to SAR 131.3 million in 2021G as per the broadcast rights agreement.

Funding of broadcasting rights revenue increased by 45.7% from SAR 131.3 million in 2021G to SAR 191.3 million in 2022G due to the reimbursements related to some of the tournaments that increased by SAR 56.3 million as the rights were received during 2022G. This was in addition to the increase in revenues from broadcast rights for some tournaments due to the increase in costs according to the terms of the contract under the signed agreement.

Funding of broadcasting rights revenue decreased by 32.7% from SAR 97.5 million in the six-month period ended 30 June 2022G to SAR 65.6 million in the six-month period ended 30 June 2023G driven by the expiration of the exclusive rights of some contracts whose airing rights are no longer exclusive for the Group.

Funding of other government related projects

Funding of other government related projects related to private project services stipulated in expansion projects agreements. Funding of other government related projects revenue increased from nil in 2020G to SAR 66.4 million in 2021G and SAR 30.0 million in 2022G relating to funding the costs of production and broadcast services for special projects.

No revenue was recorded from funding of other related government projects during the six-month period ended 30 June 2022G. Revenue from funding of other government projects amounted to SAR 2.3 million in the six-month period ended 30 June 2023G mainly due to funding of special projects costs.

Gaming initiatives

Gaming initiatives comprised funding received to cover the Group's share of the game development research costs.

Gaming initiatives revenue increased from nil in 2020G to SAR 82.5 million in 2021G following the increase in costs of game development during 2021G.

Gaming initiatives revenue decreased by 42.8% from SAR 82.5 million in 2021G to SAR 47.2 million in 2022G in line with the decrease in the research costs incurred as a result of the commencement of the development phase.

Gaming initiatives revenue decreased by 87.9% from SAR 37.1 million in the six-month period ended 30 June 2022G to SAR 4.5 million in the six-month period ended 30 June 2023G due to the change in the accounting treatment related to MBC Game Studio which was treated as a joint venture in the six-month period ended 30 June 2023G.

Employee relocation cost

Employee relocation cost relates to the funding received to cover the expenses related to relocating the Group's headquarters, which amounted to SAR 11.6 million in 2022G. The related relocation costs are included within "General and administrative expenses".

Employee relocation cost increased due to the increase in funding received to cover the expenses related to relocating the Group's headquarters from SAR 393 thousand in the six-month period ended 30 June 2022G to SAR 5.8 million in the six-month period ended 30 June 2023G due to the increase in the pace of employee relocation.

6.7.1.4 Revenue by operating segments

The following table summarizes the revenue by operating segments for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.21): Revenue by operating segments

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Broadcast	1,751,125	2,067,069	2,034,420	18.0%	(1.6%)	7.8%	1,177,123	1,144,871	(2.7%)
OTT	219,801	448,899	701,159	104.2%	56.2%	78.6%	309,703	510,955	65.0%
MBC Studios	154,430	182,261	548,937	18.0%	201.2%	88.5%	83,642	264,138	215.8%

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Others	254,841	452,873	532,092	77.7%	17.5%	44.5%	251,698	211,640	(15.9%)
Subtotal	**2,380,197**	**3,151,102**	**3,816,608**	**32.4%**	**21.1%**	**26.6%**	**1,822,166**	**2,131,605**	**17.0%**
Eliminations	(62,616)	(305,629)	(327,874)	388.1%	7.3%	128.8%	(192,788)	(241,595)	25.3%
Total	**2,317,581**	**2,845,473**	**3,488,734**	**22.8%**	**22.6%**	**22.7%**	**1,629,378**	**1,890,009**	**16.0%**
As a percentage of subtotal revenue					**Percentage points**		**As a percentage of subtotal revenue**		**Percentage points**
Broadcast	73.6%	65.6%	53.3%	(8.0)	(12.3)	(20.3)	64.4%	53.7%	(10.7)
OTT	9.2%	14.2%	18.4%	5.0	4.1	9.1	17.0%	24.0%	7.0
MBC Studios	6.5%	5.8%	14.4%	(0.7)	8.6	7.9	4.6%	12.4%	7.8
Others	10.7%	14.4%	13.9%	3.7	(0.4)	3.2	13.8%	9.9%	(3.9)

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

The Group monitors its financial performance through four business segments (i) Broadcast: which pertains mainly to advertising activities relating to MBC channels (through Group TV "GTV"), funded channels, and radio, (ii) OTT: consists of Shahid platform (and revenue earned from broadcasting the Saudi Sports Channel over Shahid), (iii) Production studios: development of TV series and other programs, which are funded by the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company), and (iv) Others: which include advertising services rendered by MBC Media Services BVI Limited to Al Arabiya and SSC, gaming, artist management and event management amongst others.

Broadcast

Broadcast mainly included revenue generated from advertising on free-to-air TV, radio channels and social media. Broadcasting also generates a variety of additional non-advertising revenues, such as from carriage agreements amongst others.

Broadcast revenue increased by 18.0% from SAR 1,751.1 million in 2020G to SAR 2,067.1 million in 2021G as a result of the increase in GTV revenue and from the funded channels in line with the increase in their respective costs as these are funded through expansion projects agreements. This was also coupled with the increase from Digital Marketing Creative Services "DMCS" which contributed an increase of SAR 22.9 million over the same period driven by social media (namely Snapchat and Facebook).

Broadcast revenue decreased by 1.6% from SAR 2,067.1 million in 2021G to SAR 2,034.4 million in 2022G due to the decrease in advertising revenue from MBC Masr by SAR 50.5 million. This was partly offset by the introduction of shared services which increased by SAR 27.7 million during 2022G coupled with the increase in broadcasting revenue from the Joy Awards event in the KSA which contributed to an increase of SAR 25.6 million in revenue.

Broadcast revenue decreased by 2.7% from SAR 1,177.0 million in the six-month period ended 30 June 2022G to SAR 1,144.9 million in the six-month period ended 30 June 2023G driven by the decrease in advertising revenue, mainly due to the devaluation of the Egyptian pound , impacting the Group's advertising revenue in Egypt, coupled with (i) macro-economic factors impacting the ultimate clients' advertising budget expenditure and (ii) the deferral of advertising budgets of key clients in KSA until the second half of 2023G.

OTT

Over-the-top "OTT" comprised digital revenue (SVOD B2C, SVOD B2B, and AVOD) generated from the Shahid platform in addition to Sports which includes broadcast and technical services revenue related to the Saudi Sports Channel (commenced in 2021G).

OTT revenue increased by 104.2% from SAR 219.8 million in 2020G to SAR 448.9 million in 2021G due to the ramp up of the Shahid platform driven by the increase in number of subscribers in addition to the revenue recognized from services rendered to the SSC.

OTT revenue increased by 56.2% from SAR448.9 million in 2021G to SAR 701.2 million in 2022G due to the further increase in Shahid revenue and services rendered to the SSC.

OTT revenue increased by 65.0% from SAR 309.7 million in the six-month period ended 30 June 2022G to SAR 511.0 million in the six-month period ended 30 June 2023G in line with the growth in Shahid's SVOD subscribers coupled with the increase in AVOD revenue driven by the initiatives adopted by Management, by making more content available to AVOD users.

MBC studios

MBC studios revenue solely relate to drama series and movies production whereby a significant part of the content aired on TV channels, or on Shahid platform, is produced in-house or commissioned from external production companies. It is worth noting that most of the developed production costs are 100% funded, hence the fluctuation in revenue across the historical period 2020G-2022G is directly affected by the cost of production, salaries, and other costs incurred.

MBC studios revenue increased by 18.0% from SAR154.4 million in 2020G to SAR 182.3 million in 2021G and then by 201.2% from SAR 182.3 million in 2021G to SAR 548.9 million in 2022G Due to the cost of production, salaries and other costs incurred during the same period.

MBC studios revenue increased by 215.8% from SAR 83.6 million in the six-month period ended on 30 June 2022G to SAR 264.1 million in the six-month period ended 30 June 2023G driven by the increased funding received by the Group for the production of channels and programs.

Others

Others mainly comprised of MBC Media Services BVI Limited advertising revenue from non-MBC channels such as Al Arabiya and SSC, government funding related to MBC Gaming Studios (classified under MBC Initiatives), new media, events, and interactivity amongst others.

Others revenue increased by 77.7% from SAR 254.8 million in 2020G to SAR 452.9 million in 2021G driven by the increase in revenue generated from MBC Gaming Studios by SAR 91.1 million which solely pertains to government funding, coupled with the increase in MBC Media Services BVI Limited revenue by SAR 185.1 million, which commenced operations during 2021G, over the same period.

Others revenue increased by 17.5% from SAR 452.9 million in 2021G to SAR 532.1 million in 2022G due to the increase in advertising revenue generated from Al Arabiya and SSC.

Others revenue decreased by 15.9% from SAR 251.7 million in the six-month period ended 30 June 2022G to SAR 211.6 million in the six-month period ended 30 June 2023G mainly due to the decrease in revenue from events due to the absence of major events during the six-month period ended 30 June 2023G.

The following table summarizes the revenues by main sectors for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.22): Revenue by main sectors

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Advertising revenue-Shahid	87,467	42,822	43,690	(51.0%)	2.0%	(29.3%)	24,435	55,387	126.7%
Digital revenue- Shahid	132,359	365,427	502,888	176.1%	27.6%	94.9%	254,842	322,607	26.6%
Distribution revenue-Shahid	-	4,362	4,844	N/A	11.0%	N/A	-	10,299	N/A

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Other revenue- Shahid	-	-	846	N/A	N/A	N/A	-	291	N/A
Shahid revenue	**219,826**	**412,612**	**552,268**	**87.7%**	**33.8%**	**58.5%**	**279,277**	**388,584**	**39.1%**
Advertising revenue- Other commercial activities	1,217,428	1,306,619	1,295,690	7.3%	(0.8%)	3.2%	769,086	700,195	(9.0%)
Digital revenue- Other commercial activities	-	-	-	N/A	N/A	N/A	-	9,588	N/A
Distribution revenue- Other commercial activities	68,088	88,882	98,643	30.5%	11.0%	20.4%	42,248	38,701	(8.4%)
Broadcast and technical services revenue	-	34,398	146,516	N/A	325.9%	N/A	32,705	127,269	289.1%
Interactivity revenue	115,176	102,697	70,809	(10.8%)	(31.1%)	(21.6%)	29,486	42,895	45.5%
Event management revenue	87,628	36,395	105,775	(58.5%)	190.6%	9.9%	26,555	2,402	(91,.0%)
Program revenue	46,931	37,329	45,296	(20.5%)	21.3%	(1.8%)	10,655	4,984	(53.2%)
Barter revenue	17,615	8,364	6,700	(52.5%)	(19.9%)	(38.3%)	1,818	8,676	277,2%
Artist management revenue	806	3,374	1,673	318.6%	(50.4%)	44.1%	596	1,800	202.0%
Other revenue- Other commercial activities	12,863	18,278	30,342	42.1%	66.0%	53.6%	13,063	30,529	133.7%
Revenue from other commercial activities	**1,566,535**	**1,636,335**	**1,801,443**	**4.5%**	**10.1%**	**7.2%**	**926,211**	**967,040**	**4.4%**
Revenue from media and entertainment initiatives	**531,220**	**796,525**	**1,135,023**	**49.9%**	**42.5%**	**46.2%**	**423,889**	**534,386**	**26.1%**
Total	**2,317,581**	**2,845,472**	**3,488,734**	**22.8%**	**22.6%**	**22.7%**	**1,629,378**	**1,890,009**	**16.0%**

Source: Management Information.

Although the revenue of the main sectors are included in the audited consolidated financial statements and the unaudited interim condensed consolidated financial statements, management monitors the performance of its activities and sectors through three main sectors (as described above): (i) Shahid: which includes SVOD and AVOD revenue, (ii) other commercial activities: which mainly includes advertising and all related activities and services related to broadcasting, (iii) media and entertainment Initiatives: which includes all projects and initiatives funded through expansion projects agreements and initiative funding.

6.7.1.5 Direct costs

The following table summarizes the direct costs by type for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.23): Direct costs by type

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Cost of programs	953,812	1,260,790	1,811,531	32.2%	43.7%	37.8%	847,603	965,726	13.9%
Marketing costs	55,663	91,344	125,292	64.1%	37.2%	50.0%	56,527	76,905	36.1%
Commission expenses	307,973	29,341	129,459	(90.5%)	341.2%	(35.2%)	76,089	68,816	(9.6%)
Technical costs	31,704	39,712	50,911	25.3%	28.2%	26.7%	18,725	43,257	131.0%

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Digital costs	82,827	176,771	197,267	113.4%	11.6%	54.3%	108,712	120,000	10.4%
Cost of events management	70,393	34,072	85,253	(51.6%)	150.2%	10.1%	42,226	2,934	(93.1%)
Program overheads	57,349	70,116	79,782	22.3%	13.8%	17.9%	43,190	27,752	(35.7%)
Location costs	43,568	55,721	59,133	27.9%	6.1%	16.5%	30,805	1,933	(93.7%)
Game development research costs	-	82,519	37,088	N/A	(55.1%)	0.0%	37,089	-	(100.0%)
Transmission expenses	24,395	26,623	30,909	9.1%	16.1%	12.6%	13,872	18,309	32.0%
Depreciation on property and equipment	41,682	34,493	30,193	(17.2%)	(12.5%)	(14.9%)	14,818	13,456	(9.2%)
Interactivity costs	33,355	41,646	28,369	24.9%	(31.9%)	(7.8%)	10,822	13,401	23.8%
Barter costs	17,615	8,364	6,700	(52.5%)	(19.9%)	(38.3%)	1,818	8,676	377.2%
Programs stocks write-off	17,306	12,851	6,664	(25.7%)	(48.1%)	(37.9%)	4,114	1,294	(68.5%)
Distribution costs	1,595	7,201	3,590	351.5%	(50.1%)	50.0%	149	815	447.0%
Depreciation on right-of-use assets	5,184	3,234	3,231	(37.6%)	(0.1%)	(21.1%)	1,615	1,616	0.1%
Cost of news programs	1,846	1,875	1,875	1.6%	0.0%	0.8%	938	938	0.0%
Cost of artists management	1,214	1,713	1,282	41.1%	(25.2%)	2.8%	456	745	63.4%
Other expenses	114,524	149,629	159,069	(30.7%)	6.3%	17.9%	76,619	75,170	(1.9%)
Total	**1,862,005**	**2,128,015**	**2,847,598**	**14.3%**	**33.8%**	**23.7%**	**1,386,187**	**1,441,743**	**4.0%**
As a percentage of Group's total revenue					**Percentage points**		**As a percentage of Group's total revenue**		**Percentage points**
Cost of programs	41.2%	44.3%	51.9%	3.1	7.6	10.7	52.0%	51.1%	(1.1)
Marketing costs	2.4%	3.2%	3.6%	0.8	0.4	1.2	3.5%	4.1%	0.6
Commission expenses	13.3%	1.0%	3.7%	(12.3)	2.7	(9.6)	4.7%	3.6%	(0.9)
Technical costs	1.4%	1.4%	1.5%	0.0	0.1	0.1	1.1%	2.3%	1.2
Digital costs	3.6%	6.2%	5.7%	2.6	(0.5)	2.1	6.7%	6.3%	(0.4)
Cost of events management	3.0%	1.2%	2.4%	(1.8)	1.2	(0.6)	2.6%	0.2%	(2.4)
Programs overheads	2.5%	2.5%	2.3%	(0.0)	(0.2)	(0.2)	2.7%	1.1%	(1.6)
Location costs	1.9%	2.0%	1.7%	0.1	(0.3)	(0.2)	1.9%	0.5%	(1.4)
Game development research costs	0.0%	2.9%	1.1%	2.9	(1.8)	1.1	2.3%	N/A	N/A
Transmission expenses	1.1%	0.9%	0.9%	(0.2)	(0.0)	(0.2)	0.9%	1.0%	0.1
Depreciation on property and equipment	1.8%	1.2%	0.9%	(0.6)	(0.3)	(0.9)	0.9%	0.7%	(0.2)
Interactivity costs	1.4%	1.5%	0.8%	0.1	(0.7)	(0.6)	0.7%	0.7%	0.0

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Barter costs	0.8%	0.3%	0.2%	(0.5)	(0.1)	(0.6)	0.1%	0.5%	0.4
Programs stock write-off	0.7%	0.5%	0.2%	(0.2)	(0.3)	(0.6)	0.3%	0.1%	(0.2)
Distribution costs	0.1%	0.3%	0.1%	0.2	(0.2)	0.0	0.0%	0.0%	0.0
Depreciation on right-of-use assets	0.2%	0.1%	0.1%	(0.1)	(0.0)	(0.1)	0.1%	0.1%	0.0
Cost of news programs	0.1%	0.1%	0.1%	(0.0)	(0.1)	(0.1)	(0.1%)	0.0%	0.1
Cost of artists management	0.1%	0.1%	0.0%	0.0	(0.1)	(0.1)	0.0%	0.0%	0.0
Other expenses	4.9%	5.3%	4.6%	0.4	(0.7)	(0. 3)	4.7%	4.0%	(0.7)
Total	**80.3%**	**74.8%**	**81.6%**	**(5.5)**	**6.8**	**1.3**	**85.1%**	**76.3%**	**(8.8)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

The following table summarizes the cost of programs for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.24): Consolidated cost of programs

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
GTV	498,725	566,419	565,215	13.6%	(0.2%)	6.5%	390,973	367,015	(6.1%)
Digital	124,638	267,456	464,198	114.6%	73.6%	93.0%	240,212	259,266	7.95
Funded projects	330,449	426,915	782,118	29.2%	83.2%	53.8%	216,418	339,445	56.8%
Total	**953,812**	**1,260,790**	**1,811,531**	**32.2%**	**43.7%**	**36.8%**	**847,603**	**965,726**	**13.9%**
As a percentage of total					**Percentage points**		**As a percentage of total**		**Percentage points**
GTV	52.3%	44.9%	31.2%	(7.4)	(13.7)	(21.1)	46.1%	38.0%	(8.1)
Digital	13.1%	21.2%	25.6%	8.1	4.4	12.6	28.3%	26.8%	(1.5)
Funded projects	34.6%	33.9%	43.2%	0.8	9.3	8.5	25.5%	35.1%	9.6

Source: Management information.

Direct costs mainly pertain to (i) the cost of programs in relation to the amortization of program costs of the Broadcast segment (namely GTV), the OTT segment (Shahid), and the production studios, and (ii) other direct costs which mainly included marketing costs, commission expenses, technical costs, and digital costs amongst others.

Cost of programs

Cost of programs represent amortization costs of acquired in-house production and digital content. The cost of programs is amortized based on an internal agreed percentage for each category and when the related content is broadcasted and aired to public.

The internal agreed percentage is determined through Management's expertise, the use of historical data and market insights after considering the expected runs, the air timing, and the means of distribution of the content.

Based on experience, Management believes that substantially all benefits from the sale (licensing) of programs are realized within three years from first availability, and a significant majority of those benefits are realized during the first two years of that period. Shahid (digital) content inventory is amortized on an accelerated basis which is the lesser of six years or the license period.

Management reviews the useful lives and residual values of available content periodically. These reviews lead to the adjustment of content inventory net book value through write offs and impairments of residual values as per the policies set internally. This happens in cases where the content rights expire, or the content's maximum allowed useful life as per the internal set policy is reached. Management applies a forced amortization on content that has not yet been fully amortized when aged 3 years and writes it off completely when aged 4 years. Management also analyses market trends and historical viewership trends periodically to assess its applied amortization policy. The impact resulting from any change on accumulated amortization due to a change in policy or accounting estimate is absorbed during the respective period under assessment or review.

The Group segregates the content between digital and non-digital depending on the content's airing time. Once the content is allocated, Management applies different amortization methods for digital and non-digital content.

During the end of December 31, 2022G, management updated the accounting estimate of digital content decline for each year based on actual viewing data (content performance, users, etc.) collected on the platform over the past three years. This was mainly driven by the increasing growth of the platform allowing historical data to be analyzed such as content performance and viewership. As a result of this change, the Group recorded an additional amount of SAR 81.4 million in software amortization cost (related to Shahid), which adjusts for historical accumulated amortization.

The Group will continue to periodically assess (on a quarterly basis) content declines which will become more practical as the digital platform evolves and additional statistics/analysis are provided. The periodic review will calculate content reduction if necessary (on an as-needed basis), as the amortization policy is on an accelerated basis (at least 80% of content value is amortized in the first three years).

Cost of programs increased by 32.2% from SAR 953.8 million in 2020G to SAR 1,260.8 million in 2021G primarily due to the increase in digital amortization by SAR 142.8 million in line with the ramp up of the Shahid platform, coupled with the increase in funded projects cost of programs by SAR96.5 million as a result of the increase in content released on funded channels). As a result, cost of programs as a percentage of Group's total revenue increased from 41.2% in 2020G to 44.3% in 2021G.

Cost of programs increased by 43.7% from SAR 1,260.8 million in 2021G to SAR 1,811.5 million in 2022G due to the increase in digital content amortization by SAR 115.4 million, the impact of the digital content impairment estimate change by SAR 81.4 million, and amortization of funded projects by SAR 355.2 million which mainly relate to funded channels and studios over the same period. Cost of programs as a percentage of Group's total revenue increased from 44.3% in 2021G to 51.9% in 2022G.

Cost of programs increased by 13.9% from SAR 847.7 million during the six-month period ended 30 June 2022G to SAR 965.7 million during the six-month period ended 30 June 2023G due to an increase in the funded projects cost of programs by SAR123.0 million as a result of the increase in content released on some funded channels, coupled with an increase in digital program cost by SAR 19.1 million due to the increase in content release onto the Shahid platform. This was partly offset by the decrease in GTV cost of programs by SAR 24.0 million mainly due to the decrease in the program costs related to MBC Masr channel by SAR 20.6 million as a result of production savings coupled with the increase in the release of second-run content (airing of shows that are already fully amortized).

Accordingly, the cost of programs as a percentage of Group's total revenue decreased from 52.0% in the six-month period ended 30 June 2022G to 51.1% in the six-month period ended 30 June 2023G.

Marketing costs

Marketing costs mainly includes paid media costs, program campaigns, corporate campaigns and posters amongst others.

Marketing costs increased by 64.1% from SAR 55.7 million in 2020G to SAR 91.3 million in 2021G mainly driven by the increase in paid media costs by SAR 37.0 million in line with Management's strategy to attract new subscribers to the Shahid platform after the relaunch in 2020G, and as a result, marketing costs as a percentage of Group's total revenue increased from 2.4% in 2020G to 3.2% in 2021G.

Marketing costs increased by 37.2% from SAR 91.3 million in 2021G to SAR 125.3 million in 2022G due to the increase in paid media costs by SAR 23.5 million driven by continued marketing spend for subscribers' growth to the Shahid platform. Marketing costs as a percentage of Group's total revenue increased from 3.2% in 2021G to 3.6% in 2022G.

Marketing costs increased by 36.1% from SAR 56.5 million during the six-month period ended 30 June 2022G to SAR 76.9 million during the six-month period ended 30 June 2023G in line with the increase in the marketing spent on the Shahid platform to attract new subscribers.

Marketing costs as a percentage of Group's total revenue decreased from 3.5% in the six-month period ended 30 June 2022G to 4.1% in the six-month period ended 30 June 2023G.

Commission expenses

Commission expenses pertain to commissions paid against advertising revenues generated.

In 2020G, commission expenses mainly related to commissions paid to the key agency for advertising services. In 2021G and 2022G, with the inception of the Group's advertising arm, commission expenses relate to the share of Al Arabiya and SSC from the advertising revenue sold on their behalf. It is worth noting that the Group was considered as an agent for both channels in 2021G, while the Group became a principal for Al Arabiya in 2022G.

Commission expenses decreased by 90.5% from SAR 308.0 million in 2020G to SAR 29.3 million in 2021G after the termination of the agreement with the key agency.

Commission expenses increased by 341.2% from SAR 29.3 million in 2021G to SAR 129.5 million in 2022G as a result of the removal of the minimum-guaranteed amount for Al Arabiya during the same period. As a result, commission expenses as a percentage of Group's total revenue increased from 1.0% in 2021G to 3.7% in 2022G.

Commission expenses decreased by 9.6% from SAR 76.1 million during the six-month period ended 30 June 2022G to SAR 68.8 million during the six-month period ended 30 June 2023G in line with the decrease in gross advertising revenue generated from Al Arabiya channel from SAR 28.9 million to SAR 23.9 million during the same period.

As a result, commission expenses as a percentage of Group's total revenue decreased from 4.7% in the six-month period ended 30 June 2022G to 3.6% in the six-month period ended 30 June 2023G.

Technical costs

Technical costs comprise hosting cloud infrastructure costs (related to Shahid), content delivery networks (CDN) bandwidth costs and subscription services on digital platform costs amongst others.

Technical costs increased by 25.3% from SAR 31.7 million in 2020G to SAR 39.7 million in 2021G due to improvements to the Shahid platform.

Technical costs increased by 28,2% from SAR 39.7 million in 2021G to SAR 50.9 million in 2022G due to the high improvements to the Shahid platform.

Technical costs as a percentage of Group's total revenue averaged 3.5% over the historical period 2020G-2022G.

Technical costs increased by 131.0% from SAR 18.7 million in the six-month period ended 30 June 2022G to SAR 43.3 million in the six-month period ended 30 June 2023G in line with the enhancements undertaken by Management on Shahid.

Accordingly, technical costs as a percentage of Group's total revenue increased from 1.1% during the six-month period ended 30 June 2022G to 2.3% during the six-month period ended 30 June 2023G.

Digital costs

Digital costs primarily consist of operator costs (carrier billing), user costs (related to Apple pay, Google pay, card and voucher billing) and cost of Shahid voucher distribution costs amongst others, all of which are mainly in relation to Shahid.

Digital costs increased by 113.4% from SAR 82.8 million in 2020G to SAR 176.8 million in 2021G in line with the growth in the year-end number of Shahid subscribers from 982.6 thousand to 2,082.1 thousand over the same period. Digital costs as a percentage of Group's total revenue increased from 3.6% in 2020G to 6.2% in 2021G as the growth in revenue did not offset the increasing digital costs.

Digital costs increased by 11.6% from SAR 176.7 million in 2021G to SAR 197.3 million in 2022G in line with the growth in the year-end number of Shahid subscribers from 2,082.1 thousand to 2,867.4 thousand over the same period.

Digital costs as a percentage of Group's total revenue decreased from 6.2% in 2021G to 5.7% in 2022G due to the better costing terms provided by Apple pay as the Group has reached the volumes allowing them to exceed the thresholds set by Apple in order to benefit from a reduction in fees.

Digital costs increased by 10.4% from SAR 108.7 million during the six-month period ended 30 June 2022G to SAR 120.0 million during the six-month period ended 30 June 2023G due to the increase in user cost subscription, hosting costs, and paid media subscriber costs in line with the increase in number of subscribers from 2,535 thousand subscribers to 3,385 thousand subscribers during the same period.

Digital costs decreased as a percentage of Group's total revenue from 6.7% in the six-month period ended 30 June 2022G to 6.3% in the six-month period ended 30 June 2023G in line with the increase in digital revenue during the same period.

Program overheads

Program overheads comprised dubbing and subtitling costs in addition to other costs which relate to presenter, guests, editing, and crew fees.

Program overheads increased by 22.3% from SAR 57.3 million in 2020G to SAR 70.1 million in 2021G as a result of the increase in dubbing costs by SAR 11.1 million and subtitling costs by SAR 7.0 million in line with the increase in digital content release. This was coupled with the increase in presenter, guests, editing, and crew fees incurred in Middle East Production Company (MBC Egypt) by SAR 13.5 million due to the high pace of content production.

Program overheads increased by 13.8% from SAR 70.1 million in 2021G to SAR 79.8 million in 2022G due to the reclassification of the associated costs (an increase of SAR 14.4 million) from cost of programs in 2021G to program overheads in 2022G. This was partly offset by the decrease in subtitling costs by SAR 2.6 million and contestant prizes by SAR 2.4 million during the same period.

Program overheads averaged 2.4% as a percentage of Group's total revenue over the historical period 2020G-2022G.

Program overheads decreased by 35.7% from SAR 43.2 million in the six-month period ended 30 June 2022G to SAR 27.8 million in the six-month period ended 30 June 2023G due to the devaluation of the Egyptian pound, as these mainly related to costs in Egypt.

Consequently, program overheads decreased as a percentage of Group's total revenue from 2.7% during the six-month period ended 30 June 2022G to 1.1% during the six-month period ended 30 June 2023G.

Cost of events management

Cost of events management decreased by 51.6% from SAR 70.4 million in 2020G to SAR 34.1 million in 2021G driven by the decrease in number of events held from 23 events in 2020G to 13 events in 2021G.

Cost of events management increased by 150.2% from SAR 34.1 million in 2021G to SAR 85.3 million in 2022G in line with the increase in number of events held in the KSA (including theatrical shows, Al Ula moments, Winter in Tantura amongst others).

Cost of event management as a percentage of Group's total revenue decreased from 3.0% in 2020G to 1.2% in 2021G and then increased to 2.4% in 2022G, in line with the contribution of total event management revenue to Group's total revenue from 3.8% in 2020G to 1.3% in 2021G and then to 3.0% in 2022G.

Cost of events management decreased by 93.1% from SAR 42.2 million in the six-month period ended 30 June 2022G to SAR 2.9 million in the six-month period ended 30 June 2023G due to the absence of major events during the six-month period ended 30 June 2023G (compared to the six-month period ended 30 June 2022G).

Consequently, cost of event management as a percentage of Group's total revenue decreased from 2.6% in the six-month period ended 30 June 2022G to 0.2% in the six-month period ended 30 June 2023G.

Location costs

Location costs includes the cost of locations used for production set up, IT support and content distribution.

Location costs increased by 27.9% from SAR 43.6 million in 2020G to SAR 55.7 million in 2021G in line with the increase in inhouse development content produced over the historical period 2020G-2022G and the growth in the Shahid platform.

Location costs increased by 6.1% from SAR 55.7 million in 2021G to SAR 59.1 million in 2022G driven by a further increase in inhouse development content produced and the growth in the Shahid platform.

Location costs averaged 1.9% as a percentage of Group's total revenue over the historical period 2020G-2022G.

Location costs decreased by 93.7% from SAR 30.8 million in the six-month period ended 30 June 2022G to SAR 1.9 million in the six-month period ended 30 June 2023G given that prior to the six-month period ended 30 June 2023G production services and people management was conducted by a third party. Commencing 2023G, these services were conducted by MBC Media KSA and hence eliminated at the Group level.

Therefore, location costs as a percentage of Group's total revenue decreased from 1.9% in the six-month period ended 30 June 2022G to 0.5% in the six-month period ended 30 June 2023G.

Game development research costs

Game development research costs increased from nil in 2020G to SAR 82.5 million in 2021G, these were mainly related to MBC's costs to Game Studio

Game development research costs decreased by 55.1% from SAR 82.5m in 2021G to SAR 37.1 million in 2022G due to the capitalization of costs during the fiscal year 2022G, in addition to the change in the accounting treatment of MBC Game Studio from joint operations to a joint venture after the six-month period ended on 30 June 2022G.

Game development costs decreased by 100.0% from SAR 37.1 million in the six-month period ended on 30 June 2022G to nil in the six-month period ended 30 June 2023G due to the change in accounting treatment of MBC Game Studio, where expenses and revenue are recorded within MBC Game Studio (under investments in a joint venture).

Transmission expenses

Transmission expenses are recorded based on contracts with satellite operators such as Nilesat, Arabsat, and Eutelsat amongst others.

Transmission expenses increased by 9.1% from SAR 24.4 million in 2020G to SAR 26.6 million in 2021G due to a new agreement with Eutelsat that increased the respective transmission expenses by SAR 9.4 million. This was partly offset by the reclassification of MBC Media FZ LLC transmission expenses to cost of programs in 2021G by SAR 5.4 million coupled with the decrease in transmission costs related to Nilesat by SAR 0.8 million over the same period.

Transmission expenses increased by 16.1% from SAR 26.6 million in 2021G to SAR 30.9 million in 2022G as a result of the escalation clauses set in the contract between the satellite operators and the Group.

Transmission expenses averaged 1.0% as a percentage of Group's total revenue over the historical period 2020G-2022G.

Transmission expenses increased by 32.0% from SAR 13.9 million in the six-month period ended 30 June 2022G to SAR 18.3 million in the six-month period ended 30 June 2023G driven by the increase in transmission costs incurred related to Arabsat. As such, transmission expenses amounted to 0.9% as a percentage of Group's total revenue during the six-month period ended 30 June 2022G and 30 June 2023G.

Depreciation on property and equipment

Depreciation of property and equipment decreased by 17.2% from SAR 41.7 million in 2020G to SAR 34.5 million in 2021G driven by the reclassification of MBC Lebanon's depreciation expense from direct costs in 2020G to general and administrative expenses in 2021G by SAR 4.7 million coupled with the decrease in depreciation expenses related to furniture and fixtures by SAR 1.4 million.

Depreciation of property and equipment decreased by 12.5% from SAR 34.5 million in 2021G to SAR 30.2 million in 2022G due to the decrease in technical equipment depreciation by SAR 3.3 million over the same period.

Depreciation of property and equipment decreased by 9.2% from SAR 14.8 million in the six-month period ended 30 June 2022G to SAR 13.5 million in the six-month period ended 30 June 2023G due to a decrease in leasehold improvement depreciation.

Interactivity costs

Interactivity costs mainly includes format owner share costs and contestant prizes.

Interactivity costs increased by 24.9% from SAR 33.4 million in 2020G to SAR 41.6 million in 2021G where some interactive services costs were classified as events management revenue costs in fiscal year 2020G, which were reclassified to interactive services in fiscal year 2021G. Interactivity costs as a percentage of Group's total revenue increased from 1.4% in 2020G to 1.5% in 2021G in line with the increase in interactivity revenue.

Interactivity costs decreased by 31.9% from SAR 41.6 million in 2021G to SAR 28.4 million in 2022G, in line with the decrease in revenue generated by the Dream competition.

Interactivity costs as a percentage of Group's total revenue decreased from 1.5% in 2021G to 0.8% in 2022G due to the lower contribution of interactivity revenue to the overall Group's total revenue.

Interactivity costs increased by 23.8% from SAR 10.8 million in the six-month period ended 30 June 2022G to SAR 13.4 million in the six-month period ended 30 June 2023G due to an increase in contestant prizes and SMS costs amounting to SAR 1.3 million and SAR 838 thousand, respectively.

Interactivity costs as a percentage of Group's total revenue amounted to 0.7% in the six-month period ended 30 June 2022G and the six-month period ended 30 June 2023G.

Barter costs

Barter costs primarily consists of media and non-media barter arrangement with third parties.

Barter costs decreased by 52.5% from SAR 17.6 million in 2020G to SAR 8.4 million in 2021G and by 19.9% to SAR 6.7 million in 2022G in line with the movement in revenue from barter activity as they are equally recorded. Barter costs as a percentage of Group's total revenue amounted to 0.8% in 2020G, 0.3% in 2021G and 0.2% in 2022G.

Barter costs increased by 377.2% from SAR 1.8 million in the six-month period ended 30 June 2022G to SAR 8.7 million in the six-month period ended 30 June 2023G in line with the increase in barter revenue during the same period.

Accordingly barter costs increased as a percentage of Group's revenue from 0.1% in the six-month period ended 30 June 2022G to 0.5% in the six-month period ended 30 June 2023G.

Program stock write off

Program stock write off primarily relate to (i) in-house production write-off towards content produced but suspended and / or Management decision not to air, and (ii) acquired production write off mainly towards write off of net book value of expired Western content. The Group writes off the net book value of programs when the license date expires prior to the full amortization of the program cost or when management considers the content no longer commercially viable but not yet fully amortised.

Program stock write off decreased by 25.7% from SAR 17.3 million in 2020G to SAR 12.9 million in 2021G and then decreased by 48.1% from SAR 12.9 million in 2021G to SAR 6.7 million in 2022G coinciding with the expiration date of some content licenses during the period, in addition to the periodic evaluation of management. As a result, program stock write off as a percentage of Group's total revenue decreased from 0.7% in 2020G to 0.5% in 2021G and further to 0.2% in 2022G.

Program stock write off decreased by 68.5% from SAR 4.1 million in the six-month period ended 30 June 2022G to SAR 1.3 million in the six-month period ended 30 June 2023G as a result of the decrease in programs that were written off during the six-month period ended 30 June 2023G.

As a result, program stock write off as a percentage of Group's total revenue decreased from 0.2% in the six-month period ended 30 June 2022G to 0.1% in the six-month period ended 30 June 2023G.

Distribution costs

Distribution costs pertain to the cost of digital boxes and smartcards as well as sales incentives related to Distribution and Encryption sales.

Distribution costs increased by 351.5% from SAR 1.6 million in 2020G to SAR 7.2 million in 2021G mainly due to the increase in cost of digital boxes in line with the increase in Encryption revenue. As a result, distribution costs as a percentage of Group's total revenue increased from 0.1% in 2020G to 0.3% in 2021G.

Distribution costs decreased by 50.1% from SAR 7.2 million in 2021G to SAR 3.6 million in 2022G mainly due to the decrease in cost of digital boxes, in line with the slower growth in Encryption revenue. Distribution costs as a percentage of Group's total revenue decreased from 0.3% in 2021G to 0.1% in 2022G.

Distribution costs increased by 447.0% from SAR 0.1 million in the six-month period ended 30 June 2022G to SAR 0.8 million in the six-month period ended 30 June 2023G due to the increase in sales incentive expenses in line with the increase in distribution revenue generated during the six-month period ended 30 June 2023G.

Depreciation on right-of-use assets

Depreciation on right-of-use assets decreased by 37.6% from SAR 5.2 million in 2020G to SAR 3.2 million in 2021G and 2022G due to a reclassification of the depreciation portion related to MBC Lebanon to general and administrative expenses by SAR 1.9 million over the same period.

Depreciation of right-of-use assets remained relatively stable at SAR 1.6 million in the six-month period ended 30 June 2022G and 30 June 2023G.

Cost of news programs

Cost of news programs related to the production cost of the Group's news programs.

Cost of news programs remained relatively stable at SAR 1.9 million in 2020G, 2021G, and 2022G in line with the stability of news programs produced by the Group during the historical period 2020G-2022G. It is worth noting that the costs related to the production of news programs are directly expensed to the Group's consolidated statement of comprehensive income based on the amortization policy of the Group.

Cost of news programs remained relatively stable at SAR 0.9 million in the six-month period ended 30 June 2022G and 30 June 2023G.

Cost of artists management

Cost of artists management mainly related to the share of the artist from event appearances and other travel and accommodation expenses.

Cost of artist management increased by 41.1% from SAR 1.2 million in 2020G to SAR 1.7 million in 2021G in line with the increase in artist management revenue.

Cost of artists management decreased by 25.2% from SAR 1.7 million in 2021G to SAR 1.3 million in 2022G in line with the decrease in artist management revenue.

Cost of artist management increased by 63.4% from SAR 0.5 million in the six-month period ended 30 June 2022G to SAR 0.7 million in the six-month period ended 30 June 2023G in line with the increase in revenue generated from artist management services.

Other expenses

Other expenses mainly include costs associated with exclusive broadcasting rights of certain championships, customer service costs, video recording costs, anti-piracy costs, amongst others.

Other expenses decreased by 30.7% from SAR 114.5 million in 2020G to SAR 149.6 million in 2021G due to the increase in the costs of broadcasting rights for some championships from SAR 86.7 million in 2020G to SAR 131.5 million in 2021G due to the cancellation of some tournaments in 2020G during the period of COVID-19. Other expenses as a percentage of Group's total revenue decreased from 4.9% in 2020G to 5.3% in 2021G In line with the high costs of broadcasting rights for some tournaments.

Other expenses increased by 6.3% from SAR 149.6 million in 2021G to SAR 159.1 million in 2022G due to an increase in customer service costs by SAR 5.4 million coupled with the increase in video recording costs by SAR 2.3 million for the same period.

Other expenses decreased by 1.9% from SAR 76.6 million in the six-month period ended 30 June 2022G to SAR 75.2 million in the six-month period ended 30 June 2023G due to the reclassification of customer service costs of SAR 8.5 million and anti-piracy costs of SAR 1.9 million to technical costs in the six-month period ended 30 June 2023G. This was partly offset by an increase in special program amortization by SAR 5.7 million coupled with the increase in studio rent costs by SAR 2.2 million during the same period.

6.7.1.6 General and administrative expenses

The following table summarizes the general and administrative expenses for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.25): General and administrative expenses

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Staff costs	465,775	573,803	596,856	23.2%	4.0%	13.2%	293,015	361,621	23.4%
Foreign exchange loss / (gain), net	2,204	(7,664)	61,190	N/A	N/A	426.9%	22,220	14,189	(36.1%)
Legal and professional fees	28,968	50,526	49,514	74.4%	(2.0%)	30.7%	19,720	27,798	41.0%
IT equipment and maintenance costs	26,534	35,988	37,665	35.6%	4.7%	19.1%	18,731	27,435	46.5%
Travel costs	10,666	18,749	37,183	75.8%	98.3%	86.7%	10,944	15,380	40.5%
Building occupancy costs	25,990	23,055	31,953	(11.3%)	38.6%	10.9%	12,195	16,454	34.9%
Depreciation on property and equipment	13,627	19,634	17,406	44.1%	(11.3%)	13.0%	8,759	6,062	(30.8%)
Depreciation on right-of-use assets	13,950	18,591	15,571	33.3%	(16.2%)	5.7%	8,145	6,234	(23.5%)
Allowance for / (reversal of) expected credit loss, net	12,793	(26,275)	13,465	(305.4%)	(151.2%)	2.6%	13,483	6,388	(52.6%)
Withholding taxes	-	-	12,905	N/A	N/A	N/A	13,097	113	(99.1%)
Amortization of intangible assets	558	3,138	8,121	462.4%	158.8%	281.6%	3,624	5,133	41.6%

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Communication costs	5,041	5,170	5,833	2.6%	12.8%	7.6%	2,530	3,870	53.0%
Bad Debts written off	-	-	-	N/A	N/A	N/A	-	187	N/A
Write-off of intangible assets	-	9,407	-	N/A	(100.0%)	0.0%	-	-	N/A
Loss on disposal of property and equipment	-	-	37	N/A	N/A	0.0%	-	-	N/A
Other expenses	46,094	59,769	17,564	29.7%	(70.6%)	(38.3%)	5,132	4,807	(6.4%)
Recharges to related parties	(71,205)	(90,711)	(90,067)	27.4%	(0.7%)	12.5%	(40,511)	(44,113)	8.9%
Total	**580,995**	**693,180**	**815,196**	**19.3%**	**17.6%**	**18.5%**	**391,084**	**451,558**	**15.5%**
KPIs				**Var '20G-'21G**	**Var '21G-'22G**	**CAGR '20G-'22G**	**KPIs**		**Var H1'22G-H1'23G**
Average headcount for the period	1,324	1,452	1,689	9.7%	16.3%	12.9%	1,599	2,000	25.1%
Average monthly staff cost per employee (SAR)	29,312	32,930	29,454	12.3%	(10.6%)	0.2%	30,545	30,130	(1.4%)
As a percentage of Group's total revenue				**Percentage points**			**As a percentage of Group's total revenue**		**Percentage points**
Staff costs	20.1%	20.2%	17.1%	0.1	(3.1)	(3.0)	18.0%	19.1%	1.1
Foreign exchange loss / (gain), net	0.1%	(0.3%)	1.8%	(0.4)	2.1	1.7	1.4%	0.8%	(0.6)
Legal and professional fees	1.2%	1.8%	1.4%	0.6	(0.4)	0.2	1.2%	1.5%	0.3
IT equipment and maintenance costs	1.1%	1.3%	1.1%	0.2	(0.2)	-	1.1%	1.5%	0.4
Travel costs	0.5%	0.7%	1.1%	0.2	0.4	0.6	0.7%	0.8%	0.1
Building occupancy costs	1.1%	0.8%	0.9%	(0.3)	0.1	(0.2)	0.7%	0.9%	0.2
Depreciation on property and equipment	0.6%	0.7%	0.5%	0.1	(0.2)	(0.1)	0.5%	0.3%	(0.2)
Depreciation on right-of-use assets	0.6%	0.7%	0.4%	0.1	(0.2)	(0.2)	0.5%	0.3%	(0.2)
Allowance for / (reversal of) expected credit loss, net	0.6%	(0.9%)	0.4%	(1.5)	1.3	(0.2)	0.8%	0.3%	(0.5)
Withholding taxes	N/A	N/A	0.4%	N/A	N/A	N/A	0.8%	0.0%	(0.8)
Amortization of intangible assets	0.0%	0.1%	0.2%	0.1	0.1	0.2	0.2%	0.3%	0.1
Communication costs	0.2%	0.2%	0.2%	(0.0)	(0.0)	-	0.2%	0.2%	-
Bad Debts written off	0.0%	0.0%	0.0%	-	-	-	0.0%	0.0%	-
Write-off of intangible assets	N/A	0.3%	N/A	N/A	N/A	N/A	0.0%	0.0%	-

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Loss on disposal of property and equipment	N/A	N/A	0.0%	N/A	N/A	N/A	0.0%	0.0%	-
Other expenses	2.0%	2.1%	0.5%	0.1	(1.6)	(1.5)	0.3%	0.3%	-
Recharges to related parties	(3.1%)	(3.2%)	(2.6%)	(0.1)	0.6	0.5	(2.5%)	(2.3%)	0.2
Total	**25.1%**	**24.4%**	**23.4%**	**(0.7)**	**(1.0)**	**(1.7)**	**24.0%**	**23.9%**	**(0.1)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Staff costs

Staff costs primarily consists of basic salary costs, performance bonuses, housing allowance, transportation allowance, medical insurance and gratuity amongst other costs.

Staff costs increased by 23.2% from SAR 465.8 million in 2020G to SAR 573.8 million in 2021G mainly due to the increase in average headcount from 1,324 employees to 1,452 employees coupled with the increase in average monthly staff cost per employee from SAR 29.3 thousand to SAR 32.9 thousand during the same period. The increase in headcount was due to the inception of "MBC Media Services BVI Limited" whereby the total average headcount stood at 69 employees in 2021G.

Staff costs increased by 4.0% from SAR 573.8 million in 2021G to SAR 596.9 million in 2022G in line with the increase in average headcount from 1,452 employees to 1,689 employees during the same period. This was partly offset by the decrease in average monthly staff cost per employee from SAR 32.9 thousand to SAR 29.5 thousand driven by new hires at relatively junior levels and hence lower salary packages which decreased the overall average. The increase in headcount was attributable to the increase in newly hired employees in the KSA entities by 288 employees. An amount of SAR 17.9 million related to employee costs was compensated by the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company) during 2022G.

Staff costs as a percentage of Group's total revenue averaged at 20.1% in 2020G and 2021G and then decreased to 17.1% in 2022G absorbed by the growth in Group's total revenue over the historical period 2020G-2022G.

Staff costs increased by 23.4% from SAR 293.0 million in the six-month period ended 30 June 2022G to SAR 361.6 million in the six-month period ended 30 June 2023G in line with the increase in the average headcount from 1,599 employees to 2,000 employees namely due to the increase in headcount in MBC Media KSA from 4 employees during the six-month period ended 30 June 2022G to 403 employees during the six-month period ended 30 June 2023G. An amount of SAR 25.7 million related to employee costs was compensated by the Government of the KSA (represented by Istedamah Holding Company) during the six-month period ended 30 June 2023G.

Staff costs as a percentage of Group's total revenue increased from 18.0% in the six-month period ended 30 June 2022G to 19.1% in the six-month period ended 30 June 2023G.

Foreign exchange loss / (gain), net

Foreign exchange loss / (gain) arises as the Group undertakes certain transactions denominated in foreign currencies given that the Group operates in multiple jurisdictions. Hence, the Group is exposed to exchange rate fluctuation. These mainly include exposure to Sterling Pound, Egyptian Pound, Euro, Kuwaiti Dinar and Lebanese Pound.

Foreign exchange loss / (gain) decreased from a loss of SAR 2.2 million in 2020G to a gain of SAR 7.7 million in 2021G mainly stemming from the gain on currency realised in the Group's operations in Lebanon. Lebanon is a production cost centre for the Group, as such the Group has benefited from the devaluation of the Lebanese Pound during the same period. As a result, foreign exchange loss / (gain), net as a percentage of Group's total revenue decreased from 0.1% in 2020G to a gain of 0.3% in 2021G.

Foreign exchange loss / (gain) increased from a gain of SAR 7.7 million in 2021G to a loss of SAR 61.2 million in 2022G mainly resulting from the operations of the Group in Egypt due to the devaluation of the Egyptian Pound during the same period. As a result, foreign exchange loss / (gain), net as a percentage of Group's total revenue decreased to a loss of 1.8% in 2022G.

Foreign exchange loss / (gain) decreased by 36.1% from losses of SAR 22.2 million in the six-month period ended 30 June 2022G to losses of SAR 14.2 million in the six-month period ended 30 June 2023G in line with fluctuation on currencies that are not pegged to the Saudi Arabian Riyal, such as the Egyptian Pound, Sterling Pound, Euro, and others.

Foreign exchange loss / (gain) as a percentage of Group's total revenue decreased from 1.4% in the six-month period ended 30 June 2022G to 0.8% in the six-month period ended 30 June 2023G.

Legal and professional fees

Legal and professional fees comprised audit, consultancy, legal, tax and trademark fees among others.

Legal and professional fees increased by 74.4% from SAR 29.0 million in 2020G to SAR 50.5 million in 2021G due to the increase in consultancy by SAR 19.3 million related to ERP enhancement and automation projects amongst others. Legal and professional fees as a percentage of Group increased revenue from 1.2% in 2020G to 1.8% in 2021G.

Legal and professional fees decreased by 2.0% from SAR 50.5 million in 2021G to SAR 49.5 million in 2022G due to the low costs of professional cybersecurity consulting. Legal and professional fees as a proportion of Group's total revenue decreased to 1.4% in 2022G, absorbed by the growth in Group revenues during the period.

Legal and professional fees increased by 41.0% from SAR 19.7 million in the six-month period ended 30 June 2022G to SAR 27.8 million in the six-month period ended 30 June 2023G due to a new advertisement consultancy engagement which resulted in an increase of SAR 5.1 million.

Legal and professional fees as a percentage of Group's total revenue increased from 1.2% in the six-month period ended 30 June 2022G to 1.5% in the six-month period ended 30 June 2023G.

IT equipment and maintenance costs

IT and maintenance costs included IT maintenance costs, internet service costs, ERP support costs, equipment maintenance costs amongst others.

IT and maintenance costs increased by 35.6% from SAR 26.5 million in 2020G to SAR 36.0 million in 2021G due to the increase in IT maintenance costs by SAR 3.5 million as a result of costs related to cybersecurity, equipment maintenance by SAR 1.2 million, and the inception of MBC Media Services BVI Limited which incurred IT and maintenance costs amounting to SAR 3.2 million over the same period.

IT and maintenance costs increased by 4.7% from SAR 36.0 million in 2021G to SAR 37.7 million in 2022G due to a further increase in IT maintenance costs by SAR 5.8 million as a result of modernizing cybersecurity systems. This was partly offset by the decrease in equipment maintenance by SAR 1.2 million, ERP support costs by SAR 0.6 million and internet provider costs by SAR 0.3 million over the same period.

IT and maintenance costs increased by 46.5% from SAR 18.7 million in the six-month period ended 30 June 2022G to SAR 27.4 million in the six-month period ended 30 June 2023G due to the increase in IT maintenance costs by SAR 4.3 million and IT management costs by SAR 1.0 million as a result of shift to cloud storage across all Group entities. This was coupled with the increase in IT maintenance costs incurred by MBC Lebanon by SAR 0.9 million, as no maintenance was incurred during the six-month period ended 30 June 2022G.

Travel costs

Travel costs primarily consists of air tickets, hotel costs, vehicle rentals amongst other travel costs.

Travel costs increased by 75.8% from SAR 10.7 million in 2020G to SAR 18.7 million in 2021G due to the gradual lift of the airport lockdowns in 2021G which was witnessed during 2020G amidst the COVID-19 pandemic.

Travel costs increased by 98.3% from SAR 18.7 million in 2021G to SAR 37.2 million in 2022G in light of the increase in number of trips to the KSA incurred by employees due to the relocation of the head office from the UAE to the KSA.

Travel costs increased by 40.5% from SAR 10.9 million in the six-month period ended 30 June 2022G to SAR 15.4 million in the six-month period ended 30 June 2023G due to the increase in employee travel to the Kingdom of Saudi Arabia.

Building occupancy costs

Building occupancy costs consisted of building maintenance, electricity, security, cleaning and rent costs amongst other building related expenses.

Building occupancy costs decreased by 11.3% from SAR 26.0 million in 2020G to SAR 23.1 million in 2021G driven by the decrease in health and safety electrical testing by SAR 1.9 million which related to COVID-19 during 2020G coupled with the decrease in building maintenance expenses by SAR 1.9 million over the same period.

Building occupancy costs increased by 38.6% from SAR 23.1 million in 2021G to SAR 32.0 million in 2022G mainly stemming from the inception of "MBC Media KSA" by SAR 6.2 million, coupled with the increase in community service cost by SAR 1.5 million and electricity costs by SAR 0.4 million over the same period. An amount of SAR 0.3 million related to building occupancy costs was compensated by the Government of the KSA during the 2022G.

Building occupancy costs increased by 34.9% from SAR 12.2 million in the six-month period ended 30 June 2022G to SAR 16.5 million in the six-month period ended 30 June 2023G due to the increase in building costs incurred in MBC Media KSA by SAR 2.6 million, which was established during the six-month period ended 30 June 2022G. An Amount of SAR 1.8 million related to building occupancy costs were compensated by the Government of the KSA during the six-month period ended 30 June 2023G.

Depreciation on property and equipment

Depreciation on property and equipment increased by 44.1% from SAR 13.6 million in 2020G to SAR 19.6 million in 2021G due to the full allocation of MBC Lebanon's depreciation expense that increased by SAR 3.8 million to general and administrative expenses in 2021G compared to 2020G whereby SAR 4.7 million was classified to direct costs. The increase was coupled with the inception of MBC Media Services BVI Limited in 2021G which incurred depreciation expenses amounting to SAR 1.4 million.

Depreciation on property and equipment decreased by 11.3% from SAR 19.6 million in 2021G to SAR 17.4 million in 2022G due to the decrease in depreciation related to leasehold improvements related to MBC FZ LLC by SAR 3.8 million during the same period. This was partly offset by the increase in MBC Media Services BVI Limited depreciation by SAR 2.1 million as a result of an increase in additions made during 2022G. Amounts amounting to SAR 2.6 million related to property and equipment depreciation costs were compensated by the government of the KSA during 2022G.

Depreciation on property and equipment decreased by 30.8% from SAR 8.8 million in the six-month period ended 30 June 2022G to SAR 6.1 million in the six-month period ended 30 June 2023G as a result of the decrease in property and equipment additions during the same period.

Depreciation on right-of-use-assets

Depreciation on right-of-use-assets (ROU) increased by 33.3% from SAR 14.0 million in 2020G to SAR 18.6 million in 2021G due to the increase in overall ROU additions from SAR 1.0 million in 2020G to SAR 17.2 million in 2021G mainly relating to the establishment of MBC Media Services (BVI) Limited (office lease in Dubai, UAE).

Depreciation on right-of-use-assets decreased by 16.2% from SAR 18.6 million in 2021G to SAR 15.6 million in 2022G due to the decrease in depreciation related to rented assets by SAR 2.6 million during the same period.

Depreciation on right-of-use assets decreased by 23.5% from SAR 8.1 million in the six-month period ended 30 June 2022G to SAR 6.2 million in the six-month period ended 30 June 2023G as a result of a decrease in MBC Lebanon's rents by SAR1.4 million during the same period.

Allowance for / (reversal of) expected credit loss, net

Allowance for / (reversal of) expected credit loss, net pertains to the allowance of doubtful receivables calculated based on IFRS 9. Management conducts a period end review by customer to determine the recoverability of the receivable balance and has a defined 50% provision on receivables that are aged for 6 months and 100% provisions on receivables aged for a year or more.

Allowance for / (reversal of) expected credit loss, net decreased by 305.4% from an allowance of SAR 12.8 million in 2020G to a reversal of SAR 26.3 million in 2021G due to settlement of balances due from four customers amounting to SAR 27.8 million over the same period.

Allowance for / (reversal of) expected credit loss, net increased by 151.2% from a reversal of SAR 26.3 million in 2021G to an allowance of SAR 13.4 million in 2022G mainly stemming from the aged contract assets and trade receivables of MBC FZ LLC and its subsidiaries.

Allowance for / (reversal of) expected credit loss, net decreased by 52.6% from SAR 13.5 million in the six-month period ended on 30 June 2022G to SAR 6.4 million in the six-month period ended 30 June 2023G. due to the provision booked for a major customer for SAR 10.3 million during the six-month period ended 30 June 2022G. This was partly offset by the increase in expected credit losses on the bank balance of MBC Lebanon by SAR 1.2 million during the six-month period ended 30 June 2023G.

Withholding taxes

Withholding taxes amounted to SAR 12.9 million in 2022G and pertained to the provision for potential permanent establishment tax risk, highlighted by the Group's tax advisor, which related to the operations of the Group in Egypt.

Withholding taxes decreased by 99.1% from SAR 13.1 million in the six-month period ended 30 June 2022G to SAR 0.1 million in the six-month period ended 30 June 2023G where a one-time provision was made during the six-month period ended 30 June 2022G which was reversed during the six-month period ended 30 June 2023G.

Amortization of intangible assets

Amortization of intangible assets increased by 462.4% from SAR 0.6 million in 2020G to SAR 3.1 million in 2021G driven by the increase in additions related to the Shahid platform pertains to the costs incurred to develop and upgrade the platform which included applications compatible with mobile devices and which amounted to SAR 23.0 million over the same period.

Amortization of intangible assets increased by 158.8% from SAR 3.1 million in 2021G to SAR 8.1 million in 2022G driven by the increase in additions related to the Shahid platform which amounted to SAR 25.0 million in 2022G.

Amortization of intangible assets increased by 41.6% from SAR 3.6 million in the six-month period ended 30 June 2022G to SAR 5.1 million in the six-month period ended 30 June 2023G in line with the increase in intangible additions that amounted to SAR 16.5 million during the same period.

Communication costs

Communication costs included telephone and mobile charges in addition to subscriptions, printing, stationery amongst other expenses.

Communication costs increased by 2.6% from SAR 5.0 million in 2020G to SAR 5.2 million in 2021G in line with the expansion of the Group and the inception of MBC Media Services BVI Limited.

Communication costs increased by 12.8% from SAR 5.2 million in 2021G to SAR 5.8 million in 2022G attributable to the increase in subscriptions by SAR 0.4 million and mobile charges by SAR 0.2 million during the same period in line with the continued growth and the increased headcount of the Group.

Communications costs increased by 53.0% from SAR 2.5 million in the six-month period ended 30 June 2022G to SAR 3.9 million in the six-month period ended 30 June 2023G attributable to the inception of the new entity MBC Media KSA.

Bad debts written off

The Group wrote off bad debts amounting to SAR 0.2 million in the six-month period ended 30 June 2023G.

Write off of intangible assets

Write-off of intangible assets amounted to SAR 9.4 million in 2021G and pertained to the cost of internal development of the Shahid content management system (CMS) and subscription management system (SMS). The Group decided to stop the in-house development of these applications and shift to third party available solutions.

Loss on disposal of property and equipment

Loss on disposal of property and equipment amounted to SAR 37 thousand in 2022G.

Other expenses

Other expenses comprised entertainment costs, employers and public liability insurance, extraordinary costs, sundries amongst others.

Other expenses increased by 29.7% from SAR 46.1 million in 2020G to SAR 59.8 million in 2021G due to the increase in extraordinary costs by SAR 14.3 million which related to VAT reverse mechanism provision charge (related to operations in Egypt) and the WIP reallocation of Saheb Al Royaa Project costs by SAR 4.7 million.

Other expenses decreased by 70.6% from SAR 59.8 million in 2021G to SAR 17.6 million in 2022G driven by the decrease in extraordinary costs by SAR 29.3 million due to the exceptional costs booked in 2021G.

Other expenses decreased by 5.9% from SAR 5.1 million in the six-month period ended 30 June 2022G to SAR 4.8 million in the six-month period ended 30 June 2023G mainly due to the decrease in gift expenses.

Recharges to related parties

Recharges to related parties include shared services provided by the Group to Al Arabiya, a related party. During the historical period 2020G-2022G, the recharges were allocated to Al Arabiya based on a share of the total service cost agreed between both parties. Going forward, the agreement will be based on a fixed fee to be agreed between both parties. These costs consist principally of staff costs and shared facilities and technical costs recharged to Al Arabiya based on the estimated usage.

Recharges to related parties increased by 27.4% from SAR 71.2 million in 2020G to SAR 90.7 million in 2021G mainly due to the increase recharge in tech ops – IT recharges by SAR 2.1 million in line with the overall increase in the cost at Group level coupled with the recharge related to the MBC Media Services BVI market study by SAR 8.7 million.

Recharges to related parties remained stable in 2022G at SAR 90.1 million due to the increase in CEO shared cost by SAR 3.3 million. This was offset by a decrease in charging depreciation costs due to a decrease in the total costs charged to related parties during the same year.

In the six-month period ended 30 June 2023G, the agreement with Al Arabiya was amended from an allocation-based arrangement to a fixed fee arrangement. Therefore, costs charged to related parties increased by 8.9% from SAR 40.5 million during the six-month period ended 30 June 2022G to SAR 44.1 million during the six-month period ended 30 June 2023G.

6.7.1.7 Other income

The following table summarizes the other income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.26): Other income

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Compensation for loss of business	-	375,000	187,500	N/A	(50.0%)	0.0%	65,625	39,375	(40.0%)
Rental income	10,657	11,010	11,010	3.3%	0.0%	1.6%	5,505	5,401	(1.9%)
Other income / (loss) - net	30,991	12,529	4,649	(59.6%)	(62.9%)	(61.3%)	(344)	4,378	(1,372.7%)
Total	**41,648**	**398,539**	**203,159**	**856.9%**	**(49.0%)**	**120.9%**	**70,786**	**49,154**	**(30.6%)**
As a percentage of Group's total revenue					**Percentage points**		**As a percentage of Group's total revenue**		**Percentage points**
Compensation for loss of business	N/A	13.2%	5.4%	N/A	(7.8)	N/A	3.9%	2.1%	(1.8)
Rental income	0.5%	0.4%	0.3%	(0.1)	(0.1)	(0.2)	0.3%	0.3%	(0.0)
Other income	1.3%	0.4%	0.1%	(0.9)	(0.3)	(1.2)	(0.0%)	0.2%	0.2

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Compensation for loss of business

Compensation for loss of business pertaining to the launch and operation of a TV channel increased from nil in 2020G to SAR 375.0 million in 2021G.

Compensation for loss of business decreased by 50.0% from SAR 375.0 million in 2021G to SAR 187.5 million in 2022G as the Group had received a compensation for loss of business payment covering two financial periods during 2021G whereas the compensation for loss of business in 2022G amounted to SAR 187.5 million pertaining to one financial period.

Compensation for loss of business decreased by 40.0% from SAR 65.6 million in the six-month period ended on 30 June 2022G to SAR 39.4 million in the six-month period ended on 30 June 2023G as the amounts to be received are based on management's discretion and their evaluation of the performance of the TV channel (within the respective limits agreed to be disbursed for each year in the subsequent periods).

Rental income

Rental income pertains to the partial leasing of the Group's Dubai building to one of the related parties (Al Arabiya).

Rental income increased from SAR 10.7 million in 2020G to SAR 11.0 million in 2021G and 2022G.

Rental income amounted to SAR 5.5 million in the six-month period ended 30 June 2022G and SAR 5.4 million during the six-month period ended 30 June 2023G.

Other income

Other income includes other non-operation income recorded by the Group. Other income decreased by 59.6% from SAR 31.0 million in 2020G to SAR 12.5 million in 2021G and then by 62.9% to SAR 4.6 million in 2022G due to the exceptional compensation received by the Group against the early termination of a project relating to home shopping production during 2020G.

Other income increased from losses of SAR 0.3 million in the six-month period ended on 30 June 2022G to SAR 4.4 million in the six-month period ended 30 June 2023G due to the recognition of revenue from the Shahid distribution contract with one of the telecommunications companies, which relate to previous periods that were classified under "Other income".

6.7.1.8 Finance (costs) / income - net

The following table summarizes the finance (costs) / income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.27): Finance (costs) / income

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Finance income	7,000	3,192	10,952	(54.4%)	243.1%	25.1%	6,310	2,038	(67.7%)
Finance costs	(3,580)	(3,237)	(8,593)	(9.6%)	165.5%	54.9%	(3,759)	(6,516)	73.2%
Finance (costs)/ income -net	**3,420**	**(45)**	**2,359**	**N/A**	**N/A**	**(16.9%)**	**2,551**	**(4,478)**	**N/A**
As a percentage of Group's total revenue					**Percentage points**		**As a percentage of Group's total revenue**		**Percentage points**
Finance income	0.3%	0.1%	0.3%	(0.2)	0.2	0.0	0.4%	0.1%	(0.3)
Finance costs	(0.2%)	(0.1%)	(0.2%)	0.1	(0.1)	-	(0.2%)	(0.3%)	(0.1)

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management information.

Finance (costs) / income - net comprised of (i) finance income on short-term deposits and treasury bills, and (ii) finance cost on short-term borrowing facilities and lease liabilities.

Finance (costs) / income - net decreased from an income of SAR 3.4 million in 2020G to a cost of SAR 45 thousand in 2021G as a result of a decrease in financing income of SAR 3.8 million related to bank deposits as a result of a decrease in short-term deposits coupled with the decline in interest rates between 2020G and 2021G.

Finance (costs) / income - net increased from a cost of SAR 45 thousand in 202G1 to an income of SAR 2.4 million in 2022G due to an increase in financing income of SAR 7.8 million driven by the deposit of SAR 30.0 million in short-term treasury bonds during 2022G. This was offset by an increase in financing costs of SAR 5.4 million as a result of financing costs related to employees' end-of-service benefits, in addition to financing costs related to the loan used during 2022G.

Finance (costs) / income - net decreased from an income of SAR 2.6 million in the six-month period ended 30 June 2022G to a cost of SAR 4.5 million in the six-month period ended 30 June 2023G in line with the end of term of term deposits and as such, the finance income associated with these deposits decreased during the same period.

6.7.1.9 Share of results in associates and joint ventures

The following table summarizes the share of results in associates and joint ventures for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.28): Share of results in associates and joint ventures

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Share of other comprehensive income of associates, net (OCI)	1,045	83	780	(92.0%)	839.8%	(13.6%)	(108)	(1,437)	1,230.6%
Share of results in investments in joint ventures	(763)	-	(10,083)	(100.0%)	N/A	263.5%	-	(4,471)	N/A
Share of results in investments in associates	(13,060)	(4,008)	24,270	(69.3%)	N/A	N/A	1,014	26,790	2542.0%

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management information.

The following table summarizes the share of results in associates and joint ventures by associate or joint venture for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.29): Share of results in associates and joint ventures by associate or joint venture

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Wego	(3,794)	(1,453)	546	(61.7%)	N/A	N/A	501	346	(30.9%)
Tapmad	(1,166)	(628)	(1,832)	(46.1%)	191.7%	25.3%	(2,718)	(401)	(85.2%)
ACSC	545	10,243	26,336	1,779.4%	157.1%	595.1%	(3,232)	26,845	730.6%
Anghami	(7,600)	(12,087)	-	59.0%	N/A	N/A	-	-	N/A
MBC Game Studio	-	-	(10,083)	N/A	N/A	N/A	-	(4,471)	N/A
O3 Turkey	(763)	-	-	N/A	N/A	N/A	-	-	N/A

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Share of other comprehensive income of associates, net (OCI)

Share of other comprehensive income of associates, net (OCI) relates to the share of the Group in the other comprehensive income of its investments in ACSC, Wego, Anghami and Tapmad.

Share of other comprehensive income of associates, net (OCI) decreased by 92.0% from SAR 1.0 million in 2020G to SAR 83 thousand in 2021G due to the decrease in the other comprehensive income of associates of the Group, and as such, the decrease in the Group's share of other comprehensive income.

Share of other comprehensive income of associates, net (OCI) increased by 839. 8% from SAR 83 thousand in 2021G to SAR 780 thousand in 2022G driven by the other comprehensive income recorded in Tapmad.

Share of other comprehensive income of associates, net (OCI) amounted to a loss of SAR 1.4 million in the six-month period ended 30 June 2023G due to other comprehensive income recorded in relation to ACSC.

Share of results in investments in joint ventures

Share of results in investments in joint ventures relates to the share of the Group in the results of its investment in O3 Turkey, Stargate and MBC Game Studio.

Share of results of investments in joint ventures amounted to a loss of SAR 763 thousand in 2020G in relation to O3 RP LLC which was disposed of by the Group in 2020G.

Share of results in investments in joint ventures amounted to nil in 2021G as the Group disposed of O3 RP LLC in 2020G and Stargate did not generate any results during 2021G.

Share of results in investments in joint ventures amounted to a loss of SAR 10.1 million in 2022G stemming from the share of result of MBC Game Studio with the addition of MBC Game Studio under the Group's investments in joint ventures in 2022G.

Share of results in investments in joint ventures decreased from nil in the six-month period ended 30 June 2022G to a loss of SAR 4.5 million in the six-month period ended 30 June 2023G due to the share of losses from MBC Game Studio.

Share of results in investments in associates

Share of results in investments in associates relates to the share of the Group in the results of its investments in ACSC, Wego, Anghami and Tapmad.

Share of results in investments in associates decreased by 69.3% from a loss of SAR 13.1 million in 2020G to a loss of SAR 4.0 million in 2021G following the losses incurred in Anghami by SAR 12.1 million and Wego of SAR 1.5 million, partly offset by an increase in income from ACSC by SAR 10.2 million over the same period.

Share of results in investments in associates increased from a loss of SAR 4.0 million in 2021G to an income of SAR 24.3 million in 2022G driven by income from ACSC by SAR 26.3 million, partly offset by losses incurred in Tapmad by SAR 1.8 million over the same period. On 4 February 2022G, Anghami listed its shares on NASDAQ, New York. The Group reassessed its significant influence in Anghami based on the listing particulars and whereby the Group concluded that the investment in Anghami shall be treated as an investment at fair value through profit and loss (FVTPL). As such, the result of Anghami did not have an impact on the Group's share of results of investments in associates during 2022G.

Share of results in investments in associates increased by 2542.0% from SAR 1.0 million in the six-month period ended 30 June 2022G to SAR 26.8 million in the six-month period ended 30 June 2023G due to the increase in the share of income from ACSC.

Wego

Wego PTE LTD (Wego), is a company incorporated and domiciled in Singapore. Wego's principal activities are to carry on business of providing information on travel products using the travel search engine. The Group owns 10% as per the shareholder agreement.

Based on the evaluation of terms of investment, the Group has significant influence over the investee and has recorded its investment in Wego as an equity accounted associate.

Tapmad

Tapmad Holdings PTE LTD (Tapmad) was incorporated in Singapore on 8 October 2018G. The principal activity of Tapmad is to provide OTT and SVOD services in Pakistan.

Effective 17 October 2022G, the Group increased its ownership from 25.08% to 29.76% with a consideration payable amounting to SAR 7.5 million. The Group has an option to purchase an additional 10% of the total issued shares and the agreement gives the Group a right to increase their shareholding to 51% or more. Nevertheless, the Group does not intend to increase its shares beyond 51%, therefore only 10% option is treated as a derivative financial instrument and recorded on the balance sheet accordingly.

ACSC

Effective August 2020G, the Group acquired a 5% stake in Arabian Contracting Services Company (ACSC), which is a joint stock company registered in Riyadh, Kingdom of Saudi Arabia. The main activities of ACSC are the execution of contracting, construction works, purchase of land for the construction of buildings, and establishment of exhibitions and road works, and advertising. The consideration paid was SAR 46.1 million. Furthermore, the Group had an option to increase its shareholding percentage to 20% within a certain timeframe. Based on the evaluation of terms of investment, the Group assessed that it had significant influence over the investee and has recorded its investment in ACSC as an equity accounted associate.

On 11 November 2021G, ACSC listed its shares on Tadawul, the Saudi Stock Exchange. The Group did not sell any of its shares and still held its 5% ownership at the time of ACSC's listing. As at 31 December 2021G, the Group held 5% shareholding on ACSC and reassessed its terms of the investment and concluded that it still has significant influence over ACSC.

On 10 October 2022G, the Group exercised its call option and acquired an additional 15% shareholding on ACSC thereby increasing the total shareholding to 20%. The exercise price of SAR 497.3 million which has been paid was based on the terms agreed between the Group and Saudi Media Company (joint venture partner for MBC Media Solutions FZ LLC) ("the other shareholder") in their agreement entered into in August 2020G. At the date of the transaction, the market value of the additional shares acquired amounted to SAR 829.5 million. The call option to acquire an additional 15% interest in ACSC, which was valued at SAR 332.2 million as at 31 December 2021G, was reclassified into investment in associates upon exercise of the call option. Hence, the difference between the derivative value (SAR 337.5 million) and the realized gain (SAR 332.2 million) netting to SAR 5.3 million was recognized as loss in the consolidated income statements under direct cost in 2022G.

The acquisition of the additional 15% on ACSC was financed by a shareholder loan amounting to SAR 497.3 million. The loan is interest-free and repayable on demand with 12 month-notice period.

Anghami

Anghami was a limited liability company incorporated in the Cayman Islands on 14 February 2012G. Anghami's principal activities consist of facilitating a platform for music and video streaming, entertainment, social, through mobile, web, computer, applications and other supported programs and related media. The Group had 19.3% ownership as per the shareholder agreement, yet, as at 31 December 2021G, the Group's stake in Anghami decreased to 18.15%.

On 4 February 2022G, Anghami listed its shares on NASDAQ, New York. The Group reassessed its significant influence in Anghami based on the listing particulars and whereby the Group concluded that the investment in Anghami shall be treated as an investment in financial assets at fair value through profit and loss (FVTPL). The change in classification was a deemed disposal giving rise to a gain on reclassification, using the fair value of the shares held at listing.

MBC Game Studio

MBC Initiatives LLC, a fully owned subsidiary, jointly controls MBC Game Studio with NEOM whereby it owns 70% and NEOM owns 30%. Previously, the subsidiary accounted for its investment in the Game Studio as a joint operation under the provision of IFRS 11 – Joint Arrangements, which requires that each shareholder records their respective shares in asset, liabilities, revenues, and expenses. As at 30 June 2022G, the investment in MBC Game Studio was accounted for as an investment in a joint operation as the Group jointly controls the Game Studio with NEOM. The value of the investment as at that date amounted to nil. Subsequent to 30 June 2022G, the investment has been reclassified to a joint venture and accounted for under the equity method.

O3 Turkey

O3 Turkey Medya Produksiyon Hizmetleri Ticaret A.S ("O3 Turkey") is a 51% owned joint venture between the Group and two individuals. The joint venture commenced on 27 February 2014G and was governed by the joint venture and shareholder agreement between the parties and was registered under the Istanbul Turkey Registry in Istanbul, Turkey.

6.7.1.10 Unrealized gain / (loss) on derivative financial instruments

The following table summarizes the unrealized gain / (loss) on derivative financial instruments for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.30): Unrealized gain / (loss) on derivative financial instruments

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
ACSC Option	-	337,500	-	N/A	(100.0%)	N/A	14,433	-	(100.0%)
Tapmad Option	-	4,125	(2,291)	N/A	(155.5%)	N/A	-	(924)	N/A
MBC Media Solutions FZ LLC Option	-	-	965	N/A	N/A	N/A	-	-	N/A
Total	**-**	**341,625**	**(1,326)**	**N/A**	**N/A**	**N/A**	**14,433**	**(924)**	**N/A**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Unrealised gain / (loss) on derivative financial instruments related to the fluctuation of the fair value of the Group's call options.

Unrealized gain / (loss) on derivative financial instruments amounted to SAR 341.6 million in 2021G. In August 2020G, the Group acquired 5% of ACSC with an option to purchase an additional 15% of ACSC's shares. As at 31 December 2021G, the Group hired a valuation specialist to value the ACSC call option. The option was valued at SAR 337.5 million and recognized unrealized gains on the Group's consolidated statement of comprehensive income in 2021G. A similar exercise was conducted on the option held for Tapmad which realized a gain of SAR 4.1 million in 2021G.

Unrealized gain / (loss) on derivative financial instruments decreased from a gain of SAR 341.6 million in 2021G to a loss of SAR 1.3 million in 2022G driven by a loss on the value of the Tapmad option of SAR 2.3 million. This was partly offset by the Group's option on 40% of the shares of MBC Media Solutions FZ LLC valued at SAR 1.0 million.

Unrealized gain / (loss) on derivative financial instruments decreased from a gain of SAR 14.4 million in the six-month period ended 30 June 2022G to a loss of SAR 0.9 million in the six-month period ended 30 June 2023G as the profit recorded in the six-month period ended 30 June 2022G relates to the change in the fair value of ACSC call option.

ACSC option

Unrealized gain on ACSC option amounted to SAR 337.5 million in 2021G. In August 2020G, the Group acquired 5% of ACSC with an option to purchase an additional 15% of ACSC's shares. As at 31 December 2021G, the Group hired a valuation specialist to value the ACSC call option. The option was valued at SAR 337.5 million and recognized unrealized gains on the Group's consolidated statement of comprehensive income in 2021G.

Unrealized gain on ACSC option decreased from SAR 337.5 million in 2021G to nil in 2022G, as the Group exercised the option on 10 October 2022G to acquire the additional 15% in ACSC. As such, the SAR 337.5 million of fair value of the option was reclassified to investment in associate.

Unrealized gain on ACSC option amounted to SAR 14.4 million in the six-month period ended 30 June 2022G, and then decreased to nil in the six-month period ended 30 June 2023G due to exercising the aforementioned option on 10 October 2022G.

Tapmad option

Unrealized gain on Tapmad option amounted to SAR 4.1 million in 2021G. In October 2021G, the Group entered into a shareholders' agreement to acquire a further stake in Tapmad shares. As part of the agreement, the Group has an option to purchase an extra 10% of the total issued shares. As at 31 December 2021G, the Group hired a valuation specialist to value the Tapmad call option. The option was valued at SAR 4.1 million and recognized unrealized gains on the Group's consolidated statement of comprehensive income.

Unrealized gain on Tapmad option decreased by 155.5% from SAR 4.1 million in 2021G to a loss of SAR 2.3 million in 2022G following the decrease in the fair value of Tapmad option as valued by the valuation specialist at SAR 1.8 million as at 31 December 2022G.

Unrealized loss on Tapmad option increased from nil in the six-month period ended 30 June 2022G to a loss amounting to SAR 0.9 million in the six-month period ended 30 June 2023G due to the decrease of the fair value of the Tapmad option according to the specialist's evaluation.

MBC Media Solutions FZ LLC option

In accordance with the shareholders' agreement between MBC Media Services BVI, a fully owned subsidiary, and Engineer Holding Group, MBC Media Services BVI has a call option to acquire all the non-controlling interest in MBC Media Solutions FZ LLC UAE. The Group has engaged a valuation specialist to estimate the value of the call option as at 31 December 2022G. Based on the model and the consideration of the operations and contracts in place, the MBC Media Solutions FZ LLC option was valued at SAR 965 thousand as at 31 December 2022G.

6.7.1.11 Profit / (loss) for the year / period and other comprehensive income

The following table summarizes the profit / (loss) for the year / period and other comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.31): Profit / (loss) for the year / period and other comprehensive income

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Operating (loss) / profit	**(125,419)**	**24,278**	**(174,060)**	**N/A**	**N/A**	**17.8%**	**(147,893)**	**(3,292)**	**(97.8%)**
Other income	41,648	398,539	203,159	856.9%	(49.0%)	120.9%	70,786	49,154	(30.6%)
Finance (cost) / income– net	3,420	(45)	2,359	N/A	N/A	(16.9%)	2,551	(4,478)	N/A
Share of results in associates and joint ventures	(13,823)	(4,008)	14,187	(71.0%)	N/A	N/A	1,014	22,319	2,101.1%
Loss on disposal of an investment in a joint venture	(1,501)	-	-	(100.0%)	N/A	N/A	-	-	N/A
Unrealized gain on investment in financial asset through profit or loss (FVTPL)	-	-	10,771	N/A	N/A	N/A	46,566	(4,980)	N/A
Unrealized gain / (loss) on derivative financial instruments	-	341,625	(1,326)	N/A	N/A	N/A	14,433	268	(98.1%)
Profit / (loss) before tax	**(95,675)**	**760,389**	**55,090**	**N/A**	**(92.8%)**	**N/A**	**(12,543)**	**58,991**	**N/A**
Income tax and Zakat	(119)	(12,824)	(7,224)	10,676.5%	(43.7%)	679.1%	(3,910)	(7,257)	85.6%
Profit / (loss) for the year / period	**(95,794)**	**747,565**	**47,866**	**N/A**	**(93.6%)**	**N/A**	**(16,453)**	**51,734**	**(414.4%)**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):									
Exchange differences on translating foreign operations, net	(1,047)	(84)	(4,536)	(92.0%)	5,300.0%	108.1%	(1,180)	(1,225)	3.8%
Share of other comprehensive income of associates, net	1,045	83	780	(92.0%)	837.4%	(13.6%)	(108)	(1,437)	1,230.6%
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods (net of tax):									
Remeasurement gain on defined benefits plans	(26,057)	6,714	35,452	N/A	428.0%	N/A	30,208	(2,330)	N/A
Other comprehensive income for the year / period	**(26,059)**	**6,713**	**31,696**	**N/A**	**372.2%**	**N/A**	**28,920**	**(4,992)**	**(117.3%)**
Total comprehensive income / (loss) for the year / period	**(121,853)**	**754,278**	**79,562**	**N/A**	**(89.5%)**	**N/A**	**12,467**	**46,742**	**274.9%**
As a percentage of Group's total revenue				**Percentage points**			**As a percentage of Group's total revenue**		**Percentage points**
Profit / (loss) for the year / period margin	**(4.1%)**	**26.3%**	**1.4%**	**30.4**	**(24.9)**	**5.5**	**(1.0%)**	**2.7%**	**3.7**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Operating profit / (loss)

Operating loss for the year decreased from a loss of SAR 125.4 million in 2020G to a profit of SAR 24.3 million in 2021G mainly due to the increase in gross profit by SAR 261.9 million as a result of the increase in revenue generated from contracts with customers due to the ramp up of the Shahid platform, coupled with the decrease in commission expenses after the termination of the advertising agreement with the key agency and the inception of the inhouse agency, MBC Media Services BVI Limited. This was partly offset by an increase in general and administrative expenses by SAR 112.2 million driven by the inception of MBC Media Services BVI Limited and the increase in operating costs of MBC Studios FZ LLC.

Operating profit decreased from a profit of SAR 24.3 million in 2021G to a loss of SAR 174.1 million in 2022G mainly driven by the decrease in gross profit by SAR 76.3 million due to the increased investment in digital content to attract more subscribers to the Shahid platform and the impact of the change in digital content impairment estimate which resulted in additional amortization of SAR 81.4 million in 2022G. This was coupled with the increase in general and administrative expenses by SAR 122.0 million in 2022G mainly due to the increase in foreign exchange loss stemming from the Group's operations in Egypt.

Operating loss decreased by 97.8% from a loss of SAR 147.9 million in the six-month period ended 30 June 2022G to a loss of SAR 3.3 million in the six-month period ended 30 June 2023G. This was offset by an increase in general and administrative expenses from SAR 391.1 million to SAR 451.6 million during the same period.

Profit / (loss) for the year

Profit / (loss) for the year increased from a loss of SAR 95.8 million in 2020G to a profit of SAR 747.6 million in 2021G mainly driven by an increase in:

1- Digital revenue amounting to SAR 233.1 million due to the ramp up effect of the Shahid Platform that was re-launched during 2020G, driven by the growth in number of SVOD subscribers from 982.6 thousand subscribers in 2020G to 2,082.1 thousand subscribers in 2021G;
2- Advertising revenue primarily as a result of the in-house sales team (MBC Media Services BVI) to replace the external arrangement with a key agency (terminated in 2020G), which also reduced commission expenses over the same period. This has contributed to the growth in advertising revenue by 3.4% from SAR 1,305.2 million in 2020G to SAR 1,349.4 million in 2021G; both of which have resulted in an increase in the Group's gross profit by SAR 261.9 million.

The profit for the year 2021G was also augmented by:

1- the increase in other income by 856.9% from SAR 41.6 million in 2020G to SAR 398.5 million in 2021G due to the compensation for loss of business pertaining to a TV channel (SAR 375.0 million) as the Group has received a compensation for loss of business covering two financial periods during 2021G; and
2- the unrealized gain on derivative financial instruments amounting to SAR 341.6 million and SAR 4.1 million relating to the fair valuation of the Group's option on ACSC and Tapmad shares respectively.

This was partly offset by an increase in general and administrative expenses by SAR 112.2 million driven by the inception of MBC Media Services BVI and MBC Studios FZ LLC. As such, the Group's profit margin increased from a loss of 4.1% in 2020G to a profit of 26.3% in 2021G.

Profit / (loss) for the year decreased by 93.6% from SAR 747.6 million in 2021G to SAR 47.9 million in 2022G mainly driven by:

1- the decrease in gross profit by SAR 76.3 million due to the increased investment in digital content to attract more users to the Shahid platform coupled with impact of the change in digital content impairment estimate which resulted in additional amortization of SAR 81.4 million in 2022G;
2- the decrease in other income by 49.0% from SAR 398.5 million in 2021G to SAR 203.2 million as the Group received compensation for loss of business for one financial year in 2022G as opposed to the compensation covering two periods received in 2021G;
3- the decrease in unrealized loss on derivative financial instruments by SAR 343.0 million relating to the gain of the ACSC option recognized in 2021G; and
4- the increase in general and administrative expenses by SAR 122.0 million in 2022G primarily due to the foreign exchange loss largely resulting from the Group's operations in Egypt.

This was partly offset by the increase in digital revenue by SAR 137.5 million due to a further growth in the number of subscribers from 2,082.1 thousand subscribers in 2021G to 2,867.4 thousand subscribers in 2022G and the increase in Broadcast and Technical service revenue (earned from SSC) by SAR 112.1 million. The profit margin for the year decreased from 26.3% in fiscal year 2021G to 1.4% in fiscal year 2022G.

Profit / (loss) for the period increased from a loss of SAR 16.5 million during the six-month period ended 30 June 2022G to a profit of SAR 51.7 million in the six-month period ended on 30 June 2023G due to the increase in gross profit by SAR 205.1 million due to increased investment in digital content to attract more users to Shahid. This was offset by:

1- the decrease in other income by SAR 21.6 million mainly driven by a decrease in compensation for loss in business of SAR 26.3 million where the amounts to be received depend on management's discretion and their evaluation of the performance of the TV channel (within the respective limits agreed to be disbursed during the subsequent periods);
2- the decrease in unrealized loss on derivative financial instruments by SAR 14.2 million related to the gain on the ACSC option exercised in 2022G;
3- the increase in general and administrative expenses by SAR 60.5 million due to the increase in the average headcount; and
4- the decrease in unrealized gain / (losses) for an investment in financial assets at fair value through profit or loss from a gain of SAR 46.6 million during the six-month period ended 30 June 2022G to losses of SAR 5.0 million during the six-month period ended 30 June 2023G due to the increase in the unrealized loss on Anghami shares as a result of the decrease in the share price of Anghami in the financial market during the same period.

Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):

Exchange differences on translating foreign operations, net

Exchange differences on translating foreign operations, net fluctuated from a loss of SAR 1.0 million in 2020G to a loss of SAR 84 thousand in 2021G and a loss of SAR 4.5 million in 2022G due to currency rates fluctuations of the Group's entities reporting under different functional currencies.

Exchange differences on translating foreign operations, net amounted to a loss of SAR 1.2 million in the six-month period ended 30 June 2022G and a loss of SAR 1.2 million in the six-month period ended 30 June 2023G mainly due to the fluctuations in the exchange rates of the Egyptian Pound, Lebanese Pound, and other currencies such as the British Pound, the Euro, and others.

Share of other comprehensive income of associates, net

Share of other comprehensive income of associates, net (OCI) relates to the share of the Group in the other comprehensive income of its investments in ACSC, Wego, Anghami and Tapmad.

Share of other comprehensive income of associates, net (OCI) amounted to a loss of SAR 1.4 million in the six-month period ended 30 June 2023G mainly due to the Group's investments in ACSC.

Other comprehensive income that may not be reclassified to profit or loss in subsequent periods (net of tax):

Remeasurement gain on defined benefits plans

Remeasurement gain on defined benefits plans decreased from a loss of SAR 26.1 million in 2020G to a gain of SAR 6.7 million in 2021G and then increased by 428.0% from SAR 6.7 million in 2021G to SAR 35.5 million in 2022G due to changes in actuarial assumptions.

Remeasurement gain on defined benefits plans decreased from a gain of SAR 30.2 million in the six-month period ended 30 June 2022G to a loss of SAR 2.3 million in the six-month period ended 30 June 2023G due to changes in actuarial assumptions.

Comprehensive income / (loss) for the year / period

Comprehensive income / (loss) for the year decreased from a loss of SAR 121.9 million in 2020G to an income of SAR 754.3 million in 2021G in line with the increase in net profit by SAR 843.4 million along with the increase in remeasurement gain on defined benefits plans by SAR 32.8 million during 2021G.

Comprehensive income / (loss) for the year decreased by 89.5% from SAR 754.3 million in 2021G to SAR 79.6 million in 2022G in line with the decrease in net profit by SAR 699.7 million which was partly offset by an increase in remeasurement gain on defined benefits plans by SAR 28.7 million during 2022G.

Comprehensive income / (loss) for the year increased by 274.9% from SAR 12.5 million in the six-month period ended 30 June 2022G to SAR 46.8 million in the six-month period ended 30 June 2023G in line with an increase in profit / (loss) for the period of SAR 68.2 million, which was partly offset by a loss in other comprehensive income of associates.

6.7.1.12 Profit / (loss) before income tax for the year / period by operating segments

The following table summarizes the profit / (loss) before income tax for the year / period by operating segments for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.32): Profit / (loss) before income tax for the year / period by operating segments

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Broadcast	67,523	691,403	301,156	924.0%	(56.4%)	111.2%	106,631	95,431	(10.5%)
OTT	(184,030)	(309,227)	(321,856)	68.0%	4.1%	32.2%	(221,272)	(85,451)	(61.4%)
MBC studios	8,906	1,006	(1,575)	(88.7%)	N/A	N/A	956	819	(14.3%)
Others	8,920	366,059	77,365	4,003.8%	(78.9%)	194.5%	101,142	48,192	(52.4%)
Subtotal	**(98,680)**	**749,242**	**55,090**	**N/A**	**(92.6%)**	**N/A**	**(12,543)**	**58,991**	**N/A**
Eliminations	3,006	11,148	-	270.9%	N/A	N/A	-	-	N/A
Total	**(95,675)**	**760,389**	**55,090**	**N/A**	**(92.8%)**	**N/A**	**(12,543)**	**58,991**	**N/A**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Broadcast

Broadcast profit before income tax for the year increased by 924.0% from SAR 67.5 million in 2020G to SAR 691.4 million in 2021G mainly driven by the increase in revenue by 18.0% from SAR 1,751.1 million in 2020G to SAR 2,067.1 million in 2021G as a result of the increase in GTV revenue and from the funded channels in line with the increase in their respective costs as these are funded according to the expansion projects agreements. This was also coupled with the increase from Digital Marketing Creative Services ("DMCS") which contributed an increase of SAR 22.9 million over the same period driven by social media (namely Snapchat and Facebook).

Moreover, broadcast profit before income tax for the year growth in 2021G was augmented by the compensation on loss of business amounting to SAR 375.0 million received in 2021G coupled with the replacement of the key agency by the establishment of MBC Media Services BVI which reduced commission expenses over the same period.

Broadcast profit before income tax for the year decreased by 56.4% from SAR 691.4 million in 2021G to SAR 301.2 million in 2022G primarily due to the decrease in the compensation on loss of business which amounted to SAR 187.5 million pertaining to one financial period as compared to 2021G which included compensation for two periods.

Broadcast profit before income tax for the year decreased by 10.5% from SAR 106.6 million in the six-month period ended 30 June 2022G to SAR 95.4 million in the six-month period ended 30 June 2023G due to a decrease in advertising revenue, which was partly offset by a decrease in program costs related to MBC Masr by SAR 20.6 million as a result of production savings coupled with an increase in the broadcast of second run content release (airing of shows that are already fully amortized).

Over-the-top (OTT)

OTT loss before income tax increased by 68.0% from a loss of SAR 184.0 million in 2020G to a loss of SAR 309.2 million in 2021G due to the continuous investment in releasing content onto Shahid coupled with the increased marketing spend to attract subscribers. This was partly offset by the increase in revenue by 104.2% from SAR 219.8 million in 2020G to SAR 448.9 million in 2021G due to the ramp up of the Shahid platform driven by the increase in number of subscribers in addition to the revenue recognized from services rendered to the SSC.

OTT loss before income tax increased by 4.1% from a loss of SAR 309.2 million in 2021G to a loss of SAR 321.9 million in 2022G due to the increase in operating costs by SAR 259.5 million driven by a further increase in digital content amortization resulting from the investments in the Shahid platform coupled with impact of the change in digital content impairment estimate which resulted in additional amortization of SAR 81.4 million in 2022G. This was partly offset by the increase in revenue by 56.2% from SAR448.9 million in 2021G to SAR 701.2 million in 2022G due to the further increase in Shahid revenue and services rendered to the SSC.

OTT loss before income tax decreased by 61.4% from a loss of SAR 221.3 million in the six-month period ended 30 June 2022G to a loss of SAR 85.5 million in the six-month period ended 30 June 2023G driven by the continued growth in the number of SVOD subscribers on Shahid and AVOD impressions. The increase in revenue assisted in absorbing the platform's semi-fixed and fixed costs.

MBC studios

MBC studios profit before income tax decreased by 88.7% from a profit of SAR 8.9 million in 2020G to a profit SAR 1.0 million in 2021G and then to a loss before income tax of SAR 1.6 million in 2022G due to changes in the cost of production, salaries and other costs incurred during the same period.

MBC studios profit before income tax decreased from a profit of SAR 1.0 million in the six-month period ended 30 June 2022G to a loss of SAR 0.8 million in the six-month period ended 30 June 2023G due to changes in the cost of production, salaries and other costs incurred during the same period.

Others

Other segment's profit before income tax increased from SAR 8.9 million in 2020G to SAR 366.1 million in 2021G due to the recognition of gain on derivative financial instruments amounting to SAR 341.6 million related to ACSC's call option.

Other segment's profit before income tax decreased by 78.9% from SAR 366.1 million in 2021G to SAR 55.1 million in 2022G driven by the absence of the impact of the gain on derivative financial instruments recognized in 2021G partially offset by the increase in net income realised from advertising on Al Arabiya and SSC.

Other segment's profit before income tax decreased by 52.4% from SAR 101.1 million in the six-month period ended 30 June 2022G to SAR 48.2 million in the six-month period ended 30 June 2023G due to the decrease in the revenue from events held during the period.

The following table summarizes the profit / (loss) for the year / period by main sectors for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.33): Profit / (loss) for the year / period by main sectors

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Shahid	(184,030)	(309,227)	(388,75)	68.0%	25.7%	45.3%	(221,272)	(158,075)	(28.6%)
Other commercial activities	72,227	1,044,135	436,591	1,345.6%	(58.3%)	145.9%	204,819	209,638	2.4%
Media and entertainment initiatives	16,009	12,657	-	(20.9%)	N/A	N/A	-	171	N/A
Total	**(95,794)**	**747,565**	**47,866**	**N/A**	**(93.6%)**	**N/A**	**(16,453)**	**51,733**	**N/A**

SAR in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
As a percentage of Group's total revenue				**Percentage points**			**As a percentage of Group's total revenue**		**Percentage points**
Shahid	(83.7%)	(74.9%)	(70.4%)	8.8	4.6	13.3	(79.2%)	(40.7%)	38.6
Other commercial activities	4.6%	63.8%	24.2%	59.2	(39.6)	19.6	22.1%	21.7%	(0.4)
Media and entertainment initiatives	3.0%	1.6%	N/A	(1.4)	N/A	N/A	N/A	0.0%	N/A
Total	**(4.1%)**	**26.3%**	**1.4%**	**30.4**	**(24.9)**	**5.5**	**(1.0%)**	**(2.7%)**	**3.7**

Source: Management Information

Based on management reports and the performance of the main sectors, the media and entertainment initiatives sector does not have a material impact on the Group's profit as it is a funded sector. On this basis, management distinguished the results of these sectors to illustrate (i) the profitability of the other commercial activities sector, and (ii) the results of Shahid separately as the results of Shahid platform are still in the growth phase due to the investments made by the Group to develop the platform and attract a larger number of subscribers, which will positively affect the Group's profitability in subsequent periods.

6.7.2 Statement of financial position

The following table summarizes the statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G.

Table (6.34): Statement of financial position data

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Non-current assets								
Property and equipment	107,662	107,052	105,482	(0.6%)	(1.5%)	(1.0%)	97,871	(7.2%)
Intangible assets	13,324	23,741	40,668	78.2%	71.3%	74.7%	52,002	27.9%
Right of use assets	48,475	43,806	36,285	(9.6%)	(17.2%)	(13.5%)	24,136	(33.5%)
Investments in associates and joint ventures	92,062	95,637	979,693	3.9%	924.4%	226.2%	1,068,612	9.1%
Investment in financial asset through profit or loss	-	-	18,689	N/A	N/A	N/A	13,709	26.6%
Non-current advance	29,471	-	-	(100.0%)	N/A	(100.0%)	-	N/A
Employees' end of service benefits plan assets	113,933	114,263	102,518	0.3%	(10.3%)	(5.1%)	105,032	2.5%
Deferred tax assets	-	-	189	N/A	N/A	N/A	273	44.4%
Other non-current assets	23	21	20	(8.7%)	(4.8%)	(6.7%)	20	0.0%
Total non-current assets	**404,950**	**384,520**	**1,283,544**	**(5.0%)**	**233.8%**	**78.0%**	**1,361,655**	**6.1%**
Current assets								
Inventories	914,364	1,853,655	2,567,955	102.7%	38.5%	67.6%	2,790,771	8.7%
Trade receivables, prepayments and other assets	1,177,002	1,538,723	1,497,827	30.7%	(2.7%)	12.8%	1,848,564	23.4%
Due from related parties	577,916	421,905	307,564	(27.0%)	(27.1%)	(27.0%)	384,464	25.0%

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Bank balances and cash	390,354	676,370	689,404	73.3%	1.9%	32.9%	798,116	15.8%
Derivative financial instruments	-	341,625	2,799	N/A	(99.2%)	N/A	3,067	9.6%
Total current assets	**3,059,636**	**4,832,278**	**5,065,549**	**57.9%**	**4.8%**	**28.7%**	**5,824,982**	**15,0%**
Total assets	**3,464,586**	**5,216,798**	**6,349,093**	**50.6%**	**21.7%**	**35.4%**	**7,186,637**	**13.2%**
Equity and liabilities								
Equity								
Share capital	-	-	-	N/A	N/A	N/A	500	N/A
Additional shareholders' contribution	-	-	-	N/A	N/A	N/A	2,992,672	N/A
Combined contribution	5,064	5,064	10,064	0.0%	98.7%	41.0%	-	(100.0%)
Legal reserves	-	21	78	N/A	271.4%	N/A	-	(100.0%)
Discretionary reserve	511	511	511	0.0%	0.0%	0.0%	-	(100.0%)
Foreign currency translation reserve	(6,961)	(6,972)	(9,066)	0.2%	30.0%	14.1%	-	(100.0%)
Other reserves	38,386	38,386	38,386	0.0%	0.0%	0.0%	-	(100.0%)
Retained earnings	2,112,111	2,856,094	2,912,330	35.2%	2.0%	17.4%	-	(100.0%)
Equity attributable to equity holders of the Parent	2,149,111	2,893,104	2,952,303	34.6%	2.0%	17.2%	2,993,172	1.4%
Non-controlling interests	(27,362)	(17,057)	8,306	(37.7%)	(148.7%)	N/A	13,251	59.5%
Total	**2,121,749**	**2,876,047**	**2,960,609**	**35.6%**	**2.9%**	**18.1%**	**3,006,423**	**1.5%**
Non-current liabilities								
Leases liabilities	44,568	39,049	39,655	(12.4%)	1.6%	(5.7%)	29,946	(24.5%)
Employees' end of service benefits	169,149	167,904	149,371	(0.7%)	(11.0%)	(6.0%)	163,822	9.7%
Loan from related party	64,167	64,167	64,167	0.0%	0.0%	0.0%	64,167	0.0%
Deferred tax liability	-	-	22	N/A	N/A	N/A	16	(27.3%)
Total non-current liabilities	**277,884**	**271,120**	**253,215**	**(2.4%)**	**(6.6%)**	**(4.5%)**	**257,951**	**1.9%**
Current liabilities								
Leases liabilities	13,032	19,114	9,445	46.7%	(50.6%)	(14.9%)	5,179	(45.2%)
Trade and other payables	939,762	1,992,700	2,574,520	112.0%	29.2%	65.5%	3,193,647	24.0%
Due to related parties	82,688	51,081	54,054	(38.2%)	5.8%	(19.1%)	19,936	(63.1%)
Loan from shareholder	-	-	497,250	N/A	N/A	N/A	497,250	0.0%
Borrowing	29,471	6,736	-	(77.1%)	N/A	N/A	206,251	N/A
Total current liabilities	**1,064,953**	**2,069,631**	**3,135,269**	**94.3%**	**51.5%**	**71.6%**	**3,922,263**	**25.1%**
Total liabilities	**1,342,837**	**2,340,751**	**3,388,484**	**74.3%**	**44.8%**	**58.9%**	**4,180,214**	**23.4%**
Total equity and liabilities	**3,464,586**	**5,216,798**	**6,349,093**	**50.6%**	**21.7%**	**35.4%**	**7,186,637**	**13.2%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

The following table summarizes the key performance indicators as at 31 December 2020G, 2021G, 2022G and 30 June 2023G.

Table (6.35): Key performance indicators

KPIs	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Days sales outstanding (DSO) [1]	141	142	140	0.9%	(1.4%)	(0.3%)	141	1.0%
Days inventory outstanding (DIO) [2]	222	213	201	(4.1%)	(5.3%)	(4.7%)	225	11.6%
Days payables outstanding (DPO) [3]	49	58	53	17.4%	(7.4%)	4.3%	49	(8.3%)
Percentage					**Percentage points**		**Percentage**	**Percentage points**
Debt to Equity [4]	4.4%	2.5%	19.0%	(1.9)	16.5	14.6	25.5%	6.6
Return on assets (ROA) [5]	(2.8%)	14.3%	0.8%	17.1	(13.6)	3.6	0.7%	(0.1)
Return on equity (ROE) [6]	(4.5%)	26.0%	1.6%	30.5	(24.4)	6.1	1.7%	0.1

Source: Management information.

(1) DSO was calculated using average (gross receivables and contract assets) for the previous and current period / revenue from contracts with customers * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(2) DIO was calculated using average inventories for the previous and current period / total cost of programs amortization * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(3) DPO was calculated using average trade payables for the previous and current period / total direct costs * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(4) Debt to equity ratio was calculated using (loans from related party, loan from shareholder, and borrowings) / total equity as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G

(5) ROA was calculated using profit / (loss) for the year / period / total assets for the current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G

(6) ROE was calculated using profit / (loss) for the year / period / total equity for the current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G

Assets

Non-current assets

Non-current assets mainly consist of investments in associates and joint ventures, property and equipment, employees' end of service benefits plan assets, right of use assets, and intangible assets, amongst others. Non-current assets accounted for 11.7%, 7.4%, 20.2% and 18.9% of total assets as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Non-current assets decreased from SAR 405.0 million as at 31 December 2020G to SAR 384.5 million as at 31 December 2021G mainly due to the decrease in non-current advance by SAR 29.5 million. Non-current advance represented an amount paid by NEOM Company following the joint venture established between the Group and the latter under the name of MBC Game Studio. The advance amounted to SAR 29.5 million as at 31 December 2020G representing the 70% share that the Group has in MBC Game Studio. This amount was entirely paid by NEOM, and the Group repaid SAR 22.7 million and SAR 6.7 million in 2021G and 2022G, respectively.

This was partly offset by an increase in intangible assets by SAR 10.4 million in relation to growing and expanding the digital platform and investments in associates and joint ventures by SAR 3.6 million during the same year.

Non-current assets increased from SAR 384.5 million as at 31 December 2021G to SAR 1,283.5 million as at 31 December 2022G, mainly due to the increase in:

1- investments in associates and joint ventures by SAR 884.1 million following the increase in shareholding in ACSC from 5% to 20%;
2- intangible assets by SAR 16.9 million in relation to further growth and expansion of the digital platform; and
3- investment in financial assets through profit or loss which amounted to SAR 18.7 million as at 31 December 2022G following the change of classification of the investment in Anghami. The group concluded that the investment in Anghami (after listing Anghami) should be treated as an investment in financial assets at fair value through profit or loss (FVTPL). The change in classification was a disposal resulting in a reclassification gain, using the fair value of the shares held at listing.

This increase was offset by a decrease in employees' end of service benefits plan assets by SAR 11.7 million following the withdrawal of SAR 12.4 million from the saving fund used In line with the end of service for some employees and a decrease in right of use assets by SAR 7.5 million during the same year.

Non-current assets increased from SAR 1,283.5 million as at 31 December 2022G to SAR 1,361.7 million as at 30 June 2023G as a result of the increase in intangible assets by SAR 11.3 million and an increase in investments in associate and joint ventures by SAR 88.9 million as a result of additional investments in MBC Game Studio of SAR 72.0 million, in addition to a share of the profits from the investment in ACSC.

This increase was partly offset by a decrease in right-of-use assets by SAR 12.1 million due to depreciation charges for the period amounting to SAR 7.7 million, coupled with the expiration of two contracts amounting to SAR 1.8 million related to MBC Studios Projects FZ.

Current assets

Current assets mainly consisted of inventories, trade receivables, prepayments and other assets, bank balances and cash, and due from related parties, amongst others. Current assets accounted for 88.3%, 92.6%, 79.8% and 81.1% of total assets as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Current assets increased from SAR 3,059.6 million as at 31 December 2020G to SAR 4,832.3 million as at 31 December 2021G mainly due to the increase in:

1- inventories by SAR 939.3 million driven by an increase in production work-in-progress by SAR 581.1 million mainly stemming from the funded projects operations of MBC Studios Projects (with a counterpart offset by the deferred revenue under trade payables), and an increase in digital acquired content by SAR 284.8 million in line with Management's increased investment in Shahid;
2- trade receivables, prepayments and other assets by SAR 361.7 million on the back of the increase in advances for program rights by SAR 255.7 million following the increase in digital content by SAR 128.0 million as a result of Management's focus on enhancing Shahid's offerings along with the increase in program stocks by SAR 103.6 million in line with further purchases made by the Group for various titles. This was also coupled with an increase in gross trade receivables by SAR 144.9 million after the establishment of MBC Media Services BVI Limited in 2021G;
3- derivative financial instruments which amounted to SAR 341.6 million as at 31 December 2021G in relation to ACSC's option (SAR 337.5 million) and Tapmad option (SAR 4.1 million); and
4- bank balances and cash by SAR 286.0 million as a result of the growth in the Group's operations.

This was partially offset by a decrease in due from related parties by SAR 156.0 million during the same period primarily driven by the decrease in ARA Media Services by SAR 240.4 million due to the settlement of dues relating to advertising sales and the inception of MBC Media Services BVI Limited and a decrease in Middle East News FZ LLC (Al Arabiya) balances by SAR 82.6 million. This was partly offset by an increase in the balance of Intermediate Parent Company by SAR 176.5 million due to the recharges invoiced by the Group to Intermediate Parent Company relating to special projects requested outside of the scope of the expansion projects agreements.

Current assets increased from SAR 4,832.3 million as at 31 December 2021G to SAR 5,065.5 million as at 31 December 2022G mainly due to the increase in inventories by SAR 714.3 million driven by a further increase in production work-in-progress by SAR 550.8 million from the funded projects operations of MBC Studios Projects and digital acquired content by SAR149.9 million in line with continued the investment in Shahid

This was partly offset by a decrease in derivatives and financial instruments by SAR 338.8 million as the Group exercised the call option to acquire an additional 15% stake in ACSC and the decrease in the value of Tapmad option to SAR 1.8 million, and a further decrease in due from related parties by SAR 114.3 million mainly due to the decrease in Intermediate Parent Company balance by SAR 181.3 million relating to the settlement of special projects requested by Intermediate Parent Company over the same period.

Current assets increased from SAR 5,065.5 million as at 31 December 2022G to SAR 5,825.0 million as at 30 June 2023G due to the increase in the balances of trade receivables, prepayments, and other assets by SAR 350.7 million due to the increase in receivables arising from the services rendered by MBC Media Services BVI Limited by SAR 137.7 million whereby the majority of the increase related to the month of Ramadan invoices which occurred less than two months prior to period end date of 30 June 2023G in addition to the increase in bank balances and cash by SAR 108.7 million as a result of the decrease in cash flows used in investing activities during the same period.

Equity

Equity mainly consisted of retained earnings that represented 98.3%,98.7%, and 98.6% of total equity attributable to equity holders of the parent as at 31 December 2020G, 2021G, and 2022G respectively.

On 20 April 2023G, pursuant to the reorganization, the shareholders established the Company as a new holding Company with a share capital of SAR 500,000. The Company became the new holding Company of certain entities within the Group through transfer of shares of the entities referred to in the reorganization. The Group is 60% owned by Intermediate Parent Company and 40% by Waleed Bin Ibrahim Al Brahim. MBC Group share capital comprises 50,000 authorized, issued and fully paid shares of SAR 10 each.

Equity increased from SAR 2,121.7 million as at 31 December 2020G to SAR 2,876.0 million as at 31 December 2021G primarily due to the increase in retained earnings by SAR 744.0 million as a result of the accumulation of the Group's net profits (SAR 747.6 million as at 31 December 2021G).

Equity increased from SAR 2,876.0 million as at 31 December 2021G to SAR 2,960.6 million as at 31 December 2022G due to a further increase in retained earnings by SAR 56.2 million as a result of the accumulation of the Group's net profits (SAR 47.9 million as at 31 December 2022G).

Equity increased from SAR 2,960.6 million as at 31 December 2022G to SAR 3,006.4 million as at 30 June 2023G due to the effective transfer of ownership of the Group's underlying entities to MBC Group which led to combining retained earnings and all other reserves under capital contribution amounting to SAR 2,992.0 million.

Liabilities

Non-current liabilities

Non-current liabilities mainly consisted of employees' end of service benefits, loan from related party, and non-current portion of lease liabilities. Non-current liabilities accounted for 20.7%, 11.6%, 7.5% and 6.2% of total liabilities as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Non-current liabilities decreased from SAR 277.9 million as at 31 December 2020G to SAR 271.1 million as at 31 December 2021G mainly due to the decrease in the non-current portion of lease liabilities by SAR 5.5 million and the decrease in employees' end of service benefits by SAR 1.2 million during the same year.

Non-current liabilities decreased from SAR 271.1 million as at 31 December 2021G to SAR 253.2 million as at 31 December 2022G mainly due to the decrease in employees' end of service benefits by SAR 18.5 million due to actuarial gains of SAR 35.4 million and payments of SAR 21.0 million made during the year partly offset by services costs of SAR 20.0 million.

Non-current liabilities increased from SAR 253.2 million as at 31 December 2022G to SAR 258.0 million as at 30 June 2023G due to the increase in employees end of service benefits by SAR 14.5 million as a result of the increase in the number of employees and changes in actuarial assumptions. This was partly offset by the decrease in the non-current portion of lease liabilities by SAR 9.7 million due to payments during the period.

Current liabilities

Current liabilities mainly consisted of trade and other payables, loan from shareholder, due to related parties and the current portion of lease liabilities. Current liabilities accounted for 79.3%, 88.4%,92.5% and 93.8% of total liabilities as at 31 December 2020G, 2021G, and 2022G as at 30 June 2023G respectively.

Current liabilities increased from SAR 1,065.0 million as at 31 December 2020G to SAR 2,069.6 million as at 31 December 2021G mainly due to the increase in trade and other payables by SAR 1,052.9 million. The increase in trade payables was driven by the increase in:

1- deferred revenue by SAR 638.3 million in relation to funds received by the Group for providing a number of services relating to development of programs (i.e. production work in progress in inventories);
2- trade payables by SAR 171.4 million driven by the increase in production services;
3- accrued expenses by SAR114.8 million due to the increase in hosting services along with volume rebates; and
4- contract liabilities by SAR 85.5 million as a result of the increase in key government client balances in relation to advertising services, and advance payments for Shahid subscriptions.

Current liabilities increased from SAR 2,069.6 million as at 31 December 2021G to SAR 3,135.2 million as at 31 December 2022G mainly due to a further increase in trade and other payables by SAR 581.8 million on the back of the increase in deferred revenue by SAR 374.7 million for funds received during the year that amounted to SAR 747.1 million (partly offset by recognizing production costs of SAR 284.9 million) during the year. Trade and other payables also increased due to the increase in contract liabilities resulting from funds received through the grant funding agreement and NEOM along with an increase in funds received to MBC Media KSA for various production projects under progress.

Moreover, the increase in current liabilities was also a result of a loan from shareholder amounting to SAR 497.2 million during the same year, which was provided for the purpose of financing the acquisition of the additional 15% stake in ACSC. The loan is interest free and is repayable on demand with a 12 month-notice period.

Current liabilities increased from SAR 3,135.2 million as at 31 December 2022G to SAR 3,922.3 million as at 30 June 2023G due to the increase in trade and other payables by SAR 619.1 million on the back of the increase in deferred revenue by SAR 464.0 million in relation to the funded projects and channels along the increase in accrued expenses by SAR 149.1 million. This was coupled with an increase in borrowings by SAR 206.3 million as at 30 June 2023G due to the utilization of short-term facilities available to the Group from Citi Bank. This was partly offset by a decrease in amounts due to related parties by SAR 34.1 million and lease liabilities by SAR 4.3 million during the same period.

6.7.2.1 Non-current assets

The following table summarizes the non-current assets as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.36): Non-current assets

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Property and equipment	107,662	107,052	105,482	(0.6%)	(1.5%)	(1.0%)	97,871	(7.2%)
Intangible assets	13,324	23,741	40,668	78.2%	71.3%	74.7%	52,002	27.9%
Right of use assets	48,475	43,806	36,285	(9.6%)	(17.2%)	(13.5%)	24,136	(33.5%)
Investments in associates and joint ventures	92,062	95,637	979,693	3.9%	924.4%	226.2%	1,068,612	9.1%
Investment in financial asset through profit or loss	-	-	18,689	N/A	N/A	N/A	13,709	(26.6%)

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Non-current advance	29,471	-	-	(100.0%)	N/A	(100.0%)	-	N/A
Employees' end of service benefits plan assets	113,933	114,263	102,518	0.3%	(10.3%)	(5.1%)	105,032	2.5%
Deferred tax assets	-	-	189	N/A	N/A	N/A	273	44.4%
Other non-current assets	23	21	20	(8.7%)	(4.8%)	(6.7%)	20	0.0%
Total	**404,950**	**384,520**	**1,283,544**	**(5.0%)**	**233.8%**	**78.0%**	**1,361,655**	**6.1%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Property and equipment

Property and equipment mainly comprised of technical equipment used in production, leasehold improvements, capital work in progress "CWIP" relating to the ERP and content management system, furniture and fixture, and motor vehicles. Property and equipment as a percentage of total non-current assets accounted for 26.6%, 27.8%, 8.2% and 7.2% as at 31 December 2020G, 2021G, 2022G and as 30 June 2023G, respectively.

Property and equipment decreased from SAR 107.7 million as at 31 December 2020G to SAR 107.1 million as at 31 December 2021G due to annual depreciation charges (SAR 54.1 million) mainly in relation to technical equipment (75% of total depreciation charge), partly offset by additions during the year (SAR 53.9 million) mainly related to technical equipment as well (SAR 46.6 million) and leasehold improvements (SAR 5.7 million).

Property and equipment decreased from SAR 107.1 million as at 31 December 2021G to SAR 105.5 million as at 31 December 2022G driven by the deduction of the additions related to the Group's headquarters in Riyadh, KSA (by SAR 16.1 million on net basis) which were funded through the Intermediate Parent Company.

Property and equipment decreased from SAR 105.5 million as at 31 December 2022G to SAR 97.9 million as at 30 June 2023G due to depreciation charges for the period amounting to SAR 19.5 million, partly offset by additions of SAR 13.8 million, which mainly relate to (i) technical equipment (SAR 10.9 million) namely laptops, monitors, and screens, and (ii) leasehold improvements (SAR 1.2 million).

Intangible assets

Intangible assets pertain to the costs incurred to develop and upgrade the Shahid platform which included applications compatible with mobile devices, analytical models and architectural prototype implementation; noting that research and development costs related to the Shahid platform are capitalized. Intangible assets as a percentage of total non-current assets accounted for 3.3%, 6.2%, 3.2% and 3.8% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Intangible assets increased from SAR 13.3 million as at 31 December 2020G to SAR 23.7 million as at 31 December 2021G driven by additions of SAR 23.0 million made in line with Management's focus on growing and expanding the digital platform. The additions were partly offset by amortization charges for the year amounting to SAR 3.1 million, coupled with a write-off of SAR 9.4 million related to management's decision to stop the in-house development of these applications and shift to third party CMS solutions.

Intangible assets increased from SAR 23.7 million as at 31 December 2021G to SAR 40.7 million as at 31 December 2022G due to additions of SAR 25.0 million during the year driven by the continuous expansion of the Shahid platform partly offset by amortisation expenses of SAR 8.1 million over the same period.

Intangible assets increased from SAR 40.7 million as at 31 December 2022G to SAR 52.0 million as at 30 June 2023G driven by additions of SAR 16.5 million related to Shahid platform development costs amounting to SAR 14.5 million, partly offset by amortization charges amounting to SAR 5.1 million.

Right of use assets

Right of use assets comprised residential units, vehicles, infrastructures, and satellites used in the Group's operations. Right of use assets as a percentage of total non-current assets accounted for 12.0%, 11.4%, 2.8% and 1.8% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Right of use assets decreased from SAR 48.5 million as at 31 December 2020G to SAR 43.8 million as at 31 December 2021G due to depreciation charges amounting to SAR 21.8 million, partly offset by additions of SAR 17.2 million during the same period mainly in relation to the establishment of MBC Media Services BVI Limited.

Right of use assets decreased from SAR 43.8 million as at 31 December 2021G to SAR 36.3 million as at 31 December 2022G due to depreciation charges of SAR 18.8 million partly offset by additions of SAR 13.3 million during the year.

It is worth noting that the Group has a long-term finance lease contract signed with Dubai Development Authority, to lease a building, and included in it, an option to buy this property at any time during the lease period at the option price as calculated in the contract.

Right-of-use assets decreased from SAR 36.3 million as at 31 December 2022G to SAR 24.1 million as at 30 June 2023G due to depreciation charges amounting to SAR 7.9 million, coupled with disposals regarding two terminated contracts amounting to SAR 1.8 million mainly related to MBC Studios Projects which relocated from a third party leased office to MBC Group's office in the UAE.

Investments in associates and joint ventures

Investments in associates and joint ventures pertains to the Group's investments in associates and equity accounted joint ventures. Investments in associates and joint ventures as a percentage of total non-current assets accounted for 22.7%, 24.9%,76.3% and 78.5% as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G, respectively.

Investments in associates and joint ventures increased from SAR 92.1 million as at 31 December 2020G to SAR 95.6 million as at 31 December 2021G due to fluctuation in the share of results of associates.

Investments in associates and joint ventures increased from SAR 95.6 million as at 31 December 2021G to SAR 979.7 million as at 31 December 2022G (i) as the Group exercised the call option of acquiring an additional 15% share in ACSC resulting in an increase of SAR 846.4 million, along with (ii) the additional investment in MBC Game Studios for the amount of SAR 46.8 million over the same period. This was partly offset by reclassification of the investment in Anghami to FVTPL.

The Group through its fully owned subsidiary (MBC Initiatives LLC) owns 70% of the shares of MBC Game Studios, and accounted for it as at 31 December 2020G and 2021G under the provision of IFRS11 which requires each shareholder to consolidate its respective share of the assets, liabilities, revenues and expenses. As at 30 June 2022G, the investment in MBC Game Studios was reclassified to a joint venture accounted for under the equity method. This was partly offset by reclassification of the investment in Anghami to investment in financial assets at FVTPL.

Investments in associates and joint ventures increased from SAR 979.7 million as at 31 December 2022G to SAR 1,068.6 million as at 30 June 2023G in line with the additional investment pertaining to MBC Game Studio, amounting to SAR 72.0 million coupled with share of profits of SAR 22.3 million, mainly relating to ACSC (SAR 26.8 million) which was partially offset by the losses incurred from MBC Game Studio of SAR 4.5 million. This increase in investments in associates and joint ventures was offset by the distribution of dividends from ACSC (SAR 4.0 million) and other comprehensive losses (SAR 1.4 million) arising from ACSC (SAR 1.3 million) and Wego (SAR 105 thousand).

Investment in financial asset through profit or loss

Investment in financial asset through profit or loss amounted to SAR 18.7 million as at 31 December 2022G and accounted for 1.5% of total non-current assets.

Investment in financial asset through profit or loss pertains to the Group's investment share of capital of 12% in Anghami. The investment was reclassified from investment in associate to an investment at FVTPL following Anghami's listing on NASDAQ, New York on February 2022G. The valuation of Anghami is based on the closing share price at the period end.

Investment in financial assets at fair value through profit or loss accounted for 1.0% of total non-current assets as at 30 June 2023G. Investment in financial assets through profit or loss decreased from SAR 18.7 million as at 31 December 2022G to SAR 13.7 million as at 30 June 2023G due to unrealized losses of SAR 5.0 million recognized as a result of the decrease in Anghami's share price at the end of the period.

Non-current advance

Non-current advance represented an amount paid by NEOM Company in 2020G following the joint venture established between the Group and the latter under the name of MBC Game Studios. Non-current advance amounted to SAR 29.5 million as at 31 December 2020G and accounted for 7.3% of total non-current assets representing the 70% share that the Group has in MBC Game Studios. This amount was entirely paid by NEOM, and the Group repaid SAR 22.7 million and SAR 6.7 million during 2021G and 2022G, respectively.

Employees' end of service benefits plan assets

Employees' end of service benefits plan assets pertains to a saving fund established by the Group for the purpose of funding employees' end of service benefits obligations. Contributions to the plan are upon the discretion of the Group. The plan is deemed a saving fund. The interest received in the plan is accrued as part of the provision of employee's end of service indemnity payable. The fund is placed with Barclays Bank in the United Kingdom through the plan's trustee, Equiom and its movement mainly arise from interest accumulation.

Employees' end of service benefits plan assets as a percentage of total non-current assets accounted for 28.1%, 29.7% ,8.0% and 7.7% as at 31 December 2020G, 2021G, and 2022G and as at 30 June, 2023G respectively.

Employees' end of service benefits plan assets increased from SAR 113.9 million as at 31 December 2020G to SAR 114.3 million as at 31 December 2021G following the accumulation of interest by SAR 0.3 million during the same year.

Employees' end of service benefits plan assets decreased from SAR 114.3 million as at 31 December 2021G to SAR 102.5 million as at 31 December 2022G after withdrawing an amount of SAR 12.4 million Saudi riyals to pay the benefits of employees who resigned during the same fiscal year. This was partly offset by interest earned of SAR 0.7 million which averaged at 1.46% per annum during 2022G.

Employees' end of service benefits plan assets increased from SAR 102.5 million as at 31 December 2022G to SAR 105.0 million as at 30 June 2023G as a result of interest earned during the period amounting to SAR 2.5 million.

Deferred tax assets

Deferred tax assets pertain to taxes provided for during the year 2022G arising from MBC Media Services BVI Limited and amounted to SAR 189 thousand as at 31 December 2022G.

Deferred tax assets increased from SAR 189 thousand as at 31 December 2021G to SAR 273 thousand as at 30 June 2023G pertaining to taxes arising from MBC Media Solutions Limited KSA. The balance increased after the taxable income from MBC Media Solutions Limited KSA increased.

Other non-current assets

Other non-current assets amounted to SAR 23 thousand as at 31 December 2020G and 2021G, 21 thousand as at 31 December 2022G and 20 thousand as at 30 June 2023G.

6.7.2.1.1 Property and equipment by type

The following table summarizes the net book value of property and equipment by type as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.37): Property and equipment net book value by type

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Leasehold improvements	21,944	16,147	13,324	(26.4%)	(17.5%)	(22.1%)	11,382	(14.6%)
Technical equipment	78,842	87,336	82,285	10.8%	(5.8%)	2.2%	75,731	(8.0%)
Motor vehicles	225	119	124	(47.1%)	4.2%	(25.8%)	84	(32.3%)
Furniture and fixtures	3,977	3,450	2,479	(13.3%)	(28.1%)	(21.0%)	2,035	(17.9%)
Capital work in progress	2,674	-	7,270	(100.0%)	N/A	64.9%	8,638	18.8%
Total	**107,662**	**107,052**	**105,482**	**(0.6%)**	**(1.5%)**	**(1.0%)**	**97,871**	**(7.2%)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Additions to property and equipment by type

The following table summarizes the additions to property and equipment by type as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.38): Additions to property and equipment by type

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Leasehold improvements	6,165	5,678	6,403	(7.9%)	12.8%	1.9%	1,171	(81.7%)
Technical equipment	28,822	46,610	31,771	61.7%	(31.8%)	5.0%	10,871	(65.8%)
Motor vehicles	312	-	154	(100.0%)	N/A	(29.7%)	-	(100.0%)
Furniture and fixtures	2,500	1,634	812	(34.6%)	(50.3%)	(43.0%)	396	(51.2%)
Capital work in progress	2,638	-	7,270	(100.0%)	N/A	66.0%	1,368	(81.2%)
Total	40,437	53,922	46,410	33.3%	(13.9%)	7.1%	13,806	(70.3%)

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Accumulated depreciation of property and equipment by type

The following table summarizes the accumulated depreciation of property and equipment by type as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.39): Accumulated depreciation of property and equipment by type

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Leasehold improvements	98,654	110,170	119,286	11.7%	8.3%	10.0%	116,654	(2.2%)
Technical equipment	635,443	669,759	701,092	5.4%	4.7%	5.0%	647,942	(7.6%)
Motor vehicles	2,932	3,038	3,187	3.6%	4.9%	4.3%	3,153	(1.1%)
Furniture and fixtures	32,310	34,083	35,763	5.5%	4.9%	5.2%	33,989	(5.0%)
Total	**769,339**	**817,050**	**859,328**	**6.2%**	**5.2%**	**5.7%**	**801,739**	**(6.7%)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Property and equipment mainly comprised of technical equipment used in production, leasehold improvements, capital work in progress "CWIP" relating to the ERP and content management system, furniture and fixture, and motor vehicles. Property and equipment as a percentage of total non-current assets accounted for 26.6%, 27.8%, 8.2% and 7.2% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Property and equipment decreased from SAR 107.7 million as at 31 December 2020G to SAR 107.1 million as at 31 December 2021G due to annual depreciation charges (SAR 54.1 million) mainly in relation to technical equipment (75% of total depreciation charge), partly offset by additions during the year (SAR 53.9 million) mainly related to technical equipment as well (SAR 46.6 million) and leasehold improvements (SAR 5.7 million).

Property and equipment decreased from SAR 107.1 million as at 31 December 2021G to SAR 105.5 million as at 31 December 2022G driven by the deduction of the additions related to the Group's headquarters in Riyadh, KSA (by SAR 16.1 million on net basis) which were funded by the Intermediate Parent Company.

Property and equipment decreased from SAR 105.5 million as at 31 December 2022G to SAR 97.9 million as at 30 June 2023G due to depreciation charges for the period of SAR 19.5 million, partly offset by additions of SAR 13.8 million which mainly relate to (i) technical equipment (SAR 10.9 million) namely laptops, monitors, and screens and (ii) leasehold improvements (SAR 1.2 million).

Leasehold improvements

Leasehold improvements pertain to the enhancements made on the Group's premises. Leasehold improvements as a percentage of total property and equipment accounted for 20.4%, 15.1%,12.6% and 11.6% as at 31 December 2020G, 2021G, and 2022G and as 30 June 2023G respectively.

Leasehold improvements decreased from SAR 21.9 million as at 31 December 2020G to SAR 16.1 million as at 31 December 2021G due to depreciation charges of SAR 11.5 million partly offset by additions of SAR 5.7 million over the same period.

Leasehold improvements decreased from SAR 16.1 million as at 31 December 2021G to SAR 13.3 million as at 31 December 2022G due to the netting of capital expenditure additions funded by the Intermediate Parent Company for the Group's headquarters in Riyadh which resulted in a decrease in leasehold improvements by SAR 18.8 million, in addition to the related depreciation charges for the year that amounted to SAR 11.8 million. The decrease was partly offset by additions during the year for SAR 6.4 million.

Leasehold improvements decreased from SAR 13.3 million as at 31 December 2022G to SAR 11.4 million as at 30 June 2023G due to depreciation charges amounting to SAR 2.7 million, partly offset by additions amounting to SAR 1.2 million mainly related to refurbishments done to some of the floors in the head office allocated to MBC Studios Projects.

Technical equipment

Technical equipment includes lightning systems, channels project systems, Avid system, and all the hardware and network equipment necessary for the operations of the Group. Technical equipment as a percentage of total property and equipment accounted for 73.2%, 81.6%, 78.0% and 77.4% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Technical equipment increased from SAR 78.8 million as at 31 December 2020G to SAR 87.3 million as at 31 December 2021G driven by additions amounting to SAR 46.6 million and transfers from capital work in progress amounting to SAR 2.7 million, partly offset by annual depreciation charges of SAR 40.7 million.

Technical equipment decreased from SAR 87.3 million as at 31 December 2021G to SAR 82.3 million as at 31 December 2022G resulting from depreciation charges of SAR 36.6 million exceeding additions of SAR 31.8 million during the year.

Technical equipment decreased from SAR 82.3 million as at 31 December 2022G to SAR 75.7 million as at 30 June 2023G due to depreciation expenses amounting to SAR 15.9 million, partly offset by additions of SAR 10.9 million mainly related to laptops, monitors, computers, IT network switches, routers, amongst others.

Motor vehicles

Motor vehicles comprised the Group's motorbikes, cars, and vans used for the Group's operations. Motor vehicles as a percentage of total property and equipment accounted for 0.2% as at 31 December 2021G and 0.1% as at 31 December 2021G and 2022G and as at 30 June 2023G.

Motor vehicles decreased from SAR 225 thousand as at 31 December 2020G to SAR 119 thousand as at 31 December 2021G due to annual depreciation charges of SAR 106 thousand.

Motor vehicles increased from SAR 119 thousand as at 31 December 2021G to SAR 124 thousand as at 31 December 2022G due to additions of SAR 154 thousand mostly offset by depreciation charges amounting to SAR 149 thousand during the year.

Motor vehicles decreased from SAR 124 thousand as at 31 December 2022G to SAR 84 thousand as at 30 June 2023G due to depreciation charges. As at 30 June 2023G, motor vehicles were approximately 97% depreciated.

Furniture and fixtures

Furniture and fixtures as a percentage of total property and equipment accounted for 3.7%, 3.2%, 2.4% and 2.1% as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G respectively.

Furniture and fixtures decreased from SAR 4.0 million as at 31 December 2020G to SAR 3.5 million as at 31 December 2021G due to depreciation charges of SAR 1.8 million during the year partly offset by additions of SAR 1.6 million during the year.

Furniture and fixtures decreased from SAR 3.5 million as at 31 December 2021G to SAR 2.5 million as at 31 December 2022G mainly due to annual depreciation charges of SAR 1.7 million offset by additions of SAR 0.8 million during the year.

Furniture and fixtures decreased from SAR 2.5 million as at 31 December 2022G to SAR 2.0 million as at 30 June 2023G due to depreciation charges amounting to SAR 749 thousand, partly offset by additions of SAR 396 thousand during the period.

Capital work in progress

Capital work in progress "CWIP" mainly relates to costs incurred for implementation and customization of a new software system to be used for content management broadcasting system as well as implementation of Oracle Fusion ERP. It is worth noting that the Group classifies its CWIP under property and equipment and any assets that are intangible in nature (such as the Oracle Fusion ERP) are transferred to intangible assets upon the completion of the development stages. Capital work in progress as a percentage of total property and equipment accounted for 2.5% as at 31 December 2020G, 6.9% as at 31 December 2022G and 8.8% as at 30 June 2023G.

Capital work in progress amounted to SAR 2.7 million as at 31 December 2020G and decreased to nil as at 31 December 2021G in line with transfers made to technical equipment.

Capital work in progress amounted to SAR 7.3 million as at 31 December 2022G in line with the additions made during the year in relation to the implementation of the Group's Oracle Fusion ERP system.

Capital work in progress increased from SAR 7.3 million as at 31 December 2022G to SAR 8.6 million as at 30 June 2023G due to additions of SAR 1.4 million related to the implementation of the Group's Oracle Fusion ERP system, network enhancement, and other IT customization and integrations.

It should be noted that the Group has capital commitments worth of SAR 60.0 million as at 30 June 2023G related to constructing studios in Al Narjis district, Riyadh, Kingdom of Saudi Arabia (the total estimated value of the studios amounted to SAR 405.0 million, of which the group has capitalized approximately SAR 60.8 million).

Property and equipment by subsidiary

The following table summarizes the net book value of property and equipment by subsidiary as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.40): Property and equipment net book value by subsidiary

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
MBC FZ LLC	82,407	81,211	79,912	(1.5%)	(1.6%)	(1.5%)	72,490	(9.3%)
MBC Media Services BVI Limited and its subsidiaries	-	7,996	6,126	N/A	(23.4%)	N/A	5,443	(11.1%)
Middle East Production Company	6,038	4,940	5,978	(18.2%)	21.0%	(0.5%)	6,939	16.1%
MBC Media Saudi Arabia Co. Ltd.	-	-	5,599	N/A	N/A	N/A	6,535	16.7%
MBC Jordan LLC	5,277	3,591	2,666	(31.9%)	(25.8%)	(28.9%)	2,811	5.4%
MBC Lebanon	10,254	5,912	2,075	(42.3%)	(64.9%)	(55.0%)	161	(92.2%)
MBC Studio Projects FZ LLC	1,000	1,110	1,741	11.0%	56.8%	31.9%	1,593	(8.5%)
MBC Holding Cyprus Limited	1,479	1,414	682	(4.4%)	(51.8%)	(32.1%)	781	14.4%
MBC Studios FZ LLC	1,156	786	457	(32.0%)	(41.9%)	(37.1%)	300	(34.3%)
MBC Initiatives LLC	-	-	105	N/A	N/A	N/A	636	505.5%
MBC Studios Projects Saudi Limited	-	-	96	N/A	N/A	N/A	144	49.7%
Platinum Records FZ LLC	44	27	33	(38.6%)	22.2%	(13.4%)	30	(9.7%)
Wanasah FZ LLC	2	8	8	300.0%	0.0%	100.0%	5	(33.3%)
MBC Group Holding Hungary Limited Liability Company, Hungary	5	4	3	(20.0%)	(25.0%)	(22.5%)	3	(1.6%)
MBC Initiatives LLC	-	52	-	N/A	(100.0%)	0.0%	-	N/A
Total	**107,662**	**107,052**	**105,482**	**(0.6%)**	**(1.5%)**	**(1.0%)**	**97,871**	**(7.2%)**

Source: Management information.

6.7.2.1.2 Intangible assets

The following table summarizes the intangible assets as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.41): Intangible assets

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
As at 1 January	2,065	13,324	23,741	545.2%	78.2%	239.1%	40,668	71.3%
Additions during the year	11,817	22,962	25,048	94.3%	9.1%	45.6%	16,468	(34.3%)
Amortization during the year	(558)	(3,138)	(8,121)	462.4%	158.8%	281.5%	(5,134)	(36.8%)
Write-offs during the year	-	(9,407)	-	N/A	(100.0%)	0.0%	-	N/A
As at 31 December / 30 June	**13,324**	**23,741**	**40,668**	**78.2%**	**71.3%**	**74.7%**	**52,002**	**27.9%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management Information.

Intangible assets pertain to the costs incurred to develop and upgrade the Shahid platform which included mobile applications and analytical models, where research and development costs related to the Shahid platform are capitalized. Intangible assets as a percentage of total non-current assets accounted for 3.3%, 6.2%, 3.2% and 3.8% as at 31 December 2020G, 2021G, 2022G and as at 30 June, respectively.

Intangible assets increased from SAR 13.3 million as at 31 December 2020G to SAR 23.7 million as at 31 December 2021G driven by additions of SAR 23.0 million made in line with Management's focus on growing and expanding the digital platform. The additions were partly offset by amortization charges for the year amounting to SAR 3.1 million, coupled with a write-off of SAR 9.4 million related to management's decision to stop the in-house development of these applications and shift to third party CMS solutions.

Intangible assets increased from SAR 23.7 million as at 31 December 2021G to SAR 40.7 million as at 31 December 2022G due to additions of SAR 25.0 million during the year driven by the continuous expansion of the Shahid platform partly offset by amortisation expenses of SAR 8.1 million over the same period.

Intangible assets increased from SAR 40.7 million as at 31 December 2022G to SAR 52.0 million as at 30 June 2023G due to additions amounting to SAR 16.5 million related to platform development costs amounting to SAR 14.5 million, partly offset by amortization charges of SAR 5.1 million.

6.7.2.1.3 Right-of-use assets

The following table summarizes the right-of-use assets as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.42): Right-of-use assets

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
As at 1 January	66,646	48,475	43,806	(27.3%)	(9.6%)	(18.9%)	36,285	(17.2%)
Additions during the year	968	17,161	13,271	1,672.8%	(22.7%)	270.3%	2,282	(82.8%)
Deletions during the year	(5)	(6)	(1,357)	20.0%	22,516.7%	1,547.4%	(848)	(37.5%)
Depreciation	(19,134)	(21,825)	(18,802)	14.1%	(13.9%)	(0.9%)	(7,850)	(58.2%)
Foreign exchange difference (net)	-	1	(633)	N/A	(63,400.0%)	0.0%	(5,734)	805.8%
As at 31 December / 30 June	**48,475**	**43,806**	**36,285**	**(9.6%)**	**(17.2%)**	**(13.5%)**	**24,136**	**(33.5%)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Right of use assets comprised residential units, vehicles, infrastructures, and satellites used in the Group's operations.

Right of use assets as a percentage of total non-current assets accounted for 12.0%, 11.4%, 2.8% and 1.8% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Right of use assets decreased from SAR 48.5 million as at 31 December 2020G to SAR 43.8 million as at 31 December 2021G due to depreciation charges amounting to SAR 21.8 million, partly offset by additions of SAR 17.2 million during the same period mainly in relation to the establishment of MBC Media Services BVI Limited.

Right of use assets decreased from SAR 43.8 million as at 31 December 2021G to SAR 36.3 million as at 31 December 2022G due to depreciation charges of SAR 18.8 million partly offset by additions of SAR 13.3 million during the year.

Right-of-use assets decreased from SAR 36.3 million as at 31 December 2022G to SAR 24.1 million as at 30 June 2023G due to depreciation charges of SAR 7.7 million, in addition to the termination of two contracts of SAR 1.8 million mainly related to MBC Studios Projects which relocated from a third party leased office to MBC Group's office in the UAE.

It is worth noting that the Group has a long-term finance lease contract with Dubai Development Authority, to lease a building. This contract also holds the option to buy this property at any time during the lease period at the option price as calculated in the contract The Group discounts its lease liabilities at a discount rate of 5%.

6.7.2.1.4 Investments in associates and joint ventures

The following table summarizes the investments in associates and joint ventures as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.43): Investments in associates and joint ventures

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Investment in equity accounted joint ventures	1	1	46,825	0.0%	4682400.0%	21539.1%	114,390	144.3%
Investment in associates	92,061	95,636	932,868	3.9%	875.4%	218.3%	954,222	2.3%
Total	**92,062**	**95,637**	**979,693**	**3.9%**	**924.4%**	**226.2%**	**1,068,612**	**9.1%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Investments in associates and joint ventures pertains to the Group's investments in associates and equity accounted joint ventures. Investments in associates and joint ventures as a percentage of total non-current assets accounted for 22.7%, 24.9%, 76.3% and 78.5% as at 31 December 2020G, 2021G and 2022G and as at 30 June 2023G respectively.

Investments in associates and joint ventures increased from SAR 92.1 million as at 31 December 2020G to SAR 95.6 million as at 31 December 2021G due to fluctuation in the share of results of associates.

Investments in associates and joint ventures increased from SAR 95.6 million as at 31 December 2021G to SAR 979.7 million as at 31 December 2022G (i) as the Group exercised the call option of acquiring an additional 15% share in ACSC resulting in an increase of SAR 846.4 million, along with (ii) the additional investment in MBC Game Studios for the amount of SAR 46.8 million over the same period. This was partly offset by reclassification of the investment in Anghami to financial assets at FVTPL.

The Group through its fully owned subsidiary (MBC Initiatives LLC) owns 70% of the shares of MBC Game Studios, and accounted for it as at 31 December 2020G and 2021G under the provision of IFRS11 which requires each shareholder to consolidate its respective share of the assets, liabilities, revenues and expenses. As at 30 June 2022G, the investment in MBC Game Studios was reclassified to a joint venture accounted for under the equity method. This was partly offset by reclassification of the investment in Anghami to FVTPL.

Investments in associates and joint ventures increased from SAR 979.7 million as at 31 December 2022G to SAR 1,068.6 million as at 30 June 2023G in line with the additional investment pertaining to MBC Game Studio, amounting to SAR 72.0 million coupled with share of profits of SAR 22.3 million, mainly relating to ACSC (SAR 26.8 million) which was partially offset by the losses incurred from MBC Game Studio of SAR 4.5 million. This increase in investments in associates and joint ventures was offset by the distribution of dividends from ACSC (SAR 4.0 million) and other comprehensive losses (SAR 1.4 million) arising from ACSC (SAR 1.3 million) and Wego (SAR 105 thousand).

The following table summarizes the movement in investments in joint ventures as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.44): Movement in investments in joint ventures

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
As at 1 January	2,265	1	1	(100.0%)	0.0%	(97.9%)	46,826	4682500.0%
Loss on disposal	(1,501)	-	-	N/A	N/A	N/A	-	0.0%
Share of results	(763)	-	(10,083)	N/A	N/A	263.5%	(4,471)	(55.7%)
Additional investment during the year / period	-	-	56,908	N/A	N/A	0.0%	72,035	26.6%
As at 31 December / 30 June	**1**	**1**	**46,825**	**0.0%**	**4682400.0%**	**21539.1%**	**114,390**	**144.3%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

The net book value of investments in joint ventures amounting to SAR 46.8 million as at 31 December 2022G primarily pertains to the joint venture with MBC Game Studios.

MBC Initiatives LLC, a fully owned subsidiary, jointly controls MBC Game Studio with NEOM whereby it owns 70% and NEOM owns 30%. Previously, the subsidiary accounted for its investment in the Game Studio as a joint operation under the provision of IFRS 11 – Joint Arrangements, which requires that each shareholder records their respective shares in asset, liabilities, revenues, and expenses. As at 30 June 2022G, the investment in MBC Game Studio was accounted for as an investment in a joint operation as the Group jointly controls the Game Studio with NEOM. The value of the investment as at that date amounted to nil. Subsequently as at 30 June 2022G, the investment has been reclassified to a joint venture and accounted for under the equity method which resulted in an additional investment of SAR 56.9 million offset by share of losses of SAR 10.1 million during the same period leading to a net investment value of SAR 46.8 million as at 31 December 2022G.

During the six-month period ended 30 June 2023G, game development research costs have been accounted for under the equity method whereas the similar costs formed a part of direct cost till the period the investment was accounted as a joint operation. The Group made an additional investment in MBC Game Studio amounting to SAR 72.0 million, offset by share of losses amounting to SAR 4.5 million during the same period, resulting in a net investment value of SAR 114.4 million as at 30 June 2023G.

The following table summarizes the investments in associates as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.45): Investments in associates

SAR in 000s	Percentage of ownership as at 31 Dec 2022G	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
ACSC	20%	46,626	56,869	903,305	22.0%	1488.4%	340.2%	924,818	2.4%
Wego	10%	16,550	15,097	15,643	(8.8%)	3.6%	(2.8%)	15,885	1.5%
Tapmad	29.76%	8,880	15,752	13,920	77.4%	(11.6%)	25.2%	13,519	(2.9%)
Anghami	-	20,005	7,918	-	(60.4%)	(100.0%)	0.0%	-	N/A
As at 31 December / 30 June		**92,061**	**95,636**	**932,868**	**3.9%**	**875.4%**	**218.3%**	**954,222**	**2.3%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Investments are typically recorded at fair value at initial acquisition and then carried on the balance sheet using equity accounting methodology (whereby the share of profit and losses are included in the investment value). For Anghami and ACSC which are listed entities as at 31 December 2022G, they will be valued based on the value of the shares as at each closing date.

Whilst Management indicated that there are no future commitments regarding these investments, there are certain call options to increase the shares in the investments (such as Tapmad). Further, the Group has 60% ownership in MBC Media Solutions FZ LLC which is fully consolidated, but the Group has an option to acquire the remaining 40% of this entity (which was recognized as a derivative instrument as at 31 December 2022G).

ACSC

Effective August 2020G, the Group acquired a 5% stake in Arabian Contracting Services Company ("ACSC"), which is a joint stock company registered in Riyadh, Kingdom of Saudi Arabia. The main activities of ACSC are the execution of contracting, construction works, purchase of land for the construction of buildings, and establishment of exhibitions and road works, and advertising. The consideration paid was SAR 46.1 million. Furthermore, the Group had an option to increase its shareholding percentage to 20% within a certain timeframe. Based on the evaluation of terms of investment, the Group assessed that it had significant influence over the investee and has recorded its investment in ACSC as an equity accounted associate. The investments value increased from SAR 46.6 million as at 31 December 2020G to SAR 56.9 million as at 31 December 2021G following the increase in share results of the investment.

On 11 November 2021G, ACSC listed its shares on Tadawul, the Saudi Stock Exchange. The Group did not sell any of its shares and still held its 5% ownership at the time of ACSC's listing. As at 31 December 2021G, the Group held 5% shareholding on ACSC and reassessed its terms of the investment and concluded that it still has significant influence over ACSC.

On 10 October 2022G, the Group exercised its call option and acquired an additional 15% shareholding on ACSC thereby increasing the total shareholding to 20%. The exercise price of SAR 497.3 million which has been paid was based on the terms agreed between the Group and Saudi Media Company (joint venture partner for MBC Media Solutions FZ LLC) ("the other shareholder") in their agreement entered into in August 2020G. At the date of the transaction, the market value of the additional shares acquired amounted to SAR 829.5 million. The call option to acquire an additional 15% interest in ACSC, which was valued at SAR 332.2 million as at 31 December 2021G, was reclassified into investment in associates upon exercise of the call option. Hence, the difference between the derivative value (SAR 337.5 million) and the realized gain (SAR 332.2 million) netting to SAR 5.3 million was recognized as loss in the consolidated income statements under direct cost in 2022G.

The acquisition of the additional 15% on ACSC was financed by a shareholder loan amounting to SAR 497.3 million. The loan is interest-free and repayable on demand with 12 month-notice period.

The investments value thus increased from SAR 56.9 million as at 31 December 2021G to SAR 903.3 million as at 31 December 2022G.

The value of the investment in ACSC increased from SAR 903.3 million as at 31 December 2022G to SAR 924.8 million as at 30 June 2023G due to a share of profits of SAR 26.8 million, offset by the distribution of dividends of SAR 4.0 million during the same period.

Wego

Wego PTE LTD "Wego", is a company incorporated and domiciled in Singapore. Wego's principal activities are to carry on business of providing information on travel products using the travel search engine. The Group owns 10% as per the shareholder agreement.

Based on the evaluation of terms of investment, the Group has significant influence over the investee and has recorded its investment in Wego as an equity accounted associate.

The business was loss making in 2020G and 2021G but generated positive earnings in 2022G. Hence, the value of the investment decreased from SAR 16.6 million as at 31 December 2020G to SAR 15.1 million as at 31 December 2021G.

Wego's investment value then increased from SAR 15.1 million as at 31 December 2021G to SAR 15.6 million as at 31 December 2022G.

Wego's investment value increased from SAR 15.6 million as at 31 December 2022G to SAR 15.9 million as at 30 June 2023G due to the share of profits (SAR 346 thousand), partly offset by other comprehensive loss (SAR 105 thousand).

Tapmad

Tapmad Holdings PTE LTD "Tapmad" was incorporated in Singapore on 8 October 2018G. The principal activity of Tapmad is to provide OTT and SVOD services in Pakistan.

Effective 17 October 2022G, the Group has increased its ownership from 25.08% to 29.76% with a consideration payable amounting to SAR 7.5 million. This resulted in an increase in the value of the investment from SAR 8.9 million as at 31 December 2020G to SAR 15.8 million as at 31 December 2021G.

The Group has an option to purchase an additional 10% of the total issued shares and the agreement gives the Group a right to increase their shareholding to 51% or more. Nevertheless, the Group does not intend to increase its shares beyond 51%, therefore only 10% option is treated as a derivative financial instrument and recorded on the balance sheet accordingly.

The investments value decreased from SAR 15.8 million as at 31 December 2021G to SAR 13.9 million as at 31 December 2022G following a share loss of SAR 1.8 million recorded during 2022G.

The investments value decreased from SAR 13.9 million as at 31 December 2022G to SAR 13.5 million as at 30 June 2023G following a share loss of SAR 401 thousand during the same period.

Anghami

Anghami was a limited liability company incorporated in the Cayman Islands on 14 February 2012G. Anghami's principal activities consist of facilitating a platform for music and video streaming, entertainment, social, through mobile, web, computer, applications and other supported programs and related media. The Group had 19.3% ownership as per the shareholder agreement, yet, as at 31 December 2021G, the Group's stake in Anghami decreased to 18.15%.

On 4 February 2022G, Anghami listed its shares on NASDAQ, New York. The Group reassessed its significant influence in Anghami based on the listing particulars and whereby the Group concluded that the investment in Anghami shall be treated as an investment in financial assets at fair value through profit and loss (FVTPL). The change in classification was a deemed disposal giving rise to a gain on reclassification, using the fair value of the shares held at listing.This has led to a gain of SAR 133.5 million due to the change in the classification at the time of listing, partly offset by SAR 122.7 million as unrealized loss on the fair value of the investment due to a decline in the share price as at 31 December 2022G (with a net impact of SAR 10.8 million unrealized gain on the investment in 2022G). As such, the value of the investment in Anghami amounted to SAR 18.7 million as at 31 December 2022G.

The value of the investment in Anghami decreased by SAR 5.0 million to SAR 13.7 million as at 30 June 2023G as a result of the decrease in the share price.

6.7.2.2 Working capital

The following table summarizes the working capital as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.46): Working capital

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Current assets								
Inventories	914,364	1,853,655	2,567,955	102.7%	38.5%	67.6%	2,790,771	8.7%
Trade receivables, prepayments and other assets	1,177,002	1,538,723	1,497,827	30.7%	(2.7%)	12.8%	1,848,564	23.4%
Due from related parties	577,916	421,905	307,564	(27.0%)	(27.1%)	(27.0%)	384,464	25.0%
Bank balances and cash	390,354	676,370	689,404	73.3%	1.9%	32.9%	798,116	15.8%
Derivative financial instruments	-	341,625	2,799	N/A	(99.2%)	N/A	3,067	9.6%
Total current assets	**3,059,636**	**4,832,278**	**5,065,549**	**57.9%**	**4.8%**	**28.7%**	**5,824,982**	**15.0%**
Current liabilities								
Leases liabilities	13,032	19,114	9,445	46.7%	(50.6%)	(14.9%)	5,179	(45.2%)
Trade and other payables	939,762	1,992,700	2,574,520	112.0%	29.2%	65.5%	3,193,647	24.0%
Due to related parties	82,688	51,081	54,054	(38.2%)	5.8%	(19.1%)	19,936	(63.1%)
Loan from shareholder	-	-	497,250	N/A	N/A	N/A	497,250	0.0%
Borrowing	29,471	6,736	-	(77.1%)	N/A	N/A	206,251	N/A
Total current liabilities	**1,064,953**	**2,069,631**	**3,135,269**	**94.3%**	**51.5%**	**71.6%**	**3,922,263**	**25.1%**
Net working capital [1]	**1,994,683**	**2,762,647**	**1,930,280**	**38.5%**	**(30.1%)**	**(1.6%)**	**1,902,719**	**(1.4%)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

(1) Net working capital = total current assets – total current liabilities as at 31 December 2020G, 2021G, 2022G, and as at 30 June 2023G

Net working capital increased from SAR 1,994.7 million as at 31 December 2020G to SAR 2,762.6 million as at 31 December 2021G, mainly due to the increase in inventories by SAR 939.3 million, trade receivables, prepayments, and other assets by SAR 361.7 million and the increase in derivatives financial instruments by SAR 341.6 million.

Net working capital decreased from SAR 2,762.6 million as at 31 December 2021G to SAR 1,930.3 million as at 31 December 2022G mainly due to the increase in trade and other payables by SAR 581.8 million, an increase in loan from shareholder by SAR 497.2 million, the decrease in derivatives financial instruments by SAR 338.8 million, and the decrease in dues from related parties by SAR 114.3 million, in addition to a decrease in cash and bank balances by SAR 13.0 million. This decrease was marginally offset by an increase in inventories by SAR 714.3 million over the same period.

Net working capital decreased from SAR1,930.3 million as at 31 December 2022G to SAR 1,902.7 million as at 30 June 2023G due to the increase in borrowings amounting to SAR 206.3 million as a result of the utilization of short-term facilities available to the Group from Citi Bank with a margin of 1.25% per year for working capital purposes and specifically for content purchases, in addition to an increase in the balance of trade receivables, prepayments and other assets by SAR 350.7 million during the same period.

6.7.2.3 Current assets

The following table summarizes the current assets as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.47): Current assets

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Inventories	914,364	1,853,655	2,567,955	102.7%	38.5%	67.6%	2,790,771	8.7%
Trade receivables, prepayments and other assets	1,177,002	1,538,723	1,497,827	30.7%	(2.7%)	12.8%	1,848,564	23.4%
Due from related parties	577,916	421,905	307,564	(27.0%)	(27.1%)	(27.0%)	384,464	25.0%
Bank balances and cash	390,354	676,370	689,404	73.3%	1.9%	32.9%	798,116	15.8%
Derivative financial instruments	-	341,625	2,799	N/A	(99.2%)	N/A	3,067	9.6%
Total current assets	**3,059,636**	**4,832,278**	**5,065,549**	**57.9%**	**4.6%**	**28.5%**	**5,824,982**	**15.0%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Inventories

Inventories comprised the Group's acquired programs, developed programs, and production work in progress.

Inventories increased from SAR 914.4 million as at 31 December 2020G to SAR 1,853.7 million as at 31 December 2021G due to the increase in production work-in-progress by SAR 581.1 million mainly stemming from the funded projects operations of MBC Studios Projects coupled with the increase in digital acquired content by SAR 284.8 million in line with Management's increased investment in Shahid.

Inventories increased from SAR 1,853.7 million as at 31 December 2021G to SAR 2,568.0 million as at 31 December 2022G due to the increase in production work-in-progress by SAR 550.8 million mainly stemming from the continued increase in funded production projects, coupled with the increase in digital acquired content by SAR 149.9 million in line with Management's increased investment in Shahid. During 2022G, the Group has revisited its digital content impairment accounting estimate based on gathered viewership data of Shahid from 2020G up to 2022G. This change has resulted in an adjustment on accumulated amortization in 2022G amounting to SAR 81.4 million.

Inventories increased from SAR 2,568.0 million as at 31 December 2022G to SAR 2,790.8 million as at 30 June 2023G due to the increase in the funded projects operations of MBC Studios Projects, and acquired digital content of SAR 40.3 million in line with the increased investment in Shahid. This was partly offset by a decrease in developed programs by SAR 27.0 million.

The Group conducts inventory write offs when the content license expires prior to the full amortization of the title or when management decides to take the content off air or not to air it for commercial reasons.

Trade receivables, prepayments, and other assets

Trade receivables, prepayments and other assets mainly comprised gross trade receivables, contract assets, allowance for Expected Credit Loss, advances for program rights, and advances to suppliers amongst others.

Trade receivables, prepayments and other assets increased from SAR 1,177.1 million as at 31 December 2020G to SAR 1,538.5 million as at 31 December 2021G on the back of the increase in advances for program rights by SAR 255.7 million driven by the increase in advances for digital programs by SAR 128.0 million in line with Management's focus on enhancing Shahid's offerings and the increase in program stocks by SAR 103.6 million in line with further purchases made by the Group for various titles. This was also coupled with an increase in gross trade receivables by SAR144.9 million following the establishment of MBC Media Services BVI Limited in 2021G.

Trade receivables, prepayments and other assets increased from SAR 1,538.7 million as at 31 December 2021G to SAR 1,497.8 million as at 31 December 2022G due to the increase in advances for program rights by SAR 100.3 million as a result of the increase in commissioned content development by SAR 38.1 million, as the Group increased its investment in original commissioned productions, along with the increase in digital content by SAR 30.8 million and program stock by SAR 33.0 million driven by the Group's increased investments in programs available on both the Shahid and Linear platforms. This was partly offset by a decrease in other receivables by SAR 59.2 million as at 31 December 2022G following the receipt of SAR 115.9 million in 2022G out of a total of SAR 187.5 million related to the compensation for loss from a TV Channel.

Trade receivables, prepayments and other assets increased from SAR 1,497.8 million as at 31 December 2022G to SAR 1,848.6 million as at 30 June 2023G due to the increase in trade receivables arising from MBC Media Services BVI Limited by SAR 137.7 million whereby the majority of the increase related to the month of Ramadan invoices which occurred less than two months prior to period end date of 30 June 2023G.

Due from related parties

Due from related parties pertains to balances with MBC Group Holding Ltd, MBC International FZ LLC, Saudi Media Company, and Intermediate Parent Company, amongst others.

Due from related parties decreased from SAR 577.9 million as at 31 December 2020G to SAR 421.9 million as at 31 December 2021G following the decrease of ARA Media Services LLC balance by SAR 240.4 million pertaining to advertising receivables fully settled during 2021G. The decrease was partly offset by an increase in the balance due from Intermediate Parent Company by SAR 176.5 million relating to funding receivable by the Group.

Due from related parties balance decreased from SAR 421.9 million as at 31 December 2021G to SAR 307.6 million as at 31 December 2022G following the decrease in Intermediate Parent Company balance by SAR 181.3 million relating to funds received by the Group.

Due from related parties balance increased from SAR 307.6 million as at 31 December 2022G to SAR 384.5 million as at 30 June 2023G due to the increase in content production advances to Ara International Production Company amounting to SAR 45.6 million and the balance due from the Saudi Media Company of SAR 29.6 million related to selling and processing some booking orders on behalf of MBC Media Services for certain clients. This was partly offset by a decrease in the balance due from the Intermediate Parent Company by SAR 10.8 million due to the settlement of receivable funds.

Bank balances and cash

Bank balances and cash mainly comprised of current accounts, short-term treasury bills and cash on hand, which amounted to 95.3%, 4.3% and 0.3% of total bank balances and cash as at 31 December 2022G, respectively.

Bank balances and cash amounted to SAR 390.4 million as at 31 December 2020G, SAR 676.4 million as at 31 December 2021G and SAR 689.4 million as at 31 December 2022G. It is important to note that as at 31 December 2022G, bank balances and cash include a provision for Expected Credit Loss amounting to SAR 3.6 million arising from MBC Lebanon bank balances due to the financial crisis in Lebanon.

Bank balances and cash amounted to SAR 798.1 million as at 30 June 2023G. These mainly consisted of current accounts along with short-term Treasury bills and short-term deposits. Bank balances and cash include an allowance for expected credit loss of SAR 1.6 million as at 30 June 2023G arising from MBC Lebanon bank balances due to the financial crisis in Lebanon.

Derivative financial instruments

As at 31 December 2022G, the Group has call options which meet the definition of derivative financial instruments under IFRS 9 – Financial Instruments and which are measured at fair value in accordance with IFRS 13 – Fair Value Measurement.

Derivative financial instruments as at 31 December 2022G, pertain to two call options that the Group holds with the possibility to increase its stake in existing investments, namely Tapmad and MBC Media Solutions FZ LLC.

Derivative financial instruments increased from nil as at 31 December 2020G to SAR 341.6 million as at 31 December 2021G stemming from the ACSC option amounting to SAR 337.5 million and Tapmad option of SAR 4.1 million.

The balance increased from SAR 341.6 million as at 31 December 2021G to SAR 2.8 million as at 31 December 2022G and then to SAR 3.1 million as at 30 June 2023G as the Group exercised the call option to acquire an additional 15% stake in ASCS on 10 October 2022G, consequently reclassifying the value of SAR 337.5 million to investment in associate, coupled with the decrease in value of Tapmad option to SAR 1.8 million.

In accordance with the shareholders' agreement between MBC Media Services BVI Limited, a fully owned subsidiary of the Group, and Engineer Holding Group, the Group has a call option to acquire the non-controlling interest in MBC Media Solutions FZ LLC. The option was valued at SAR 965 thousand as at 31 December 2022G as opposed to nil as at 31 December 2021G due to the recent incorporation of MBC Media Solutions FZ LLC. The Group continues to reassess the value of the call options at each reporting period.

6.7.2.3.1 Inventories

The following table summarizes the inventories as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.48): Inventories

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Acquired programs	629,329	924,518	1,114,865	46.9%	20.6%	33.1%	1,237,475	11.0%
Developed programs	2,609	65,604	38,744	2414.5%	(40.9%)	285.4%	11,727	(69.7%)
Subtotal	**631,938**	**990,122**	**1,153,609**	**56.7%**	**16.5%**	**35.1%**	**1,249,202**	**8.3%**
Production work-in-progress	282,426	863,533	1,414,346	205.8%	63.8%	123.8%	1,541,569	9.0%
Total	**914,364**	**1,853,655**	**2,567,955**	**102.7%**	**38.5%**	**67.6%**	**2,790,771**	**8.7%**
Days inventory outstanding (DIO) [1]	222	213	201	(4.1%)	(5.3%)	(4.7%)	225	11.9%

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

(1) DIO was calculated using average inventories for the previous and current period / total cost of programs amortization * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

The following table summarizes the inventories broken down by inventory type as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.49): Inventories by type

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Third Party	239,639	476,829	646,785	99.0%	35.6%	64.3%	643,274	(0.5%)
MBC Group	17,351	64,955	44,880	274.4%	(30.9%)	60.8%	88,714	97.7%
Digital - Acquired	**256,990**	**541,784**	**691,665**	**110.8%**	**27.7%**	**64.1%**	**731,987**	**5.8%**
Third Party	345,342	354,015	399,816	2.5%	12.9%	7.6%	471,401	17.9%
MBC Group	26,997	28,719	23,385	6.4%	(18.6%)	(6.9%)	34,086	45.8%
GTV - Acquired	372,339	382,734	423,201	2.8%	10.6%	6.6%	505,487	19.4%
Total Acquired programs	**629,329**	**924,518**	**1,114,865**	**46.9%**	**20.6%**	**33.1%**	**1,237,475**	**11.0%**

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Developed programs	2,609	65,604	38,744	2414.5%	(40.9%)	285.4%	11,727	(69.7%)
Production work-in-progress	282,426	863,533	1,414,346	205.8%	63.8%	123.8%	1,541,569	9.0%
Total	**914,364**	**1,853,655**	**2,567,955**	**102.7%**	**38.5%**	**67.6%**	**2,790,771**	**8.7%**

Source: Management information.

Total inventories accounted for 26.4%, 35.5%, 40.4% and 38.8% of total assets as at 31 December 2020G, 2021G, and 2022G and as at 30 June 223G respectively. Inventories are segregated between acquired inventory for GTV and digital, internally developed programs and production work in progress.

The Group engages with regional and international content providers as part of acquiring Arabic and Western content. Generally, the Group pays the providers in advance on a yearly basis, each year of the license term. It is worth noting that Arabic and Western programs differ in terms of license durations and exclusivity.

Acquired Arabic content has a license expiry date ranging from 4 to 7 years, while acquired Western content license has a license term of 3 years. In terms of exclusivity, Arabic content is exclusive between 6 to 12 months whereas Western content is exclusive between 3 to 6 months, where applicable. It is important to note that the Group has commissioned content, pertaining to content requested from certain producers. This type of content is recorded under the Acquired Arabic content, yet, it has a license period of 50 years with ultimate exclusivity to the Group.

The Group does not track inventory aging, however, the conservative inventory amortization policies in place and the internal policies and control prevent the Group's inventory from carrying obsolete inventory.

The Group's DIO decreased steadily during the historical period and amounted to 222 days, 213 days, and 201 days as at 31 December 2020G, 2021G and 2022G respectively. It is worth noting that the DIO recorded as at 31 December 2022G was impacted by the digital content impairment accounting estimates revision by management, resulting in an adjustment on accumulated amortization as at 31 December 2022G amounting to SAR 81.4 million.

The Group's inventory is amortized based on internal policies for digital and GTV inventories based on the timing the content is broadcasted and aired to the public. The internal agreed percentage is determined through Management's expertise, the use of historical data and market insights after considering the expected runs for the program, the air timing and the means of distribution of the content.

Based on experience, Management believes that substantially all benefits from the sale of programs are realized within three years from first availability, and a significant majority of those benefits are realized during the first two years of that period. Shahid (digital) program inventory is amortized on a nonlinear accelerated basis which is the lesser of six years or the license period.

Management reviews the useful lives and residual values of available content periodically. These reviews lead to the adjustment of content inventory net book value through write offs and impairments of residual values as per the policies set internally. This happens in cases where the content rights expire, or the content's maximum allowed useful life as per the internal set policy is reached. For its GTV acquired content, the Group applies a forced amortization of 80% of NBV for content that has aged been capitalized for 3 years and not yet fully amortized. The content is fully amortized if capitalized since more than 3 years. It completely erases it at the age of 4 years.

Management also analyses market trends and historical viewership trends periodically to assess its applied amortization policy. The impact resulting from any change on accumulated amortization due to a change in policy or accounting estimate is absorbed during the respective period under assessment or review.

During 2022G, the Group has revisited its digital content impairment accounting estimates based on gathered viewership data of Shahid from 2020G up to 2022G. This change has resulted in an adjustment on accumulated amortization as at 31 December 2022G amounting to SAR 81.4 million.

The Group will continue to periodically assess (on a quarterly basis) the content decline which will become more practical as the digital platform evolves and additional statistics/analysis are provided. The periodic review will calculate content reduction if necessary (on an as-needed basis), as the amortization policy is on an accelerated basis (at least 80% of content value is amortized in the first three years).

Acquired programs

Acquired programs are programs either acquired or commissioned from third party producers by the Group. The payments for these programs are usually made in advance towards the acquisition or the development of the program by the third-party providers. The Group records these payments under advances for program rights until the content's license start date is reached, being the date at which the inventory is capitalized. As such, acquired programs reflects the value of the agreement with the content provider and is subject to the Group's internal cost allocation policy, to split between the inventory between its digital and GTV platforms.

Acquired programs as a percentage of total inventories accounted for 68.8%, 49.9%, 43.4% and 44.3% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Acquired programs increased from SAR 629.3 million as at 31 December 2020G to SAR 924.5 million as at 31 December 2021G mainly due to the increase in digital content by SAR 284.8 million largely from third party suppliers accompanied by an increase in GTV content by SAR 10.4 million in line with the growth of both the OTT and broadcast segments of the Group and the increased investments in the Shahid platform.

Acquired programs increased from SAR 924.5 million as at 31 December 2021G to SAR 1,114.9 million as at 31 December 2022G as a result of an increase in third party digital inventory by SAR 170.0 million, partially impacted by the change in digital amortization accounting estimate update in 2022G, along with an increase of third party GTV inventory by SAR 45.8 million. The continued growth of the Group's digital inventory reflects Management's strategy to expand and grow Shahid platform in an aim to support the growth in the number of subscribers.

Acquired programs increased from SAR 1,114.9 million as at 31 December 2022G to SAR 1,237.5 million as at 30 June 2023G due to an increase in digital content by SAR 40.3 million along with GTV content by SAR 82.3 million. This was partly offset by the amortization of MBC Group's content available inventory, whether on the digital or the TV channels. The continuous increase in the digital content confirms Management's strategy to continue to grow Shahid.

Developed programs

Developed programs are programs internally developed by the Group's internal production house. In this case the total costs incurred to produce the said content such as, staff costs, depreciation of technical equipment, studio set-up and decoration, among others are capitalized within inventory.

Developed programs as a percentage of total inventories accounted for 0.3%, 3.5% ,1.5% and 0.4% as at 31 December 2020G, 2021G, and 2022Gand as at 30 June 2023G , respectively.

Developed programs increased from SAR 2.6 million as at 31 December 2020G to SAR 65.6 million as at 31 December 2021G mainly pertaining to Rashash, The Hotel, and Top Chef 5 episodes that had not yet aired as at 31 December 2021G.

Developed programs decreased from SAR 65.6 million as at 31 December 2021G to SAR 38.7 million as at 31 December 2022G, following airing the episodes of the above-mentioned programs, partly offset by the additions of newly developed episodes of The Office, Al Meerath, Rupture, and Route 10 amounting to SAR 18.4 million during 2022G.

Developed programs decreased from SAR 38.7 million as at 31 December 2022G to SAR 11.7 million as at 30 June 2023G due to the amortization of episodes of some aired programs during the period.

Production work-in-progress

Production work-in-progress pertains to the accumulated costs incurred till date on programs that are internally produced and are still in the production phase.

Production work-in-progress as a percentage of total inventories accounted for 30.9%, 46.6% , 55.1% and 55.2% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Production work-in-progress increased from SAR 282.4 million as at 31 December 2020G to SAR 863.5 million as at 31 December 2021G due to the ongoing production of certain programs.

Production work-in-progress increased from SAR 863.5 million as at 31 December 2021G to SAR 1,414.3 million as at 31 December 2022G due to the costs incurred for the ongoing production of the above listed titles and the addition of the accumulated costs incurred during the ongoing production of The Message. It is worth noting that the majority of the production done by the Group in 2022G is done by MBC Studios Projects and its subsidiaries and are funded by the Government of the KSA (represented by Istedamah Holding Company) through expansion project agreements.

Production work-in-progress increased from SAR 1,414.3 million as at 31 December 2022G to SAR 1,541.6 million as at 30 June 2023G due to the costs incurred for the ongoing production of the above-mentioned programs in addition to other programs.

6.7.2.3.2 Trade receivables, prepayments, and other assets

The following table summarizes the trade receivables, prepayments, and others breakdown as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.50): Trade receivables, prepayments, and other assets breakdown

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Trade receivables	587,119	732,064	686,184	24.7%	(6.3%)	8.1%	899,736	31.1%
Contract assets	101,573	173,355	213,711	70.7%	23.3%	45.1%	300,934	40.8%
Less: allowance for expected credit loss	(222,793)	(177,760)	(188,984)	(20.2%)	6.3%	(7.9%)	(190,663)	0.9%
Advance for program rights	188,000	443,748	544,017	136.0%	22.6%	70.1%	506,556	(6.9%)
Deposits	18,307	29,639	21,130	61.9%	(28.7%)	7.4%	13,111	(38.0%)
Advance to suppliers	74,188	58,288	50,461	(21.4%)	(13.4%)	(17.5%)	82,419	63.3%
Prepaid expenses	28,002	21,708	31,210	(22.5%)	43.8%	5.6%	38,716	24.0%
Staff receivables	3,104	3,104	3,948	0.0%	27.2%	12.8%	7,930	100.9%
Other receivables	399,502	254,577	136,150	(26.3%)	(46.5%)	(41.6%)	189,825	39.4%
Total	**1,177,002**	**1,538,723**	**1,497,827**	**30.7%**	**(2.7%)**	**12.8%**	**1,848,564**	**23.4%**
Days sales outstanding (DSO) [1]	141	142	140	0.9%	(1.4%)	(0.3%)	141	1.0%

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

(1) DSO was calculated using average (gross receivables and contract assets) for the previous and current period / revenue from contracts with customers * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

Trade receivables

Trade receivables represent outstanding balances of the Group's customers, mainly in relation to advertising, interactivity, distribution, digital, and events management services provided. Net trade receivables as a percentage of total trade receivables, prepayments and other assets accounted for 39.6%, 47.3%, 47.5%, and 54.6% as at 31 December 2020G, 2021G and 2022G and as at 30 June 2023G respectively.

Trade receivables increased from SAR 587.1 million as at 31 December 2020G to SAR 732.1 million as at 31 December 2021G primarily due to the establishing of MBC Media Services BVI Limited during 2021G, which contributed to an increase in trade receivables by SAR 144.9 million since the Group moved its advertising bookings and sales in-house.

Trade receivables decreased from SAR 732.1 million as at 31 December 2021G to SAR 686.2 million as at 31 December 2022G driven by the partial settlement received from a long outstanding receivable balance related to a key client amounting to SAR 12.4 million coupled with settlements of balances of various MBC Media Services BVI Limited customers amounting to SAR 28.4 million during the same year.

Trade receivables increased from SAR 686.2 million as at 31 December 2022G to SAR 899.7 million as at 30 June 2023G due to the increase in the receivables of MBC Media Services BVI Limited amounting to SAR 137.7 million, whereby the majority of the increase related to the month of Ramadan invoices which occurred less than two months prior to period end date of 30 June 2023G. In addition, trade receivables arising from MBC FZ LLC increased by SAR 29.3 million, mainly due to the receivables balance from SSC amounting to SAR 90.5 million related to broadcasting and technical services provided.

Contract assets

Contract assets pertains to accrued revenues prior to the issuance of invoices mainly related to Shahid voucher sales through telecom operators, in process advertising bookings and interactivity gaming revenue. The Group reconciles the Shahid voucher sold and interactivity revenue with the operators fulfilling the service before the issuance of the invoice.

Contract assets increased from SAR 101.6 million as at 31 December 2020G to SAR 173.4 million as at 31 December 2021G and then to SAR 213.7 million as at 31 December 2022G in line with the increased Shahid voucher sales and the launch of the broadcast and technical service with SSC.

Contract assets increased from SAR 213.7 million as at 31 December 2022G to SAR 300.9 million as at 30 June 2023G due to the increase in unbilled revenue amounting to SAR 57.8 million mainly pertaining to Shahid's unbilled revenue in line with the growth in the number of subscribers for the same period.

The Group's DSO calculated taking into consideration the gross trade receivable balances and the contract assets balances remained stable and amounted to 141 days, 142 days, 140 days and 141 days as at 31 December 2020G, 2021G and 2022G and as at 30 June 2023G, respectively.

Trade receivables by client

The following table summarizes the trade receivables by the top 10 clients as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.51): Trade receivables by the top 10 clients

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Client 1	-	-	-	N/A	N/A	N/A	90,465	N/A
Client 2	-	-	-	N/A	N/A	N/A	75,469	N/A
Client 3	-	9,748	61,682	N/A	532.8%	N/A	38,561	(37.5%)
Client 4	-	6,812	19,791	N/A	190.5%	N/A	34,610	(74.9%)

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Client 5	-	10,597	28,557	N/A	169.5%	N/A	29,572	3.6%
Client 6	-	25,523	25,572	N/A	0.2%	N/A	29,384	14.9%
Client 7	-	172	3,807	N/A	2,113.4%	N/A	24,177	535.1%
Client 8	-	14,066	24,723	N/A	75.8%	N/A	23,953	(3.1%)
Client 9	-	4,735	104	N/A	97.8%	N/A	22,129	21177.9%
Client 10	20,625	20,625	20,625	0.0%	0.0%	0.0%	20,625	0.0%
Others	566,494	639,786	501,323	12.9%	(21.6%)	(11.5%)	510,791	1.9%
Total	**587,119**	**732,064**	**686,184**	**24.7%**	**(6.3%)**	**8.1%**	**899,736**	**31.1%**
As a percentage of total					**Percentage points**		**As a percentage of total**	**Percentage points**
Top 10 clients	N/A	12.6%	26.9%	N/A	14.3	N/A	45.2%	18.3
Others	N/A	87.4%	73.1%	N/A	(14.3)	N/A	54.8%	(18.3)

Source: Management information.

As at 31 December 2022G, the Group had several balances that have been long outstanding that related to legacy receivables relating to periods prior to 2020G. All the said legacy receivables have been fully provided for as at 31 December 2022G.

Ageing of trade receivables

The following tables summarize the gross trade receivables and contract assets ageing and expected credit loss provision as at 31 December 2020G, 2021G, and 2022G:

Table (6.52): Trade receivables and contract assets ageing and expected credit loss provision as at 31 December 2022G

SAR in 000s	Contract asset	Current	< 30 days	31-60 days	61-90 days	> 90 days	Total
Total gross carrying amount	213,711	370,828	56,371	13,732	19,611	225,642	**899,895**
Less: Expected credit loss	(31,324)	(749)	(137)	(275)	(352)	(156,147)	**(188,984)**
Net trade receivables	182,387	370,079	56,234	13,457	19,259	69,495	**710,911**
Expected credit loss rate	14.7%	0.2%	0.2%	2.0%	1.8%	69.2%	**21.0%**

Source: Management Information.

Table (6.53): Trade receivables and contract assets ageing and expected credit loss provision as at 31 December 2021G

SAR in 000s	Contract asset	Current	< 30 days	31-60 days	61-90 days	> 90 days	Total
Total gross carrying amount	173,355	430,168	57,533	14,013	15,277	215,073	**905,419**
Less: Expected credit loss	(24,714)	(639)	(316)	(373)	(106)	(151,612)	**(177,760)**
Net trade receivables	148,641	429,529	57,217	13,640	15,171	63,461	**727,659**
Expected credit loss rate	14.3%	0.1%	0.5%	2.7%	0.7%	70.5%	**19.6%**

Source: Management Information.

Table (6.54): Trade receivables and contract assets ageing and expected credit loss provision as at 31 December 2020G

SAR in 000s	Contract asset	Current	< 30 days	31-60 days	61-90 days	> 90 days	Total
Total gross carrying amount	101,573	332,589	28,195	5,184	9,887	211,264	**688,692**
Less: Expected credit loss	(23,086)	(1,601)	(576)	(184)	(9)	(197,337)	**(222,793)**
Net trade receivables	78,487	330,988	27,619	5,000	9,878	13,927	**465,899**
Expected credit loss rate	22.7%	0.5%	2.0%	3.5%	0.1%	93.4%	**32.4%**

Source: Management Information.

The Group has past due balances as at 30 June 2023G which management believes are still collectible, specifically from two legacy customers amounting to SAR 25.1 million and SAR 10.8 million respectively. These balances have been fully provided for as at 30 June 2023G.

The Group has active legal cases relating to outstanding receivable balances amounting to SAR 73.5 million as at 31 December 2022G and SAR 64.9 million as at 30 June 2023G. It is worth noting that the Group only writes off receivable balances after exhausting all legal means of collections and Management decides to stop all recoverability efforts.

Allowance for expected credit loss

The following table summarizes the allowance for expected credit loss as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.55): Allowance for expected credit loss

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
As at 1 January	211,092	222,793	177,760	5.5%	(20.2%)	(8.2%)	188,984	6.3%
Allowance / (reversal) made during the year, net	11,701	(27,897)	11,463	(338.4%)	(141.1%)	(1.0%)	3,142	(72.6%)
Transfer to a related party	-	-	85	N/A	N/A	N/A	231	171.8%
Write-offs during the year	-	(17,136)	(324)	N/A	(98.1%)	N/A	(1,694)	422.8%
As at 31 December / 30 June	**222,793**	**177,760**	**188,984**	**(20.2%)**	**6.3%**	**(7.9%)**	**190,663**	**0.9%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

The Group's credit policy ranges between 60 to 90 days, after which the invoices are considered overdue. No interest is charged on the overdue trade receivables and the Group does not hold any collateral over these balances. Management provisions for aged receivables through applying a 50% provision on receivables that aged for 6 months and 100% provisions on receivables aged for a year or more.

Allowance for expected credit loss decreased from SAR 222.8 million as at 31 December 2020G to SAR 177.8 million as at 31 December 2021G mainly due to reversals of SAR 27.9 million mainly relating to the partial collection of a legacy receivable balance from a client and several other provisioned balances collected by the Group during the year. This was coupled with write-offs amounting to SAR 17.1 million related to bad balances that will not be collected, according to the management study.

Allowance for expected credit loss increased from SAR 177.8 million as at 31 December 2021G to SAR 189.0 million as at 31 December 2022G driven by the allowances for the year amounting to SAR 11.5 million, following the application of the internal policies of the Group and the ECL model in place, in line with the increased aging of receivables mainly stemming from clients of MBC Media Services BVI Limited established during 2021G.

Allowance for expected credit loss increased from SAR 189.0 million as at 31 December 2022G to SAR 190.6 million as at 30 June 2023G due to additional provisions of SAR 3.1 million during the same period, coupled with write-offs amounting to SAR 1.7 million.

Trade receivables by subsidiary

The following table summarizes the trade receivables by subsidiary as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.56): Trade receivables by subsidiary

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
MBC FZ LLC	513,288	170,660	147,882	(66.8%)	(13.3%)	(46.3%)	216,489	46.4%
MBC Media Services BVI Limited and its subsidiaries	-	499,208	470,769	N/A	(5.7%)	N/A	608,507	29.3%
MBC Studios FZ LLC	63,643	44,085	41,583	(30.7%)	(5.7%)	(19.2%)	42,934	3.2%
MBC Media Saudi Arabia Co. Ltd.	-	-	2,089	N/A	N/A	N/A	23,956	1,046.8%
MBC Studios Projects FZ LLC	1,977	17,757	1,813	798.3%	(89.8%)	(4.2%)	8,521	370.0%
MBC Initiatives BVI Limited	-	-	395	N/A	N/A	N/A	148	(62.5%)
Platinum Records FZ LLC	256	354	360	38.1%	1.7%	18.6%	(933)	(359.2%)
Wanasa Free Zone Company	-	-	-	N/A	N/A	N/A	(38)	N/A
MBC Group Holding Hungary Limited Liability Company, Hungary	-	-	158	N/A	N/A	N/A	151	(4.4%)
Elimination	7,956	-	21,137	(100.0%)	na	63.0%	-	(100.0%)
Total	**587,119**	**732,064**	**686,184**	**24.7%**	**(6.3%)**	**8.1%**	**899,736**	**31.1%**

Source: Management information.

MBC FZ LLC and MBC Media Services BVI Limited and its subsidiaries are the main entities that contribute to the Group's gross trade receivables balance noting that these are the two main entities generating the Group's revenues from contract with clients (given the nature of the services provided digital and advertising services).

Prepayments and other assets

The following table summarizes the prepayments and other assets breakdown as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.57): Prepayments and other assets breakdown

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Advance for program rights	188,000	443,748	544,017	136.0%	22.6%	70.1%	506,556	(6.9%)
Deposits	18,307	29,639	21,130	61.9%	(28.7%)	7.4%	13,111	(38.0%)
Advance to suppliers	74,188	58,288	50,461	(21.4%)	(13.4%)	(17.5%)	82,419	63.3%
Prepaid expenses	28,002	21,708	31,210	(22.5%)	43.8%	5.6%	38,716	24.0%

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Staff receivables	3,104	3,104	3,948	0.0%	27.2%	12.8%	7,930	100.9%
Other receivables	399,502	254,577	136,150	(36.3%)	(46.5%)	(41.6%)	189,825	39.4%
Total	**711,103**	**811,064**	**786,916**	**14.1%**	**(3.0%)**	**5.2%**	**838,557**	**6.6%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Advance for program rights

Advance for program rights mainly pertains to MBC FZ LLC and relates to advances paid on program rights and licenses purchased. These include broadcast content, digital content, content development, and format rights acquisitions. Advance for program rights as a percentage of total trade receivables, prepayments and other assets accounted for 16.0%, 28.8%,36.3% and 27.4% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Advance for program rights increased from SAR 188.0 million as at 31 December 2020G to SAR 443.7 million as at 31 December 2021G following the increase in digital content by SAR 128.0 million as a result of Management's focus on enhancing Shahid's offerings along with the increase in program stocks by SAR 103.6 million in line with further purchases made by the Group for various titles.

The provisions for advance for program rights are amounted to SAR 2.8 million as at 31 December 2021G.

Advance for program rights increased from SAR 443.7 million as at 31 December 2021G to SAR 544.0 million as at 31 December 2022G in line with the continued expansion of the Group's acquired program inventory. No provisions were recorded as at 31 December 2022G.

Advance for program rights decreased from SAR 544.0 million as at 31 December 2022G to SAR 506.6 million as at 30 June 2023G due to the fact that the major part of program advances gets capitalized during Ramadan.

The Group had SAR 72.7 million of non-moving advances for more than 365 days as at 30 June 2023G and is in the process of negotiating with suppliers to replace the requested titles or to receive credit notes.

Deposits

Deposits pertain to deposits in relation to utilities, rent, visas, telephone services and venue bookings in relation to the events segment. Deposits as a percentage of total trade receivables, prepayments and other assets accounted for 1.6%, 1.9%, 1.4%, and 0.7% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Deposits increased from SAR 18.3 million as at 31 December 2020G to SAR 29.6 million as at 31 December 2021G mainly due to deposits and guarantees related to the establishment of MBC Media Services BVI Limited.

Allowances for expected credit loss amounted to SAR 431 thousand as at 31 December 2020G. During 2021G, allowances were reversed amounting to SAR 375 thousand leading to an allowance balance of SAR 56 thousand as at 31 December 2021G.

Deposits decreased from SAR 29.6 million as at 31 December 2021G to SAR 21.1 million as at 31 December 2022G as a result of the release of a margin deposit on the bank guarantee related to MBC Media Services BVI Limited amounting to SAR 14.1 million, partly offset by the increase in deposits related to the newly established MBC Media KSA amounting to SAR 6.8 million.

During the year 2022G, allowances of SAR 1 thousand were provided for, leading to an expected credit loss balance of SAR 57 thousand as at 31 December 2022G.

Deposits decreased from SAR 21.1 million as at 31 December 2022G to SAR 13.1 million as at 30 June 2023G due to a decrease in deposits relating to MBC Media KSA amounting to SAR 6.8 million, as a result of the maturity of bank guarantees relating to the Joy Awards.

Advance to suppliers

Advances to suppliers pertain to advances made for the Group's insurance, hosting services, marketing agencies amongst others prior to the receipt of the related service invoices. Advance to suppliers as a percentage of total trade receivables, prepayments and other assets accounted for 6.3%, 3.8%, 3.4% and 4.5% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Advance to suppliers decreased from SAR 74.2 million as at 31 December 2020G to SAR 58.3 million as at 31 December 2021G due to a decrease in advances to a key supplier by SAR 12.5 million driven by the transfer of the Voice Kids program balance to work in progress. This was coupled with decrease in two other supplier balances by SAR 11.5 million and SAR 8.9 million respectively due to the reception of the respective supplier invoices.

Advance to suppliers decreased from SAR 58.3 million as at 31 December 2021G to SAR 50.5 million as at 31 December 2022G mainly due to the transfer of certain development and pre-production costs related to Desert Warrior balance to inventory work in progress amounting to SAR 23.9 million, partly offset by an increase in advances to a supplier by SAR 5.4 million, a supplier by SAR 2.3 million and another supplier by SAR 2.0 million in line with the normal course of business of the Group.

Advance to suppliers increased from SAR 50.5 million as at 31 December 2022G to SAR 82.4 million as at 30 June 2023G due to the increase in advances paid in MBC KSA, which amounted to SAR 37.3 million following the advances paid to a supplier which is engaged in building studios for MBC Media KSA ("Narjis project") , in addition to an advance payment made amounting to SAR 8.7 million related to apartment rentals for the relocation of employees.

The Group has SAR 5.6 million of non-moving advances as at 30 June 2023G and is in the negotiation stage with suppliers to close these advances.

Prepaid expenses

Prepaid expenses pertain to prepaid invoices by the Group relating to services to be received in the future from insurance, communications, and marketing service providers. Prepaid expenses as a percentage of total trade receivables, prepayments and other assets accounted for 2.4%, 1.4%, 2.1% and 2.1% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Prepaid expenses decreased from SAR 28.0 million as at 31 December 2020G to SAR 21.7 million as at 31 December 2021G due to the reclassification of some prepaid expenses into advance payments for program rights.

Prepaid expenses increased from SAR 21.7 million as at 31 December 2021G to SAR 31.2 million as at 31 December 2022G due to payments to various vendors.

Prepaid expenses increased from SAR 31.2 million as at 31 December 2022G to SAR 38.7 million as at 30 June 2023G due to the increase in MBC KSA's prepaid expenses that mainly related to employee medical insurance, rent and radio licenses.

Staff receivables

Staff receivables pertain to advances and interest free loans for the Group's employees to be repaid over a period ranging from 3 to 12 months in accordance with the group's internal policies.

Staff receivables as a percentage of total trade receivables, prepayments and other assets accounted for an average of 0.3% as at 31 December, 2020G, 2021G, and 2022G and 0.4% as at 30 June 2023G.

Staff receivables remained stable at SAR 3.1 million as at 31 December 2020G and 2021G. Staff receivables increased from SAR 3.1 million as at 31 December 2021G to SAR 3.9 million as at 31 December 2022G due to the additional advances provided to employees partially offset by the repayments during the period.

Staff receivables increased from SAR 3.9 million as at 31 December 2022G to SAR 7.9 million as at 30 June 2023G mainly attributable to MBC KSA amounting to SAR 4.6 million in line with the increase in headcount from 4 employees to 403 employees during the same period due to the inception of the subsidiary during the six-month period ended 30 June 2022G.

Other receivables

Other receivables mainly relate to balances due in connection with compensation for losses of a television channel.

Other receivables as a percentage of total trade receivables, prepayments and other assets accounted for 33.9%, 16.5%,9.1% and 10.3% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Other receivables decreased from SAR 399.5 million as at 31 December 2020G to SAR 254.6 million as at 31 December 2021G and further to SAR 136.1 million as at 31 December 2022G as the Group received a compensation for loss amounting SAR 115.9 million reducing the remaining amount to SAR 71.6 million as at 31 December 2022G.

Other receivables increased from SAR 136.1 million as at 31 December 2022G to SAR 189.8 million as at 30 June 2023G due to receivables relating to compensation for loss of business amounting to SAR 39.4 million during the same period.

6.7.2.3.3 Due from related parties

The following table summarizes the due from related parties as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.58): Due from related parties

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Shareholder								
Intermediate Parent Company	26,362	202,815	21,537	669.3%	(89.4%)	(9.6%)	10,732	(50.2%)
Companies under common control								
Arab Network Media Company	-	-	-	N/A	N/A	N/A	208	N/A
Al Sadaf for Sonic Visual Production	12,466	-	-	(100.0%)	N/A	0.0%	1,686	N/A
Middle East News FZ LLC	108,795	26,230	14,397	(75.9%)	(45.1%)	(63.6%)	24,736	71.8%
ARA International Productions Company LLC	86,080	37,628	19,114	(56.3%)	(49.2%)	(52.9%)	64,762	238.8%
ARA Media Services LLC	240,426	-	16	N/A	N/A	(99.2%)	16	0.0%
Middle East News UK Limited	1,322	1,463	27	10.7%	(98.2%)	(85.7%)	-	(100.0%)
MBC Group Holdings Ltd	20,887	49,735	129,142	138.1%	159.7%	148.7%	146,941	13.8%
O3 Masr	6,540	7,225	5,491	10.5%	(24.0%)	(8.4%)	5,786	5.4%
Other related parties	305	98	98	(67.9%)	0.0%	(43.3%)	102	4.1%
Joint ventures and associates								
Stargate Middle East FZ LLC	20	20	-	0.0%	N/A	N/A	-	(100.0%)
O3 Turkey Medya Produksiyon, Turkey	25,236	24,221	1,128	(4.0%)	(95.3%)	(78.9%)	14,003	1,141.1%
MBC Game Studio Limited KSA	-	-	24,477	N/A	N/A	0.0%	-	(100.0%)
Anghami *	1,359	-	-	(100.0%)	N/A	0.0%	-	N/A
Subsidiary of a joint venture								
MBC International FZ LLC	48,118	48,187	48,303	0.1%	0.2%	0.2%	48,370	0.1%

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Other								
NEOM	-	-	9,159	N/A	N/A	0.0%	-	(100.0%)
Saudi Media Company	-	24,283	34,675	N/A	42.8%	0.0%	64,272	85.4%
O Three Media Production Co.	-	-	-	N/A	N/A	N/A	2,850	N/A
Total	**577,916**	**421,905**	**307,564**	**(27.0%)**	**(27.1%)**	**(27.0%)**	**384,464**	**25.0%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

* With effect from 4 February 2022G, Anghami was not an associate of the Group.

Related parties represent the shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of transactions with these related parties are approved by the shareholders and the Group's management. Related party transactions mainly comprise funding through expansion projects agreements, content, and service purchases as well as recharges. The Group related party balances comprise both operational and financing related balances.

Due from related parties as a percentage of total assets accounted for 16.7%, 8.1%, 4.8% and 5.3% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Due from related parties decreased from SAR 577.9 million as at 31 December 2020G to SAR 421.9 million as at 31 December 2021G due to the decrease in:

1- dues from ARA Media Services LLC by SAR 240.4 million pertaining to settlement of dues relating to advertising sales and the inception of MBC Media Services BVI Limited;
2- due from Middle East News FZ LLC by SAR 82.6 million related to services and recharges rendered to Al Arabiya; and
3- due from ARA International Productions Company LLC "AIP" by SAR 48.4 million which mainly represents the advances provided to AIP for content production. The decrease in the balance is due to reduced level of content production at AIP following the launch of MBC Studios Projects.

The decrease was partly offset by an increase in dues from Intermediate Parent Company by SAR 176.4 million due to the recharges invoiced by the Group to Intermediate Parent Company relating to special projects requested outside of the scope of the expansion projects agreements.

Due from related parties decreased from SAR 421.9 million as at 31 December 2021G to SAR 307.6 million as at 31 December 2022G due to the decrease in:

1- dues from Intermediate Parent Company by SAR 181.3 million resulting from the settlement of special projects requested by Intermediate Parent Company; and
2- dues from O3 Turkey Medya Produksiyon by SAR 23.1 million relating to delivered content production services over the same period.

The decrease was partly offset by an increase in dues from MBC Group Holdings Ltd by SAR 79.4 million over the same period. MBC Group Holdings Ltd is a Holding Company with no trading operation and it has certain subsidiaries and investments (such as Media Ratings Company to develop a rating system). Outstanding dues comprise the funding provided to MBC Group Holdings Ltd to finance the investments and other expenses incurred at the holding level.

Due from related parties increased from SAR 307.6 million as at 31 December 2022G to SAR 384.5 million as at 30 June 2023G, related to content production advances during the same period, in addition to the recharges to related parties.

6.7.2.3.4 Bank balances and cash

The following table summarizes the bank balances and cash as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.59): Bank balances and cash

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Cash on hand	2,204	3,217	2,268	46.0%	(29.5%)	1.4%	1,395	(38.5%)
Bank balances								
Current accounts	388,759	674,870	660,787	73.6%	(2.1%)	30.4%	789,284	19.4%
Short term treasury bills	-	-	29,961	N/A	N/A	0.0%	9,038	(69.8%)
Bank balances and cash	**390,963**	**678,087**	**693,016**	**73.4%**	**2.2%**	**33.1%**	**799,717**	**15.4%**
Less: Excepted credit losses	(609)	(1,717)	(3,612)	181.9%	110.4%	143.5%	(1,601)	(55.7%)
Total	**390,354**	**676,370**	**689,404**	**73.3%**	**(1.9%)**	**33.9%**	**798,116**	**15.8%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Bank balances and cash mainly comprised of current accounts, short-term treasury bills and cash on hand, which amounted to 95.3%, 4.3% and 0.3% of total gross bank balances and cash as at 31 December 2022G, respectively.

Bank balances and cash as a percentage of total assets accounted for 11.3%, 13.0%, 10.9% and 11.1% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Bank balances and cash amounted to SAR 390.4 million as at 31 December 2020G, SAR 676.4 million as at 31 December 2021G and SAR 689.4 million as at 31 December 2022GIt is important to note that as at 31 December 2022G, bank balances and cash include a provision for Expected Credit Loss amounting to SAR 3.6 million as at 31 December 2022G mainly arising from MBC Lebanon bank balances due to the financial crisis in Lebanon.

Bank balances and cash amounted to SAR 798.1 million as at 30 June 2023G, and consist mainly of current accounts, along with short-term treasury bonds and short-term deposits. Bank balances and cash include an allowance for expected credit loss of SAR 1.6 million as at 30 June 2023G arising from MBC Lebanon bank balances due to the financial crisis in Lebanon.

6.7.2.4 Equity

The following table summarizes the equity as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.60): Equity

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Share capital	-	-	-	N/A	N/A	N/A	500	N/A
Additional shareholders' contribution	-	-	-	N/A	N/A	N/A	2,992,672	N/A
Combined contribution	5,064	5,064	10,064	0.0%	98.7%	41.0%	-	(100.0%)
Legal reserves	-	21	78	N/A	271.4%	N/A	-	(100.0%)
Discretionary reserve	511	511	511	0.0%	0.0%	0.0%	-	(100.0%)
Foreign currency translation reserve	(6,961)	(6,972)	(9,066)	0.2%	30.0%	14.1%	-	(100.0%)

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Other reserves	38,386	38,386	38,386	0.0%	0.0%	0.0%	-	(100.0%)
Retained earnings	2,112,111	2,856,094	2,912,330	35.2%	2.0%	17.4%	-	(100.0%)
Equity attributable to equity holders of the Parent	**2,149,111**	**2,893,104**	**2,952,303**	**34.6%**	**2.0%**	**17.2%**	**2,993,172**	**1.4%**
Non-controlling interests	(27,362)	(17,057)	8,306	(37.7%)	(148.7%)	N/A	13,251	59.5%
Total	**2,121,749**	**2,876,047**	**2,960,609**	**35.6%**	**2.9%**	**18.1%**	**3,006,423**	**1.5%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Equity consists mainly of retained earnings, which represent 98.3%, 98.7%, and 98.6% of the total equity attributable to the shareholders of the parent company as at 31 December 2020G, 2021G, and 2022G, respectively.

On 20 April 2023G, pursuant to the reorganization, the shareholders established the Company as a new holding company with a share capital of SAR 500,000 at SAR 10 per share. The Company became the new holding company of the Group through transfer of shares of the certain entities, as listed under "**Group overview**". The shares were transferred from the MBC Group Holdings Limited (the previous holding company) to the new holding company for nil consideration. The reorganization was completed on 22 June 2023G during which all the legal ownership of the aforementioned entities were transferred to the new holding company.

The Group is 60% owned by Intermediate Parent Company and 40% by Waleed Bin Ibrahim Al Brahim. MBC Group's share capital comprises 50,000 authorized, issued and fully paid shares of SAR 10 each.

Equity increased from SAR 2,121.7 million as at 31 December 2020G to SAR 2,876.0 million as at 31 December 2021G primarily due to the increase in retained earnings by SAR 737.1 million as a result of the accumulation of the Group's profits (SAR 747.6 million as at 31 December 2021G).

Equity increased from SAR 2,876.0 million as at 31 December 2021G to SAR 2,960.6million as at 31 December 2022G due to a further increase in retained earnings by SAR 56.2 million as a result of the accumulation of the Group's profits (SAR 47.9 million as at 31 December 2022G).

Equity increased from SAR 2,960.6 million as at 31 December 2022G to SAR 3,006.4 million as at 30 June 2023G due to the effective transfer of ownership of the Group's underlying entities to MBC Group which led to combining retained earnings and all other reserves under capital contribution amounting to SAR 2,992.0 million.

Share capital

The following table summarizes the share capital as at 30 June 2023G:

Table (6.61): Share capital

SAR in 000s	No. of shares	30 June 2023G
Waleed Bin Ibrahim Al Brahim	20,000	200,000
Al Istedamah Holding Company	30,000	300,000
Total	**50,000**	**500,000**

Source: The unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Share Capital

Share Capital amounted to SAR 500 thousand as at 30 June 2023G and comprises of 50,000 authorized, issued and fully paid shares of SAR 10 each.

The Intermediate Parent Company is Al Istedamah Holding Company, an entity incorporated in the Kingdom of Saudi Arabia. There is no change in the contribution in 2021G and 2020G.

Additional shareholders' contributions

Additional shareholders' contributions amounted to SAR 2,992.7 million as at 30 June 2023G. Management has combined the retained earnings along with all other reserves within the additional shareholders' contribution amounting to SAR 2,992.0 million to represent the Group's equity.[8]

Combined contribution

Combined contribution amounted to SAR 5.1 million as at 31 December 2020G and 2021G and to SAR 10.1 million as at 31 December 2022G.

Legal reserves

Legal reserves comprised of 10% and 5% of profits generated in MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) and MBC Media Solutions Egypt, respectively. Legal reserves increased from nil as at 31 December 2020G to SAR 21 thousand as at 31 December 2021G and then to SAR 78 thousand as at 31 December 2022G in line with the increase in profits of these respective entities.

It is important to note that legal reserves are capped at 30% of profits for MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company) and 50% of profits for MBC Media Solutions Egypt.

Legal reserves decreased to nil as at 30 June 2023G after ownership of the companies was effectively transferred to MBC Group and thus the balance was transferred to additional shareholders' contribution.

Discretionary reserve

Discretionary reserve remained constant at SAR 0.5 million as at 31 December 2020G, 2021G and 2022G and pertains to a discretionary reserve undertaken by Management.

Discretionary reserve decreased to nil as at 30 June 2023G after ownership of the companies was effectively transferred to MBC Group and thus the balance was transferred to additional shareholders' contribution.

Foreign currency translation reserve

Foreign currency translation reserve pertains to the accumulated gains or losses resulting from translating the Group's entities' financial statements into the Group's reporting currency.

Foreign currency translation reserve remained relatively stable at SAR 7.0 million as at 31 December 2020G and 2021G and increased to SAR 9.1 million as at 31 December 2022G stemming from translation losses from investments in joint ventures.

Foreign currency translation reserve decreased to nil as at 30 June 2023G after the ownership of the companies was transferred to MBC Group and thus the balance was transferred to additional shareholders' contribution.

Other reserves

Other reserves represent the capital contribution from Walid bin Ibrahim Al Ibrahim, one of the shareholders of the group, fully owned by MBC Ventures Limited (British Virgin Islands). The transfer, which took effect on 1 January 2019G, was made without consideration and was therefore considered a shareholder contribution and was recorded in equity accordingly.

Other reserves remained stable at SAR 38.4 million as at 31 December 2020G, as at 31 December 2021G, and as at 31 December 2022G.

8 It should be noted that on 5/3/1445H (corresponding to 20/09/2023G), the Company's extraordinary general assembly approved an increase in capital from five hundred thousand (500,000) Saudi riyals to two billion nine hundred and ninety-two million five hundred thousand (2,992,500,000) Saudi riyals through the capitalization of an amount of two billion nine hundred and ninety-two million (2,992,000,000) Saudi riyals from the account of additional shareholders' contributions, which represents a portion of the book value of the companies that the shareholders transferred from MBC Holding Company BVI (the former parent company of the subsidiaries) to the Company according to the process reorganization of the Group and issuing new shares in the amount of two hundred and ninety-nine million and two hundred thousand (299,200,000) shares.

Other reserves were reduced to nil as at 30 June 2023G after the ownership of the companies was effectively transferred to MBC Group and thus the balance was transferred to additional shareholders' contribution.

Retained earnings

Retained earnings increased from SAR 2,112.1 million as at 31 December 2020G to SAR 2,856.1 million as at 31 December 2021G following the accumulation of the Group's net profits of SAR 747.6 million during the same year.

Retained earnings increased from SAR 2,856.1 million as at 31 December 2021G to SAR 2,912.3 million as at 31 December 2022G following the accumulation of the Group's net profits of SAR 47.9 million during the same year.

Retained earnings decreased to nil as at 30 June 2023G after the ownership of the companies was effectively transferred to MBC Group and thus the balance was transferred to additional shareholders' contribution.

Non-controlling interests

Non-controlling interests represent minority ownership shares of 49% and 40% in Wanasah FZ LLC and MBC Media Solutions FZ LLC (a subsidiary of MBC Media Services BVI), respectively.

Non-controlling interests increased from negative SAR 27.4 million as at 31 December 2020G to negative SAR 17.1 million as at 31 December 2021G mainly due to the share of total comprehensive income for the year amounting to SAR 10.4 million.

Non-controlling interests increased from negative SAR 17.1 million as at 31 December 2021G to positive SAR 8.3 million as at 31 December 2022G due to the share of total comprehensive income for the year amounting to SAR 12.3 million and acquiring the non-controlling interest in Platinum Records FZ LLC for no consideration resulting in an increase of SAR 13.7 million.

Non-controlling interests increased to SAR 13.3 million as at 30 June 2023G in line with the increase in profits generated from MBC Media Services BVI Limited consolidation, which is 40% owned by an external shareholder (Engineers Holding Limited).

6.7.2.5 Non-current liabilities

The following table summarizes the non-current liabilities as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.62): Non-current liabilities

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Leases liabilities	44,568	39,049	39,655	(12.4%)	1.6%	(5.7%)	29,946	(24.5%)
Employees' end of service benefits	169,149	167,904	149,371	(0.7%)	(11.0%)	(6.0%)	163,822	9.7%
Loan from related party	64,167	64,167	64,167	0.0%	0.0%	0.0%	64,167	0.0%
Deferred tax liability	-	-	22	N/A	N/A	0.0%	16	(27.3%)
Total	**277,884**	**271,120**	**253,215**	**(2.4%)**	**(6.6%)**	**(4.5%)**	**257,951**	**1.9%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Non-current liabilities mainly consisted of employees' end of service benefits, loan from related party, and non-current portion of lease liabilities. Non-current liabilities accounted for 20.7%, 11.6% 7.5% and 6.2% of total liabilities as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Non-current liabilities decreased from SAR 277.9 million as at 31 December 2020G to SAR 271.1 million as at 31 December 2021G mainly due to the decrease in the non-current portion of lease liabilities by SAR 5.5 million and the decrease in employees' end of service benefits by SAR 1.2 million during the same year.

Non-current liabilities decreased from SAR 271.1 million as at 31 December 2021G to SAR 253.2 million as at 31 December 2022G mainly due to the decrease in employees' end of service benefits by SAR 18.5 million due to actuarial gains of SAR 35.4 million and payments of SAR 21.0 million made during the year partly offset by services costs of SAR 20.0 million.

Non-current liabilities increased from SAR 253.2 million as at 31 December 2022G to SAR 258.0 million as at 30 June 2023G due to the increase in employees end of service benefits by SAR 14.5 million as a result of the increase in the number of employees and changes in actuarial assumptions. This was partly offset by the decrease in the non-current portion of lease liabilities by SAR 9.7 million due to payments during the period.

6.7.2.5.1 Lease liabilities

The following table summarizes the lease liabilities as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.63): Lease liabilities

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
As at 1 January	74,212	57,600	58,163	(22.4%)	1.0%	(11.5%)	49,100	(15.6%)
Additions during the year	968	17,161	13,271	1672.8%	(22.7%)	270.3%	2,282	(82.8%)
Deletions during the year	(5)	(5)	(1,486)	0.0%	29620.0%	1623.9%	(916)	(38.4%)
Accretion of interest	3,497	3,233	2,606	(7.5%)	(19.4%)	(13.7%)	787	(69.8%)
Rent concession	(52)	-	-	(100.0%)	N/A	0.0%	-	N/A
Payments during the year	(20,723)	(19,762)	(22,797)	(4.6%)	15.4%	4.9%	(9950)	(56.4%)
Foreign exchange difference (net)	(297)	(64)	(657)	(78.5%)	926.6%	48.7%	(6,177)	840.2%
As at 31 December / 30 June	**57,600**	**58,163**	**49,100**	**1.0%**	**(15.6%)**	**(7.7%)**	**35,125**	**(28.5%)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

The Group has lease contracts for units, vehicles, infrastructures, and satellites used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group also entered certain leases for residential units, satellites, offices with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Further, the Group has entered into a long-term finance lease contract with Dubai Development Authority, previously known as Technology, Electronic Commerce and Media Free Zone, to lease a building, along with the associated fit outs. The contract carries an option to buy the property at any time during the lease period at the option price as calculated in the contract.

Lease liabilities increased from SAR 57.6 million as at 31 December 2020G to SAR 58.2 million as at 31 December 2021G due to the additions amounting to SAR 17.2 million mainly relating to the offices of the newly incepted entity (MBC Media Services BVI Ltd) in addition to the variation in the contract between MBC FZ LLC and Nile Sat, coupled with accumulation of interest amounting to SAR 3.2 million. The increase was offset by payments amounting to SAR 19.8 million.

Lease liabilities decreased from SAR 58.2 million as at 31 December 2021G to SAR 49.1 million as at 31 December 2022G due to the payments amounting to SAR 22.8 million, in addition to deletions that amounted to SAR 1.5 million, and net foreign exchange difference amounted to SAR 657 thousand. This decrease was offset by additions that amounted to SAR 13.3 million mainly related to the Shahid office lease located in The Landmark Tower in Dubai, UAE in addition to accretion of interest that amounted to SAR 2.6 million.

Lease liabilities decreased from SAR 49.1 million as at 31 December 2022G to SAR 35.1 million as at 30 June 2023G as a result of payments during the period.

6.7.2.5.2 Employees' end of service benefits

The following table summarizes the employees' end of service benefits as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.64): Employees' end of service benefits

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
As at 1 January	132,344	169,149	167,904	27.8%	(0.7%)	12.6%	149,371	(11.0%)
Current service cost	17,274	19,856	19,959	14.9%	0.5%	7.5%	15,708	(21.3%)
Interest costs	-	3,533	4,105	NA	16.2%	0.0%	3,718	(9.4%)
Actuarial gain–- other comprehensive income	26,057	(6,714)	(35,350)	(125.8%)	426.5%	N/A	2,330	(106.6%)
Accrual of benefit plan asset interest	873	330	658	(62.2%)	99.4%	(13.2%)	2,514	282.1%
Transferred (to) / from related parties	(604)	(50)	13,063	(91.7%)	(26226.0%)	N/A	4,139	(68.3%)
Paid during the year / period	(6,795)	(18,200)	(20,968)	167.8%	15.2%	75.7%	(12,225)	(41.7%)
Foreign currency conversion	-	-	-	N/A	N/A	N/A	(1,733)	N/A
As at 31 December / 30 June	**169,149**	**167,904**	**149,371**	**(0.7%)**	**(11.0%)**	**(6.0%)**	**163,822**	**9.7%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

The Group operates in several jurisdictions, as such, the defined benefit plans used to be calculated based on the local labour laws of each country. However, upon the establishment of the Group, the Group is required to assign an actuarial expert to calculate the end of service benefit liability as required by SOCPA and in line with IAS19. Employees' end of service benefits as a percentage of non-current liabilities accounted for 60.9% 61.9%, 59.0% and 63.5% as at 31 December 2020G, 2021G, and 2022G an as at 30 June 2023G, respectively.

Employees' end of service benefits decreased from SAR 169.1 million as at 31 December 2020G to SAR 167.9 million as at 31 December 2021G due to payments made during the year that amounted to SAR 18.2 million and actuarial losses through other comprehensive income that amounted to SAR 6.7 million. The decrease was partly offset by service cost that amounted to SAR 19.9 million and interest costs that amounted to SAR 3.5 million.

Employees' end of service benefits decreased from SAR 167.9 million as at 31 December 2021G to SAR 149.4 million as at 31 December 2022G due to actuarial losses through other comprehensive income for that amounted to SAR 35.4 million, along with payments made during the year amounted to SAR 21.0 million. The increase was partly offset by current service cost amounted to SAR 20.0 million, transfers made to related parties that amounted to SAR 13.1 million, and interest cost amounted to SAR 4.1 million.

Employees' end of service benefits increased from SAR 149.4 million as at 31 December 2022G to SAR 163.8 million as at 30 June 2023G due to the increase in headcount in addition to changes in actuarial assumptions during the same period.

6.7.2.5.3 Loans and borrowings

The following table summarizes the loans and borrowings as at 31 December 2022G:

Table (6.65): Loans and borrowings

Entity	Bank name	Currency	Facility limit (original currency in 000s)	Facility limit (SAR in 000s)	Amount due as at 30 June 2023G	Margin	Tenor (days)	Penalty rate
MBC FZ LLC	Citi Bank	USD	100,000	375,000	206,251	1.25%	365	2.0%
MBC Media Solutions FZ- LLC	Emirates NBD	AED	50,000	51,055	-	2.0%	90	2.0%
Total				**426,055**	**206,251**			

Source: Management information.

The Group has access two short-term revolving borrowing facilities to finance content purchases and working capital. The facilities do not hold any financial covenants and are all short term in nature.

MBC FZ LLC benefits from a short-term revolving facility whereby it amounted to USD 100.0 million (equivalent to SAR 375.0 million) with a tenor of 365 days, against 1.25% margin and a penalty rate of 2.0%.

MBC Media Solutions FZ LLC benefits from a short-term revolving facility (90 days) from Emirates NBD which amounted to AED 50.0 million (equivalent to SAR 51.1 million) against 2.0% margin and 2.0% penalty.

The facilities granted from Citi Bank and Emirates NBD are not utilized as at 31 December 2022G.

Loans increased from nil as at 31 December 2022G to SAR 206.3 million as at 30 June 2023G due to the utilization of the Group's existing short-term facility from Citi Bank at a margin of 1.25% per annum payable within 365 days. It is worth noting that the loan is used for working capital purposes mainly for content purchase and the Group has settled SAR 75.0 million of the outstanding loan during August 2023G.

6.7.2.6 Current liabilities

The following table summarizes the current liabilities as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.66): Current liabilities

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Leases liabilities	13,032	19,114	9,445	46.7%	(50.6%)	(14.9%)	5,179	(45.2%)
Trade and other payables	939,762	1,992,700	2,574,520	112.0%	29.2%	65.5%	3,193,647	24.0%
Due to related parties	82,688	51,081	54,054	(38.2%)	5.8%	(19.1%)	19,936	(63.1%)
Loan from shareholder	-	-	497,250	N/A	N/A	N/A	497,250	0.0%
Borrowing	29,471	6,736	-	(77.1%)	N/A	N/A	206,251	N/A
Total current liabilities	**1,064,953**	**2,069,631**	**3,135,269**	**94.3%**	**51.5%**	**71.6%**	**3,922,263**	**25.1%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Lease liabilities

Lease liabilities represents the current portion of the Group's lease liabilities and amounted to SAR 13.0 million as at 31 December 2020G, SAR 19.1 million as at 31 December 2021G and SAR 9.4 million as at 31 December 2022G and SAR 5.2 million as at 30 June 2023G.

Trade and other payables

Trade and other payables comprised of deferred revenue, trade payables, accrued expenses, and contract liabilities amongst others. Trade and other payables as a percentage of current liabilities accounted for 88.2%, 96.3%, ,82.2% and 81.4% as at 31 December 2020G, 2021G and 2022G and as at 30 June 2023G, respectively

Trade and other payables increased from SAR 939.8 million as at 31 December 2020G to SAR 1,992.7 million as at 31 December 2021G driven by the increase in:

1- deferred revenue by SAR 638.3 million in relation to the funding received by the Group through expansion projects agreements for the provision of a number of services mainly relating to the development of programs;
2- trade payables by SAR 171.4 million driven by the increase in production services;
3- accrued expenses by SAR 114.8 million due to the increase in hosting services along with volume rebates provided to advertising customers with the inception of MBC Media Services BVI Limited; and
4- contract liabilities by SAR 85.5 million stemming from advances for advertising services received from the key government clients coupled with the advance payments for Shahid subscriptions.

Trade and other payables increased from SAR 1,992.7 million as at 31 December 2021G to SAR 2,574.5 million as at 31 December 2022G driven by the increase in:

1- deferred revenue by SAR 374.7 million in relation to funding received by the Group through expansion projects agreements during the year that amounted to SAR 747.1 million, partly offset by recognizing production costs amounting to SAR 284.9 million during the year; and
2- contract liabilities resulting from funds received to fund the production of certain programs coupled with the increase of funds received through MBC Media KSA for various production projects under progress.

Trade and other payables increased from SAR 2,574.5 million as at 31 December 2022G to SAR 3,193.6 million as at 30 June 2023G due to an increase in deferred revenue of SAR 464.0 million in relation to funding received through expansion project agreements during the period, which amounted to SAR 1,378.6 million which was partially offset by revenue recognized amounting to SAR 534.4 million during the same period.

Due to related parties

Due to related parties pertains to balances with Al Arabiya News Channel FZ LLC, Arabian Contracting Services Company, and Waleed Bin Ibrahim Al Brahim amongst others. Due to related parties as a percentage of current liabilities accounted for 7.8%, 2.5%, 1.7%, 0.5% as at 31 December 2020G, 2021G, and 2022Gand as at 30 June 2023G respectively.

Due to related parties decreased from SAR 82.7 million as at 31 December 2020G to SAR 51.1 million as at 31 December 2021G following the decrease in the balance due to Al Arabiya News Channel FZ LLC by SAR 36.8 million pertaining to airtime purchases. The decrease was partly offset by an increase in the balance due to Al Sadaf Visual Production by SAR 4.1 million relating to new program development requests.

Due to related parties balance increased from SAR 51.1 million as at 31 December 2021G to SAR 54.1 million as at 31 December 2022G following the increase due to Arabian Contracting Services Company by SAR 16.2 million in relation to advertising service provided to the Group in the KSA, partly offset by the decrease in balance due to Al Arabiya News Channel by SAR 14.0 million due to settlement of balances for airtime purchases.

Due to related parties balance decreased from SAR 54.1 million as at 31 December 2022G to SAR 19.9 million as at 30 June 2023G due to the decrease in the balance of Al Arabiya News Channel - FZ LLC by SAR 16.4 million, the balance of the Arabian Contracting Services Company by SAR 13.6 million, and the balance of Al Sadaf for Sonic by SAR 3.6 million during the period.

Loan from shareholder

Loan from shareholder pertains to a loan taken from a shareholder for the purpose of financing the Group's acquisition of the additional 15% stake in ACSC and amounted to SAR 497.3 million as at 31 December 2022G. The loan is interest free and is repayable on demand with a 12 month notice period.

Borrowing

Borrowing relates to the expenses paid by NEOM on behalf of the Group in relation to their joint venture, MBC Game Studio. NEOM fully funded the joint venture including the Group's portion of SAR 29.5 million (representing 70% ownership stake in MBC Game Studio). The amount was recorded as a borrowing amounting to SAR 29.5 million as at 31 December 2020G. The Group paid SAR 22.7 million and SAR 6.7 million during 2021G and 2022G respectively.

During 2022G, the Group resorted to a short-term borrowing facility to finance its working capital amounting to SAR 187.5 million. The Group has repaid this facility prior to 31 December 2022G.

Borrowings increased from nil as at 31 December 2022G to SAR 206.3 million as at 30 June 2023G due to the utilization of the Group's existing short-term facility from Citi Bank at a margin of 1.25% per annum payable within 365 days. It is worth noting that the loan is used for working capital purposes mainly for content purchase and the Group has settled SAR 75.0 million of the outstanding loan during August 2023G.

6.7.2.6.1 Trade and other payables

The following table summarizes the trade and other payables as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.67): Trade and other payables

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Deferred revenue	365,519	1,003,862	1,378,568	174.6%	37.3%	94.2%	1,842,554	33.7%
Trade payables	250,361	421,731	411,145	68.4%	(2.0%)	28.1%	363,165	(11.7%)
Accrued expenses	275,253	390,069	405,499	41.7%	4.0%	21.4%	554,602	36.8%
Contract liabilities	28,394	113,860	320,413	301.0%	181.4%	235.9%	387,169	20.8%
Provision for income tax and zakat	6	12,824	6,722	213633.3%	(47.6%)	3247.1%	10,072	49.8%
Other payables	20,229	50,354	52,173	148.9%	3.6%	60.5%	36,085	(30.8%)
Total	**939,762**	**1,992,700**	**2,574,520**	**112.0%**	**29.3%**	**65.6%**	**3,193,647**	**24.0%**
Days payables outstanding (DPO) [1]	49	58	53	18.4%	(6.9%)	5.0%	49	(8.3%)

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

(1) DPO was calculated using average trade payables for the previous and current period / total direct costs * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

Deferred revenue

Deferred revenue pertains to funding from the government from the Kingdom of Saudi Arabia (represented by Istedamah Holding Company) on the future satisfactory performance against certain criteria in relation to the development of programs. The Group receives the funds on a quarterly basis upon submission of quarterly disbursement budgets.

Deferred revenue as a percentage of trade and other payables accounted for 38.9%, 50.4%, 53.5% and 57.7% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Deferred revenue increased from SAR 365.5 million as at 31 December 2020G to SAR 1,003.9 million as at 31 December 2021G on the back of the funding received through expansion projects agreements that amounted to SAR 717.6 million, which was partly offset by recognition of production costs amounting to SAR 79.3 million during the same year which were transferred to inventories.

Deferred revenue increased from SAR 1,003.9 million as at 31 December 2021G to SAR 1,378.6 million as at 31 December 2022G on the back of the funding received through expansion projects agreements of SAR 747.1 million relating to the production of certain programs, which was partly offset by recognition of production costs amounting to SAR 284.9 million during the same year which were transferred to inventories.

Deferred revenue increased from SAR 1,378.6 million as at 31 December 2022G to SAR 1,842.6 million as at 30 June 2023G as a result of funding received through expansion projects agreements amounting to SAR 1,033.9 million related to the funded projects and channels. The increase in deferred revenue was partially offset by revenue recognized amounting to SAR 534.4 million during the same period.

Trade payables

The following table summarizes the trade payables by supplier as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.68): Trade payables by supplier

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Supplier 1	1,832	2,967	4,516	62.0%	52.2%	57.0%	15,167	235.9%
Supplier 2	-	2,111	5,948	0.0%	181.8%	N/A	12,973	118.1%
Supplier 3	-	-	1,562	0.0%	0.05	N/A	10,871	596.0%
Supplier 4	1,280	2,116	11,469	65.3%	442.0%	199.3%	9,767	(14.8%)
Supplier 5	7,498	7,498	7,498	0.0%	0.0%	0.0%	7,508	0.1%
Supplier 6	-	2,826	304	0.0%	(89.2%)	N/A	6,675	2,095.7%
Supplier 7	1,042	2,495	938	139.4%	(62.4%)	(5.1%)	6,188	559.7%
Supplier 8	-	21,277	9,904	0.0%	(53.5%)	N/A	5,756	(41.9%)
Supplier 9	-	-	-	0.0%	0.0%	N/a	5,483	0.0%
Supplier 10	3,825	11,355	5,681	196.9%	(50.0%)	21.9%	4,957	(12.7%)
Others	234,885	369,087	361,472	57.1%	(2.1%)	24.1%	277,821	(23.1%)
Total	**250,361**	**421,731**	**411,145**	**68.4%**	**(2.5%)**	**28.1%**	**363,165**	**(11.7%)**
As a percentage of total					**Percentage points**		**As a percentage of total**	**Percentage points**
Top 10 suppliers	6.2%	12.5%	11.6%	6.3	6.3	(0.9)	22.5%	11.0
Others	93.8%	87.5%	88.4%	(6.3)	(6.3)	0.9	77.5%	(11.0)

Source: Management information.

Trade payables consist of outstanding invoices with the Group's suppliers in relation to providing Satellite services, production, and post-production services amongst others. Trade payables as a percentage of trade and other payables accounted for 26.6% 21.2%, ,16.0% and 11.4% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Trade payables increased from SAR 250.4 million as at 31 December 2020G to SAR 421.7 million as at 31 December 2021G in line with the increase in the Group's inventory reflected by the increase in payables relating to four key program suppliers by SAR 50.3 million, and the increase in the payables to a key satellite operator by SAR 10.0 million.

Trade payables decreased from SAR 421.7 million as at 31 December 2021G to SAR 411.1 million as at 31 December 2022G, following the settlement of a balance of a key program supplier amounting to SAR 11.6 million, and the partial settlement of the balances of three key program suppliers amounting to SAR 22.6 million. This was partly offset by the increase in production payables to two key program suppliers by SAR 17.1 million, and the increase in payable to the service of a key artist by SAR 8.4 million.

Trade payables decreased from SAR 411.1 million as at 31 December 2022G to SAR 363.2 million as at 30 June 2023G due to the settlement of the balances of some major suppliers during the period.

The Group's DPO amounted to 49 days, 58 days, 53 days and 49 days as at 31 December 2020G, 2021G and 2022G and as at 30 June 2023G respectively, in line with the credit terms extended by the suppliers of 30 to 90 days.

Accrued expenses

Accrued expenses mainly pertain to hosting services for Shahid content, TV broadcaster solutions, system solutions, and volume rebates provided to agents. Accrued expenses as a percentage of trade and other payables accounted for 29.3%, 19.6%,15.8% and 17.4% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Accrued expenses increased from SAR 275.3 million as at 31 December 2020G to SAR 390.1 million as at 31 December 2021G mainly driven by the increase in:

1- volume rebates granted to advertising clients by SAR 48.8 million in line with the establishment of MBC Media Services BVI Limited during 2021G;
2- performance bonus accruals for SAR 21.5 million in line with the increased headcount of the Group and the better financial performance during 2021G;
3- SSC share accrual for SAR 17.0 million arising from the agreement between MBC Media Services BVI Limited and SSC for the provision of advertising services; and
4- Amazon hosting services by SAR 13.8 million in relation to Shahid.

Accrued expenses increased from SAR 390.1 million as at 31 December 2021G to SAR 405.5 million as at 31 December 2022G on the back of the increase in volume rebates given to the Group's advertising agencies by SAR 20.3 million and SSC's share accrual by SAR 21.6 million both driven by the Group's advertising arm, MBC Media Service BVI Limited. This was partly offset by a decrease in Amazon hosting services accrual by SAR 7.0 million relating to hosting Shahid content on servers as the Group secured better rates with the growing subscriber numbers.

Accrued expenses increased from SAR 405.5 million as at 31 December 2022G to SAR 544.6 million as at 30 June 2023G due to the inception of MBC Media KSA and the and the continued increase in the accrual of the share of SSC from the Shahid sports package.

Contract liabilities

Contract liabilities pertains to advances received from Shahid subscriptions sold for periods longer than 1 month, along with advances received for funded projects amongst others. Contract liabilities as a percentage of trade and other payables accounted for 3.0%, 5.7%, 12.4% and 12.1% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G respectively.

Contract liabilities increased from SAR 28.4 million as at 31 December 2020G to SAR 113.9 million as at 31 December 2021G following the increase in Shahid subscriptions which led to an increase in contract liabilities by SAR 23.2 million, coupled with the increase in funds received in relation to the various funded projects undertaken by the Group by SAR 32.6 million and the increase in advances against advertising services received from a key government client by SAR 18.4 million and another key government client by SAR 11.6 million.

Contract liabilities increased from SAR 113.9 million as at 31 December 2021G to SAR 320.4 million as at 31 December 2022G due to a further increase in Shahid subscriptions by SAR 14.7 million, coupled with the funds received in relation to certain programs.

Contract liabilities increased from SAR 320.4 million as at 31 December 2022G to SAR 387.2 million as at 30 June 2023G due to the increase in the balance pertaining to MBC Media KSA by SAR 64.3 million, which includes funding to cover relocation of head office costs to the Kingdom of Saudi Arabia.

Provision for income tax and zakat

Provision for income tax and zakat pertains to the Group's provision for income tax and zakat payable due on the subsidiaries in Egypt, Hungary, Cyprus, Lebanon and KSA. Provision for income tax and zakat as a percentage of trade and other payables accounted 0.6% as at 31 December 2021G and 0.3% as at 31 December 2022G and as at 30 June 2023G.

Provision for income tax and zakat amounted to SAR 12.8 million as at 31 December 2021G driven by the provision recorded during 2021G amounting to SAR 11.6 million mainly arising from the income tax payable by the Group's subsidiary in Egypt amounting to SAR 9.5 million.

Provision for income tax and zakat decreased from SAR 12.8 million as at 31 December 2021G to SAR 6.7 million as at 31 December 2022G driven by the settlement of the income tax payments during the same year amounting to SAR 11.5 million and the decrease in income tax provision recorded on the Egypt subsidiary amounting to SAR 5.0 million in line with the lower tax base for the year 2022G.

Provision for income tax and zakat increased from SAR 6.7 million as at 31 December 2022G to SAR 10.1 million as at 30 June 2023G due to the increase in income tax recognized in the taxable profits of Al Miza Advertising Company and MBC Media Solutions Limited amounting to SAR 3.3 million.

Other payables

Other payables pertain to VAT penalties and payables, merchandising licensor payables, and pensions payable to GCC employees amongst other. Other payables as a percentage of trade and other payables accounted for 2.2%, 2.5%, 2.0% and 1.1% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Other payables increased from SAR 20.2 million as at 31 December 2020G to SAR 50.4 million as at 31 December 2021G due to the increase in VAT penalties pertaining to MBC Media Solutions Egypt by SAR 27.6 million.

Other payables increased from SAR 50.4 million as at 31 December 2021G to SAR 52.3 million as at 31 December 2022G due to the increase in VAT payables pertaining to MBC Media Solutions Egypt by SAR 11.8 million partly offset by the decrease in VAT penalty payable by SAR 7.6 million.

Other payables decreased from SAR 52.2 million as at 31 December 2022G to SAR 36.1 million as at 30 June 2023G due to the settlement of VAT penalty outstanding balances amounting to SAR 20.0 million coupled with the write-off of long outstanding balances during the same period.

6.7.2.6.2 Due to related parties

The following table summarizes the due to related parties as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.69): Due to related parties

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Shareholder								
Waleed Bin Ibrahim Al Brahim	12,252	12,113	11,341	(1.1%)	(6.4%)	(3.8%)	10,354	(8.7%)
Companies under common control								
Al Sadaf for Sonic Visual Production	-	4,137	3,623	N/A	(12.4%)	0.0%	-	N/A
Al Arabiya News Channel FZ LLC	70,436	33,670	19,670	(52.2%)	(41.6%)	(47.2%)	3,260	(83.4%)
MBC Initiatives (British Virgin Islands) Limited	-	-	2,069	N/A	N/A	N/A		
Middle East News Limited - United Kingdom	-	-	-	N/A	N/A	N/A	458	N/A
Anghami*	-	-	60	N/A	N/A	0.0%	-	N/A

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
MBC Initiatives (British Virgin Islands)	-	-	-	N/A	N/A	N/A	2,069	N/A
Joint ventures and associates								
Arabian Contracting Services Company	-	1,101	17,291	N/A	1470.5%	0.0%	3,735	(78.4%)
Anghami*	-	60	-	N/A	(100.0%)	0.0%	60	N/A
Total	**82,688**	**51,081**	**54,054**	**(38.2%)**	**5.8%**	**(19.1%)**	**19,936**	**(63.1%)**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

* With effect from 4 February 2022G, Anghami was not an associate of the Group.

Due to related parties pertains to balances with Al Arabiya News Channel FZ LLC, Arabian Contracting Services Company, and Waleed Bin Ibrahim Al Brahim amongst others. Due to related parties as a percentage of current liabilities accounted for 7.8%, 2.5%,1.7% and 0.5% as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G, respectively.

Due to related parties decreased from SAR 82.7 million as at 31 December 2020G to SAR 51.1 million as at 31 December 2021G following the decrease in the balance due to Al Arabiya News Channel FZ LLC by SAR 36.8 million pertaining to airtime purchases. The decrease was partly offset by an increase in the balance due to Al Sadaf Visual Production by SAR 4.1 million relating to new program development requests.

Due to related parties balance increased from SAR 51.1 million as at 31 December 2021G to SAR 54.1 million as at 31 December 2022G following the increase due to Arabian Contracting Services Company by SAR 16.2 million in relation to advertising service provided to the Group in the KSA. In addition, the balance of MBC Initiatives (British Virgin Islands) Limited increased from zero as at 31 December 2020G and 2021G to SAR 2.1 million as at 31 December 2022G partly offset by the decrease in balance due to Al Arabiya News Channel by SAR 14.0 million due to settlement of balances for airtime purchases.

Due to related parties balance decreased from SAR 54.1 million as at 31 December 2022G to SAR 19.9 million as at 30 June 2023G as a result of the decrease in the balance of Al Arabiya News Channel - FZ LLC amounting to SAR 16.4 million, the balance of the Arabian Contracting Services Company amounting to SAR 13.6 million, and the balance of Al Sadaf for Sonic Visual Production amounting to SAR 3.6 million during the period.

6.7.3 Statement of cash flows

The following table summarizes the statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.70): Statement of cash flows data

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Cash flows from operating activities									
Profit / (loss) before tax	(95,675)	760,389	55,090	N/A	(92.8%)	N/A	(12,543)	58,991	N/A
Adjustments to cash flows from operating activities:									
Depreciation for property and equipment	55,309	54,127	47,599	(2.1%)	(12.1%)	(7.2%)	23,577	19,518	(17.2%)
Depreciation for right-of-use assets	19,134	21,824	18,802	14.1%	(13.8%)	(0.9%)	9,760	7,850	(19.6%)

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Allowance for / (reversal of) expected credit loss, net	12,793	(26,275)	13,465	N/A	(151.2%)	2.6%	13,483	6,388	(52.6%)
Amortization of intangible assets	558	3,138	8,121	462.4%	158.8%	281.5%	3,624	5,133	41.6%
Write-off of intangible assets	-	9,407	-	N/A	(100.0%)	0.0%	-	-	N/A
Share of results of associates and joint ventures, net	13,823	4,008	(14,187)	(71.0%)	N/A	N/A	(1,014)	(22,319)	2101.1%
Loss on disposal of an investment in joint ventures	1,501	-	-	(100.0%)	N/A	0.0%	-	-	N/A
Unrealized gain on investment in financial asset through profit or loss (FVTPL)	-	-	(10,771)	N/A	N/A	0.0%	(46,566)	4,980	N/A
Unrealized loss / (gain) on derivative financial instruments	-	(341,625)	1,326	N/A	N/A	N/A	(14,433)	(268)	(98.1%)
Provision for employees' end of service benefits	17,274	23,389	24,064	35.4%	2.9%	18.0%	12,623	19,426	53.9%
Loss on exercise of call option	-	-	5,250	N/A	N/A	N/A	-	-	N/A
Finance income, net	3,420	45	(2,359)	(98.7%)	N/A	N/A	(2,551)	4,478	N/A
Loss / (gain) on disposal of property and equipment	-	-	37	N/A	100.0%	N/A	2	-	(100.0%)
Working capital changes:									
Inventories	(346,805)	(939,291)	(714,300)	170.8%	(24.0%)	43.5%	(512,346)	(222,816)	(56.5%)
Trade receivables, Prepayments and other assets	360,906	(333,729)	29,435	N/A	N/A	N/A	(448,104)	(353,966)	(21.0%)
Due from related parties	(111,952)	155,961	141,697	N/A	(9.1%)	N/A	165,109	(61,402)	N/A
Trade and other payables	374,269	1,040,182	587,349	177.9%	(43.5%)	25.3%	730,117	615,320	(15.7%)
Due to related parties	47,022	(31,587)	2,972	N/A	N/A	(74.9%)	8,880	(34,118)	N/A
Cash from operating activities	**351,577**	**399,964**	**193,590**	**13.8%**	**(51.6%)**	**(25.8%)**	**(70,381)**	**47,195**	**N/A**
Employees' end of service benefits paid	(6,795)	(18,200)	(20,968)	167.8%	15.2%	75.7%	(5,031)	(12,225)	143.0%
Interest (paid) / received	77	6,721	4,965	8,628.6%	(26.1%)	703.0%	3,445	(3,692)	N/A
Income tax paid	(119)	(69)	(12,750)	(42.0%)	18378.3%	935.1%	(9,025)	(3,451)	(61.8%)
Net cash flows from / (used in) operating activities	**344,740**	**388,416**	**164,837**	**12.7%**	**(57.6%)**	**(30.9%)**	**(80,992)**	**27,827**	**N/A**
Cash flows from financing activities									
Repayment of lease liability	(20,723)	(19,762)	(22,797)	(4.6%)	15.4%	4.9%	(11,321)	(9,950)	(12.1%)
Proceeds from borrowing	29,471	6,736	93,750	(77.1%)	1291.8%	78.4%	87,014	206,251	137.0%
Repayment of borrowings	-	-	(100,486)	N/A	N/A	0.0%	-	-	N/A
Loan from a shareholder	-	-	497,250	N/A	N/A	0.0%	-	-	N/A
Deferred tax	-	-	22	N/A	N/A	0.0%	-	-	N/A

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Withdrawal from MBC Trust	-	-	12,403	N/A	N/A	N/A	-	-	N/A
Proceeds from issuance of shares	-	-	-	N/A	N/A	N/A	-	500	N/A
Net cash flows from / (used in) financing activities	**8,748**	**(13,026)**	**480,142**	**N/A**	**N/A**	**640.9%**	**75,693**	**196,801**	**160.0%**
Cash flows from investing activities									
Purchase of property and equipment	(40,437)	(53,922)	(46,410)	33.3%	(13.9%)	7.1%	(13,111)	(13,806)	5.3%
Proceeds from disposal of property and equipment	69	172	32	149.3%	(81.4%)	(31.9%)	9	2	(77.8%)
Other non-current assets	(2)	2	1	(200.0%)	(50.0%)	N/A	2	(88)	(4,500.0%)
Purchase of intangible assets	(11,817)	(22,962)	(25,048)	94.3%	9.1%	45.6%	(11,598)	(16,468)	42.0%
Investments in joint ventures and associates	(46,081)	(7,500)	(554,346)	(83.7%)	N/A	246.8%	-	(72,036)	42.0%
Net movement in non-current advances	(29,471)	-	-	(100.0%)	N/A	0.0%	-	-	N/A
Net cash flows used in investing activities	**(127,739)**	**(84,210)**	**(625,771)**	**(34.1%)**	**643.1%**	**121.3%**	**(24,698)**	**(102,396)**	**314.6%**
Net increase in bank balances and cash	225,749	291,180	19,208	29.0%	(93.4%)	(70.8%)	(29,997)	122,232	N/A
Net foreign exchange difference	(1,394)	(4,056)	(4,279)	191.0%	5.5%	75.2%	(815)	(15,531)	1,805.6%
Bank balances and cash at the beginning of the year/ period	166,608	390,963	678,087	134.7%	73.4%	101.7%	678,087	693,016	2.2%
Bank balances and cash at the end of the year/period	**390,963**	**678,087**	**693,016**	**73.4%**	**2.2%**	**33.1%**	**647,274**	**799,717**	**23.6%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Cash flows from / (used in) operating activities

Cash flows from operating activities increased from SAR 344.7 million in 2020G to SAR 388.4 million in 2021G driven by the growth in the Group's profit / (loss) before tax for the year from a net loss of SAR 95.7 million to an income of SAR 760.4 million. This was partially offset by the unrealized gain in derivative financial instrument of SAR 341.0 million (relating to the call option of ACSC) and an overall increase in inventories and trade receivables, prepayments and other assets partly offset by an increase in trade and other payables which resulted in a decrease in working capital by negative SAR 108.5 million during the same year.

Cash flows from operating activities decreased from SAR 388.4 million in 2021G to SAR 164.8 million in 2022G primarily due to a decrease in the Group's profit / (loss) before tax to SAR 55.1 million coupled with a further increase in inventories, which was more than offset by an increase in trade and other payables (namely deferred revenue from funds) and settlement of commercial related party balances. This resulted in a positive change in working capital amounting to SAR 47.2 million during the year.

Cash flows from operating activities increased from cash flows used in operating activities of SAR 81.0 million in the six-month period ended 30 June 2022G to Cash flows from operating activities of SAR 27.8 million in the six-month period ended 30 June 2023G due to the increase in working capital specifically trade receivables, prepayments and other assets mainly relating to production work in progress. This resulted in a negative change in working capital of SAR 57.0 million.

Cash flows from / (used in) financing activities

Cash flows from financing activities decreased from cash flows from financing activities of SAR 8.7 million in 2020G to cash flows used in financing activities of SAR 13.0 million in 2021G driven by the settlement of borrowings by SAR 22.7 million in relation to the amount paid by NEOM for MBC Game Studio, and payment of lease liabilities of SAR 19.8 million during the year.

Cash flows from financing activities increased from cash flows used in financing activities of SAR 13.0 million in 2021G to cash flows from financing activities of SAR 480.1 million in 2022G driven by the shareholder loan taken to finance the additional 15% stake in ACSC. This was partly offset by payments of SAR 22.8 million relating to lease liabilities and SAR 6.7 million in relation to settlement of NEOM's borrowing.

Cash flows used in financing activities increased from SAR 75.7 million in the six-month period ended 30 June 2022G to SAR 196.8 million in the six-month period ended 30 June 2023G due to the utilization of short-term facilities available to the Group from Citi Bank with a margin of 1.25% per annum amounting to SAR 206.3 million. This was partly offset by payments of SAR 10.0 million related to lease liabilities.

Cash flows used in investing activities

Cash flows used in investing activities decreased from SAR 127.7 million in 2020G to SAR 84.2 million in 2021G driven by purchase of property and equipment of SAR 53.9 million mainly in relation to technical equipment, along with purchase of intangible assets of SAR 23.0 million in relation to the development of the Shahid platform.

Cash flows used in investing activities decreased from SAR 84.2 million in 2021G to SAR 625.8 million in 2022G due to the acquisition of a 15% additional stake in ACSC, which resulted in a cash outflow of SAR 554.2 million along with purchase of property and equipment and intangible assets. Nevertheless, it is important to note that the additional stake purchase in ACSC was funded by a shareholder loan amounting to SAR 497.3 million and the remaining SAR 57.0 million was funded from the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company).

Cash flows used in investing activities increased from SAR 24.7 million in the six-month period ended 30 June 2022G to SAR 102.4 million in the six-month period ended 30 June 2023G due to the increase in investment in MBC Game Studio by SAR 72.0 million as well as the purchase of property and equipment and additions to intangible assets.

6.7.4 Commitments and contingencies

The following table summarizes the commitments and contingencies as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.71): Commitments and contingencies

SAR in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Unaudited)	Var 31 Dec 2022G-H1'23G
Less than one year	625,245	964,798	1,151,813	54.3%	19.4%	35.7%	1,239,247	7.6%
Between two and five years	273,722	182,498	88,018	(33.3%)	(51.8%)	(43.3%)	116,238	32.1%
Total	**898,967**	**1,147,296**	**1,239,831**	**27.6%**	**8.1%**	**17.4%**	**1,355,485**	**9.3%**

Source: The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, Management Information.

Commitments and contingencies by subsidiary

The following table summarizes the commitments and contingencies by subsidiary as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.72): **Consolidated commitments and contingencies by subsidiary**

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
MBC FZ LLC	792,063	774,094	891,807	(2.3%)	15.2%	6.1%	730,555	(18.1%)
MBC Studios Projects FZ LLC	105,362	314,074	342,751	198.1%	9.1%	80.4%	619,471	80.7%
MBC Studios FZ LLC	1,524	58,804	5,272	3758.5%	(91.0%)	86.0%	5,459	3.5%
Middle East Production Company	17	322	-	1794.1%	N/A	N/A	-	0.0%
Total	**898,967**	**1,147,296**	**1,239,831**	**27.6%**	**8.1%**	**17.4%**	**1,355,485**	**9.3%**

Source: Management information.

Commitments and contingencies include program agreements whereby the Group is committed to acquire the program inventory for the life of the respective program.

Commitments and contingencies increased from SAR 899.0 million as at 31 December, 2020G to SAR 1,147.3 million as at 31 December 2021G mainly due to the increase in commitments and contingencies of MBC Studios Projects by SAR 208.7 million and MBC Studios by SAR 57.3 million.

Commitments and contingencies increased from SAR 1,147.3 million as at 31 December 2021G to SAR 1,239.8 million as at 31 December 2022G mainly due to the increase in commitments and contingencies of MBC FZ LLC by SAR 117.7 million, partly offset by a decrease in the commitments and contingencies of MBC Studios by SAR 53.5 million.

It is worth noting that 92.9% of the commitments and contingencies are due within a year of 31 December 2022G and are primarily related to content purchases.

Commitments and contingencies increased from SAR 1,239.8 million as at 31 December 2022G to SAR 1,355.5 million as at 30 June 2023G due to an increase in the commitments and contingencies of MBC Studios FZ- LLC, amounting to SAR 276.7 million, offset by a decrease in from MBC FZ LLC by SAR 161.3 million. It is worth noting that 91.4% of the commitments and contingencies mature within one fiscal year beginning 30 June 2023G and are primarily related to content purchases.

6.7.5 Material subsidiaries analysis

MBC FZ LLC and its subsidiaries, MBC Media Services BVI Limited and its subsidiaries, MBC Studios Projects FZ LLC and its subsidiaries, and MBC Media FZ LLC have been identified as material subsidiaries based on their contribution to the Group's revenue, net income / (loss), assets and liabilities.

The audited financial statements of the material subsidiaries for the financial years ended 31 December 2020G, 2021G, and 2022G and the accompanying notes were prepared in accordance with International Financial Reporting Standards. The unaudited interim condensed financial statements for the six-month financial period ended on 30 June 2023G and the accompanying notes were prepared in accordance with International Accounting Standard No. (34) "**Interim Financial Reporting**".

6.7.5.1 MBC FZ LLC and its subsidiaries

6.7.5.1.1 Consolidated statement of comprehensive income

The following table summarizes the MBC FZ LLC consolidated statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.73): Consolidated statement of comprehensive income data (in USD)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Revenue from contracts with customers	457,379	482,966	546,113	5.6%	13.1%	9.3%	284,275	328,007	15.4%
Other operating revenues	127,353	171,231	172,285	34.5%	0.6%	16.3%	90,693	97,703	7.7%
Total revenue	**584,732**	**654,197**	**718,399**	**11.9%**	**29.6%**	**10.8%**	**374,968**	**425,711**	**13.5%**
Direct cost	(487,093)	(530,032)	(614,259)	8.8%	15.9%	12.3%	(347,308)	(343,854)	(1.0%)
Gross profit	**97,639**	**124,165**	**104,139**	**27.2%**	**(16.1%)**	**3.3%**	**27,660**	**81,856**	**195.9%**
Other income	10,519	105,816	55,406	906.0%	(47.7%)	129.3%	18,942	13,083	(30.9%)
General & administrative expenses	(139,605)	(130,734)	(162,230)	(6.4%)	24.1%	7.8%	(79,006)	(88,487)	12.0%
Finance income / (costs), net	955	(101)	826	N/A	N/A	(7.0%)	695	(1,192)	N/A
Share of loss in equity accounted joint venture	(604)	-	-	N/A	N/A	N/A	-	-	N/A
Profit / (loss) before tax for the year / period	**(31,096)**	**99,145**	**(1,859)**	**N/A**	**N/A**	**(75.5%)**	**(31,709)**	**5,261**	**N/A**
Income tax expense	(32)	(17)	(51)	(46.9%)	196.9%	26.2%	(20)	(106)	430.0%
Income / (loss) for the year	**(31,128)**	**99,128**	**(1,910)**	**N/A**	**N/A**	**(75.2%)**	**(31,729)**	**5,155**	**N/A**
Other comprehensive income statement items that may be reclassified subsequently to profit or loss (net of tax):									
Exchange differences on translating a foreign operation	(12)	(29)	(4)	141.7%	(86.2%)	(42.3%)	(7)	3	N/A
Other comprehensive income / (loss) for the year / period	**(12)**	**(29)**	**(4)**	**141.7%**	**(86.2%)**	**(42.3%)**	**(7)**	**3**	**N/A**
Total comprehensive income / (loss) for the year / period	**(31,140)**	**99,099**	**(1,915)**	**N/A**	**N/A**	**(75.2%)**	**(31,735)**	**5,158**	**N/A**

Source: The audited consolidated financial statements of MBC FZ LLC and its subsidiaries for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Figures presented for the financial year ended 31 December 2020G were extracted from the comparative figures of the consolidated audited financial statements for the financial year ended 31 December 2021G due to certain reclassifications.

The following table summarizes the MBC FZ LLC consolidated statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.74): Consolidated statement of comprehensive income data (in SAR)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Revenue from contracts with customers	1,715,171	1,811,121	2,047,926	5.6%	13.1%	9.3%	1,066,032	1,230,030	15.4%
Other operating revenues	477,576	642,118	646,070	34.5%	0.6%	16.3%	340,099	366,385	7.7%
Total revenue	**2,192,747**	**2,453,239**	**2,693,996**	**11.9%**	**29.6%**	**10.8%**	**1,406,132**	**1,596,415**	**13.5%**
Direct cost	(1,826,599)	(1,987,621)	(2,303,473)	8.8%	15.9%	12.3%	(1,302,407)	(1,289,454)	(1.0%)
Gross profit	**366,147**	**465,618**	**390,523**	**27.2%**	**(16.1%)**	**3.3%**	**103,725**	**306,961**	**195.9%**
Other income	39,447	396,808	207,773	905.9%	(47.7%)	129.3%	71,033	49,063	(30.9%)
General & administrative expenses	(523,520)	(490,254)	(608,363)	(6.4%)	24.1%	7.8%	(296,273)	(331,825)	12.0%
Finance income / (costs), net	3,580	(377)	3,097	N/A	N/A	(7.0%)	2,607	(4,469)	N/A
Share of loss in equity accounted joint venture	(2,264)	-	-	N/A	N/A	N/A	-	-	0.0%
Profit / (loss) before tax for the year / period	**(116,610)**	**371,795**	**(6,971)**	**N/A**	**N/A**	**(75.5%)**	**(118,907)**	**19,730**	**N/A**
Income tax expense	(119)	(65)	(193)	(46.9%)	196.9%	26.2%	(75)	(397)	430.0%
Income / (loss) for the year	**(116,729)**	**371,730**	**(7,164)**	**N/A**	**N/A**	**(75.2%)**	**(118,982)**	**19,334**	**N/A**
Other comprehensive income statement items that may be reclassified subsequently to profit or loss (net of tax):									
Exchange differences on translating a foreign operation	(44)	(109)	(16)	141.7%	(86.2%)	(42.3%)	(27)	12	N/A
Other comprehensive income / (loss) for the year / period	**(44)**	**(109)**	**(16)**	**141.7%**	**(86.2%)**	**(42.3%)**	**(27)**	**12**	**N/A**
Total comprehensive income / (loss) for the year / period	**(116,773)**	**371,621**	**(7,180)**	**N/A**	**N/A**	**(75.2%)**	**(119.009)**	**19,346**	**N/A**

Source: Management Information

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.75): Key performance indicators

As a % revenue	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'21G-'22G
Gross margin[1]	16.7%	19.0%	14.5%	2.3	(4.5)	(2.2)	7.4%	19.2%	11.8
G&A expenses[2]	23.9%	20.0%	22.6%	(3.9)	2.6	(1.3)	21.1%	20.8%	(0.3)
Net income / (loss) margin[3]	(5.3%)	15.2%	(0.3%)	20.5	(15.5)	5.0	(8.5%)	1.2%	9.7

Source: Management information.

(1) Gross margin is computed based on gross profit for the year / period / total revenue for the year / period

(2) G&A expenses is computed based on the general and administrative expenses for the year/ period / total revenue for the year / period

(3) Net income / (loss) margin is computed based on net income / (loss) for the year / period / total revenue for the year / period

The principal activity of MBC FZ LLC and its subsidiaries is to provide broadcasting services and to operate free-to-air Pan-Arab entertainment channels. The subsidiaries of MBC FZ LLC include MBC Group Holding Hungary Limited Liability Company, MBC Jordan LLC, MBC Media Cyprus Limited (which owns MBC Lebanon), Middle East Production Company, and MBC Media Saudi Arabia Co. Ltd.

Revenue from contracts with customers

Revenue from contracts with customers is mainly generated through advertising (spots sponsorships, brand integration and AVOD activities), digital revenue (through the video-on-demand platform "Shahid"), in addition to barter, distribution, interactivity and other revenue.

Revenue increased by 5.6% from SAR 1,715.2 million in 2020G to SAR 1,811.1 million in 2021G in line with the increase in digital revenues due to the subscriber ramp-up effect. This was partly offset by the decrease in (i) advertising revenues by SAR 121.0 million mainly due to the decrease in revenue generated by the related party (MBC Media Services BVI Limited) and (ii) event management revenue by SAR 50.2 million driven by the decrease in number of events held from 23 to 13 during the same period.

Revenue increased by 13.1% from SAR 1,811.1 million in 2021G to SAR 2,047.9 million in 2022G attributable to the increase in broadcasting and technical services revenue (related to SSC) by SAR 112.1 million, coupled with the increase in digital revenue by SAR 137.5 million over the same period.

Revenues increased by 15.4% from SAR 1,066.0 million in the six-month period ended 30 June 2022G to SAR1,230.0 million in the six-month period ended 30 June 2023G, due to an increase in broadcast and technical services revenue (related to SSC) for SAR 94.6 million, in addition to an increase in digital revenue of SAR 77.4 million following the increase in the number of subscribers from 2,535.6 thousand subscribers to 3,398.8 thousand subscribers in the same period, in addition to the increase in additional services rendered to the SSC related to 4k support, decreasing latency, and other marketing services.

Other operating revenues

Other operating revenue comprised funding of costs incurred to operate some channels, and the reimbursement of cost of some championships, amongst others.

Other operating revenue increased by 34.5% from SAR 477.6 million in 2020G to SAR 642.1 million in 2021G due to the increase in funding revenue for the operation of MBC FZ LLC's funded channels by SAR 74.6 million as a result of the increase in costs incurred in channels, and the other government related projects by SAR 66.4 million related to special projects.

Other operating revenue increased by 0.6% from SAR 642.1 million in 2021G to SAR 646.1 million in 2022G driven by the increase in revenue related to some championships by SAR 3.8 million.

Other operating revenue increased by 7.7% from SAR 340.1 million in the six-month period ended 30 June 2022G to SAR 366.4 million in the six-month period ended 30 June 2023G due to the increase in (i) funding revenue for the operation of some of the funded channels by SAR 46.0 million as a result of increase in costs incurred in these channels. This was partly offset by a decrease in broadcast revenue by SAR 31.9 million due to the expiration of the exclusive rights of some contracts whose airing rights' are no longer exclusive.

The following table summarizes the MBC FZ LLC consolidated revenue by subsidiary for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.76): MBC FZ LLC and its subsidiaries revenue by subsidiary

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
MBC FZ LLC	2,187,255	2,450,849	2,640,660	12.1%	7.7%	9.9%	1,404,735	1,572,356	11.9%
MBC Group Holding Hungary Limited Liability Company, Hungary	5,491	2,390	2,169	(56.5%)	(9.2%)	(37.2%)	1,004	981	(2.2%)
MBC Jordan LLC	19,463	23,688	26,243	21.7%	10.8%	16.1%	13,140	12,910	(1.7%)
MBC Media Cyprus Limited	2,280	3,052	3,835	33.9%	25.7%	29.7%	1,515	1,744	15.1%
Middle East Production Company	49,919	68,378	77,009	37.0%	12.6%	24.2%	38,867	21,442	(44.8%)
MBC Media Saudi Arabia Co. Ltd.	-	-	60,936	N/A	N/A	N/A	393	137,037	34789.7%
Subtotal	**2,264,408**	**2,548,357**	**2,810,852**	**12.5%**	**10.3%**	**11.4%**	**1,459,653**	**1,746,470**	**15.1%**
Eliminations	(71,663)	(95,118)	(116,857)	32.7%	22.9%	27.7%	(53,522)	(150,056)	180.4%
Total	**2,192,746**	**2,453,239**	**2,693,995**	**11.9%**	**9.8%**	**10.8%**	**1,406,132**	**1,596,415**	**9.0%**
As a percentage of subtotal					**Percentage points**		**As a percentage of subtotal**		**Percentage points**
MBC FZ LLC	96.6%	96.2%	93.9%	(0.4)	(2.2)	(2.6)	96.2%	90.0%	(6.4)
MBC Group Holding Hungary Limited Liability Company, Hungary	0.2%	0.1%	0.1%	(0.1)	(0.0)	(0.2)	0.1%	0.1%	(0.0)
MBC Jordan LLC	0.9%	0.9%	0.9%	0.1	0.0	0.1	0.9%	0.7%	(0.1)
MBC Media Cyprus Limited	0.1%	0.1%	0.1%	0.0	0.0	0.0	0.1%	0.1%	0.0
Middle East Production Company	2.2%	2.7%	2.7%	0.5	0.1	0.5	2.7%	1.2%	(1.3)
MBC Media Saudi Arabia Co. Ltd.	0.0%	0.0%	2.2%	-	2.2	2.2	0.0%	7.8%	7.8

Source: Management information.

Direct costs

Direct cost comprised cost of programs, marketing costs, commission expenses, technical costs, and digital costs amongst others.

Direct costs increased by 8.8% from SAR 1,826.6 million in 2020G to SAR 1,987.6 million in 2021G in line with the increase in (i) cost of programs by SAR 327.7 million namely due to the increase in digital content release, (ii) increase in digital costs by SAR 50.0 million in line with the ramp up of the Shahid Platform, and (iii) technical costs by SAR 38.0 million. This was partly offset by the decrease in commission expenses by SAR 276.7 million after the termination of the advertising agreement with the key agency.

Direct costs increased by 15.9% from SAR 1,987.6 million in 2021G to SAR 2,303.5 million in 2022G driven by the increase in (i) cost of programs by SAR 204.3 million, (ii) marketing costs by SAR 35.3 million in line with Management's strategy to increase subscriber acquisition to the Shahid platform, (iii) event management costs by SAR 35.6 million attributable to the increase in events held in the KSA during the period, and (iv) commission expenses by SAR 34.4 million over the same period.

Direct costs decreased by 1.0% from SAR 1,302.4 million in the six-month period ended 30 June 2022G to SAR 1,289.5 million in the six-month period ended 30 June 2023G due to the decrease in program costs incurred by MBC Egypt from SAR 21.0 million to SAR 9.2 million during the same period. This was partly offset by an increase in transportation costs incurred by SAR 4.4 million during the same period.

Gross profit

Gross profit increased by 27.2% from SAR 366.1 million in 2020G to SAR 465.6 million in 2021G mainly attributable to the significant decrease in commission costs by SAR 276.7 million in light of the increase in revenue from contracts with customers by SAR 96.0 million. As a result, gross margin increased from 16.7% in 2020G to 19.0% in 2021G.

Gross profit decreased by 16.1% from SAR 465.6 million in 2021G to SAR 390.5 million in 2022G driven by the increase in cost of programs by SAR204.3 million, marketing costs by SAR 35.3 million, and event management costs by SAR 35.6 million at a higher rate than the growth in revenue, which increased by SAR 236.8 million. Accordingly, gross margin decreased from 19.0% in 2021G to 14.5% in 2022G.

Gross profit increased by 195.9% from SAR 103.7 million in the six-month period ended 30 June 2022G to SAR 307.0 million in the six-month period ended 30 June 2023G due to the growth of Shahid platform profits from SAR 36.6 million to SAR 134.0 million during the same period. As a result, gross profit margin increased from 7.4% in the six-month period ended 30 June 2022G to 19.2% in the six-month period ended 30 June 2023G.

Other income

Other income mainly related to compensations received for loss of business and rental income.

Other income increased by 905.9% from SAR 39.4 million in 2020G to SAR 396.8 million in 2021G due to the compensation on loss of business pertaining to a TV channel which amounted to SAR 375.0 million.

Other income decreased by 47.6% from SAR 396.8 million in 2021G to SAR 207.8 million in 2022G as MBC FZ LLC had received a compensation for loss of business payment covering two periods during 2021G while compensation for business loss in the fiscal year 2022G amounted to SAR 187.5 million related to one financial period.

Other income decreased by 30.9% from SAR 71.0 million in the six-month period ended 30 June 2022G to SAR 49.1 million in the six-month period ended 30 June 2023G due to the decrease in compensation for loss of business of a TV channel which decreased from SAR 65.6 million in the six-month period ended 30 June 2022G to SAR 39.4 million in the six-month period ended on 30 June 2023G.

General & administrative expenses

General and administrative expenses primarily include staff costs, building occupancy costs, foreign exchange gain/ loss, and legal and professional fees amongst others.

General and administrative expenses decreased by 6.4% from SAR 523.5 million in 2020G to SAR 490.3 million in 2021G driven by the decrease in staff costs (net of recharges) by SAR 16.1 million, coupled with the decrease in provision for expected credit losses by SAR 44.3 million as a result of reversals during the same period. This was partly offset by the increase in legal and professional fees by SAR 15.0 million in line with increase in consultancy services provided to MBC FZ LLC.

General and administrative expenses increased by 24.1% from SAR 490.3 million in 2021G to SAR 608.4 million in 2022G attributable to the increase in foreign exchange loss by SAR 63.0 million mainly resulting from the operations of MBC Masr due to the devaluation of the Egyptian Pound. This was coupled with the increase in provision for expected credit losses by SAR 37.1 million during the same period.

General and administrative expenses increased by 12.0% from SAR 296.3 million in the six-month period ended 30 June 2022G to SAR 331.8 million in the six-month period ended 30 June 2023G due to the growth in headcount of MBC Media KSA from 3 employees to 403 employees which resulted in an increase in staff costs by SAR 61.2 million during the same period. This was partly offset by a decrease in foreign exchange loss of SAR 12.2 million and withholding tax of SAR 11.5 million due to the reversal of the associated tax provision.

Finance income / (costs), net

Finance income / (costs), net decreased from an income of SAR 3.6 million in 2020G to a loss of SAR 377 thousand in line with the decrease in finance income by SAR 4.6 million related to bank deposits as a result of the decrease in short-term deposits from SAR 186.0 million as at 31 December 2020G to SAR 43.9 million as at 31 December 2021G coupled with the decrease in interest rates.

Finance income / (costs), net increased from a loss of SAR 0.4 million in 2021G to an income of SAR 3.1 million in 2022G due to the increase in finance income as a result of the acquisition of treasury bills in MBC Egypt amounting to SAR 30.0 million whereby interest received related to MBC Egypt increased by SAR 2.5 million during the same period.

Finance income / (costs), net decreased from an income of SAR 2.6 million in the six-month period ended 30 June 2022G to a cost of SAR 4.5 million in the six-month period ended 30 June 2023G due to the increase in finance costs related to the borrowing used during the six-month period ended 30 June 2023G.

Share of loss in equity accounted joint venture

Share of loss in equity accounted joint venture pertains to a JV investment made in O3 RP LLC that was carved out during the year 2020G, which amounted to a loss of SAR 2.3 million during the same period.

Income tax expense

Income tax expense decreased by 45.4% from SAR 119 thousand in 2020G to SAR 65 thousand in 2021G driven by the decrease in the tax related to MBC Hungary from SAR 119 thousand to SAR 700 during the same period. This was partly offset by the increase in tax related to MBC Cyprus by SAR 64.1 thousand.

Income tax expense increased by 196.9% from SAR 65 thousand in the fiscal year 2021G to SAR 193 thousand in the fiscal year 2022G as a result of the increase in the tax related to the MBC Holding Group (Hungary).

Income tax expense increased by 430.0% from SAR 75 thousand in the six-month period ended 30 June 2022G to SAR 397 thousand in the six-month period ended 30 June 2023G due to the increase in profitability and taxable base during the same period.

Income / (loss) for the year

Income / (loss) for the year increased from a loss of SAR 116.7 million to an income of SAR 371.7 million driven by the increase in other income by SAR 357.3 million due to the compensation for loss of business pertaining to a TV channel along with the increase in gross profit by SAR 99.5 million driven by the decrease in staff costs and provision for expected credit losses over the same period.

Income / (loss) decreased from an income of SAR 371.7 million in 2021G to SAR 7.2 million in 2022G driven by the decrease in gross profit by SAR 75.1 million due to the increase in direct costs, along with the increase in general and administrative expenses by SAR 118.1 million attributable to the increase in foreign exchange loss along with the expected credit losses over the same period.

Income / (loss) increased from a loss of SAR 119.0 million in the six-month period ended 30 June 2022G to a profit of SAR 19.3 million in the six-month period ended 30 June 2023G in line with the increase in gross profit by 195.9% as a result of the increase in revenue and decrease in direct costs.

Other comprehensive income statement items that may be reclassified subsequently to profit or loss (net of tax):

Exchange differences on translating a foreign operation

Exchange differences on translating a foreign operation amounted to a loss of SAR 44 thousand in 2020G a loss of SAR 109 thousand in 2021G and a loss of SAR 16 thousand in 2022G due to the translation losses from MBC Egypt and Lebanon.

Exchange differences on translating a foreign operation amounted to a loss of SAR 27 thousand during the six-month period ended on 30 June 2022G as a result of translation losses from MBC Egypt and Lebanon, and then a profit of SAR 12 thousand in the six-month period ended 30 June 2023G.

Total comprehensive income / (loss) for the year / period

Total comprehensive income / (loss) for the year / period increased from a loss of SAR 116.8 million in 2020G to an income of SAR 371.6 million in 2021G and a loss of SAR 7.2 million in the fiscal year 2022G, in line with the fluctuations in income/loss for the year.

Total comprehensive income / (loss) for the year / period increased from a loss of SAR 119.0 million in the six-month period ended 30 June 2022G to a profit of SAR 19.3 million in the six-month period ended 30 June 2023G, in line with the increase in income for the period.

6.7.5.1.2 Consolidated statement of financial position

The following table summarizes the MBC FZ LLC consolidated statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in USD):

Table (6.77): Consolidated statement of financial position data (in USD)

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Reviewed)	Var 31 Dec 2022G-H1'23G
Non-current assets								
Property and equipment	25,388	24,309	25,290	(4.3%)	4.0%	(0.2%)	23,882	(5.6%)
Intangible assets	3,553	6,331	10,845	78.2%	71.3%	74.7%	13,867	27.9%
Right of use assets	8,847	6,546	6,449	(26.0%)	(1.5%)	(14.6%)	4,979	(22.8%)
Other non-current assets	6	5	5	(16.7%)	(0.0%)	(8.7%)	5	0.0%
Employee's end of service benefits plan assets	29,916	30,001	26,864	0.3%	(10.5%)	(5.2%)	27,516	2.4%

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Reviewed)	Var 31 Dec 2022G-H1'23G
Total non-current assets	**67,711**	**67,193**	**69,454**	**(0.8%)**	**3.4%**	**1.3%**	**70,250**	**1.1%**
Current assets								
Inventories	193,179	272,302	354,628	41.0%	30.2%	35.5%	404,319	14.0%
Trade receivables, prepayments and other assets	245,864	239,893	249,349	2.4%	3.9%	0.7%	311,608	25.0%
Due from related parties	169,435	252,875	220,350	49.2%	(12.9%)	14.0%	257,897	17.0%
Bank balances and cash	92,200	72,961	66,908	(20.9%)	(8.3%)	(14.8%)	51,086	(23.6%)
Total current assets	**700,678**	**838,032**	**891,236**	**19.6%**	**6.3%**	**12.8%**	**1,024,911**	**15.0%**
Total assets	**768,388**	**905,225**	**960,690**	**17.8%**	**6.1%**	**11.8%**	**1,095,161**	**14.0%**
Equity and liabilities								
Equity								
Share capital	136	136	136	0.0%	0.0%	0.0%	136	0.0%
Retained earnings	542,808	641,936	640,026	18.3%	(0.3%)	8.6%	645,182	0.8%
Discretionary Reserves	68	68	68	0.0%	0.0%	0.0%	68	0.0%
Foreign currency translation reserve	7	(23)	(27)	(428.6%)	17.4%	N/A	(24)	(11.1%)
Equity attributable to equity holders of the parent	**543,019**	**642,118**	**640,203**	**18.2%**	**(0.3%)**	**8.6%**	**645,362**	**0.8%**
Non-controlling interests	100	100	100	0.0%	0.0%	0.0%	100	0.0%
Total equity	**543,119**	**642,218**	**640,303**	**18.2%**	**(0.3%)**	**8.5%**	**645,462**	**0.8%**
Non-current liabilities								
Employees' end of service benefits	36,354	37,220	42,713	2.4%	14.8%	8.4%	46,461	8.8%
Leases liabilities	8,869	7,119	8,402	(19.7%)	18.0%	(2.7%)	7,340	(12.6%)
Total non-current liabilities	**45,223**	**44,338**	**51,115**	**(2.0%)**	**15.3%**	**6.3%**	**53,801**	**5.3%**
Current liabilities								
Trade and other payables	132,363	188,451	221,998	42.4%	17.8%	29.5%	305,695	37.7%
Due to related parties	44,440	27,088	45,953	(39.0%)	69.6%	1.7%	34,507	(24.9%)
Leases liabilities	3,244	3,130	1,320	(3.5%)	(57.8%)	(36.2%)	694	(47.4%)
Loans	-	-	-	N/A	N/A	N/A	55,000	N/A
Total current liabilities	**180,047**	**218,668**	**269,271**	**21.5%**	**23.1%**	**22.3%**	**395,897**	**47.0%**
Total liabilities	**225,269**	**263,007**	**320,387**	**16.8%**	**21.8%**	**19.3%**	**449,698**	**40.4%**
Total equity and liabilities	**768,388**	**905,225**	**960,690**	**17.8%**	**6.1%**	**11.8%**	**1,095,161**	**14.0%**

Source: The audited consolidated financial statements of MBC FZ LLC and its subsidiaries for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Figures presented for the financial year ended 31 December 2020G were extracted from the comparative figures of the consolidated audited financial statements for the financial year ended 31 December 2021G due to certain reclassifications.

The following table summarizes the MBC FZ LLC consolidated statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in SAR):

Table (6.78): Consolidated statement of financial position data (in SAR)

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Non-current assets								
Property and equipment	95,207	91,160	94,839	(4.3%)	4.0%	(0.2%)	89,558	(5.6%)
Intangible assets	13,324	23,741	40,668	78.2%	71.3%	74.7%	52,002	27.9%
Right of use assets	33,177	24,546	24,185	(26.0%)	(1.5%)	(14.6%)	18,671	(22.8%)
Other non-current assets	23	21	20	(8.7%)	(4.8%)	(6.7%)	20	0.0%
Employee's end of service benefits plan assets	112,183	112,505	100,742	0.3%	(10.5%)	(5.2%)	103,187	2.4%
Total non-current assets	**253,915**	**251,974**	**260,454**	**(0.8%)**	**3.4%**	**1.3%**	**263,438**	**1.1%**
Current assets								
Inventories	724,422	1,021,131	1,329,855	41.0%	30.2%	35.5%	1,516,197	14.0%
Trade receivables, prepayments and other assets	921,990	899,599	935,059	2.4%	3.9%	0.7%	1,168,532	25.0%
Due from related parties	635,380	948,282	826,316	49.2%	(12.9%)	14.0%	967,114	17.0%
Bank balances and cash	345,750	273,604	250,905	(20.9%)	(8.3%)	(14.8%)	191,573	(23.6%)
Total current assets	**2,627,542**	**3,142,620**	**3,342,135**	**19.6%**	**6.3%**	**12.8%**	**3,843,416**	**15.0%**
Total assets	**2,881,457**	**3,394,594**	**3,602,590**	**17.8%**	**6.1%**	**11.8%**	**4,106,853**	**14.0%**
Equity and liabilities								
Equity								
Share capital	511	511	511	0.0%	0.0%	0.0%	511	0.0%
Retained earnings	2,035,532	2,407,262	2,400, 098	18.3%	(0.3%)	8.6%	2,419,432	0.8%
Optional Reserves	255	255	255	0.0%	0.0%	0.0%	255	0.0%
Foreign currency translation reserve	26	(86)	(101)	(428.6%)	17.4%	N/A	(90)	(11.1%)
Equity attributable to equity holders of the parent	**2,036,323**	**2,407,944**	**2,400,761**	**18.2%**	**(0.3%)**	**8.6%**	**2,420,109**	**0.8%**
Non-controlling interests	375	375	375	0.0%	0.0%	0.0%	375	0.0%
Total equity	**2,036,698**	**2,408,319**	**2,401,136**	**18.2%**	**(0.3%)**	**8.5%**	**2,420,484**	**0.8%**
Non-current liabilities								
Employees' end of service benefits	136,326	139,574	160,174	2.4%	14.8%	8.4%	174,229	8.8%

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Leases liabilities	33,259	26,695	31,508	(19.7%)	18.0%	(2.7%)	27,525	(12.6%)
Total non-current liabilities	**169,584**	**166,269**	**191,682**	**(2.0%)**	**15.3%**	**6.3%**	**201,754**	**5.3%**
Current liabilities								
Trade and other payables	496,361	706,691	832,493	42.4%	17.8%	29.5%	1,146,356	37.7%
Due to related parties	166,649	101,579	172,323	(39.0%)	69.6%	1.7%	129,401	(24.9%)
Leases liabilities	12,164	11,736	4,951	(3.5%)	(57.8%)	(36.2%)	2,603	(47.4%)
Loans	-	-	-	N/A	N/A	N/A	206,250	N/A
Total current liabilities	**675,174**	**820,006**	**1,009,767**	**21.5%**	**23.1%**	**22.3%**	**1,484,615**	**47.0%**
Total liabilities	**844,759**	**986,275**	**1,201,451**	**16.8%**	**21.8%**	**19.3%**	**1,686,368**	**40.4%**
Total equity and liabilities	**2,881,457**	**3,394,594**	**3,602,590**	**17.8%**	**6.1%**	**11.8%**	**4,106,853**	**14.0%**

Source: Management Information

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

The following table summarizes the key performance indicators as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.79): Key performance indicators

Key performance indicators	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
DSO[1]	130	92	58	(29.2%)	(37.0%)	(33.2%)	65	12.8%
DIO[2]	225	211	242	(6.2%)	14.7%	3.7%	168	(30.8%)
DPO[3]	43	55	60	27.9%	9.1%	18.1%	51	(15.1%)
RoA[4]	(4.1%)	11.8%	(0.2%)	15.9	(12.0)	3.9	0.5%	0.7
RoE[5]	(5.7%)	16.7%	(0.3%)	22.4	(17.0)	5.4	0.8%	1.1

Source: Management information.

(1) DSO was calculated using average (gross receivables and contract assets) for the previous and current period / revenue from contracts with customers * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(2) DIO was calculated using average inventories for the previous and current period / total cost of programs amortization * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(3) DPO was calculated using average trade payables for the previous and current period / total direct costs * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(4) ROA was calculated using profit / (loss) for the year / period / average total assets for the previous and current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G

(5) ROE was calculated using profit / (loss) for the year / period / average total equity for the previous and current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G

Non-current assets

Property and equipment

Property and equipment consist of technical equipment, leasehold improvements, and furniture and fixtures amongst others.

Property and equipment decreased from SAR 95.2 million as at 31 December 2020G to SAR 91.2 million as at 31 December 2021G mainly driven by the depreciation charge for the year amounting to SAR 46.7 million partly offset by the additions, mainly related to technical equipment amounting to SAR 43.5 million over the same period.

Property and equipment increased from SAR 91.2 million as at 31 December 2021G to SAR 94.8 million as at 31 December 2022G as a result of additions mainly related to technical equipment by SAR 30.1 million which was partly offset by depreciation charges amounting to SAR 30.1 million during the same year.

Property and equipment decreased from SAR 94.8 million as at 31 December 2022G to SAR 89.6 million as at 30 June 2023G due to depreciation charges for the period amounting to SAR 17.4 million. This was partly offset by additions amounting to SAR 12.1 million, mainly related to technical equipment (SAR 9.5 million).

Intangible assets

Intangible assets mainly relate to the Shahid platform.

Intangible assets increased from SAR 13.3 million as at 31 December 2020G to SAR 23.7 million as at 31 December 2021G as a result of additions amounting to SAR 23.0 million relating to developing and upgrading features of the Shahid platform including backend and front-end applications compatible with mobile devices and analytical models and architectural prototype implementation. This was partially offset by write-offs amounting to SAR 9.4 million over the same period that relates to management's decision to stop internal development of these applications and switch to third-party content management system (CMS) solutions.

Intangible assets increased from SAR 23.7 million as at 31 December 2021G to SAR 40.7 million as at 31 December 2022G as a result of further additions related to platform development costs which amounted to SAR 25.0 million. This was partly offset by amortization amounting to SAR 8.1 million during the same period.

Intangible assets increased from SAR 40.7 million as at 31 December 2022G to SAR 52.0 million as at 30 June 2023G as a result of additions amounting to SAR 16.5 million related to platform development costs amounting to SAR 14.5 million, partly offset by amortization expenses of SAR 5.1 million.

Right of use assets

Right of use assets relates to lease contracts for units, infrastructures, and satellites used in operations.

Right of use assets decreased from SAR 33.2 million as at 31 December 2020G to SAR 24.5 million as at 31 December 2021G mainly due to depreciation charges during the year amounting to SAR 15.1 million partially offset by additions amounting to SAR 6.5 million which related to warehouse rent.

Right of use assets decreased from SAR 24.5 million as at 31 December 2021G to SAR 24.2 million as at 31 December 2022G as a result of depreciation charges during the year.

Right of use assets decreased from SAR 24.2 million as at 31 December 2022G to SAR 18.7 million as at 30 June 2023G due to depreciation charges amounting to SAR 5.5 million.

Other non-current assets

Other non-current assets decreased from SAR 23 thousand as at 31 December 2020G to SAR 21 thousand as at 31 December 2021G and SAR 20 thousand as at 31 December 2022G and as at 30 June 2023G.

Employee's end of service benefits plan assets

Employees' end of service benefits plan assets relates to the assets set aside by MBC FZ LLC specifically for the purpose of funding employees' end of service benefits obligations whereby contributions are upon the discretion of MBC FZ LLC. The plan is deemed a saving fund and interest received in the plan is accrued as part of the provision of employee's end of service indemnity payable.

Employees' end of service benefits plan assets amounted to SAR 112.2 million as at 31 December 2020G and SAR 112.5 million as at 31 December 2021G and decreased to SAR 100.7 million as at 31 December 2022G following the decrease in interest rates from 0.82% to 0.29% over the same period.

Employees' end of service benefits plan assets increased from SAR 100.7 million as at 31 December 2022G to SAR 103.2 million as at 30 June 2023G due to interest earned during the period.

Current assets

Inventories

Inventories consist of acquired programs, developed programs, and production work-in-progress.

Inventories increased from SAR 724.4 million as at 31 December 2020G to SAR 1,021.1 million as at 31 December 2021G mainly due to the increase in acquired programs by SAR 300.9 million in connection with the increase in acquired digital content by SAR 293.8 million.

Inventories increased from SAR 1,021.1 million as at 31 December 2021G to SAR 1,329.9 million as at 31 December 2022G as a result of the further increase in acquired digital content by SAR 150.1 million coupled with the increase in production work in progress by SAR 88.8 million.

Inventories increased from SAR 1,329.9 million as at 31 December 2022G to SAR 1,516.2 million as at 30 June 2023G due to an increase in GTV acquired programs by SAR 73.7 million and digital content by SAR 40.3 million.

Trade receivables, prepayments, and other assets

Trade receivables, prepayments and other assets mainly consist of trade receivables, contract assets, advances for program rights, amongst others.

Trade receivables, prepayments and other assets decreased from SAR 922.0 million as at 31 December 2020G to SAR 899.76million as at 31 December 2021G mainly due to the decrease in trade receivables by SAR 361.6 million as a result of settlements made during the year, partially offset by the increase in advances for program rights by SAR 237.9 million following Management's strategy to increase digital content in its inventory.

Trade receivables, prepayments and other assets increased from SAR 899.6 million as at 31 December 2021G to SAR 935.1 million as at 31 December 2022G following the increase in advances for program rights by SAR 100.9 million. This was partly offset by an increase in provision for expected credit losses by SAR 8.5 million during the same year.

Trade receivables, prepayments and other assets increased from SAR 935.1 million as at 31 December 2022G to SAR 1,168.5 million as at 30 June 2023G due to an increase in contract assets of SAR 104.7 million in line with the increase in SSC technical services revenue accrual and Shahid voucher sales during the same period.

Due from related parties

Due from related parties mainly consists of balances due from MBC Media Services BVI Limited, MBC Group Holdings Limited, MBC Game Studio Limited KSA, amongst others.

Due from related parties increased from SAR 635.4 million as at 31 December 2020G to SAR 948.3 million as at 31 December 2021G following the increase in the balance due from MBC Media Solutions BVI and its subsidiaries from nil to SAR 520.2 million over the same period. This was partially offset by the decrease in the balance due from ARA Media Services LLC by SAR 226.6 million due to the partial settlement of the outstanding balance.

Due from related parties decreased from SAR 948.3 million as at 31 December 2021G to SAR 826.3 million as at 31 December 2022G as a result of the decrease in the balance due from MBC Media Services BVI Limited by SAR 124.7 million due to settlements. This was partially offset by an increase in balance due from MBC Game Studios by SAR 81.0 million over the same period.

Due from related parties increased from SAR826.3 million as at 31 December 2022G to SAR 967.1 million as at 30 June 2023G due to an increase in the balance due from MBC Media Solutions KSA amounting to SAR 197.9 million given the increase in trade receivables from MBC Media Solutions KSA payments are made once the amounts are received from advertising agencies and other direct clients. This was coupled with an decrease in the balance due from MBC Game Studio by SAR 81.0 million which mainly relates to content production.

Bank balances and cash

Bank balances and cash comprised of cash on hand, bank balances, and treasury bills.

Bank balances and cash decreased from SAR 345.8 million as at 31 December 2020G to SAR 273.6 million as at 31 December 2021G mainly resulting from the decrease in the working capital during the same period.

Bank balances and cash decreased from SAR 273.6 million as at 31 December 2021G to SAR 250.9 million as at 31 December 2022G mainly due to purchases of property and equipment of SAR 42.9 million and intangible assets of SAR 25.0 million during the same period.

Bank balances and cash decreased from SAR 250.9 million as at 31 December 2022G to SAR 191.6 million as at 30 June 2023G due to an increase in investing activities such as intangible assets additions amounting to SAR 16.5 million and property equipment amounting to SAR 12.2 million, coupled with the settlement of balances due from related parties amounting to SAR 42.9 million.

Equity

Share capital

Share capital comprises of 100 authorized, issued, and fully paid shares of SAR 5,103.98 each and amounted to a total of SAR 511 thousand throughout the historical period as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G.

Retained earnings

Retained earnings increased from SAR 2,035.5 million as at 31 December 2020G to SAR 2,407.3 million as at 31 December 2021G in line with the increase in net income during the year.

Retained earnings decreased from SAR 2,407.3 million as at 31 December 2021G to SAR 2,400.1 million as at 31 December 2022G following the decrease in net income.

Retained earnings increased from SAR 2,400.1 million as at 31 December 2022G to SAR 2,419.4 million as at 30 June 2023G in line with the increase in income during the period which amounted to SAR 19.3 million in the six-month period ended 30 June 2023G.

Discretionary reserves

Discretionary reserves related to Management's resolution that 10% of annual profit of MBC FZ LLC to be transferred to a discretionary reserve equals 50% of share capital. No transfers are being made as the reserve already equals 50% of the share capital.

Discretionary reserves remained stable at SAR 255 thousand as at 31 December 2020G, 2021G, and 2022G, and as at 30 June 2023G.

Foreign currency translation reserve

The foreign currency translation reserve arises from exchange differences in translating the assets, liabilities, revenues and expenses of the subsidiaries into the financial reporting currency of MBC Free Zone and its subsidiaries upon consolidation.

The foreign currency translation reserve decreased from SAR 26 thousand as at 31 December 2020G to a loss of SAR 86 thousand as at 31 December 2021G, then a loss of SAR 101 thousand as at 31 December 2022G, and a loss of SAR 90 thousand as at 30 June 2023G.

Non-controlling interests

Non-controlling interests amounted to SAR 375 thousand as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G in relation to Wanasa and MBC Media Services (British Virgin Islands) Limited.

Non-current liabilities

Employees' end of service benefits

Employees' end of service benefits increased from SAR 136.3 million as at 31 December 2020G to SAR 139.6 million as at 31 December 2021G mainly due to the charge for the year of SAR 20.5 million, partially offset by the amount paid during the year amounting to SAR 17.3 million.

Employees' end of service benefits increased from SAR 139.6 million as at 31 December 2021G to SAR 160.2 million as at 31 December 2022G mainly due to provisions taken of SAR 25.6 million. This was primarily driven by the movement in headcount over the historical period 2020G-2022G.

Employees' end of service benefits increased from SAR 160.2 million as at 31 December 2022G to SAR 174.2 million as at 30 June 2023G due to an increase in provisions booked of SAR 19.4 million as a result of the growth in headcount, offset by payments of SAR 12.0 million.

Non-current portion of leases liabilities

Lease liabilities relates to the long-term finance lease contract with Dubai Development Authority to lease a building, along with the associated fitouts. It is worth noting that the contract carries an option to buy the property at any time during the lease period at the option price as stated in the contract.

Non-current portion of leases liabilities decreased from SAR 33.3 million as at 31 December 2020G to SAR 26.7 million as at 31 December 2021G due to the reclassification to current liabilities over the same period.

Non-current portion of leases liabilities increased from SAR 26.7 million as at 31 December 2021G to SAR 31.5 million as at 31 December 2022G due to additions made during the year.

Non-current portion of leases liabilities decreased from SAR31.5 million as at 31 December 2022G to SAR 27.5 million as at 30 June 2023G due to payments during the same period.

Current liabilities

Trade and other payables

Trade and other payables comprised of trade payables, accrued expenses, and deferred income amongst others.

Trade and other payables increased from SAR 496.4 million as at 31 December 2020G to SAR 706.7 million as at 31 December 2021G mainly due to the increase in trade payables by SAR 162.4 million in line with the increase in content purchases during the same year. This was coupled with the increase in accrued expenses by SAR 37.6 million driven by accrued Amazon Hosting services by SAR 13.8 million and accrued TV broadcasting services by SAR 10.0 million.

Trade and other payables increased from SAR 706.7 million as at 31 December 2021G to SAR 832.5 million as at 31 December 2022G mainly due to the increase in deferred revenue pertaining to MBC Media KSA (company incepted in 2022G) by SAR 118.6 million.

Trade and other payables increased from SAR 832.5 million as at 31 December 2022G to SAR 1,146.4 million as at 30 June 2023G due to an increase in accrued expenses amounting to SAR 120.9 million. This was coupled by an increase in contract liabilities of SAR 153.1 million as a result of the increase in funding received from the Government of the KSA related to the operation of some funded channels.

Due to related parties

Due to related parties mainly consists of balances due to MBC Studios FZ LLC, and MBC Initiatives KSA, amongst others.

Due to related parties balance decreased from SAR 166.6 million as at 31 December 2020G to SAR 101.6 million as at 31 December 2021G mainly due to the decrease in the balance due to Al Arabiya News Channel FZ LLC from SAR 70.4 million to nil as a result of settlements partially offset by the increase in the balance due to MBC Studio Projects FZ LLC by SAR 6.3 million.

Due to related parties balance increased from SAR 101.6 million as at 31 December 2021G to SAR 172.3 million as at 31 December 2022G due to the increase in the balance due to MBC Studio FZ LLC by SAR 29.1 million and MBC Initiatives KSA by SAR 59.4 million. This was partly offset by the settlement made to MBC Studios Projects by SAR 21.3 million over the same period.

Due to related parties balance decreased from SAR 172.3 million as at 31 December 2022G to SAR 129.4 million as at 30 June 2023G as a result of payments made to MBC Initiatives amounting to SAR 59.4 million and Al Sadaf amounting to SAR 7.0 million. This was partly offset by an increase in the balance due to MBC Studios FZ by SAR 22.8 million.

Current portion of lease liabilities

Current portion of lease liabilities decreased from SAR 12.2 million as at 31 December 2020G to SAR 11.7 million as at 31 December 2021G following payments made during the year.

Current portion of lease liabilities decreased from SAR 11.7 million as at 31 December 2021G to SAR 5.0 million as at 31 December 2022G following payments made of SAR 15.3 million partly offset by additions of SAR 11.5 million and interest expenses by SAR 1.8 million (split between current and non-current).

Current portion of lease liabilities decreased from SAR 5.0 million as at 31 December 2022G to SAR 2.6 million as at 30 June 2023G following rental payments.

Loans

Loans increased from nil as at 31 December 2022G to SAR 206.3 million as at 30 June 2023G due to the utilization of short-term facilities available to MBC FZ and its subsidiaries from Citi Bank with a margin of 1.18% per annum, repayable within 365 days. It should be noted that the loan is used for working capital purposes and mainly for purchasing content.

6.7.5.1.3 Consolidated statement of cash flows

The following table summarizes the MBC FZ LLC consolidated statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.80): Consolidated statement of cash flows data (in USD)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit before tax for the period	(31,096)	99,145	(1,859)	(418.8%)	(101.9%)	(75.5%)	(31,709)	5,261	(116.6%)
Adjustments to cash flows from operating activities									
Depreciation of property and equipment	12,998	12,456	10,437	(4.2%)	(16.2%)	(10.4%)	5,237	4,648	(11.2%)
Amortization of intangible assets	149	837	2,166	461.7%	158.8%	281.3%	966	1,369	41.7%
Depreciation of right-of-use assets	4,048	4,025	3,163	(0.6%)	(21.4%)	(11.6%)	1,681	1,473	(12.4%)
Provision for expected credit loss, net	4,179	(7,643)	2,263	(282.9%)	(129.6%)	(26.4%)	3,758	1,051	(72.0%)
Provision for employees' end of service benefits	4,412	5,476	6,831	24.1%	24.7%	24.4%	3,360	5,184	54.3%
Share of loss in equity accounted joint venture	604	-	-	N/A	N/A	(100.0%)	-	-	N/A
Finance income, net	(955)	101	(826)	(110.6%)	(917.8%)	(7.0%)	(695)	1,192	271.5%
Write-off of intangible assets	-	2,509	-	N/A	(100.0%)	N/A	-	-	N/A
Loss on disposals of property and equipment	2	1	10	(50.0%)	900.0%	123.6%	-	-	N/A
Net of adjustments to cash flows from operating activities	**(5,660)**	**116,905**	**22,185**	**(2165.5%)**	**(81.0%)**	**N/A**	**(17,401)**	**20,178**	**(216.0%)**
Working capital changes									
Inventories	(58,953)	(79,122)	(82,326)	34.2%	4.0%	18.2%	(43,540)	(49,691)	14.1%
Trade receivables, prepayments and other assets	46,853	63,401	(11,720)	(35.3%)	(118.5%)	N/A	(40,453)	(63,310)	56.5%
Due from related parties	(6,174)	(83,518)	32,524	1252.6%	(138.9%)	N/A	(3,760)	(36,435)	869.0%
Trade and other payables	4,158	56,089	33,499	1248.9%	(40.3%)	183.8%	62,721	83,712	33.5%
Due to related parties	20,975	(17,352)	22,241	(182.7%)	(228.2%)	3.0%	779	(11,445)	1569.1%
Cash flows from operations	1,199	56,403	16,404	4604.2%	(70.9%)	269.9%	(41,654)	(56,991)	36.8%
Employees' defined benefit liabilities paid	(1,596)	(4,602)	(4,884)	188.3%	6.1%	74.9%	(1,216)	(3,200)	163.1%
Interest paid	-	487	1,300	N/A	166.9%	N/A	(902)	(1,021)	13.2%
Income tax paid	(32)	(18)	(3)	(43.8%)	(83.8%)	(69.4%)	-	(121)	N/A

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Net cash flows (used in) / from operating activities	**(429)**	**52,270**	**12,816**	**(12284.1%)**	**(75.5%)**	**N/A**	**(41968)**	**(61,332)**	**46.1%**
Cash flows from financing activities									
Payment of lease liabilities	(4,347)	(4,158)	(4,079)	(4.3%)	(1.9%)	(3.1%)	(2,132)	(1,860)	(12.8%)
Proceeds from loans	-	-	-	N/A	N/A	N/A	25,000	55,000	120.0%
Net cash flows (used in) / from financing activities	**(4,347)**	**(4,158)**	**(4,079)**	**(4.3%)**	**(1.9%)**	**(3.1%)**	**22,868**	**53,139**	**132.4%**
Cash flows from investing activities									
Purchase of property and equipment	(10,320)	(11,598)	(11,452)	12.4%	(1.3%)	5.3%	(2,971)	(3,236)	8.9%
Purchase of intangible assets	(3,151)	(6,123)	(6,679)	94.3%	9.1%	45.6%	(3,093)	(4,391)	42.0%
Proceeds from disposal of property and equipment	16	17	8	6.3%	(52.9%)	(29.3%)	3	-	N/A
MBC fund	-	-	3,307	N/A	N/A	N/A	-	-	N/A
Investment in joint venture	1,711	-	-	(100.0%)	0.0%	(100.0%)	-	-	N/A
Other non-current assets	(1)	1	0	(200.0%)	N/A	N/A	-	-	N/A
Net cash flows used in investing activities	**(11,745)**	**(17,704)**	**(14,816)**	**50.7%**	**(16.3%)**	**12.3%**	**(6,060)**	**(7,627)**	**25.9%**
Net decrease in bank balances and cash	(16,521)	30,408	(6,078)	(284.1%)	(120.0%)	39.3%	(25,161)	(15,820)	(37.1%)
Net foreign exchange difference	(105)	(46)	24	(56.5%)	(152.2%)	N/A	17	(1)	105.9%
Bank balances and cash at the beginning of the year	108,825	42,599	72,962	(60.9%)	71.3%	(18.1%)	72,961	66,907	(8.3%)
Bank balances and cash at the end of the period	**92,200**	**72,962**	**66,908**	**20.9%**	**(8.3%)**	**(14.8%)**	**47,817**	**51,086**	**6.8%**

Source: The audited consolidated financial statements of MBC FZ LLC and its subsidiaries for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

Figures presented for the financial year ended 31 December 2020G were extracted from the comparative figures of the consolidated audited financial statements for the financial year ended 31 December 2021G due to certain reclassifications.

Figures presented for the financial year ended 31 December 2021G were extracted from the comparative figures of the consolidated audited financial statements for the financial year ended 31 December 2022G due to certain reclassifications.

The following table summarizes the MBC FZ LLC consolidated statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.81): Consolidated statement of cash flows data (in SAR)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit before tax for the period	(116,610)	371,795	(6,971)	(418.8%)	(101.9%)	(75.5%)	(118,905)	19,729	(116.6%)
Adjustments to cash flows from operating activities									
Depreciation of property and equipment	48,742	46,709	39,140	(4.2%)	(16.2%)	(10.4%)	19,638	17,430	(11.2%)
Amortization of intangible assets	558	3,138	8,121	461.7%	158.8%	281.3%	3,624	5,130	41.7%
Depreciation of right-of-use assets	15,180	15,093	11,860	(0.6%)	(21.4%)	(11.6%)	6,300	5,520	(12.4%)
Provision for expected credit loss, net	15,671	(28,662)	8,486	(282.9%)	(129.6%)	(26.4%)	14,093	3,941	(72.0%)
Provision for employees' end of service benefits	16,544	20,534	25,616	24.1%	24.7%	24.4%	12,600	19,436	54.3%
Share of loss in equity accounted joint venture	2,264	-	-	N/A	N/A	(100.0%)	-	-	N/A
Finance income, net	(3,580)	377	(3,097)	(110.5%)	(917.8%)	(7.0%)	(2,607)	4,466	(271.4%)
Write-off of intangible assets	-	9,407	-	N/A	(100.0%)	N/A	-	-	N/A
Loss on disposals of property and equipment	8	4	37	(50.0%)	900.0%	123.6%	-	-	N/A
Net of adjustments to cash flows from operating activities	(21,224)	438,395	83,194	(2165.6%)	(81.0%)	N/A	(65,258)	75,668	216.0%
Working capital changes									
Inventories	(221,074)	(296,709)	(308,724)	34.2%	4.0%	18.2%	(163,275)	(186,341)	14.1%
Trade receivables, prepayments and other assets	175,699	237,754	(43,946)	(35.3%)	(118.5%)	N/A	(151,699)	(237,413)	56.5%
Due from related parties	(23,154)	(313,191)	121,965	1252.6%	(138.9%)	N/A	(14,100)	(136,628)	869.0%
Trade and other payables	15,593	210,334	125,621	1248.9%	(40.3%)	183.8%	235,204	313,916	33.5%
Due to related parties	78,657	(65,070)	83,404	(182.7%)	(228.2%)	3.0%	2,921	(42,915)	1,569.1%
Cash flows from operations	4,495	211,511	61,515	4604.2%	(70.9%)	269.9%	(156,206)	(213,713)	36.8%
Employees' defined benefit liabilities paid	(5,986)	(17,256)	(18,315)	188.3%	6.1%	74.9%	(4,560)	(11,996)	163.1%

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Interest paid	-	1,826	4,875	N/A	166.9%	N/A	(3,383)	(3,829)	13.2%
Income tax paid	(119)	(69)	(11)	(43.8%)	(83.3%)	(69.4%)	-	(454)	N/A
Net cash flows (used in) / from operating activities	**(1,610)**	**196,013**	**48,060**	**(12284.1%)**	**(75.5%)**	**N/A**	**(157,380)**	**(229,995)**	**46.1%**
Cash flows from financing activities									
Payment of lease liabilities	(16,303)	(15,592)	(15,296)	(4.3%)	(1.9%)	(3.1%)	(7,995)	(6,975)	(12.8%)
Proceeds from loans	-	-	-	N/A	N/A	N/A	93,750	206,250	120.0%
Net cash flows (used in) / from financing activities	**(16,303)**	**(15,592)**	**(15,296)**	**(4.3%)**	**(1.9%)**	**(3.1%)**	**85,755**	**199,271**	**132.4%**
Cash flows from investing activities									
Purchase of property and equipment	(38,700)	(43,493)	(42,945)	12.4%	1.3%	5.3%	(11,143)	(12,315)	8.9%
Purchase of intangible assets	(11,818)	(22,962)	(25,048)	94.3%	9.1%	45.6%	(11,598)	(16,466)	42.0%
Proceeds from disposal of property and equipment	60	62	30	6.3%	(52.9%)	(29.3%)	11	-	N/A
Investment in joint venture	6,417	-	-	(100.0%)	N/A	0.0%	-	-	N/A
MBC Trust	-	-	12,401	N/A	N/A	N/A	-	-	N/A
Other non-current assets	(4)	4	1	(200.0%)	N/A	N/A	-	-	N/A
Net cash flows used in investing activities	**(44,041)**	**(66,390)**	**(55,560)**	**50.7%**	**(16.3%)**	**12.3%**	**(22,725)**	**(28,601)**	**25.9%**
Net decrease in bank balances and cash	(61,953)	114,030	(22,793)	(284.1%)	(120.0%)	(39.3%)	(94,358)	(59,325)	(37,1%)
Net foreign exchange difference	(393)	(171)	90	(56.2%)	(152.2%)	N/A	64	(4)	(105.9%)
Bank balances and cash at the beginning of the year	408,095	159,746	273,608	(60.9%)	71.3%	(18.1%)	273,604	250,901	(8.3%)
Bank balances and cash at the end of the period	**345,750**	**273,608**	**250,904**	**(20.9%)**	**(8.3%)**	**(14.8%)**	**179,314**	**191,573**	**6.8%**

Source: Management Information

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

Figures presented for the financial year ended 31 December 2020G were extracted from the comparative figures of the consolidated audited financial statements for the financial year ended 31 December 2021G due to certain reclassifications. Figures presented for the financial year ended 31 December 2021G were extracted from the comparative figures of the consolidated audited financial statements for the financial year ended 31 December 2022G due to certain reclassifications.

Net cash flows (used in) / from operating activities

Net cash flows (used in) / from operating activities decreased from an net cash flows used in operating activities of SAR 1.6 million in 2020G to net cash flows from operating activities of SAR 196.0 million in 2021G mainly driven by the increase in profit before tax for the period as a result of the compensation for loss of business received by SAR 375.0 million. This was partly offset by a decrease in working capital changes to negative SAR 30.9 million which relate to the decrease in inventory by SAR 296.7 million in line with the increase in program acquisitions, namely digital.

Net cash flows (used in) / from operating activities decreased from net cash flows from operating activities of SAR 196.0 million in 2021G to net cash flows used in operating activities of SAR 48.1 million driven by the decrease in profit before tax due to the decrease in compensation received for loss of business by SAR 187.5 million coupled with the increase in general and administrative expenses by SAR 118.1 million driven by the increase in staff costs.

Net cash flows (used in) / from operating activities increased from net cash flows used in operating activities of SAR 157.4 million in the six-month period ended 30 June 2022G to net cash flows used in operating activities of SAR 230.1 million in the six-month period ended 30 June 2023G due to negative changes in working capital as a result of an increase in inventory by SAR 186.3 million, due to related parties by SAR 136.6 million, and trade receivables, prepayments and other current assets by SAR 237.4 million.

Net cash flows (used in) / from financing activities

Net cash flows (used in) / from financing activities decreased from SAR 16.3 million in 2020G to SAR 15.6 million in 2021G following the decrease in payments of lease liabilities.

Net cash flows (used in) / from financing activities decreased from net cash flows used in financing activities of SAR 15.6 million in 2021G to net cash flows from financing activities of SAR 15.3 million in 2022G after lower lease obligations payments.

Net cash flows (used in) / from financing activities increased from net cash flows from financing activities of SAR 85.8 million in the six-month period ended 30 June 2022G to net cash flows from financing activities of SAR 199.2 million in the six-month period ended 30 June 2023G due to an increase in Citi Bank loan amounting to SAR 206.3 million. This was partly offset by lease liabilities payments amounting to SAR 7.0 million.

Net cash flows used in investing activities

Net cash flows used in investing activities increased from SAR 44.0 million in 2020G to SAR 66.4 million in 2021G following the increase in purchases of property and equipment, mainly in relation to technical equipment, along with intangible assets relating to developing and upgrading features of the Shahid platform including backend and front-end applications compatible with mobile devices and analytical models and architectural prototype implementation.

Net cash flows used in investing activities decreased from SAR 66.4 million in 2021G to SAR 55.6 million in 2022G in line with the increase in purchases of property and equipment by SAR 42.9 million, mainly related to technical equipment. This was coupled with further additions to intangible assets amounting to SAR 25.0 million over the same period as a result of further additions related to platform development costs. This was partly offset by a withdrawal made on MBC FZ LLC's trust fund by SAR 12.4 million.

Net cash flows used in investing activities increased from SAR 22.7 million in the six-month period ended 30 June 2022G to SAR 28.6 million in the six-month period ended 30 June 2023G due to purchases of property and equipment of SAR 12.3 million, mainly pertaining to technical equipment, in addition to intangible assets of SAR 16.5 million related to the development of Shahid platform, including back-end and front-end applications compatible with mobile devices and analytical models.

6.7.5.2 MBC Media Services BVI Limited and its subsidiaries

6.7.5.2.1 Consolidated statement of comprehensive income

The following table summarizes the MBC Media Services BVI Limited consolidated statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.82): Consolidated statement of comprehensive income data (in USD)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Revenue from contracts with customers	N/A	330,993	356,862	N/A	7.8%	N/A	211,659	187,121	(11.6%)
Cost of sales	N/A	(286,419)	(316,072)	N/A	10.4%	N/A	(186,882)	(164,674)	(11.9%)
Gross profit	**N/A**	**44,574**	**40,790**	**N/A**	**(8.5%)**	**N/A**	**24,778**	**22,447**	**(9.4%)**
General & administrative expenses	N/A	(34,426)	(29,856)	N/A	(13.3%)	N/A	(15,262)	(16,723)	9.6%
Other income	N/A	-	315	N/A	N/A	N/A	20	332	1560.0%
Finance income, net	N/A	222	5	N/A	(97.5%)	N/A	42	8	(80.1%)
Profit before tax	**N/A**	**10,370**	**11,255**	**N/A**	**8.5%**	**N/A**	**9,577**	**6,064**	**(36.7%)**
Income tax and zakat expense	N/A	(2,850)	(1,875)	N/A	(34.2%)	N/A	(1,020)	(1,829)	79.4%
Income for the year / period	**N/A**	**7,520**	**9,380**	**N/A**	**24.7%**	**N/A**	**8,558**	**4,234**	**(50.5%)**
Other comprehensive income that may be reclassified to profit and loss in subsequent periods (net of tax):									
Foreign currency translation	N/A	7	(1,109)	N/A	N/A	N/A	(307)	(348)	13.4%
Other comprehensive income that may not be reclassified to profit and loss in subsequent periods (net of tax):									
Actuarial gain on employees' end of service	N/A	-	33	N/A	N/A	N/A	-	-	N/A
Total comprehensive income for the year / period	N/A	7,526	8,303	N/A	10.3%	N/A	8,250	3,886	(52.9%)

Source: The audited consolidated financial statements of MBC Media Services BVI Limited for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management information.

The following table summarizes the MBC Media Services BVI Limited consolidated statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.83): Consolidated statement of comprehensive income data (in SAR)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Revenue from contracts with customers	N/A	1,241,223	1,338,234	N/A	7.8%	N/A	793,722	701,702	(11.6%)
Cost of sales	N/A	(1,074,072)	(1,185,271)	N/A	10.4%	N/A	(700,806)	(617,527)	(11.9%)
Gross profit	**N/A**	**167,151**	**152,964**	**N/A**	**(8.5%)**	**N/A**	**92,916**	**84,175**	**(9.4%)**
General & administrative expenses	N/A	(129,096)	(111,959)	N/A	(13.3%)	N/A	(57,231)	(62,712)	9.6%
Other income	N/A	-	1,180	N/A	N/A	N/A	74	1,244	1560.0%
Finance income, net	N/A	833	21	N/A	(97.5%)	N/A	156	31	(80.1%)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Profit before tax	**N/A**	**38,888**	**42,205**	**N/A**	**8.5%**	**N/A**	**35,916**	**22,738**	**(36.7%)**
Income tax and zakat expense	N/A	(10,688)	(7,030)	N/A	(34.2%)	N/A	(3,824)	(6,860)	79.4%
Income for the year / period	N/A	28,200	35,175	N/A	24.7%	N/A	32,092	15,879	(50.5%)
Other comprehensive income that may be reclassified to profit and loss in subsequent periods (net of tax):									
Foreign currency translation	N/A	25	(4,160)	N/A	N/A	N/A	(1,152)	(1,305)	13.4%
Other comprehensive income that may not be reclassified to profit and loss in subsequent periods (net of tax):									
Actuarial gain on employees' end of service	N/A	-	122	N/A	N/A	N/A	-	-	N/A
Total comprehensive income for the year / period	**N/A**	**28,224**	**31,137**	**N/A**	**10.3%**	**N/A**	**30,939**	**14,574**	**(52.9%)**

Source: Management information.

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.84): Key performance indicators

As a % of revenue	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'21G-'22G
Gross margin[1]	N/A	13.5%	11.4%	N/A	(2.0)	N/A	11.7%	12.0%	0.3
G&A expenses[2]	N/A	10.4%	8.4%	N/A	(2.0)	N/A	7.2%	8.9%	1.7
Net income margin[3]	N/A	2.3%	2.6%	N/A	0.4	N/A	4.0%	2.3%	(1.8)

Source: Management information.

(1) Gross margin is computed based on gross profit for the year/ period / total revenue for the year/ period

(2) G&A expenses is computed based on the general and administrative expenses for the year / period / total revenue for the year/ period

(3) Net income margin is computed based on net income for the year / period / total revenue for the year/ period

MBC Media Services BVI Limited was established in 2021G as the advertising agency of the Group. The subsidiaries of MBC Media Services BVI Limited include MBC Media Solutions FZ LLC, MBC Media Solutions FZ LLC has several subsidiaries, which are: MBC Media Solutions KSA Limited (formerly known as Al Wasa'il National Advertising Company), Al Miza Co. for Advertising, and MBC Media Solutions for Advertising Services LLC.

Revenue from contracts with customers

Revenue from contracts with customers is generated from the principal activities of selling advertising spots and product placement or integrations on MBC, Saudi Sports Channel and Al Arabiya platforms, MBC platforms including TV, Radio, social media and Shahid. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognized when the advertising is aired.

Revenue from contracts with customers increased by 7.8% from SAR 1,241.2 million in 2021G to SAR 1,338.2 million in 2022G mainly due to the shift of Al Arabiya advertising contract from agency based to principal based contributing SAR 77.4 million to revenue as well as the removal of the minimum guaranteed amount in 2022G. This was coupled with the increase in advertising revenue generated from KSA clients on MBC channels by SAR 74.6 million. This was partly offset by the decrease in revenue generated from UAE clients (MBC channels) by SAR 40.1 million and Egypt clients by SAR 18.0 million during the same period.

Revenues from contracts with customers decreased by 11.6% from SAR 793.7 million in the six-month period ended 30 June 2022G to SAR 701.7 million in the six-month period ended 30 June 2023G due to the decrease in spots revenue by SAR 81.3 million due to a decrease in the number of spots sold from 151.0 thousand to 92.8 thousand despite the increase in the average revenue per spot from SAR 3,096 to SAR 4,160 during the same period. This decrease in spots revenue is due to a decrease in advertising spending budget from key clients coupled with the devaluation of the Egyptian Pound.

Cost of sales

Cost of sales comprised of cost of advertising sales, marketing costs, cost of barter sales, and cost of other sales.

Cost of sales increased by 10.4% from SAR 1,074.1 million in 2021G to SAR 1,185.3 million in 2022G mainly as a result of shift of Al Arabiya advertising contract from agency based to principal based (and hence recognizing the respective cost of sales rather than just a commission) whereby cost of advertising revenue related to Al Arabiya amounted to SAR 67.5 million in 2022G. This was coupled with the increase in advertising costs related to MBC Channels by SAR 37.5 million over the same period.

Cost of sales decreased by 11.9% from SAR 700.8 million in the six-month period ended 30 June 2022G to SAR 617.5 million in the six-month period ended 30 June 2023G in line with decrease in revenue by 11.6%.

Gross profit

Gross profit decreased from SAR 167.2 million in 2021G to SAR 153.0 million despite the growth in revenue by 7.8% due to the increase in annual volume rebates granted to customers by SAR 7.9 million whereby annual volume rebates as a percentage of gross revenue increased from 5.8% in 2021G to 6.0% in 2022G. Accordingly, gross margin decreased from 13.5% in 2021G to 11.4% in 2022G.

Gross profit decreased by 9.4% from SAR 92.9 million in the six-month period ended 30 June 2022G to SAR 84.2 million in the six-month period ended 30 June 2023G in line with the decrease in revenue mainly driven by the decline in spot sales during the same period. However, gross margin increased from 11.7% to 12.0% due to the reclassification of barter revenue that were recognized in the six-month period ended 30 June 2023G and whose costs were recorded and incurred in 2022G.

General and administrative expenses

General and administrative expenses mainly comprise staff costs and other benefits, shared services and operational cost recharges by related party, and depreciation amongst others.

General and administrative expenses decreased by 13.3% from SAR 129.1 million in 2021G to SAR 112.0 million in 2022G following the decrease in other provisions by SAR 24.0 million which relates to the provision of Egypt VAT. This was partly offset by the increase in shared services and operational cost recharges by related party by SAR 2.3 million, provision for expected credit losses by SAR 2.7 million, depreciation on property and equipment by SAR 2.1 million and withholding tax by SAR 591 thousand over the same period.

General and administrative expenses increased by 9.6% from SAR 57.2 million in the six-month period ended 30 June 2022G to SAR 62.7 million in the six-month period ended 30 June 2023G due to the increase in legal and professional fees amounting to SAR 5.1 million as a result of the new consultancy engagement.

Other income

Other income amounted to SAR 1.2 million in 2022G and comprises of gain on derivative financial instrument of SAR 965 thousand related to the call option of MBC Media Solutions FZ LLC, gain on the cancellation of a lease amounting to SAR 128 thousand and Human Resources Development Fund receipts amounting to SAR 87 thousand.

Other income amounted to SAR 74 thousand in the six-month period ended 30 June 2022G and increased to SAR 1.2 million during the six-month period ended 30 June 2023G due to the revaluation of the call option related to MBC Media Solutions FZ LLC.

Finance income, net

Finance income, net decreased by 97.5% from SAR 833 thousand in 2021G to SAR 21 thousand in 2022G following the increase in other finance expenses by SAR 3.6 million, mainly due to MBC share of interest income (SAR 3.5 million) on interest received on current bank accounts in Egypt. This was partly offset by the increase in finance income by SAR 2.7 million.

Finance income, net decreased by 80.1% from SAR 156 thousand in the six-month period ended 30 June 2022G to SAR 31 thousand in the six-month period ended 30 June 2023G due to the decrease in the term deposit's tenor compared to the six-month period ended 30 June 2022G.

Income tax and zakat expense

Income tax and zakat expense comprises of income tax (SAR 3.7 million based on Egypt corporate income tax of 22.5%, KSA corporate income tax of 20.0% and KSA Zakat of 2.5% of the adjusted taxable income subject to tax and zakat expense.

Income tax and zakat expense decreased by 34.2% from SAR 10.7 million in 2021G to SAR 7.0 million in 2022G mainly because of the decrease in income tax provision for Al Miza Co. for Advertising, and MBC Media Solutions for Advertising Services LLC in Egypt as a result of a decrease in adjusted taxable income by SAR 27.0 million (corporate income tax impact of SAR 6.1 million). This was partly offset by the increase in zakat and income tax provision for MBC Media Solutions KSA Limited as a result of the increase in taxable zakat base by SAR 38.0 million (Zakat impact of SAR 1.0 million) and adjusted taxable income by SAR 13.7 million (corporate income tax impact of SAR 1.4 million) respectively.

Income tax and zakat expense increased by 79.4% from SAR 3.8 million in the six-month period ended 30 June 2022G to SAR 6.9 million in the six-month period ended 30 June 2023G due to the change in ownership in MBC Media Solutions KSA whereby 60% of MBC Media Solutions KSA is owned by a non-Saudi entity as at September 2022G, and thus 60% of profits are subject to a 20% income tax.

Income for the year / period

Income for the year / period increased by 24.7% from SAR 28.2 million in 2021G to SAR 35.2 million in 2022G in line with the increase in revenue, the decrease in the general and administrative expenses, along with the increase in other income.

Income for the year / period decreased by 50.5% from SAR 32.1 million in the six-month period ended on 30 June 2022G to SAR 15.9 million in the six-month period ended in 2023G in line with the decrease in gross profit and the increase in general and administrative expenses.

Other comprehensive income statement items that may be reclassified subsequently to profit or loss (net of tax):

Foreign currency translation

Foreign currency translation decreased from a profit of SAR 25 thousand in 2021G to a loss of SAR 4.2 million in 2022G following the currency fluctuations stemming from Egypt entities.

Foreign currency translation increased from a loss of SAR 1.2 million in the six-month period ended 30 June 2022G to a loss of SAR 1.3 million in the six-month period ended in 2023G following currency fluctuations stemming from Egyptian companies.

Other comprehensive income statement items that may not be reclassified subsequently to profit or loss (net of tax):

Actuarial gain on employees' end of service

Actuarial gain on employees' end of service amounted to SAR 122 thousand in 2022G.

Comprehensive income for the year / period

Comprehensive income for the year / period increased by 10.3% from SAR 28.2 million in 2021G to SAR 31.1 million in 2022G in line with the increase in net income.

Comprehensive income for the period decreased by 52.9% from SAR 30.9 million in the six-month period ended 30 June 2022G to SAR 14.6 million in the six-month period ended in 2023G, in line with the decrease in income for the period.

6.7.5.2.2 Consolidated statement of financial position

The following table summarizes the MBC Media Services BVI Limited consolidated statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in USD):

Table (6.85): Consolidated statement of financial position data (in USD)

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G	Var 31 Dec 2022G-H1'23G
Non-current assets								
Property and equipment	N/A	2,132	1,634	N/A	(23.4%)	N/A	1,452	(11.2%
Right of use assets	N/A	1,800	996	N/A	(44.7%)	N/A	1,133	13.7%
Other financial assets	N/A	-	257	N/A	N/A	N/A	575	123.7%
Deferred tax asset	N/A	-	50	N/A	N/A	N/A	73	46.0%
Total non-current assets	**N/A**	**3,933**	**2,937**	**N/A**	**(25.3%)**	**N/A**	**3,231**	**10.0%**
Current assets								
Trade receivables, prepayments and other assets	N/A	144,063	130,486	N/A	(9.4%)	N/A	166,001	27.2%
Bank balances and cash	N/A	55,466	47,610	N/A	(14.2%)	N/A	36,908	(22.5%)
Due from related parties	N/A	6,935	11,334	N/A	63.4%	N/A	19,256	69.9%
Total current assets	**N/A**	**206,464**	**189,430**	**N/A**	**(8.3%)**	**N/A**	**222,165**	**17.3%**
Total assets	**N/A**	**210,396**	**192,367**	**N/A**	**(8.6%)**	**N/A**	**225,396**	**17.2%**
Equity and liabilities								
Equity								
Share capital	N/A	-	-	N/A	0.0%	N/A	-	0.0%
Retained earnings	N/A	4,501	10,241	N/A	127.6%	N/A	12,907	26.0%

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G	Var 31 Dec 2022G-H1'23G
Statutory reserve	N/A	6	21	N/A	250.0%	N/A	21	(0.8%)
Foreign currency translation reserve	N/A	4	(662)	N/A	(16650.0%)	N/A	(870)	31.5%
Equity attributable to equity holders of the parent	**N/A**	**4,510**	**9,601**	**N/A**	**112.9%**	**N/A**	**12,059**	**25.6%**
Non-controlling interests	N/A	3,022	6,234	N/A	106.3%	N/A	7,663	22.9%
Total equity	**N/A**	**7,532**	**15,835**	**N/A**	**110.2%**	**N/A**	**19,732**	**24.5%**
Non-current liabilities								
Leases liabilities	N/A	1,085	681	N/A	(37.2%)	N/A	401	(41.1%)
Employees' end of service benefits	N/A	540	954	N/A	76.5%	N/A	1,178	23.6%
Deferred tax liability	N/A	6	6	N/A	0.0%	N/A	5	(16.7%)
Total non-current liabilities	**N/A**	**1,630**	**1,640**	**N/A**	**0.6%**	**N/A**	**1,584**	**(3.4%)**
Current liabilities								
Leases liabilities	N/A	706	331	N/A	(53.1%)	N/A	598	80.6%
Trade and other payables	N/A	51,932	52,501	N/A	1.1%	N/A	55,351	5.4%
Due to related parties	N/A	148,595	122,059	N/A	(17.9%)	N/A	148,141	21.4%
Total current liabilities	**N/A**	**201,234**	**174,892**	**N/A**	**(13.1%)**	**N/A**	**204,090**	**16.7%**
Total liabilities	**N/A**	**202,865**	**176,532**	**N/A**	**(13.0%)**	**N/A**	**205,674**	**16.5%**
Total equity and liabilities	**N/A**	**210,396**	**192,367**	**N/A**	**(8.6%)**	**N/A**	**225,396**	**17.2%**

Source: The audited consolidated financial statements of MBC Media Services BVI Limited for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management information.

The following table summarizes the MBC Media Services BVI Limited consolidated statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in SAR):

Table (6.86): Consolidated statement of financial position data (in SAR)

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Non-current assets								
Property and equipment	N/A	7,996	6,126	N/A	(23.4%)	N/A	5,443	(11.2%)
Right of use assets	N/A	6,751	3,735	N/A	(44.7%)	N/A	4,247	13.7%
Other financial assets	N/A	-	965	N/A	N/A	N/A	2,156	123.7%
Deferred tax asset	N/A	-	189	N/A	N/A	N/A	273	46.0%
Total non-current assets	**N/A**	**14,747**	**11,015**	**N/A**	**(25.3%)**	**N/A**	**12,118**	**10.0%**
Current assets								

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Trade receivables, prepayments and other assets	N/A	540,235	489,323	N/A	(9.4%)	N/A	622,505	27.2%
Bank balances and cash	N/A	207,996	178,536	N/A	(14.2%)	N/A	138,404	(22.5%)
Due from related parties	N/A	26,008	42,503	N/A	63.4%	N/A	72,209	69.9%
Total current assets	N/A	774,240	710,362	N/A	(8.3%)	N/A	833,119	17.3%
Total assets	**N/A**	**788,987**	**721,377**	**N/A**	**(8.6%)**	**N/A**	**845,237`**	**17.2%**
Equity and liabilities								
Equity								
Share capital	N/A	0	0	N/A	0.0%	N/A	-	0.0%
Retained earnings	N/A	16,877	38,406	N/A	127.6%	N/A	48,401	26.0%
Statutory reserve	N/A	21	78	N/A	250.0%	N/A	78	(0.8%)
Foreign currency translation reserve	N/A	15	(2,481)	N/A	(16650.0%)	N/A	(3,264)	31.5%
Equity attributable to equity holders of the parent	**N/A**	**16,913**	**36,003**	**N/A**	**112.9%**	**N/A**	**45,221**	**25.6%**
Non-controlling interests	N/A	11,332	23,379	N/A	106.3%	N/A	28,737	22.9%
Total equity	**N/A**	**28,245**	**59,382**	**N/A**	**110.2%**	**N/A**	**73,958**	**24.5%**
Non-current liabilities								
Leases liabilities	N/A	4,067	2,553	N/A	(37.2%)	N/A	1,504	(41.1%)
Employees' end of service benefits	N/A	2,026	3,576	N/A	76.5%	N/A	4,418	23.5%
Deferred tax liability	N/A	21	22	N/A	0.0%	N/A	17	(16.7%)
Total non-current liabilities	**N/A**	**6,114**	**6,151**	**N/A**	**0.6%**	**N/A**	**5,939**	**(3.4%)**
Current liabilities								
Leases liabilities	N/A	2,649	1,242	N/A	(53.1%)	N/A	2,243	80.6%
Trade and other payables	N/A	194,746	196,880	N/A	1.1%	N/A	207,568	5.4%
Due to related parties	N/A	557,232	457,722	N/A	(17.9%)	N/A	555,529	21.4%
Total current liabilities	**N/A**	**754,628**	**655,844**	**N/A**	**(13.1%)**	**N/A**	**765,340**	**16.7%**
Total liabilities	**N/A**	**760,742**	**661,995**	**N/A**	**(13.0%)**	**N/A**	**771,279**	**16.5%**
Total equity and liabilities	**N/A**	**788,987**	**721,377**	**N/A**	**(8.6%)**	**N/A**	**845,237**	**17.2%**

Source: Management Information

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

The following table summarizes the key performance indicators as at 31 December 2020G, 2021G, 2022G and 30 June 2023G:

Table (6.87): Key performance indicators

Key performance indicators	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
DSO [1]	N/A	153	136	N/A	(11.1%)	N/A	141	3.5%
DPO [2]	N/A	189	156	N/A	(17.5%)	N/A	149	(4.5%)
RoA [3]	N/A	3.6%	4.7%	N/A	1.1	N/A	2.0%	(2.6)
RoE [4]	N/A	99.8%	80.3%	N/A	(19.5)	N/A	23.8%	(56.5)

Source: Management information.

(1) DSO was calculated using average (gross receivables and contract assets) for the previous and current period / revenue from contracts with customers * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(2) DPO was calculated using average trade payables for the previous and current period / total direct costs * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 182 days for the six months period ended 30 June 2023G

(3) ROA was calculated using profit / (loss) for the year / period / average total assets for the previous and current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G

(4) ROE was calculated using profit / (loss) for the year / period / average total equity for the previous and current period as at 31 December 2020G, 2021G, 2022G and as at 30 June 2023G

Non-current assets

Property and equipment

Property and equipment comprise technical equipment, leasehold improvements, furniture and fixtures, capital work in progress and motor vehicles.

Property and equipment decreased from SAR 8.0 million as at 31 December 2021G to SAR 6.1 million as at 31 December 2022G mainly driven by the depreciation charge for the year amounting to SAR 3.5 million, partly offset by additions amounting to SAR 1.9 million mainly related to capital work in progress (SAR 566 thousand), furniture (SAR 321 thousand), and technical equipment (SAR 706 thousand) over the same period.

Property and equipment decreased from SAR 6.1 million as at 31 December 2022G to SAR 5.4 million as at 30 June 2023G as a result of depreciation charges of SAR 1.3 million during the same period.

Right of use assets

Right of use assets pertain to the office space used by MBC Media Services BVI Limited across UAE, KSA and Egypt. On office space in UAE, MBC FZ LLC entered into an office space lease agreement with Landmark Property Management Services FZ LLC on behalf of MBC Media Services BVI Limited in September 2020G, while MBC Media Solutions FZ LLC was in the process of incorporation with the Dubai Development Authority.

Right of use assets decreased from SAR 6.8 million as at 31 December 2021G to SAR 3.7 million as at 31 December 2022G mainly as a result of the depreciation charge for the year amounting to SAR 2.5 million coupled with a disposal of SAR 1.4 million over the same period.

Right-of-use assets increased from SAR 3.7 million as at 31 December 2022G to SAR 4.2 million as at 30 June 2023G as a result of additions of SAR 2.3 million primarily related to the MBC Media Solutions office in the Landmark Building, United Arab Emirates. The lease contract was previously concluded with MBC FZ, which began in October 2020G, before the legal establishment of MBC Media Solutions FZ. The contract with MBC FZ expired during the six-month period ended 30 June 2023G and was transferred to MBC Media Solutions. This was partly offset by depreciation charges during the same period.

Other financial assets

Other financial assets amounted to SAR 965 thousand as at 31 December 2022G and increased to SAR 2.2 million as at 30 June 2023G and relate to call options with the possibility to increase its stake in its existing investment in MBC Media Solutions FZ LLC.

Deferred tax assets

Deferred tax assets amounted to SAR 189 thousand as at 31 December 2022G and related to MBC Media Solutions Limited KSA and increased to SAR 273 thousand as at 30 June 2023G.

Current assets

Trade receivables, prepayments, and other assets

Trade receivables, prepayments, and other assets mainly comprise of gross trade receivables, contract assets and allowance for expected credit losses amongst others.

Trade and other receivables decreased from SAR 540.2 million as at 31 December 2021G to SAR 489.3 million as at 31 December 2022G due to the decrease in gross receivables by SAR 28.4 million coupled with a decrease in accrued revenue by SAR 11.6 million and deposits by SAR 14.2 million over the same period.

Trade and other receivables increased from SAR 489.3 million as at 31 December 2022G to SAR 622.5 million as at 30 June 2023G due to the increase in trade receivables by SAR 125.5 million whereby the majority of the increase related to the month of Ramadan invoices which occurred less than two months prior to period end date of the financial period ended 30 June 2023G. It is worth noting that trade receivables that aged between 0 and 60 days has increased by SAR 155.1 million during the period from 31 December 2022G and 30 June 2023G.

Bank balances and cash

Bank balances and cash consist of bank balances and cash on hand.

Bank balances and cash decreased from SAR 208.0 million as at 31 December 2021G to SAR 178.5 million as at 31 December 2022G following the decrease in operating cash flows from an inflow of SAR 219.3 million to an outflow of SAR 989 thousand over the same year, coupled with a foreign currency translation loss of SAR 28.3 million.

Bank balances and cash decreased from SAR 178.5 million as at 31 December 2022G to SAR 138.4 million as at 30 June 2023G as a result of cash flows used in operating activities of SAR 27.1 million in the six-month period ended 30 June 2023G driven by the increase in changes in working capital.

Due from related parties

Due from related parties mainly relates to balances due from Saudi Media Company and MBC Media KSA Limited amongst others.

Due from related parties increased from SAR 26.0 million as at 31 December 2021G to SAR 42.5 million as at 31 December 2022G driven by the increase in the balance due from Saudi Media Company by SAR 10.4 million in line with the increase in advertising services over the same period.

Dues from related parties increased from SAR 42.5 million as at 31 December 2022G to SAR 72.2 million as at 30 June 2023G due to an increase in the balance due from the Saudi Media Company by SAR 29.6 million.

Equity

Share capital

Share capital amounted to SAR 375 as at 31 December 2021G and 2022G and as at 30 June 2023G, and comprises of authorized, issued and fully paid shares of 100 shares amounting to SAR 3.75 each.

Statutory reserve

Statutory reserve pertains to Al Miza Co. for Advertising, MBC Media Solutions for Advertising Services LLC Egypt and MBC Media Solutions KSA Limited.

The statutory reserve increased from SAR 21 thousand as at 31 December 2021G to SAR 78 thousand as at 31 December 2022G and as at 30 June 2023G in line with the increase in the profits of MBC Media Solutions for Advertising Services LLC.

Foreign currency translation reserve

Foreign currency translation reserve decreased from SAR 15 thousand as at 31 December 2021G to a loss of SAR 2.5 million as at 31 December 2022G and then to SAR 3.3 million maninly stemming from translation losses during the year primarily in relation to the devaluation of the Egyptian Pound.

Non-controlling interests

Non-controlling interests pertains to the portion of MBC Media Services BVI Limited that MBC Media Services BVI Limited does not have control over (40% ownership of Saudi Media Company, 40% ownership was transferred by Engineer Holding Group to Saudi Media Company on 21 October 2022G).

Non-controlling interest increased from SAR 11.3 million as at 31 December 2021G to SAR 23.4 million as at 31 December 2022G and to SAR 28.7 million as at 30 June 2023G following the changes of MBC Media Services BVI Limited's net income.

Non-current liabilities

Non-current portion of leases liabilities

Non-current portion of leases liabilities decreased from SAR 4.1 million as at 31 December 2021G to SAR 2.6 million as at 31 December 2022G following payments made during the year.

Non-current portion of leases liabilities decreased from SAR 2.6 million as at 31 December 2022G to SAR 1.5 million as at 30 June 2023G as a result of payments made during the financial period.

Employees' end of service benefits

Employees' end of service benefits increased from SAR 2.0 million as at 31 December 2021G to SAR 3.6 million as at 31 December 2022G a result of the increase in number of employees partially offset by the balance paid during the year amounting to SAR 0.4 million.

Employees' end of service benefits increased from SAR 3.6 million as at 31 December 2022G to SAR 4.4 million as at 30 June 2023G as a result of provisions booked amounting to SAR 0.8 million in line with the increase in headcount.

Deferred tax liability

Deferred tax liability pertains to the operations in Al Miza Co. for Advertising, MBC Media Solutions for Advertising Services LLC Egypt whereby it remained stable across the historical period at SAR 21 thousand as at 31 December 2021G and 2022G and then decreased to SAR 17 thousand as at 30 June 2023G.

Current liabilities

Leases liabilities

Current portion of lease liabilities decreased from SAR 2.6 million as at 31 December 2021G to SAR 1.2 million as at 31 December 2022G following payments made during the year, along with currency exchange differences.

Current portion of lease liabilities increased from SAR 1.2 million as at 31 December 2022G to SAR 2.2 million as at 30 June 2023G due to the non-current portion being classified into current.

Trade and other payables

Trade and other payables mainly include volume rebate accruals, accrued expenses, contract liabilities and performance bonus accruals, amongst others.

Trade payables increased from SAR 194.7 million as at 31 December 2021G to SAR 196.9 million as at 31 December 2022G due to the increase in volume rebate accruals and accrued expenses by SAR 22.3 million and the increase in Saudi Sports Channel payable by SAR 22.9 million. This was offset by a decrease in VAT payables by SAR 23.7 million.

Trade payables increased from SAR 196.9 million as at 31 December 2022G to SAR 207.6 million as at 30 June 2023G due to an increase in accrued expenses of SAR 11.9 million primarily coupled with the increase in SSC payable by SAR 13.6 million. This was partially offset by a decrease in other payables of SAR 16.1 million as a result of a decrease in VAT dues.

Due to related parties

Due to related parties pertains to balances due to MBC FZ LLC, Al Arabiya News Channel FZ LLC, Arabian Contracting Service, Middle East News FZ LLC.

Due to related parties decreased from SAR 557.2 million as at 31 December 2021G to SAR 457.7 million as at 31 December 2022G mainly as a result of the decrease in the balance due to MBC FZ LLC by SAR 120.5 million due to settlements and a decrease in balance due to Al Arabiya Network FZ LLC by SAR 12.4 million, partially offset by the increase in the balances due to Arabian Contracting Service by SAR 15.6 million, and Middle East News FZ LLC by SAR 16.1 million in connection with the increase in their relative advertising costs.

Due to related parties increased from SAR 457.7 million as at 31 December 2022G to SAR 555.5 million as at 30 June 2023G due to the increase in the balance due to MBC FZ LLC by SAR 128.9 million in relation to the advertising cost payable based on the revenue sharing agreement.

6.7.5.2.3 Consolidated statement of cash flows

The following table summarizes the MBC Media Services BVI Limited consolidated statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.88): Consolidated statement of cash flows data (in USD)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit before tax for the period	N/A	10,370	11,255	N/A	8.5%	N/A	9,577	6,064	(36.7%)
Adjustments to cash flows from operating activities									
Provision for expected credit loss, net	N/A	376	1,097	N/A	191.8%	N/A	142	69	(51.4%)
Bad debts written off	-	-	-	N/A	N/A	N/A	-	50	N/A
Finance income, net	N/A	(222)	(6)	N/A	(97.3%)	N/A	(42)	(8)	(81.0%)
Depreciation of property and equipment	N/A	381	939	N/A	146.5%	N/A	345	382	10.7%
Depreciation of right-of-use assets	N/A	723	675	N/A	(6.6%)	N/A	342	423	23.9%
Provision for employees' end of service benefits	N/A	540	582	N/A	7.8%	N/A	252	286	(13.5%)
(Gain) on disposal of right-of-use assets cancellation	N/A	-	(34)	N/A	N/A	N/A	(11)	-	N/A

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
(Gain) on derivative Financial Instrument	N/A	-	(257)	N/A	N/A	N/A	-	(317)	N/A
Net of adjustments to cash flows from operating activities	**N/A**	**12,169**	**14,251**	**N/A**	**17.1%**	**N/A**	**10,606**	**6,948**	**(34.5%)**
Working capital changes									
Trade receivables, prepayments and other assets	N/A	(144,423)	(482)	N/A	(99.7%)	N/A	(52,447)	(32,243)	(38.5%)
Due from related parties	N/A	(6,944)	(4,858)	N/A	(30.0%)	N/A	(8,045)	(7,934)	(1.4%)
Trade and other payables	N/A	49,086	16,745	N/A	(65.9%)	N/A	4,370	4,140	(5.3%)
Due to related parties	N/A	148,595	(21,889)	N/A	(114.7%)	N/A	16,947	23,115	36.4%
Cash flows from operating activities	**N/A**	**58,483**	**3,767**	**N/A**	**(93.6%)**	**N/A**	**(28,570)**	**(5,974)**	**(79.1%)**
Employees' end of service benefits paid	N/A	-	(118)	N/A	N/A	N/A	(51)	(61)	19.6%
Interest paid	N/A	-	(1,068)	N/A	N/A	N/A	(723)	(390)	(46.1%)
Income tax paid	N/A	-	(2,845)	N/A	N/A	N/A	(2,407)	(799)	(66.8%)
Net cash flows from / (used in) operating activities	**N/A**	**58,483**	**(263)**	**N/A**	**(100.5%)**	**N/A**	**(31,751)**	**(7,224)**	**(77.2%)**
Cash flows from investing activities									
Purchase of property and equipment	N/A	(2,513)	(507)	N/A	(79.8%)	N/A	(380)	(212)	(44.2%)
Interest received	N/A	334	1,059	N/A	217.3%	N/A	781	378	(51.6%)
Proceeds from disposal of property and equipment	N/A	-	-	N/A	N/A	N/A	-	1	N/A
Net cash flows from / (used in) investing activities	**N/A**	**(2,180)**	**551**	**N/A**	**(125.3%)**	**N/A**	**401**	**164**	**(58.9%)**
Cash flows from financing activities									
Payment of principal portion of lease liabilities	N/A	(843)	(596)	N/A	(29.3%)	N/A	(242)	(551)	127.7%
Issuance of share capital	N/A	5	-	N/A	N/A	N/A	-	-	0.0%
Net cash flows used in financing activities	**N/A**	**(838)**	**(596)**	**N/A**	**(28.9%)**	**N/A**	**(242)**	**(551)**	**127.7%**
Net increase / (decrease) in bank balances	N/A	55,466	(309)	N/A	(100.6%)	N/A	(31,592)	(7,609)	(75.9%)
Net foreign exchange difference	**N/A**	**-**	**(7,547)**	**N/A**	**N/A**	**N/A**	**(2,044)**	**(3,093)**	**51.3%**
Bank balances and cash at the beginning of the year	**N/A**	**-**	**55,466**	**N/A**	**N/A**	**N/A**	**55,466**	**47,610**	**14.2%**
Bank balances and cash at the end of the period	N/A	55,466	47,610	N/A	(14.2%)	N/A	21,829	36,908	69.1%

Source: The audited consolidated financial statements of MBC Media Services BVI Limited for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G, and Management information.

The following table summarizes the MBC Media Services BVI Limited consolidated statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.89): Consolidated statement of cash flows data (in SAR)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit before tax for the period	N/A	38,888	42,205	N/A	8.5%	N/A	35,916	22,738	(36.7%)
Adjustments to cash flows from operating activities									
Provision for expected credit loss, net	N/A	1,409	4,113	N/A	191.9%	N/A	534	259	(51.2%)
Bad debts written off	-	-	-	N/A	N/A	N/A	-	188	N/A
Finance income, net	N/A	(833)	(21)	N/A	(97.5%)	N/A	(156)	(31)	(80.1%)
Depreciation of property and equipment	N/A	1,429	3,522	N/A	146.5%	N/A	1,293	1,432	10.7%
Depreciation of right-of-use assets	N/A	2,713	2,533	N/A	(6.6%)	N/A	1,282	1,588	13.4%
Provision for employees' end of service benefits	N/A	2,026	2,182	N/A	7.7%	N/A	944	1,071	23.9%
(Gain) on disposal of right-of-use assets cancellation	N/A	-	(128)	N/A	N/A	N/A	(41)	-	N/A
(Gain) on derivative Financial Instrument	N/A	-	(965)	N/A	N/A	N/A	-	(1,189)	N/A
Net of adjustments to cash flows from operating activities	**N/A**	**45,633**	**53,442**	**N/A**	**17.1%**	**N/A**	**39,771**	**26,055**	**(34.5%)**
Working capital changes									
Trade receivables, prepayments and other assets	N/A	(541,586)	(1,806)	N/A	(99.7%)	N/A	(196,677)	(120,913)	(38.5%)
Due from related parties	N/A	(26,040)	(18,217)	N/A	(29.9%)	N/A	(30,169)	(29,753)	(1.4%)
Trade and other payables	N/A	184,074	62,794	N/A	(65.9%)	N/A	16,388	15,526	(5.3%)
Due to related parties	N/A	557,232	(82,085)	N/A	(114.7%)	N/A	63,551	86,682	36.4%
Cash flows from operating activities	**N/A**	**219,313**	**14,218**	**N/A**	**(93.6%)**	**N/A**	**(107,137)**	**(22,403)**	**(79.1%)**
Employees' end of service benefits paid	N/A	-	(444)	N/A	N/A	N/A	(193)	(229)	18.2%
Interest paid	N/A	-	(4,005)	N/A	N/A	N/A	(2,711)	(1,461)	(46.1%)
Income tax paid	N/A	-	(10,668)	N/A	N/A	N/A	(9,025)	(2,997)	(66.8%)
Net cash flows from / (used in) operating activities	**N/A**	**219,313**	**(989)**	**N/A**	**(100.5%)**	**N/A**	**(119,066)**	**(27,089)**	**(77.2%)**
Cash flows from investing activities									
Purchase of property and equipment	N/A	(9,425)	(1,903)	N/A	(79.8%)	N/A	(1,426	(796)	(44.2%)
Interest received	N/A	1,252	3,971	N/A	217.2%	N/A	2,929	1,416	(51.7%)
Proceeds from disposal of property and equipment	N/A	-	-	N/A	N/A	N/A	-	4	N/A

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Net cash flows from / (used in) investing activities	**N/A**	**(8,174)**	**2,068**	**N/A**	**(125.3%)**	**N/A**	**1,503**	**622**	**(58.6%)**
Cash flows from financing activities									
Payment of principal portion of lease liabilities	N/A	(3,163)	(2,236)	N/A	(28.9%)	N/A	(909)	(2,066)	127.3%
Issuance of share capital	N/A	20	-	N/A	N/A	N/A	-	-	N/A
Net cash flows used in financing activities	**N/A**	**(3,143)**	**(2,236)**	**N/A**	**(28.9%)**	**N/A**	**(909)**	**(2,066)**	**127.3%**
Net increase / (decrease) in bank balances	N/A	207,996	(1,157)	N/A	(100.6%)	N/A	(118,472)	(28,533)	(75.9%)
Net foreign exchange difference	N/A	-	(28,303)	N/A	N/A	N/A	(7,665)	(11,599)	51.3%
Bank balances and cash at the beginning of the year	**N/A**	**-**	**207,996**	**N/A**	**N/A**	**N/A**	**207,996**	**178,536**	**(14.2%)**
Bank balances and cash at the end of the period	**N/A**	**207,996**	**178,536**	**N/A**	**(14.2%)**	**N/A**	**81,859**	**138,404**	**69.1%**

Source: Management information.

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

Net cash flows from / (used in) operating activities

Net cash flows from / (used in) operating activities decreased from net cash flows from operating activities of SAR 219.3 million in 2021G to net cash flows used in operating activities of SAR 1.0 million in 2022G driven by the negative working capital changes as a result of the decrease in due to related parties balance by SAR 82.1 million coupled with the decrease in trade payables by SAR 62.7 million partially offset by collections of trade receivables during the period.

Net cash flows used in operating activities increased from net cash flows used in operating activities by SAR 119.1 million in the six-month period ended 30 June 2022G to net cash flows used in operating activities amounting to SAR 27.1 million in the six-month period ended on 30 June 2023G driven by the increase in changes in working capital, specifically the change in trade receivables, prepayments and other current assets (SAR 120.9 million) which was offset by due to related parties (SAR 86.7 million).

Net cash flows from / (used in) investing activities

Net cash flows from / (used in) investing activities relates to purchase of property and equipment and interest received.

Net cash flows from / (used in) investing activities increased from net cash flows used in investing activities of SAR 8.2 million in 2021G to net cash flows from investing activities of SAR 2.1 million in 2022G following the decrease in the purchase of property and equipment along with interest received of SAR 4.0 million.

Net cash flows from / (used in) investing activities decreased from net cash flows from investing activities amounting to SAR 1.5 million in the six-month period ended 30 June 2022G to net cash flows from investing activities amounting to SAR 0.6 million in the six-month period ended 30 June 2023G due to the decrease in purchases of property and equipment as well as interest received.

Net cash flows used financing activities

Net cash flows used in financing activities decreased from SAR 3.2 million in 2021G to SAR 2.3 million in 2022G following the decrease in payments of lease liabilities in line with the decrease in MBC Media Services BVI Limited's lease liabilities from SAR 6.7 million to SAR 3.8 million over the same period.

Net cash flows used in financing activities increased from SAR 0.9 million in the six-month period ended 30 June 2022G to SAR 2.1 million in the six-month period ended 30 June 2023G due to higher payments of lease liabilities to MBC Media Services BVI Limited.

6.7.5.3 MBC Studios Projects FZ LLC and its subsidiaries

6.7.5.3.1 Consolidated statement of comprehensive income

The following table summarizes the MBC Studios Projects FZ LLC consolidated statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.90): Consolidated statement of comprehensive income data (in USD)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Revenue from contracts with customers	14,003	22,950	27,178	63.9%	18.4%	39.3%	9,713	21,287	119.2%
Other operating revenues	14,986	21,136	113,391	41.0%	436.5%	175.1%	10,709	41,941	291.6%
Total revenue	**28,989**	**44,086**	**140,569**	**52.1%**	**218.9%**	**120.2%**	**20,422**	**63,228**	**209.6%**
Direct cost	(19,211)	(29,179)	(122,576)	51.9%	320.1%	152.6%	(12,158)	(51,761)	325.7%
Gross profit	**9,777**	**14,907**	**17,993**	**52.5%**	**20.7%**	**35.7%**	**8,264**	**11,467**	**38.8%**
General & administrative expenses	(9,777)	(14,907)	(18,149)	52.5%	21.7%	36.2%	(8,231)	(11,479)	39.5%
Other income / (expense)	-	-	156	N/A	N/A	N/A	(16)	20	N/A
Finance income-net	-	-	-	N/A	N/A	N/A	(17)	(8)	(52.9%)
Income / (loss) for the year / period	**-**	**-**	**-**	**N/A**	**N/A**	**N/A**	**-**	**-**	**N/A**
Other comprehensive income statement	-	-	-	N/A	N/A	N/A	-	-	N/A
Total comprehensive income / (loss) for the year / period	**-**	**-**	**-**	**N/A**	**N/A**	**N/A**	**-**	**-**	**N/A**

Source: The audited consolidated financial statements of MBC Studios Projects FZ LLC for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the MBC Studios Projects FZ LLC consolidated statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.91): Consolidated statement of comprehensive income data (in SAR)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Revenue from contracts with customers	52,511	86,063	101,918	63.9%	18.4%	39.3%	36,424	79,826	119.2%
Other operating revenues	56,196	79,259	425,215	41.0%	436.5%	175.1%	40,159	157,278	291.6%
Total revenue	**108,707**	**165,322**	**527,133**	**52.1%**	**218.9%**	**120.2%**	**76,583**	**237,105**	**209.6%**
Direct cost	(72,042)	(109,422)	(459,661)	51.9%	320.1%	152.6%	(45,592)	(194,103)	325.7%
Gross profit	**36,665**	**55,901**	**67,473**	**52.5%**	**20.7%**	**35.7%**	**30,991**	**43,002**	**38.8%**

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
General & administrative expenses	(36,665)	(55,901)	(68,059)	52.5%	21.7%	36.2%	(30,868)	(43,046)	39.5%
Other income / (expense)	-	-	587	N/A	N/A	N/A	(60)	75	N/A
Finance income-net	-	-	-	N/A	N/A	N/A	(63)	(30)	(52.4%)
Income / (loss) for the year / period	**-**	**-**	**-**	**N/A**	**N/A**	**N/A**	**-**	**-**	**N/A**
Other comprehensive income statement	-	-	-	N/A	N/A	N/A	-	-	N/A
Total comprehensive income / (loss) for the year / period	**-**	**-**		**N/A**	**N/A**	**N/A**	**-**	**-**	**N/A**

Source: Management Information.

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.92): Key performance indicators

As a % of revenue	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Gross margin [1]	33.7%	33.8%	12.8%	0.1	(21.0)	(20.9)	40.5%	18.1%	(22.3)
G&A expenses [2]	33.7%	33.8%	12.9%	0.1	(20.9)	(20.8)	40.3%	18.2%	(22.2)
Net income margin [3]	0.0%	0.0%	0.0%	0.0	0.0	0.0	(0.0%)	0.0%	0.0

Source: Management information.

(1) Gross margin is computed based on gross profit for the year / period / total revenue for the year / period

(2) G&A expenses is computed based on the general and administrative expenses for the year / period / total revenue for the year / period

(3) Net income margin is computed based on net income for the year/ total revenue for the year / period

MBC Studios Projects FZ LLC and its subsidiaries is registered in Dubai Development Authority. MBC Studios Projects FZ LLC was incorporated in 2004G and its principal activity is to provide media content production. The subsidiaries of MBC Studios Projects FZ LLC include Desert Warriors Holdings Limited, CG Drama Projects Holding Limited, MBC Studios Projects Saudi Limited (which owns Ze Qar Limited).

Revenue from contracts with customers

Revenue from contracts with customers include program revenues generated from in-house programs produced by MBC Studios Projects FZ LLC.

Revenue from contracts with customers increased by 63.9% from SAR 52.5 million in 2020G to SAR 86.1 million in 2021G in line with the increase in program revenue sold to MBC FZ LLC by SAR 23.3 million.

Revenue from contracts with customers increased by 18.4% from SAR 86.1 million in 2021G to SAR 101.9 million in 2022G driven by the increase in funded program revenue.

Revenue from contracts with customers increased by 119.2% from SAR 36.4 million in the six-month period ended 30 June 2022G to SAR 79.8 million in the six-month period ended 30 June 2023G, as a result of the increase in programs sold to MBC FZ LLC by SAR 48.7 million.

Other operating revenues

Other operating revenues represent compensation for expenses which is related to expansion projects agreements. MBC Studios Projects FZ LLC is entitled to receive from the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company), subject to satisfactory performance against certain criteria, funding which relate to the production of TV content as agreed through the expansion projects agreements.

Other operating revenue increased by 41.0% from SAR 56.2 million in 2020G to SAR 79.3 million in 2021G in line with the increase in operating costs incurred to produce program content.

Other operating revenue increased by 436.5% from SAR 79.3 million in 2021G to SAR 425.2 million in 2022G in line with the further increase in operating costs namely direct costs by SAR 350.2 million.

Other operating revenue increased by 291.6% from SAR 40.2 million in the six-month period ended 30 June 2022G to SAR 157.3 million in the six-month period ended 30 June 2023G due to higher operating costs incurred in producing program content.

Direct costs

Direct costs mainly consisted of cost of programs, marketing costs, and location costs amongst others.

Direct costs increased by 51.9% from SAR 72.0 million in 2020G to SAR 109.4 million in 2021G in line with the increase in cost of programs by SAR37.5 million which relate to program production.

Direct costs increased by 320.1% from SAR 109.4 million in 2021G to SAR 459.7 million in 2022G due to the further increase in cost of programs by SAR 344.5 million during the same period.

Direct costs increased by 325.7% from SAR 45.6 million in the six-month period ended 30 June 2022G to SAR 194.1 million in the six-month period ended 30 June 2023G due to an increase in program costs of SAR 149.8 million related to program production.

Gross profit

Gross profit increased by 52.5% from SAR 36.7 million in 2020G to SAR 55.9 million in 2021G in line with the increase in revenue and other operating revenue.

Gross profit increased by 20.7% from SAR 55.9 million in 2021G to SAR 67.5 million in 2022G in line with the increase in funded program revenue.

Gross profit increased by 38.8% from SAR 31.0 million in the six-month period ended 30 June 2022G to SAR 43.0 million in the six-month period ended 30 June 2023G in line with the increase in revenue from funded programs.

General and administrative

General and administrative expenses included staff costs, expenses recharged by related parties and legal and professional fees amongst others.

General and administrative expenses increased by 52.5% from SAR 36.7 million in 2020G to SAR 55.9 million in 2021G in line with the increase in staff costs by SAR 9.6 million as a result of the increase in headcount from 32 to 40 employees during the same period, coupled with the increase in expenses charged by a related party (MBC FZ LLC) by SAR 5.5 million over the same period.

General and administrative expenses increased by 21.7% from SAR 55.9 million in 2021G to SAR 68.1 million in 2022G attributable to the increase in staff costs by SAR 13.5 million in line with the increase in headcount from 40 to 56 employees during the same period.

General and administrative expenses increased by 39.5% from SAR 30.9 million in the six-month period ended 30 June 2022G to SAR 43.0 million in the six-month period ended 30 June 2023G as a result of an increase in employee costs of SAR 5.7 million due to the increase in headcount during the same period.

Other income / (expense)

Other income amounted to SAR 0.6 million in 2022G and related to miscellaneous income.

Other income increased from expenses amounting to SAR 60 thousand in the six-month period ended 30 June 2022G to income amounting to SAR 75 thousand during the six-month period ended 30 June 2023G due to various miscellaneous income during the period.

Income / (loss) for the year / period

Income / (loss) for the year / period amounted to nil in 2020G, 2021G, and 2022G and the six-month period ended 30 June 2023G as MBC Studios Projects Free Zone and its subsidiaries are fully funded and therefore did not generate income.

6.7.5.3.2 Consolidated statement of financial position

The following table summarizes the MBC Studios Projects FZ LLC consolidated statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in USD):

Table (6.93): Consolidated statement of financial position data (in USD)

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Re-viewed)	Var 31 Dec 2022G-H1'23G
Non-current assets								
Property and equipment	267	296	490	10.9%	65.5%	35.5%	463	(5.5%)
Right of use assets	780	863	582	10.6%	(32.6%)	(13.6%)	200	(65.6%)
Employee's end of service benefits plan assets	167	365	370	118.6%	1.4%	48.8%	384	3.8%
Investment in equity instruments at FVTOCI	50	50	50	0.0%	0.0%	0.0%	50	0.0%
Total non-current assets	**1,263**	**1,574**	**1,491**	**24.6%**	**(5.3%)**	**8.7%**	**1,098**	**(26.4%)**
Current assets								
Trade receivables, prepayments and other assets	7,877	19,459	11,118	147.0%	(42.9%)	18.8%	19,423	74.7%
Due from related parties	2,752	7,388	8,179	168.5%	10.7%	72.4%	12,010	46.8%
Inventories	45,537	210,948	324,785	363.2%	54.0%	167.1%	335,998	3.5%
Bank balances and cash	50,771	47,256	57,858	(6.9%)	22.4%	6.8%	76,706	32.6%
Total current assets	**106,937**	**285,052**	**401,940**	**166.6%**	**41.0%**	**93.9%**	**444,136**	**10.5%**
Total assets	**108,200**	**286,626**	**403,431**	**164.9%**	**40.8%**	**93.1%**	**445,234**	**10.4%**
Equity and liabilities								
Equity								
Share capital	27	27	27	0.0%	0.0%	0.0%	27	0.0%
Retained earnings	29	29	29	0.0%	0.0%	0.0%	29	0.0%
Total equity	**57**	**57**	**57**	**0.0%**	**0.0%**	**0.0%**	**57**	**0.0%**
Non-current liabilities								
Leases liabilities	531	471	152	(11.3%)	(67.7%)	(46.5%)	11	(92.8%)
Provision for employees' end of service indemnity	551	766	956	39.0%	24.8%	31.7%	1,174	22.8%
Total non-current liabilities	**1,082**	**1,237**	**1,108**	**14.3%**	**(10.4%)**	**1.2%**	**1,185**	**6.9%**

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Re-viewed)	Var 31 Dec 2022G-H1'23G
Current liabilities								
Leases liabilities	230	395	428	71.7%	8.4%	36.4%	187	(56.3%)
Trade payables, accruals and other liabilities	104,833	284,002	388,697	170.9%	36.9%	92.6%	427,442	10.0%
Due to related parties	1,998	934	13,142	(53.3%)	1,307.1%	156.5%	16,364	24.5%
Total current liabilities	**107,062**	**285,332**	**402,267**	**166.5%**	**41.0%**	**93.8%**	**443,993**	**10.4%**
Total liabilities	**108,144**	**286,569**	**403,374**	**165.0%**	**40.8%**	**93.1%**	**445,178**	**10.4%**
Total equity and liabilities	**108,200**	**286,626**	**403,431**	**164.9%**	**40.8%**	**93.1%**	**445,234**	**10.4%**

Source: The audited consolidated financial statements of MBC Studios Projects FZ LLC for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the MBC Studios Projects FZ LLC consolidated statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in SAR):

Table (6.94): Consolidated statement of financial position data (in SAR)

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Non-current assets								
Property and equipment	1,000	1,110	1,837	11.0%	65.5%	35.5%	1,737	(5.4%)
Right of use assets	2,924	3,234	2,182	10.6%	(32.5%)	(13.6%)	752	(65.5%)
Employee's end of service benefits plan assets	625	1,370	1,386	119.2%	1.2%	48.8%	1,442	4.0%
Investment in equity instruments at FVTOCI	188	188	188	0.0%	0.0%	0.0%	188	0.0%
Total non-current assets	**4,737**	**5,902**	**5,593**	**24.6%**	**(5.2%)**	**8.7%**	**4,118**	**(26.4%)**
Current assets								
Trade receivables, prepayments and other assets	29,539	72,972	41,692	147.0%	(42.9%)	18.8%	72,835	74.7%
Due from related parties	10,320	27,705	30,670	168.5%	10.7%	72.4%	45,037	46.8%
Inventories	170,762	791,056	1,217,946	363.3%	54.0%	167.1%	1,259,991	3.5%
Bank balances and cash	190,393	177,210	216,966	(6.9%)	22.4%	6.8%	287,648	32.6%
Total current assets	**401,014**	**1,068,944**	**1,507,274**	**166.6%**	**41.0%**	**93.9%**	**1,675,511**	**10.5%**
Total assets	**405,751**	**1,074,846**	**1,512,867**	**164.9%**	**40.8%**	**93.1%**	**1,669,629**	**10.4%**
Equity and liabilities								
Equity								
Share capital	102	102	102	0.0%	0.0%	0.0%	102	0.0%
Retained earnings	110	110	110	0.0%	0.0%	0.0%	110	0.0%
Total equity	**212**	**212**	**212**	**0.0%**	**0.0%**	**0.0%**	**212**	**0.0%**
Non-current liabilities								

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Leases liabilities	1,991	1,768	570	(11.2%)	(67.8%)	(46.5%)	39	(93.2%)
Provision for employees' end of service indemnity	2,067	2,872	3,583	38.9%	24.8%	31.7%	4,403	22.9%
Total non-current liabilities	**4,058**	**4,640**	**4,153**	**14.3%**	**(10.5%)**	**1.2%**	**4,442**	**6.9%**
Current liabilities								
Leases liabilities	863	1,483	1,606	71.8%	8.2%	36.4%	701	(56.3%)
Trade payables, accruals and other liabilities	393,125	1,065,008	1,457,613	170.9%	36.9%	92.6%	1,602,908	10.0%
Due to related parties	7,493	3,504	49,283	(53.2%)	1,306.5%	156.5%	61,366	24.5%
Total current liabilities	**401,481**	**1,069,994**	**1,508,502**	**166.5%**	**41.0%**	**93.8%**	**1,664,975**	**10.4%**
Total liabilities	**405,539**	**1,074,634**	**1,512,655**	**165.0%**	**40.8%**	**93.1%**	**1,669,417**	**10.4%**
Total equity and liabilities	**405,751**	**1,074,846**	**1,512,867**	**164.9%**	**40.8%**	**93.1%**	**1,669,629**	**10.4%**

Source: Management Information.

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

Non-current assets

Property and equipment

Property and equipment comprised leasehold improvements, technical equipment and furniture and fixtures.

Property and equipment increased from SAR 1.0 million as at 31 December 2020G to SAR 1.1 million as at 31 December 2021G due to the additions by SAR 0.5 million partly offset by depreciation charges of SAR 0.4 million.

Property and equipment increased from SAR 1.1 million as at 31 December 2021G to SAR 1.8 million as at 31 December 2022G due to the additions amounting to SAR 1.3 million partly offset by depreciation charges of SAR 0.6 million.

Property and equipment decreased from SAR 1.8 million as at 31 December 2022G to SAR 1.7 million as at 30 June 2023G due to depreciation charges of SAR 0.2 million.

Right of use assets

Right-of-use of assets pertains to production studios/facilities leased by MBC Studios Projects FZ LLC.

Right of use assets increased from SAR 2.9 million as at 31 December 2020G to SAR 3.2 million as at 31 December 2021G in relation to additions of SAR 1.2 million for warehouses. This was partly offset by depreciation charges of SAR 0.9 million during the same period.

Right of use assets decreased from SAR 3.2 million as at 31 December 2021G to SAR 2.2 million as at 31 December 2022G due to depreciation charges of SAR 1.3 million. This was partly offset by additions amounting to SAR 0.3 million during the same period.

Right of use assets decreased from SAR 2.2 million as at 31 December 2022G to SAR 752 thousand as at 30 June 2023G due to the termination of lease contracts amounting to SAR 848 thousand, as the office of MBC Studios Projects FZ was transferred to the headquarters of MBC FZ LLC during the same period.

Employees' end of service benefits plan assets

Employees' end of service benefits plan assets relates to the assets set aside specifically for the purpose of funding employees' end of service benefits obligations whereby contributions are upon the discretion of MBC Studios Projects FZ LLC. The plan is deemed a saving fund and interest received in the plan is accrued as part of the provision of employee's end of service indemnity payable.

Employees' end of service benefits plan assets increased from SAR 0.6 million as at 31 December 2020G to SAR 1.4 million as at 31 December 2021G and as at 31 December 2022G in line with the increase in the allocation of end of service benefits obligations from MBC Studios Projects FZ LLC's liabilities and accumulation of interest over the year.

Employees' end of service benefits plan assets increased from SAR 1.4 million as at 31 December 2022G to SAR 1.4 million as at 30 June 2023G, in line with the increase in the number of employees during the same period.

Investment in equity instruments at FVTOCI

Investment in equity instruments at FVTOCI includes the investment in Middle East Production Group (MBC Egypt). Investment in equity instruments at FVTOCI remained stable at SAR 0.2 million as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G.

Current assets

Trade receivables, prepayments and other receivables

Trade receivables, prepayments and other receivables included trade receivables, contract assets, and advances to suppliers amongst other receivables.

Trade receivables, prepayments and other receivables increased from SAR 29.5 million as at 31 December 2020G to SAR 73.0 million as at 31 December 2021G in line with the increase in trade receivables by SAR 15.8 million as a result of the increase in revenue during the same period. This was coupled with the increase in VAT receivables by SAR 19.5 million and advances to suppliers by SAR 6.1 million.

Trade receivables, prepayments and other receivables decreased from SAR 73.0 million as at 31 December 2021G to SAR 41.7 million as at 31 December 2022G driven by the decrease in trade receivables by SAR 16.0 million as a result of settlements in addition to a decrease in advances to suppliers by SAR 23.9 million.

Trade receivables, prepayments and other receivables increased from SAR 41.7 million as at 31 December 2022G to SAR 72.8 million as at 30 June 2023G due to an increase advances paid to suppliers of SAR 15.1 million in relation to post-production services of Desert Warrior. This was accompanied by an increase in trade receivables by SAR 6.7 million due to higher revenue during the same period.

Due from related parties

Due from related parties comprised balances due from MBC FZ LLC, Al Sadaf for Sonic Visual, MBC Studios FZ LLC, amongst others.

Due from related parties increased from SAR 10.3 million as at 31 December 2020G to SAR 27.7 million as at 31 December 2021G in line with the increase in balance due from Middle East Production Company (MBC Egypt) by SAR 13.4 million and MBC Studios FZ LLC by SAR 3.1 million.

Due from related parties increased from SAR 27.7 million as at 31 December 2021G to SAR 30.7 million as at 31 December 2022G due to the increase in balance due from MBC FZ LLC by SAR 6.9 million.

Due from related parties increased from SAR 30.7 million as at 31 December 2022G to SAR 45.0 million as at 30 June 2023G due to an increase in the balance due from MBC FZ LLC by SAR 12.8 million related to program sales.

Inventories

Inventories comprised production work in progress related to TV content.

Inventories increased from SAR 170.8 million as at 31 December 2020G to SAR 791.1 million as at 31 December 2021G in line with the increase in production work in progress by SAR 557.0 million and developed programs by SAR 63.2 million during the same period.

Inventories increased from SAR 791.1 million as at 31 December 2021G to SAR 1,217.9 million as at 31 December 2022G due to the increase in production work in progress by SAR 467.6 million.

Inventories increased from SAR 1,217.9 million as at 31 December 2022G to SAR 1,260.0 million as at 30 June 2023G due to an increase in production work in progress balance by SAR 57.9 million related to funded programs, partially offset by a decrease in developed program balances of SAR 15.9 million during the same period.

Bank balances and cash

Bank balances and cash comprises mainly of current accounts and cash on hand.

Bank balances and cash decreased from SAR 190.4 million as at 31 December 2020G to SAR 177.2 million as at 31 December 2021G due to the increase in the cash used in operating activities by SAR 11.7 million over the same period.

Bank balances and cash increased by 22.4% from SAR 177.2 million as at 31 December 2021G to SAR 217.0 million as at 31 December 2022G due to the increase in cash received as an advance from the government of the Kingdom of Saudi Arabia.

Bank balances and cash increased from SAR 217.0 million as at 31 December 2022G to SAR 287.6 million as at 30 June 2023G, mainly due to an increase in funds received from the Government of the Kingdom of Saudi Arabia.

Equity

Share capital

Share capital comprised authorized and issued capital of 100 shares of SAR 1,021.5 per share.

Retained earnings

Retained earnings remained stable at SAR 0.1 million as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G as MBC Studios Projects FZ LLC does not generate profit nor distribute any dividends given that nature of these funded projects/companies.

Non-current liabilities

Non-current portion of lease liabilities

Non-current portion of lease liabilities decreased from SAR 2.0 million as at 31 December 2020G to SAR 1.8 million as at 31 December 2021G as the existing lease liabilities were reclassified to the current portion.

Non-current portion of lease liabilities decreased from SAR 1.8 million as at 31 December 2021G to SAR 0.6 million as at 31 December 2022G as the existing lease liabilities were reclassified to the current portion.

Non-current portion of lease liabilities decreased from SAR 0.6 million as at 31 December 2022G to SAR 41 thousand as at 30 June 2023G due to the reclassification of non-current lease obligations to the current portion.

Provision for employees' end of service indemnity

Provision for employees' end of service indemnity increased from SAR 2.1 million as at 31 December 2020G to SAR 2.9 million as at 31 December 2021G attributable to the increase in number of employees from 32 to 40 employees during the same period.

Provision for employees' end of service indemnity increased from SAR 2.9 million as at 31 December 2021G to SAR 3.6 million as at 31 December 2022G due to the increase in number of employees from 40 to 56 employees during the same period.

Provision for employees' end of service indemnity increased from SAR 3.6 million as at 31 December 2022G to SAR 4.4 million as at 30 June 2023G due to an increase in provision of SAR 1.0 million during the same period.

Current liabilities

Lease liabilities

Current portion of lease liabilities increased from SAR 0.9 million as at 31 December 2020G to SAR 1.5 million as at 31 December 2021G due to the near expiry of lease liabilities along with additions amounting to SAR 1.2 million related to production studios and facilities, partly offset by payments amounting to SAR 0.9 million over the same period.

Current portion of lease liabilities increased from SAR 1.5 million as at 31 December 2021G to SAR 1.6 million as at 31 December 2022G following additions during the same year.

Current portion of lease liabilities decreased from SAR 1.6 million as at 31 December 2022G to SAR 0.7 million as at 30 June 2023G due to the expiration of lease liabilities during the same period.

Trade payables, accruals and other liabilities

Trade payables, accruals and other liabilities consisted of deferred revenue, accrued expenses and other trade payables.

Trade payables, accruals and other liabilities increased from SAR 393.1 million as at 31 December 2020G to SAR 1,065.0 million as at 31 December 2021G in line with the increase in accrued revenue from SAR 365.5 million as at 31 December 2020G to SAR 1,003.9 million as at 31 December 2021G. The increase in deferred revenue is attributable to the increase in advances received from the Government of the Kingdom of Saudi Arabia.

Trade payables, accruals and other liabilities increased from SAR 1,065.0 million as at 31 December 2021G to SAR 1,457.6 million as at 31 December 2022G in line with the increase in accrued revenue from SAR 1,003.9 million as at 31 December 2021G to SAR 1,268.6 million as at 31 December 2022G. The increase in deferred revenue is attributable to the increase in advances received from the government of the Kingdom of Saudi Arabia.

Trade payables, accruals and other liabilities increased from SAR 1,457.6 million as at 31 December 2022G to SAR 1,602.9 million as at 30 June 2023G mainly due to an increase in advance payments received from the Government of the KSA amounting to SAR 145.6 million.

Due to related parties

Due to related parties primarily comprised balances due to MBC FZ LLC and Ara International amongst others.

Due to related parties decreased from SAR 7.5 million as at 31 December 2020G to SAR 3.5 million as at 31 December 2021G due to the settlement of the balance due to MBC FZ LLC amounting to SAR 3.9 million.

Due to related parties increased from SAR 3.5 million as at 31 December 2021G to SAR 49.3 million as at 31 December 2022G attributable to the increase in the balance due to Middle East Production Company (MBC Egypt) by SAR 46.0 million over the same period.

Due to related parties increased from SAR 49.3 million as at 31 December 2022G to SAR 61.4 million as at 30 June 2023G due to an increase in the balance due to Middle East Productions by SAR 12.7 million during the same period.

6.7.5.3.3 Consolidated statement of cash flows

The following table summarizes the MBC Studios Projects FZ LLC consolidated statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.95): Consolidated statement of cash flows data (in USD)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit before tax for the period	-	-	-	N/A	N/A	N/A	-	-	0.0%
Adjustments to cash flows from operating activities									
Depreciation of property and equipment	76	110	149	44.7%	35.5%	40.0%	65	95	46.2%
Depreciation of right-of-use assets	223	247	351	10.8%	42.1%	25.5%	168	155	(7.5%)
Finance costs related to lease liabilities	43	36	35	(16.3%)	(2.8%)	(9.8%)	17	8	(52.9%)
Provision for employees' end of service benefits	170	228	367	34.1%	61.0%	46.9%	199	249	25.1%
Profit from terminating a lease	-	-	-	N/A	N/A	N/A	-	(18)	N/A
Allowance for credit expected loss, net	-	-	1	N/A	N/A	0.0%	-	234	0.0%
Net of adjustments to cash flows from operating activities	**513**	**621**	**904**	**21.1%**	**45.6%**	**32.7%**	**448**	**723**	**61.4%**
Working capital changes									
Trade receivables, prepayments and other assets	(7,455)	(11,582)	8,340	55.4%	(172.0%)	N/A	(10,378)	(8,539)	(17.7%)
Due from related parties	(1,272)	(4,676)	(663)	267.6%	(85.8%)	(27.8%)	(4,851)	(3,831)	(21.0%)
Trade payables, accruals and other liabilities	93,625	179,169	104,695	91.4%	(41.6%)	5.7%	128,988	38,745	(70.0%)
Inventories	(33,882)	(165,412)	(113,837)	388.2%	(31.2%)	83.3%	(107,782)	(11,212)	(89.6%)
Due to related parties	(1,742)	(1,064)	12,208	(38.9%)	(1247.4%)	N/A	3,337	3,222	(3.4%)
Cash from operations	**49,785**	**(2,943)**	**11,646**	**(105.9%)**	**(495.7%)**	**(51.6%)**	**9,762**	**19,108**	**95.7%**
Employees' defined benefit liabilities paid	(12)	(173)	(309)	1,341.7%	78.6%	407.4%	(47)	(46)	(2.9%)
Net cash flows from / (used in) operating activities	**49,773**	**(3,116)**	**11,337**	**(106.3%)**	**(463.8%)**	**(52.3%)**	**9,715**	**19,062**	**96.2%**
Cash flows from investing activities									
Purchase of property and equipment	(102)	(139)	(343)	36.3%	146.8%	83.4%	(99)	(68)	31.3%
Amounts Withdrawn from MBC Funds	N/A	N/A	N/A	N/A	N/A	N/A	197	-	(100.0%)
Net cash flows used in investing activities	**(102)**	**(139)**	**(343)**	**36.3%**	**146.8%**	**83.4%**	**98**	**(68)**	**(169.4%)**
Cash flows from financing activities									
Payment of lease liabilities	(254)	(260)	(393)	2.4%	51.2%	24.4%	(184)	(146)	(20.7%)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Net cash flows used in financing activities	**(254)**	**(260)**	**(393)**	**2.4%**	**51.2%**	**24.4%**	**(184)**	**(146)**	**(20.7%)**
Net increase / (decrease) in bank balances and cash	**49,418**	**(3,515)**	**10,602**	**(107.1%)**	**(401.6%)**	**(53.7%)**	**9,629**	**18,848**	**95.7%**
Bank balances and cash at the beginning of the year	1,354	50,771	47,256	3,649.7%	(6.9%)	490.8%	47,256	57,858	22.4%
Bank balances and cash the end of the period	**50,771**	**47,256**	**57,858**	**(6.9%)**	**22.4%**	**6.8%**	**56,885**	**76,706**	**34.8%**

Source: The audited consolidated financial statements of MBC Studios Projects FZ LLC for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the MBC Studios Projects FZ LLC consolidated statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.96): Consolidated statement of cash flows data (in SAR)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit before tax for the period	-	-	-	N/A	N/A	N/A	-	-	N/A
Adjustments to cash flows from operating activities									
Depreciation of property and equipment	286	411	559	43.7%	36.0%	40.0%	243	355	46.1%
Depreciation of right-of-use assets	836	925	1,317	10.6%	42.4%	25.5%	630	583	(7.5%)
Finance costs related to lease liabilities	162	137	132	(15.4%)	(3.6%)	(9.8%)	63	30	(52.4%)
Provision for employees' end of service benefits	637	857	1,376	34.5%	60.6%	46.9%	743	935	25.5%
Allowance for credit expected loss, net			5	N/A	N/A	0.0%	-	877	0.0%
Gain on termination of rent contract	-	-	-	N/A	N/A	N/A	-	(68)	N/A
Net of adjustments to cash flows from operating activities	**1,922**	**2,330**	**3,389**	**21.2%**	**45.5%**	**32.7%**	**1,681**	**2,711**	**61.3%**
Working capital changes									
Trade receivables, prepayments and other assets	(27,957)	(43,433)	31,276	55.4%	(172.0%)	N/A	(38,918)	(32,020)	(17.7%)
Due from related parties	(4,772)	(17,533)	(2,488)	267.4%	(85.8%)	(27.8%)	(18,191)	(14,367)	(21.0%)
Trade payables, accruals and other liabilities	351,092	671,883	392,605	91.4%	(41.6%)	5.7%	483,703	145,295	(70.0%)
Inventories	(127,056)	(620,294)	(426,889)	388.2%	(31.2%)	83.3%	(404,182)	(42,046)	(89.6%)
Due to related parties	(6,534)	(3,989)	45,779	(39.0%)	(1247.6%)	N/A	12,513	12,084	(3.4%)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Cash from operations	**186,695**	**(11,037)**	**43,672**	**(105.9%)**	**(495.7%)**	**(51.6%)**	**36,606**	**71,657**	**95.8%**
Employees' defined benefit liabilities paid	(46)	(648)	(1,158)	1308.7%	78.7%	407.4%	(176)	(171)	(2.9%)
Net cash flows from / (used in) operating activities	**186,649**	**(11,685)**	**42,513**	**(106.3%)**	**(463.8%)**	**(52.3%)**	**36,429**	**71,486**	**96.2%**
Cash flows from investing activities									
Purchase of property and equipment	(381)	(521)	(1,285)	36.7%	146.6%	83.4%	(372)	(255)	(31.5%)
Amounts withdrawn from MBC Fund	N/A	N/A	N/A	N/A	N/A	N/A	739	-	(100.0%)
Net cash flows from / (used in) investing activities	**(381)**	**(521)**	**(1,285)**	**36.7%**	**146.6%**	**83.4%**	**367**	**(255)**	**(169.5%)**
Cash flows from financing activities									
Payment of lease liabilities	(952)	(976)	(1,472)	2.5%	50.8%	24.4%	(688)	(549)	(20.2%)
Net cash flows used in financing activities	**(952)**	**(976)**	**(1,472)**	**2.5%**	**50.8%**	**24.4%**	**(688)**	**(549)**	**(20.2%)**
Net increase / (decrease) in bank balances and cash	**185,316**	**(13,182)**	**39,756**	**(107.1%)**	**(401.6%)**	**(53.7%)**	**36,108**	**70,681**	**95.7%**
Bank balances and cash at the beginning of the year	5,076	190,393	177,210	3650.8%	(6.9%)	490.8%	177,210	216,966	22.4%
Bank balances and cash the end of the period	**190,393**	**177,210**	**216,966**	**(6.9%)**	**22.4%**	**6.8%**	**213,319**	**287,648**	**34.8%**

Source: Management Information.

Note: The audited financial statements and the unaudited interim condensed consolidated financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

Net cash flows from / (used in) operating activities

Net cash flows from / (used in) operating activities decreased from net cash flows from operating activities of SAR 186.6 million in 2020G to net cash flows used in operating activities of SAR 11.7 million in 2021G following the increase in inventories by SAR 620.3 million during the same year in line with the increase the production work in progress by SAR 557.0 million and developed programs by SAR 63.2 million during the same period. This was also coupled with an increase in trade receivables, prepayments, and other assets by SAR 43.4 million and due from related parties by SAR 17.5 million during the same year. This was partly offset by an increase in trade payables, accruals, and other liabilities by SAR 671.9 million in line with the increase in accrued revenue from SAR 365.5 million as at 31 December 2020G to SAR 1,003.9 million as at 31 December 2021G.

Net cash flows from / (used in) operating activities decreased from net cash flows used in operating activities of SAR 11.7 million in 2021G to net cash flows from operating activities of SAR 42.5 million in 2022G following the increase in due to related parties by SAR 45.8 million pertaining to a balance of MBC FZ LLC. This was coupled with an increase in trade payables, accruals, and other liabilities by SAR 392.6 million along with a decrease in trade receivables prepayments and other assets by SAR 31.3 million. This was partly offset by an increase in inventories by SAR 426.9 million over the same period.

Net cash flows from / (used in) operating activities increased from net cash flows from operating activities by SAR 36.4 million in the six-month period ended 30 June 2022G to net cash flows from operating activities amounting to SAR 71.5 million in the six-month period ended on 30 June 2023G due to the increase in the change in inventory from SAR 404.2 million to SAR 42.0 million during the same period.

Net cash flows from / (used in) investing activities

Net cash flows used in investing activities pertains solely to the purchase of property and equipment. Net cash flows used in investing activities increased from SAR 0.4 million in 2020G to SAR 0.5 million in 2021G in line with the additions of different asset categories.

Net cash flows used in investing activities increased from SAR 0.5 million in 2021G to SAR 1.3 million in 2022G following additions made to leasehold improvements by SAR 0.7 million, and computer equipment by SAR 0.3 million amongst others over the same period.

Net cash flows used in investing activities decreased from net cash flows from investing activities amounting to SAR 0.4 million in the six-month period ended 30 June 2022G to net cash flows used in investing activities amounting to SAR 0.3 million in the six-month period ended on 30 June 2023G. This was in addition to the amounts withdrawn from the MBC Fund which decreased from SAR 0.8 million to nil during the same period.

Net cash flows used in financing activities

Net cash flows used in financing activities pertains solely to payments of lease liabilities. Net cash flows used in financing activities increased from SAR 952 thousand in 2020G to SAR 976 thousand in 2021G and further to SAR 1.5 million in 2022G.

Net cash flows used in financing activities decreased from SAR 0.7 million in the six-month period ended on 30 June 2022G to SAR 0.5 million in the six-month period ended on 30 June 2023G.

6.7.5.4 MBC Media FZ LLC

6.7.5.4.1 Statement of comprehensive income

The following table summarizes the MBC Media FZ LLC statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.97): Statement of comprehensive income data (in USD)

USD in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Re-viewed)	30 June 2023G (Re-viewed)	Var H1'22G-H1'23G
Revenue from contracts with customers	5,994	9,183	8,849	53.2%	(3.6%)	21.5%	7,214	7,205	(0.1%)
Other operating revenues	93,370	110,969	107,566	18.8%	(3.1%)	7.3%	64,190	76,459	19.1%
Total revenue	**99,364**	**120,152**	**116,415**	**20.9%**	**(3.1%)**	**8.2%**	**71,404**	**83,664**	**17.2%**
Direct cost	(82,581)	(103,166)	(102,094)	24.9%	(1.0%)	11.2%	(65,253)	(77,380)	18.6%
Gross profit	**16,783**	**16,986**	**14,320**	**1.2%**	**(15.7%)**	**(7.6%)**	**6,151**	**6,284**	**2.2%**
Selling, general and administrative expenses	(12,728)	(13,616)	(14,346)	7.0%	5.4%	6.2%	(6,172)	(6,284)	1.8%
Other income	148	-	26	N/A	N/A	(58.1%)	22	-	(100.0%)
Finance income	65	5	-	(92.3%)	(100.0%)	(100.0%)	-	-	N/A
Profit for the year / period	**4,269**	**3,375**	**-**	**(20.9%)**	**(100.0%)**	**(100.0%)**	**-**	**-**	**N/A**

Source: The audited financial statements of MBC Media FZ LLC for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the MBC Media FZ LLC statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.98): Statement of comprehensive income data (in SAR)

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Re-viewed)	30 June 2023G (Re-viewed)	Var H1'22G-H1'23G
Revenue from contracts with customers	22,478	34,436	33,182	53.2%	(3.6%)	21.5%	27,052	27,017	(0.1%)
Other operating revenues	350,137	416,133	403,372	18.8%	(3.1%)	7.3%	240,711	286,721	19.1%
Total revenue	**372,615**	**450,569**	**436,554**	**20.9%**	**(3.1%)**	**8.2%**	**267,763**	**313,738**	**17.2%**
Direct cost	(309,677)	(386,872)	(382,853)	24.9%	(1.0%)	11.2%	(244,699)	(290,174)	18.6%
Gross profit	**62,937**	**63,698**	**53,701**	**1.2%**	**(15.7%)**	**(7.6%)**	**23,064**	**23,564**	**2.2%**
Selling, general and administrative expenses	(47,729)	(51,059)	(53,799)	7.0%	5.4%	6.2%	(23,145)	(23,564)	1.8%
Other income	556	-	98	(100.0%)	N/A	(58.1%)	81	-	(100.0%)
Finance income	245	19	-	(92.2%)	(100.0%)	(100.0%)	-	-	N/A
Profit for the year / period	**16,009**	**12,657**	**-**	**(20.9%)**	**(100.0%)**	**(100.0%)**	**-**	**-**	**N/A**

Source: Management Information.

Note: The audited financial statements and the unaudited interim condensed financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G:

Table (6.99): Key performance indicators

As a % of revenue	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-'23G
Gross margin [1]	16.9%	14.1%	12.3%	(2.8)	(1.8)	(4.6)	8.6%	7.5%	(1.1)
G&A expenses [2]	12.8%	11.3%	12.3%	(1.5)	1.0	(0.5)	8.6%	7.5%	(1.1)
Net income margin [3]	4.3%	2.8%	0.0%	(1.5)	(2.8)	(4.3)	0.0%	0.0%	0.0

Source: Management information.

(1) Gross margin is computed based on gross profit for the year / period / total revenue for the year / period

(2) G&A expenses is computed based on the general and administrative expenses for the year / period / total revenue for the year / period

(3) Net income margin is computed based on net income for the year / period / total revenue for the year / period

Revenue from contracts with customers

Revenue from contracts with customers primarily consists of advertising revenue generated from some channels.

Revenue increased by 53.2% from SAR 22.5 million in 2020G to SAR 34.4 million in 2021G.

Revenue decreased by 3.6% from SAR 34.4 million in 2021G SAR 33.2 million in 2022G driven by the decrease in advertising revenue generated from some channels.

Revenue remained stable at SAR 27.0 million in the six-month period ended 30 June 2022G and the six-month period ended 30 June 2023G.

Other operating revenues

Other operating revenues represent funds used to cover the deficit of MBC Media FZ LLC resulting from its operating expenses. MBC Media FZ LLC is entitled to receive from the Government of the Kingdom of Saudi Arabia (represented by Istedamah Holding Company), subject to satisfactory performance against certain criteria, funding which relate to the operation of some funded channels It is worth noting that since the purpose of the funding is only to cover the deficit of MBC Media FZ LLC, MBC Media FZ LLC is theoretically not supposed to generate profits.

Other operating revenues increased by 18.8% from SAR 350.1 million in 2020G to SAR 416.1 million in 2021G in line with the increase in direct costs by SAR 77.2 million in addition to general and administrative expenses by SAR 3.3 million during the same period as the funding's purpose is to cover the deficit resulting from MBC Media FZ LLC's operating expenses.

Other operating revenue decreased by 3.1% from SAR 416.1 million in 2021G to SAR 403.4 million in 2022G in line with the decrease in direct costs by SAR 4.0 million during the same period.

Other operating revenue increased by 19.1% from SAR 240.7 million in the six-month period ended 30 June 2022G to SAR 286.7 million in the six-month period ended 30 June 2023G due to the increase in the cost of programs aired on the channels during the same period.

Direct costs

Direct costs primarily consist of cost of programs, program overheads, transmission expenses, marketing costs amongst others.

Direct costs increased by 24.9% from SAR 309.7 million in 2020G to SAR 386.9 million in 2021G due to the increase in cost of programs by SAR 81.3 million. This was partly offset by the decrease in technical costs by SAR 3.4 million during the same period.

Direct costs decreased by 1.0% from SAR 386.9 million in 2021G to SAR 382.9 million in 2022G due to the decrease in cost of programs by SAR 4.2 million. This was partly offset by the increase in programming overheads by SAR 0.5 million during the same period.

Direct costs increased by 18.6% from SAR 244.7 million in the six-month period ended 30 June 2022G to SAR 290.2 million in the six-month period ended 30 June 2023G due to the increase in the cost of programs by SAR 46.9 million driven by the increase in content release and airing of programs of the funded channels during the same period.

Gross profit

Gross profit increased by 1.2% from SAR 62.9 million in 2020G to SAR 63.7 million in 2021G in line with the increase in revenue.

Gross profit decreased by 15.7% from SAR 63.7 million in 2021G to SAR 53.7m in 2022G due to the decrease in other operating revenues by SAR 12.8 million.

During 2020G and 2021G, the government of the Kingdom of Saudi Arabia has exceptionally funded amounts higher than MBC Media FZ LLC's deficit and as such, MBC Media FZ LLC has recorded profits during these two periods. This was not the case in 2022G.

As a result, gross margin decreased from 16.9% in 2020G to 14.1% in 2021G and further to 12.3% in 2022G.

Gross profit increased by 2.2% from SAR 23.1 million in the six-month period ended 30 June 2022G to SAR 23.6 million in the six-month period ended 30 June 2023G due to an increase in other operating revenue of SAR 46.0 million.

Gross profit margin decreased from 8.6% in the six-month period ended 30 June 2022G to 7.5% in the six-month period ended 30 June 2023G due to an increase in direct costs of SAR 45.5 million.

General and administrative expenses

General and administrative expenses mainly comprised shared services recharges, employee benefits and legal and professional fees amongst others.

General and administrative expenses increased by 7.0% from SAR 47.7 million in 2020G to SAR 51.1 million in 2021G mainly due to the increase in shared services recharges by SAR 2.8 million.

General and administrative expenses increased by 5.4% from SAR 51.1 million in 2021G to SAR 53.8 million in 2022G due to the increase in shared services recharges by SAR 1.9 million coupled with the increase in foreign exchange loss by SAR 0.6 million over the same period.

General and administrative expenses remained relatively stable at an average of SAR 23.3 million in the six-month period ended 30 June 2022G and 2023G.

Other income

Other income decreased from SAR 0.6 million in 2020G to nil in 2021G and amounted to SAR 98 thousand in 2022G.

Other income decreased by 100% from SAR 81 thousand in the six-month period ended 30 June 2022G to nil in the six-month period ended 30 June 2023G as a result of the absence of other income in the six-month period ended 30 June 2023G.

Finance income

Finance income decreased by 92.2% from SAR 245 thousand in 2020G to SAR 19 thousand in 2021G and amounted to nil in 2022G and in the six-month period ended 30 June 2023G.

Profit for the year / period

Profit for the year decreased by 20.9% from SAR 16.0 million in 2020G to SAR 12.7 million in 2021G in line with the decrease in the funding provided by the Government of KSA.

Profit for the year decreased from SAR 12.7 million in 2021G to nil in 2022G and in the six-month period ended 30 June 2023G in line with the expansion projects agreements signed with the Government of KSA.

It is worth noting that the profits retained by MBC Media FZ LLC during 2020G and 2021G cannot be redistributed as dividends and are re-invested in the operations of MBC Media FZ LLC.

6.7.5.4.2 Statement of financial position

The following table summarizes the MBC Media FZ LLC statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in USD):

Table (6.100): Statement of financial position data (in USD)

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Reviewed)	Var 31 Dec 2022G-H1'23G
Current assets								
Due from related parties	1,318	16,455	13,063	1148.5%	(20.6%)	214.8%	1,328	(89.8%)
Bank balances	5,118	77	6,358	(98.5%)	8157.1%	11.5%	13,601	113.9%
Total assets	**6,436**	**16,532**	**19,421**	**156.9%**	**17.5%**	**73.7%**	**14,929**	**(23.1%)**
Equity and liabilities								
Equity								
Share capital	14	14	14	0.0%	0.0%	0.0%	14	0.0%

USD in 000s	31 Dec 2020G	31 Dec 2021G	31 Dec 2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Reviewed)	Var 31 Dec 2022G-H1'23G
Retained earnings	6,423	9,798	9,798	52.5%	0.0%	23.5%	9,798	0.0%
Total equity	**6,436**	**9,812**	**9,812**	**52.5%**	**0.0%**	**23.5%**	**9,812**	**(0.0%)**
Current liabilities								
Due to related parties	-	6,720	9,610	N/A	43.0%	N/A	5,110	(46.8%)
Trade and other payables	-	-	-	N/A	N/A	N/A	8	0.0%
Total liabilities	**-**	**6,720**	**9,610**	**N/A**	**43.0%**	**N/A**	**5,118**	**(46.7%)**
Total equity and liabilities	**6,436**	**16,532**	**19,421**	**156.9%**	**17.5%**	**73.7%**	**14,929**	**(23.1%)**

Source: The audited financial statements of MBC Media FZ LLC for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the MBC Media FZ LLC statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 June 2023G (in SAR):

Table (6.101): Statement of financial position data (in SAR)

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2023G (Management Information)	Var 31 Dec 2022G-H1'23G
Current assets								
Due from related parties	4,944	61,706	48,988	1148.1%	(20.6%)	214.8%	4,980	(89.8%)
Bank balances	19,192	289	23,842	(98.5%)	8157.1%	11.5%	51,004	113.9%
Total assets	**24,136**	**61,995**	**72,830**	**156.9%**	**17.5%**	**73.7%**	**55,984**	**(23.1%)**
Equity and liabilities								
Equity								
Share capital	51	51	51	0.0%	0.0%	0.0%	51	0.0%
Retained earnings	24,085	36,743	36,743	52.5%	0.0%	23.5%	36,743	0.0%
Total equity	**24,136**	**36,794**	**36,794**	**52.5%**	**0.0%**	**23.5%**	**36,794**	**(0.0%)**
Current liabilities								
Due to related parties	-	25,201	36,036	N/A	43.0%	N/A	19,161	(46.8%)
Trade and other payables	-	-	-	N/A	N/A	N/A	29	0.0%
Total liabilities	**-**	**25,201**	**36,036**	**N/A**	**43.0%**	**N/A**	**19,190**	**(46.7%)**
Total equity and liabilities	**24,136**	**61,995**	**72,830**	**156.9%**	**17.5%**	**73.7%**	**55,984**	**(23.1%)**

Source: Management Information

Note: The audited financial statements and the unaudited interim condensed financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

Current assets

Due from related parties

Due from related parties comprised balances due from the Government of the Kingdom of Saudi Arabia and MBC Group Holding.

Due from related parties increased from SAR 4.9 million as at 31 December 2020G to SAR 61.7 million as at 31 December 2021G in line with the increase in the balance due from the Government of KSA by SAR 61.7 million relating to funding receivable.

Due from related parties decreased from SAR 61.7 million as at 31 December 2021G to SAR 49.0 million as at 31 December 2022G driven by the partial settlement of the balance due from the Government of KSA amounting to SAR 12.7 million.

Due from related parties decreased from SAR 49.0 million as at 31 December 2022G to SAR 5.0 million as at 30 June 2023G due to the settlement of the balance due from the Government of KSA of SAR 44.0 million during the same period.

Bank balances

Bank balances decreased from SAR 19.2 million as at 31 December 2020G to SAR 0.3 million as at 31 December 2021G driven by the increase in due from related parties by SAR 56.7 million. This was partly offset the increase in the balance due to related parties by SAR 25.2 million and increase in profits by SAR 12.7 million.

Bank balances increased from SAR 0.3 million as at 31 December 2021G to SAR 23.8 million as at 31 December 2022G due to the settlements of due from related parties by SAR 12.7 million coupled with the increase in the balance due to related parties by SAR 10.8 million over the same period.

Bank balances increased from SAR 23.8 million as at 31 December 2022G to SAR 51.0 million as at 30 June 2023G due to the settlement of the balance owed to the Government of the Kingdom of Saudi Arabia. It was offset by the settlement made to MBC FZ LLC for an amount of SAR16.9 million.

Equity

Share capital

Share capital comprised 100 shares of SAR 511 each which are authorized and fully paid.

Share capital amounted to SAR 51 thousand as at 31 December 2020G, 2021G, and 2022G and as at 30 June 2023G.

Retained earnings

Retained earnings increased from SAR 24.1 million as at 31 December 2020G to SAR 36.7 million as at 31 December 2021G in line with profits amounting to SAR 12.7 million during the same year.

Retained earnings remained stable at SAR 36.7 million as at 31 December 2022G and as at 30 June 2023G as MBC Media FZ LLC did not record any profits or losses during 2022G and during the six-month period ended 30 June 2023G.

Current liabilities

Due to related parties

Due to related parties related to balances due to MBC FZ LLC.

Due to related parties increased from nil as at 31 December 2020G to SAR 25.2 million as at 31 December 2021G in line with the increase in balance due to MBC FZ LLC by SAR 25.2 million which relate to recharged expenses payable.

Due to related parties increased from SAR 25.2 million as at 31 December 2021G to SAR 36.0 million as at 31 December 2022G due to the increase in balance due to MBC FZ LLC by SAR 10.8 million which relate to recharged expenses payable.

Due to related parties decreased from SAR 36.0 million as at 31 December 2022G to SAR 19.1 million as at 30 June 2023G due to payments made from MBC FZ LLC amounting to SAR 16.9 million.

6.7.5.4.3 Statement of cash flows

The following table summarizes the MBC Media FZ LLC statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in USD):

Table (6.102): Statement of cash flows data (in USD)

USD in 000s	2020G	2021G	2022G	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Unaudited)	30 June 2023G (Unaudited)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit for the year	4,269	3,375	-	(20.9%)	(100.0%)	0.0%	-	-	0.0%
Working capital changes									
Due from related parties	(1,305)	(15,137)	3,392	1060.1%	(122.4%)	N/A	16,441	11,735	(28.6%)
Trade and other payables	-	-	-	N/A	N/A	N/A	-	8	N/A
Deferred income	(1,321)	-	-	N/A	N/A	0.0%	-	-	N/A
Due to related party	(15,191)	6,720	2,889	(144.2%)	(57.0%)	N/A	14,168	(4,500)	(131.8%)
Net cash flows (used in) / from operating activities	**(13,548)**	**(5,041)**	**6,281**	**(62.8%)**	**(224.6%)**	**N/A**	**30,609**	**7,243**	**(76.3%)**
Net change in cash	**(13,548)**	**(5,041)**	**6,281**	**(62.8%)**	**(224.6%)**	**N/A**	**30,609**	**7,243**	**(76.3%)**
Bank balances as at 1 January	18,666	5,118	77	(72.6%)	(98.5%)	(93.6%)	77	6,358	8,157.1%
Bank balances as at 31 December	**5,118**	**77**	**6,358**	**(98.5%)**	**8,157.1%**	**11.5%**	**30,686**	**13,601**	**(55.7%)**

Source: The audited financial statements of MBC Media FZ LLC for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed financial statements for the six-month period ended 30 June 2023G.

The following table summarizes the MBC Media FZ LLC statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the six-month period ended 30 June 2022G and 2023G (in SAR):

Table (6.103): Statement of cash flows data (in SAR)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Cash flows from operating activities									
Profit for the year	16,009	12,657	-	(20.9%)	(100.0%)	0.0%	-	-	0.0%
Working capital changes									
Due from related parties	(4,893)	(56,762)	12,718	1060.1%	(122.4%)	N/A	61,655	44,006	(28.6%)
Trade and Other payables	-	-	-	N/A	N/A	N/A	-	30	N/A
Deferred income	(4,955)	-	-	N/A	N/A	0.0%	-	-	N/A
Due to related party	(56,965)	25,201	10,835	(144.2%)	(57.0%)	N/A	53,130	(16,875)	(131.8%)

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 June 2022G (Management Information)	30 June 2023G (Management Information)	Var H1'22G-H1'23G
Net cash flows (used in) / from operating activities	**(50,804)**	**(18,903)**	**23,553**	**(62.8%)**	**(224.6%)**	**N/A**	**114,785**	**27,162**	**(76.3%)**
Net change in cash	**(50,804)**	**(18,903)**	**23,553**	**(62.8%)**	**(224.6%)**	**N/A**	**114,785**	**27,162**	**(76.3%)**
Bank balances as at 1 January	69,996	19,192	289	(72.6%)	(98.5%)	(93.6%)	289	23,842	8,157.1%
Bank balances as at 31 December	**19,192**	**289**	**23,842**	**(98.5%)**	**8,157.1%**	**11.5%**	**115,074**	**51,004**	**(55.7%)**

Source: Management Information

Note: The audited financial statements and the unaudited interim condensed financial statements are issued in USD, the above tables have been converted to SAR for convenience purposes using an exchange rate of 1 USD = 3.75 SAR consistently for all years / periods.

Net cash flows (used in) / from operating activities

Net cash flows (used in) / from operating activities decreased from SAR 50.8 million in 2020G to SAR 18.9 million in 2021G due to the increase in the balances due to MBC FZ LLC by SAR 25.2 million relating to recharged expenses payable.

Net cash flow (used in) / from operating activities increased from net cash flow used in operating activities of SAR 18.9 million in 2021G to net cash flow from operating activities of SAR 23.6 million in 2022G following the funding payments received from the Government of KSA coupled with the increase in due to related parties relating to recharged expense payable.

Net cash flows (used in) / from operating activities decreased from net cash flow from operating activities by SAR 114.8 million during the six-month period ended 30 June 2022G to net cash flow from operating activities amounting to SAR 27.2 million during the six-month period ended 30 June 2023G driven by the funding payments received from the Government of KSA.


mbc
GROUP

7. Dividend Distribution Policy

Pursuant to Article 107 of the Companies Law, each Shareholder acquires all the rights attached to the Company's shares, including the right to receive a portion of the net dividends declared. The declaration and payment of any dividends will be recommended by the Board prior to the approval by the Shareholders at the General Assembly meeting. However, there are no guarantees as to the actual distributions of dividends or the amounts to be paid in any year. Any dividends declared will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, restrictions imposed by financiers, the Company's growth plans, market and general economic conditions and the Company's Zakat position, as well as other legal and regulatory considerations.

After deducting all expenses, the Company's profits shall be allocated as follows:

1- The Ordinary General Assembly may establish reserves provided it is in the interest of the Company or it guarantees to the extent possible the regular distribution of fixed dividends to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.
2- The General Assembly shall determine the percentage of the net profits to be distributed to Shareholders after deduction of the reserves, if any.
3- The Company is entitled to distribute quarterly or semi-annual profits after fulfilling the requirements of the relevant authorities.

The first entitlement of the Offer Shares to the dividends announced by the Company shall be from the date of this Prospectus and for subsequent financial years. The Shareholders shall be entitled to their share of the dividends, whether in cash or shares granted in accordance with the resolution of the General Assembly issued in this regard. Such resolution shall specify the entitlement date and the date of distribution. The Shareholders registered in the Shareholder registers at the end of the entitlement day shall be entitled to dividends. For the purpose of organizing and completing the dividend distribution process, the Company may seek the assistance of a third party, namely one of the commercial banks with which it deals. The use of a third party shall not relieve the Company of its legal liability to Shareholders in relation to the distribution of dividends.

The Group did not announce or distribute any dividends in the financial years ended 31 December 2020G, 2021G and 2022G or the six-month period ended 30 June 2023G.

8. Use of Offering Proceeds

The total proceeds of the Offering are estimated at SAR ([●]), of which approximately SAR ([●]) will be used to settle all expenses related to the Offering, which include the fees of the Financial Advisors, the Underwriters and their legal advisors, the Lead Manager, Legal Advisors, Accountants, Financial Due Diligence Advisor, Receiving Agents and other Advisors of the Company, as well as marketing, printing, distribution and underwriting expenses and other expenses related to the Offering.

8.1 Use of Offering Proceeds

The Company will use the Offering Proceeds (after deduction of the Offering Expenses) in addition to other financing sources, such as cash flows from its operating activities and bank financing, to finance the following activities:

1- Repayment of outstanding indebtedness;
2- Enhance liquidity headroom to finance the working capital requirements of the business;
3- Shahid content expenditure; and
4- Investment in new initiatives

Expected use of the Company's share of the Net Proceeds from the Offering

Item	Expected use of the Company's share of Net Proceeds from the Offering
Repayment of outstanding indebtedness	25%-35%
Enhance liquidity headroom to finance the working capital requirements of the business	15%-25%
Shahid content expenditure	25%-35%
Investment in new initiatives	15%-25%

In the event there is a shortfall in the Net Offering Proceeds, the Company will use its internal resources to cover such shortfall.

Repayment of Outstanding Indebtedness

The Company intends to utilize a portion of the Net Proceeds to repay the drawn balance under the existing revolving credit facility.

Enhance liquidity headroom to finance the working capital requirements of the business

The Company aims to enhance its financial flexibility by maintaining significant liquidity headroom to facilitate its ordinary working capital requirements, given that a large portion of the existing cash balances are held exclusively for the :

- Completion of media and entertainment initiatives-linked projects; or
- Operating MBC Media Solutions' operations.

The TV and streaming industry experiences fluctuations in revenue throughout the year, particularly during peak viewing seasons or special events. Furthermore, acquiring and licensing content can lead to a significant upfront cost. Accordingly, working capital is crucial for the Group as a financial buffer to manage cash flow shortfalls during such periods.

Shahid Content Expenditure

The Group's strategy would involve utilizing a portion of the Net Proceeds to support the content expenditure for Shahid, which currently relies on cash flows generated from Broadcasting. Such expenditure, which includes acquired, commissioned and in-house-produced, will help the Group retain a competitive advantage in the region.

This portion of Net Proceeds will be invested over a period of approximately three years from the Offering, and will be held separately until deployed.

Investment in New Initiatives

In line with the Group's strategy (discussed in 4.4.2 of the Prospectus), MBC intends to utilize the remaining portion of the Net Proceeds for potential new initiatives in the Saudi media market with the objective to deepen the Group's presence in areas such as Gaming, Music, Theatre and Events. The specifics of these initiatives will need to be determined at a later stage, following a comprehensive assessment of the market conditions and investment opportunities. This will also determine, together with the Group's long-term strategic priorities, the allocation of funds across the investment areas. Going forward, MBC will commit to provide timely updates on the deployment of these funds.

The plans for the expected use of Net Proceeds from the Offering reflect the Group's business plan and market conditions at the date of this Prospectus. As a result, the expected use of the Net Proceeds from the Offering is subject to variation according to any economic, social or political developments, in addition to any potential changes in the Company's business plan.

8.2 Schedule for the Expected Use of the Net Proceeds of the Offering

The Group intends to use the Net Offering Proceeds to cover some or all of the purposes mentioned above within thirty-six (36) months of the date of this Prospectus, in accordance with the following projected schedule:

Purpose	Projected Schedule for Use of the Net Offering Proceeds
Repayment of outstanding indebtedness	Twelve (12) months
Enhance liquidity headroom to finance the working capital requirements of the business	Thirty-six (36) months
Shahid content expenditure	Thirty-six (36) months
Investment in new initiatives	Thirty-six (36) months

The plans for the expected use of the Net Proceeds of the Offering reflect the Group's business plan and market conditions as at the date of this Prospectus. Accordingly, the expected use of the Net Proceeds is subject to change in accordance with any economic, social or political developments, in addition to any possible changes in the Company's business plan.

9. Capitalization and Indebtedness

Prior to the Offering, the current Shareholders own the entire share capital of the Company. Upon completion of the Offering, the current Shareholders will own 90% of the shares in the Company.

The following table sets out the capitalization of the Group as derived from its audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023G. The following table should be read and interpreted in conjunction with the relevant financial statements set out in Section 19 ("**Financial Statements and Auditor's Report**").

Table (9.1): Capitalization and Indebtedness of the Company

SAR'000s	31 December 2020G	31 December 2021G	31 December 2022G	Six-month Period Ended 30 June 2023G (Unaudited)
Non-current portion of lease liabilities	44,568	39,049	39,655	29,946
Current portion of lease liabilities	13,032	19,114	9,445	5,179
Loan from a related party	64,167	64,167	64,167	64,167
Loan from a shareholder	-	-	497,250	497,250
Borrowing	29,471	6,736	-	206,251
Total loans	151,238	129,066	610,517	802,793
Equity				
Capital	-	-	-	500
Additional shareholders' contribution	-	-	-	2,992,672
Combined capital	5,064	5,064	10,064	-
Legal reserve	-	21	78	-
Discretionary reserve	511	511	511	-
Foreign currency translation reserve	(6,961)	(6,972)	(9,066)	-
Other reserves	38,386	38,386	38,386	-
Retained earnings	2,112,111	2,856,094	2,912,330	-
Non-controlling interests	(27,362)	(17,057)	8,306	13,251
Total equity	2,121,749	2,876,047	2,960,609	3,006,423
Total capitalization (total loans + total equity)	2,272,987	3,005,113	3,571,126	3,809,216
Total loans/total capitalization	6.7%	4.3%	17.1%	21.1%

Source: The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023G and Management information.

The Directors declare that:

a- None of the Company's shares are under option.

b- The Company does not have any debt instruments as at the date of this Prospectus.

c- The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months after the date of this Prospectus.

10. Expert Statements

All of the Advisors and the Auditor, whose names are listed on pages vi to viii of this Prospectus, have given and, as at the date of this Prospectus, have not withdrawn, their written consent to the publication of their names, addresses, logos, statements or reports (as applicable) attributed to each of them in this Prospectus, and do not, themselves, nor their employees who form part of the team serving the Company, or any of their relatives, have any shareholding or any interest of any kind in the Company or its Subsidiaries as at the date of this Prospectus which would impair their independence.

11. Declarations

As at the date of this Prospectus, the Directors declare that:

1- There has been no interruption in the business of the Company or any of the Subsidiaries which had or may have a significant effect on the financial position in the last twelve (12) months.

2- No commissions, discounts, brokerages or other non-cash compensation have been granted within the three years immediately preceding the application for registration and offer of securities that are the subject of this Prospectus in connection with the issuance or offer of any securities by the Company or any of the Subsidiaries.

3- Other than what has been mentioned in Section 4 ("**The Company**") and Section 2 ("**Risk Factors**") of this Prospectus, there has not been any material adverse change in the financial or commercial position of the Company or any of its Subsidiaries in the three financial years immediately preceding the application for registration and offer of securities that are the subject of this Prospectus and the period covered in the Auditor's report up to and including the date of approval of the Prospectus.

4- Other than as stated in Section 5 ("**Ownership and Organizational Structure**") of this Prospectus, none of the Directors or their relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries.

5- The Company - individually or jointly with its Subsidiaries - has working capital sufficient for a period of at least twelve (12) months immediately following the date of publication of the Prospectus.

6- None of the Directors, Senior Executives or the Board Secretary have ever been declared bankrupt or subject to bankruptcy proceedings.

7- No insolvency or bankruptcy has been declared during previous years for a company in which any of the Directors, Senior Executives or the Board Secretary were appointed to an administrative or supervisory position.

8- Except as described in Section 5.9.2 ("**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**"), none of the Directors, Senior Executives, the Board Secretary or any of their Relatives have any interest in any existing written or oral contract or arrangement or contracts under consideration or to be concluded by the Company or its Subsidiaries up to the date of this Prospectus.

9- Except as stated in this Prospectus, there is no intention to materially change the nature of the business of the Company or its Subsidiaries.

10- The Directors will not participate in voting on decisions related to business and contracts in which they have a direct or indirect interest.

11- Except as stated in Section 5.12 ("**Employee Share Program**") of this Prospectus, there are no employee share programs entitling employees to participate in the Company's share capital, nor are there any other similar arrangements in place.

12- The Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect its financial position.

13- Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have or may have a material impact (directly or indirectly) on its business and the business of its Subsidiaries.

14- Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any seasonal factors or economic cycles related to the business that may have an effect on the Company's businesses or its financial position.

15- The statistical information included in Section 3 ("**Market and Industry Overview**") which was obtained from external sources represents the latest information available from the relevant source.

16- Except as disclosed in Section 2 ("**Risk Factors**"), the insurance policies of the Company and its Subsidiaries sufficiently cover the Company's performance of its business. The Company and its Subsidiaries periodically renew their insurance policies and contracts in order to ensure continued insurance coverage.

17- The Board of Directors has included all the information required to be included in this Prospectus pursuant to the OSCOs, and there are no other facts that could affect the application for the registration and offering of securities which have not been included in this Prospectus.

18- All contracts and agreements that the Company believes to be significant or material or which may affect investors' decisions to invest in the Offer Shares have been disclosed. There are no other material agreements that have not been disclosed.

19- All terms and conditions that may affect investors' decisions to invest in the Offer Shares have been disclosed.

20- They have developed procedures, controls and systems to enable the Company to meet the requirements of the relevant laws, regulations and instructions, including the Companies Law, the Capital Market Law and its implementing regulations, the OSCOs and the Listing Rules.

21- All of the Company's non-Saudi employees are under its sponsorship.

22- As at the date of this Prospectus, the persons referred to in Section 12.3 ("**Shareholding Structure**") are the legal and beneficial owners of the Company's shares.

23- Other than as disclosed in Section 2 ("**Risk Factors**"), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.

24- Except as disclosed in Section 2 ("**Risk Factors**"), the Company has obtained all the essential licenses and approvals to carry out its activities.

25- Except as disclosed in Section 12.12 ("**Claims and Litigation**"), the Company and its Subsidiaries are not party to any outstanding disputes, claims, lawsuits or investigation proceedings that may have a material impact on the Company's operations or financial position.

26- The Company and its Subsidiaries have not issued any debt instruments or received any term loans and they do not have any outstanding loans or debts.

27- There are no mortgages, rights and encumbrances on the properties of the Company or its Subsidiaries as at the date of this Prospectus.

28- Except as disclosed in Section 12 ("**Legal Information**"), none of the shares of the Company or its Subsidiaries are subject to any options.

29- Except as disclosed in Section 4.18 ("**Research and Development Activities**"), neither the Company nor its Subsidiaries have a research and development policy.

30- The Company can prepare the necessary reports in a timely manner according to the implementing regulations issued by the CMA.

31- All necessary approvals for offering and listing the Company's shares on the Exchange have been obtained.

32- As at the date of this Prospectus, there are no material transaction or agreements with Related Parties that have a material impact on the Company's business other than those set out in Section 12.11 ("**Summary of Material Agreements with Related Parties**"), and the Company confirms that it will comply with all laws and regulations that govern transactions with Related Parties and obtain all required approvals in respect of any agreements and transactions entered into after the date of this Prospectus.

33- All of the changes to the Company's share capital conform to the laws and regulations in force in the KSA.

34- All necessary approvals have been obtained for the transfer of the Subsidiaries' shares to the Issuer.

In addition to the declarations set out above, the Directors declare that:

1- Third party information and data included in this Prospectus, including the information derived from the market study report, is reliable and there is no reason for the Company to believe that such information is materially inaccurate.

2- The Company has prepared appropriate internal control systems, including a written policy to regulate conflicts of interest and address any possible conflicts, which include the misuse of the Company's assets and abuse resulting from transactions with Related Parties. The Company has also verified the integrity of financial and operational systems and the application of appropriate risk management controls, as required by the CGRs. The Directors also review the Company's internal control procedures on an annual basis.

3- The accounting and internal control systems and the information technology systems are adequate and convenient.

4- Except as disclosed in Section 5.9.3 ("**Business of Directors that Competes with the Company**"), as at the date of this Prospectus, none of the Directors has participated in any activity similar to or competitive with that of the Company or its Subsidiaries. The Directors undertake to comply with this regulatory requirement in the future in accordance with Article 72 of the Companies Law and the CGRs.

5- The Directors are not permitted to have any direct or indirect interest in the Company's transactions and contracts except with authorization from the General Assembly.

6- The Directors shall notify the Board of Directors of any direct or indirect personal interest they have in the transactions and contracts entered into by the Company, and this notification will be recorded in the Board of Directors' meeting minutes.

7- Except for administrative and support service agreements entered into with the main Subsidiaries, all transactions with Related Parties disclosed in Section 12.11 ("**Summary of Material Agreements with Related Parties**"), including specifying the consideration, have been entered into in a legal manner and on a purely commercial basis similarly to agreements with third parties.

8- All transactions with Related Parties shall be entered into on a commercial basis, and all business and contracts with Related Parties shall be approved by the Board of Directors and, if required by law, the Company's General Assembly. Directors may not vote on any decision related to the business and contracts of the Company in which they hold a direct or indirect interest, whether at the level of the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the CGRs.

9- The Directors and CEO shall not have the right to vote on decisions relating to fees and remuneration granted to them.

10- The Directors shall not obtain a loan from the Company or its Subsidiaries, and the Company shall not guarantee any loan entered into by any of the Directors.

11- The Company is compliant with all terms and conditions under the agreements entered into with the entities that have granted loans, facilities and financing, and the Company has not received any notice from lenders stating that it has breached any of its covenants and obligations under the financing agreements up to the date of this Prospectus.

12- All documents required pursuant to the CML and the OSCOs have been submitted or will be submitted to the CMA.

The Directors undertake to:

- Record all Board resolutions and deliberations in written meeting minutes signed thereby.
- Disclose the details of any Related Party transactions in accordance with the Companies Law, the CGRs and the Regulatory Rules and Procedures Relating to Listed Joint Stock Companies.
- Conflict of interest cases disclosed in this Prospectus (as described in Section 5.9.2 ("**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**") of this Prospectus) shall be submitted to the Company's General Assembly for approval in accordance with the laws and regulations in force prior to the listing of the Company's Shares.

12. Legal Information

12.1 Declarations Related to Legal Information

The Directors declare that:

a- The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.

b- The issuance does not constitute a breach of any contract/agreement entered into by the Issuer.

c- All material legal issues concerning the Issuer have been disclosed in the Prospectus.

d- Other than what has been mentioned in Section 12.12 of this Prospectus, the Issuer and its Subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.

e- The Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.

12.2 The Company

MBC Group's history dates back to 1991G when it began operations in London, UK, and launched the first private Arab satellite channel. The Group subsequently expanded its operations and now has a prominent presence in many Arab jurisdictions, including the KSA, the UAE, Lebanon, Syria, Jordan, Iraq, and Egypt (for more information on the incorporation and history of the Group and its Subsidiaries, please refer to Section 4.2 ("**Structure of the Group**") and Section 12.4 ("**Subsidiaries**") of this Prospectus).

The Company was incorporated on 29/09/1444H (corresponding to 20/04/2023G) as a Saudi closed joint-stock company under Commercial Registration No. 1010876295, dated 29/09/1444H (corresponding to 20/04/2023G) with its head office at 3237, Abu Qasim Al-Majriti, Diplomatic Quarter, 6501, Riyadh 12511, Kingdom of Saudi Arabia.

After incorporation of the Company, its Substantial Shareholders carried out a restructuring of MBC Group, pursuant to which ownership of all the Group Companies was transferred from MBC Group Holdings (BVI) to the Company without consideration, leading to the Company's direct and indirect ownership of all 35 subsidiaries of the Group. The value of these subsidiaries was recorded in the Company's statements as additional Shareholder contributions based on the book value of such subsidiaries. The restructuring was completed on 21/06/2023G (please refer to Section 4.2.2 ("**History, Incorporation and Evolution of Share Capital**" for further details on the restructuring).

The Company's share capital as at the date of this Prospectus is two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) shares with an equal nominal value of SAR 10 per share, all of which are ordinary shares. According to its Bylaws, the Company's principal activities are information, communication, education, arts, entertainment and recreation. The Company also currently manages its Subsidiaries.

12.3 Shareholding Structure

Mr. Waleed Ibrahim Abdulaziz Al Ibrahim and Istedamah Holding Company own one hundred percent (100%) of the Company's from the date of its incorporation until the date of this Prospectus.

The following table shows the Company's shareholding structure before and after the Offering:

Table (12.1): The Company's Shareholding Structure Before and After the Offering

Shareholder Name	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)
Mr. Waleed Ibrahim Abdulaziz Al Ibrahim	119,700,000	10	40%	119,700,000	10	36%
Istedamah Holding Company	179,550,000	10	60%	179,550,000	10	54%
Public	-	-	0%	33,250,000	10	10%
Total	**299,250,000**	**-**	**100%**	**332,500,000**	**-**	**100%**

Source: The Company

12.4 Subsidiaries

The Company directly and indirectly owns thirty-five (35) Subsidiaries, including seven (7) Material Subsidiaries and twenty-eight (28) non-material Subsidiaries in the KSA, the UAE, the Republic of Lebanon, the Hashemite Kingdom of Jordan, the Arab Republic of Egypt, the Republic of Cyprus, the Republic of Turkey, the British Virgin Islands, the Cayman Islands and Hungary.

A Subsidiary is considered material if its assets, annual revenue or annual net income constitute 5% of the assets, revenues and net income of the Group as at 31 December 2022G, or if the Company considers its disclosure to be important to investors, on the basis that such Subsidiary is likely to influence a decision to invest in the Company's shares. The Material Subsidiaries of the Company are as follows:

1- **MBC FZ-LLC,** a limited liability company incorporated in the Dubai Development Authority Free Zone, Dubai, UAE, with its headquarters in Dubai Media City. The share capital of MBC FZ-LLC is five hundred thousand Emirati Dirhams (AED 500,000), divided into one hundred (100) shares, each with a value of five thousand Emirati Dirhams (AED 5,000). MBC FZ-LLC engages in TV and radio broadcasting and events management ("**MBC FZ**").

2- **MBC Studios Projects FZ-LLC,** a limited liability company incorporated in the Dubai Development Authority Free Zone, Dubai, UAE, with its headquarters in Dubai Media City. The share capital of MBC Studios Projects FZ-LLC is one hundred thousand Emirati Dirhams (AED 100,000), divided into one hundred (100) shares, each with a value of one thousand Emirati Dirhams (AED 1,000). MBC Studios Projects FZ-LLC engages in film and radio production ("**MBC Studios Projects FZ**").

3- **MBC Media FZ-LLC,** a limited liability company incorporated in the Dubai Development Authority Free Zone, Dubai, UAE, with its headquarters in Dubai Media City. The share capital of MBC Media FZ-LLC is fifty thousand Emirati Dirhams (AED 50,000), divided into one hundred (100) shares, each with a value of five hundred Emirati Dirhams (AED 500). MBC Media FZ-LLC engages in providing broadcasting-related services ("**MBC Media FZ-LLC**").

4- **MBC Media Solutions FZ LLC,** a limited liability company incorporated in the Dubai Development Authority Free Zone, Dubai, UAE, with its headquarters in Dubai Media City. The share capital of MBC Media Solutions FZ LLC is fifty thousand Emirati Dirhams (AED 50,000), divided into fifty (50) shares, each with a value of one thousand Emirati Dirhams (AED 1,000). MBC Media Solutions FZ LLC engages in communications, advertising, marketing services, marketing consultancy, media support services and new media ("**MMS FZ**").

5- **MBC Media Solutions for Advertising Services LLC,** a limited liability company incorporated in the Arab Republic of Egypt, with its headquarters at Building Nos. 5 and 7, Geziret El Arab Street, Mohandessin, El Agouza District, Giza. The share capital of MBC Media Solutions for Advertising Services LLC is one million Egyptian Pounds (EGP 1,000,000), divided into ten thousand (10,000) shares, each with a value of one hundred Egyptian Pounds (EGP 100). MBC Media Solutions for Advertising Services LLC engages in publicity and advertising through all audio and visual means and in the design of billboards ("**MMS Egypt**").

6- **MBC Media Solutions Limited,** a one-person limited liability company incorporated in the KSA, with its headquarters in Riyadh, KSA. The share capital of MBC Media Solutions Limited is fifty thousand Saudi Riyals (SAR 50,000), divided into one (1) share with a value of fifty thousand Saudi Riyals (SAR 50,000). MBC Media Solutions Limited engages in publicity and advertising organizations and agencies ("**MMS KSA**").

7- **MBC Media KSA LLC,** a one-person limited liability company incorporated in the KSA, with its headquarters in Riyadh, KSA. The share capital of MBC Media KSA LLC is one million Saudi Riyals (SAR 1,000,000) divided into one million (1,000,000) ordinary shares, each with a value of one Saudi Riyal (SAR 1). MBC Media KSA LLC engages in the production of films, TV programs and TV commercials; film editing; terrestrial, cable, satellite and internet radio broadcasting; radio activities; TV broadcasting; TV activities; the organization and management of exhibitions and conferences; the management and development of artistic and entertainment talent; and the organization of entertainment events ("**MBC Media KSA**").

The following table shows all the Group subsidiaries and other companies in which the Company directly and indirectly owns shares as at the date of this Prospectus:

Table (12.2): Ownership Structure of the Subsidiaries:

No.	Name of Subsidiary	Country of Incorporation	Year of Incorporation	Company's Direct Ownership Percentage	Company's Indirect Ownership Percentage
1.	MBC Media KSA	KSA	08/04/2021G	100%	nil
2.	MMS (KSA)	KSA	18/03/2019G	nil	60%
3.	MBC Studios Projects FZ	UAE	09/09/2004G	100%	nil
4.	MBC FZ	UAE	28/01/2002G	100%	nil
5.	MBC Media FZ-LLC	UAE	08/04/2019G	100%	nil
6.	MMS (FZ)	UAE	25/01/2021G	nil	60%
7.	MBC Media Solutions Egypt	Arab Republic of Egypt	13/03/2022G	nil	60%
8.	MBC Events LLC	KSA	24/11/2022G	100%	nil
9.	MBC Initiatives LLC	KSA	26/09/2019G	100%	nil
10.	MBC Studios Projects KSA Limited	KSA	28/10/2021G	nil	100%
11.	Ze Qar Art Productions Limited	KSA	19/11/2020G	nil	100%
12.	O3 Media Production LLC	KSA	01/02/2023G	nil	51%
13.	MBC Game Studio LTD	KSA	13/12/2021G	0%	70%
14.	Arabian Contracting Services Company	KSA	03/03/1983G	20%	nil
15.	MBC IP FZ-LLC	UAE	14/03/2007G	100%	nil
16.	MBC Studios FZ-LLC	UAE	01/05/2002G	100%	nil
17.	Wanasah FZ-LLC	UAE	04/07/2007G	51%	nil
18.	Platinum Records FZ-LLC	UAE	15/01/2008G	100%	nil
19.	MBI FZ-LLC	UAE	08/04/2019G	100%	nil
20.	Desert Warrior Holdings Limited (ADGM)	UAE	29/08/2019G	nil	100%
21.	CG Drama Project Holdings Limited (ADGM)	UAE	02/05/2021G	nil	100%
22.	MBC Jordan LLC	Hashemite Kingdom of Jordan	13/12/2011G	nil	100%
23.	Middle East Production Company MBC Egypt SAE	Arab Republic of Egypt	26/01/2002G	nil	100%

No.	Name of Subsidiary	Country of Incorporation	Year of Incorporation	Company's Direct Ownership Percentage	Company's Indirect Ownership Percentage
24.	Al-Miza for Promotion & Advertising (Egypt)	Arab Republic of Egypt	27/03/2019G	nil	60%
25.	Middle East Broadcasting Center Lebanon - SAL	Republic of Lebanon	13/03/2001G	nil	99.98%
26.	MBC Holdings (Cyprus) Limited	Cyprus	26/05/2001G	100%	nil
27.	MBC Media Cyprus Limited	Cyprus	20/08/2018G	nil	100%
28.	Tapmad Holdings PTE. LTD.	Singapore	08/10/2018G	nil	30%
29.	WEGO PTE. LTD.	Singapore	05/05/2005G	nil	10%
30.	Anghami Inc.	Cayman Islands	14/02/2012G	nil	14.74%
31.	MBC Ventures Limited (BVI)	British Virgin Islands	16/09/2011G	100%	nil
32.	MBC Media Services (BVI) Limited	British Virgin Islands	29/09/2020G	100%	nil
33.	MBC Studios (BVI) Limited	British Virgin Islands	13/12/2018G	nil	100%
34.	03 Medya Prodüksiyon Hizmetleri Ticaret Anonim Şirketi	Turkey	14/03/2014G	51%	nil
35.	MBC Group Holding Magyarország Korlátolt Felelősségű Társaság	Hungary	21/09/2007G	nil	100%

Source: The Company

As at the date of this prospectus, the Group has a total of four (4) branches in a number of jurisdictions, including in Abu Dhabi and Sharjah.

For more information on the Company's subsidiaries and their ownership, please refer to section 4.2 ("**Structure of the Group**") of this prospectus.

On 23/06/2014G, MBC FZ entered into a joint venture agreement with other parties to establish a company in Dubai. However, MBC FZ did not participate as a shareholder in the company, which was established by MBC Group Holdings (BVI), which has an ownership stake of 45%. As at the date on which the Shareholders of the Issuer conducted the Group Restructuring, such company was subject to liquidation and had not been transferred to the Issuer as part of the restructuring process. In the event there are any proceeds resulting from the liquidation process, discussions will take place between MBC FZ and MBC Group Holdings (BVI) regarding the handling of such amounts.

12.5 Government Consents, Licenses and Certificates

The Company and its Subsidiaries have obtained several regulatory and operating licenses and certificates from the competent authorities. Licenses and certificates that require renewal or updating are periodically renewed or updated in a timely manner. The directors declare that the Company and its Subsidiaries have obtained all the necessary licenses and approvals to conduct their business. It should be noted that the Company currently operates as a holding company and does not conduct any direct business activities. As a result, the Company does not hold any licenses or statutory certificates aside from its commercial registration certificate.

ARA International Productions Company ("**AIP**") has been appointed as the representative of MBC FZ in the KSA for the MBC1, MBC3 and MBC Action channels. AIP has obtained a representation license for these channels as well as a radio broadcast license for the radio channels. In light of the Group Restructuring and relocation of its headquarters to the KSA, the Group is in the process of gradually transferring some of its business from outside the KSA to within, which requires that the relevant Subsidiaries obtain the necessary licenses and permits to carry out such business within the KSA. The Group will apply for the necessary licenses from the relevant authorities if any broadcasting activities are transferred to the KSA.

Following are the details of the commercial registration certificates of the Company and its Material Subsidiaries and a summary of the key licenses and approvals:

Table (12.3): Details of the Company's Commercial Registration Certificate

License Type	Purpose	License No.	Date of Issue	Expiration Date	Issuing Authority
Commercial registration	Registration of the Company in the Commercial Register.	1010876295	29/09/1444H	29/09/1445H	Riyadh Commercial Register Office

Source: The Company

Table (12.4): Details of the Key Licenses and Approvals and Commercial Registration Certificates of the Material Subsidiaries

License Type	Purpose	License No.	Date of Issue	Expiration Date	Issuing Authority
MBC FZ					
Commercial Trade License	License to trade in specified activities	30391	28/01/2023G	27/01/2024G	Dubai Development Authority
Membership Certificate	Registration of the free zone company to practice commercial and professional activities	License No.: 30391 Membership No.: 78594	26/01/2023G	27/01/2024G	Dubai Chamber of Commerce
Services Permit	Permit for catering services	30391	08/11/2022G	17/10/2023G	Dubai Development Authority
Membership Certificate (Sharjah Branch)	Registration with the Sharjah Chamber of Commerce and Industry	License No.: 765203 Membership No.: 213905	19/11/2018G	19/11/2023G	Sharjah Chamber of Commerce and Industry
Trading License (Sharjah Branch)	License to trade in Sharjah	License No.: 765203 Registration No.: 184099	19/11/2018G	19/11/2023G	Government of Sharjah Economic Development Department
MBC Studios Projects FZ					
Commercial Trade License	License to trade in specified activities	31322	28/01/2023G	27/01/2024G	Dubai Development Authority
Membership Certificate	Registration of the free zone company to practice commercial and professional activities	License No.: 31322 Membership No.: 211499	15/01/2022G	18/11/2023G	Dubai Chamber of Commerce
Business License (Abu Dhabi Branch)	Authorizing the branch to carry out specified business activities within the Abu Dhabi Media Zone	License No.: B.L. 1076/23 Registration No.: 1076	18/07/2023G	17/07/2024G	Abu Dhabi Media Zone Authority
MBC Media FZ-LLC					
Commercial Trade License	License to trade in specified activities	95885	08/04/2023G	07/04/2024G	Dubai Development Authority
Customer Confirmation Letter	Allocating the Company office space in Dubai Media City	N/A	03/04/2019G	N/A	Dubai Media City
Personnel Sponsorship Agreement	Sponsorship of the Company's employees by the Dubai Development Authority	95885	09/05/2019G	N/A	Dubai Development Authority

License Type	Purpose	License No.	Date of Issue	Expiration Date	Issuing Authority
		MMS FZ			
Commercial Trade License	License to trade in specified activities	98148	25/01/2023G	24/01/2024G	Dubai Development Authority
Customer Confirmation Letter	Allocating the Company office space in Dubai Media City	N/A	14/01/2021G	N/A	Dubai Media City
Personnel Sponsorship Agreement	Sponsorship of the Company's employees by the Dubai Development Authority	98148	16/02/2021G	N/A	Dubai Development Authority
Membership Certificate	Registration of the free zone company to practice commercial and professional activities	License No.: 98148 Membership No.: 354840	21/02/2023G	24/02/2024G	Dubai Chamber of Commerce
		MMS Egypt			
Commercial Activities Certificate	A certificate stating that MMS Egypt exists and is active in the field of printing, packaging and advertising	8806	18/09/2023G	31/12/2023G	Chamber of Printing and Packaging Industries affiliated with the Federation of Egyptian Industries at the Ministry of Trade and Industry.
		MMS KSA			
Commercial registration	Registration of the Company in the commercial register.	1010565903	11/07/1440H (corresponding to 18/03/2019G)	11/07/1446H (corresponding to 11/01/2025G)	Riyadh Commercial Register Office
MISA License	Services Investment License.	102134310152954	17/10/1443H (corresponding to 19/05/2022G)	13/10/1446H (corresponding to 12/04/2025G)	Ministry of Investment
Media License	License which authorizes the Company to practice media and advertising activities.	62998	18/07/1444H (corresponding to 25/03/2019G)	18/07/1446H (corresponding to 18/01/2025G)	General Commission for Audiovisual Media
Social Insurance Certificate	The company's compliance with GOSI requirements	45951202	25/09/1443H (corresponding to 26/04/2022G)	24/10/1443H	GOSI
Zakat Certificate	Certificate confirming the Company's submission of its Zakat return	1020217227	10/10/1444H (corresponding to 30/04/2023G)	21/10/1445H (corresponding to 30/04/2024G)	ZATCA
Wage Protection Commitment Certificate	The Company's compliance with the Wage Protection Program.	20012307014709	21/12/1444H (corresponding to 09/07/2023G)	24/02/1445H (corresponding to 09/09/2023G)	MHRSD
Saudization Certificate	The Company's compliance with the Saudization requirements.	20586065-977525	08/06/1444H (corresponding to 01/01/2023G)	05/03/1445H (corresponding to 20/09/2023G)	MHRSD
VAT Registration Certificate	The Company's compliance with VAT registration requirements.	310331278700003	28/05/1443H (corresponding to 01/01/2022G)	N/A	ZATCA

License Type	Purpose	License No.	Date of Issue	Expiration Date	Issuing Authority
Membership Certificate	The Company's membership in the Riyadh Chamber of Commerce and Industry.	490563	11/07/1440H (corresponding to 18/03/2019G)	11/07/1446H (corresponding to 11/01/2025G)	Riyadh Chamber
MBC Media KSA					
Commercial registration	Registration of the Company in the commercial register.	1010699548	26/08/1442H (corresponding to 08/05/2021G)	26/08/1448H (corresponding to 26/02/2027G)	Riyadh Commercial Register Office
Media License	License for media and audiovisual production.	76009	21/09/1442H (corresponding to 03/05/2021G)	21/09/1445H (corresponding to 31/03/2024G)	General Commission for Audiovisual Media
Media License	License for a satellite distribution platform	83243	02/03/1443H (corresponding to 08/10/2021G)	02/03/1446H (corresponding to 05/09/2024G)	General Commission for Audiovisual Media
Artistic and Entertainment License	License to manage and develop artistic and entertainment talent.	2112060106	02/05/1443H (corresponding to 06/12/2021G)	23/05/1445H (corresponding to 06/12/2023G)	General Entertaining Authority
MISA License	Services Investment License.	102184207102403	04/07/1442H (corresponding to 16/02/2021G)	29/06/1445H (corresponding to 11/01/2024G)	Ministry of Investment
Social Insurance Certificate	The company's compliance with GOSI requirements	606720025	29/02/1445H (corresponding to 14/09/2023G)	28/03/1445H (corresponding to 13/10/2023G)	GOSI
Zakat Certificate	Certificate confirming the Company's submission of its Zakat return	1020009317	14/10/1444H (corresponding to 04/05/2023G)	21/10/1445H (corresponding to 30/04/2024G)	ZATCA
Membership Certificate	The Company's membership in the Riyadh Chamber of Commerce.	634126	29/08/1442H (corresponding to 11/04/2023G)	26/08/1448H (corresponding to 03/02/2027G)	Riyadh Chamber
Media License	Local content production license	76009	21/09/1442H (corresponding to 03/05/2021G)	21/09/1445H (corresponding to 31/03/2024G)	General Commission for Audiovisual Media
VAT Registration Certificate	The Company's compliance with VAT registration requirements.	310985179200003	24/01/1443H (corresponding to 01/09/2021G)	N/A	ZATCA
Talent License	License for the management and development of artistic and entertainment talent.	2112060106	02/05/1443H (corresponding to 06/12/2021G)	22/05/1445H (corresponding to 06/12/2023G)	General Entertainment Authority
Wage Protection Commitment Certificate	The Company's compliance with the wage protection requirements.	20012308019416	09/02/1445H (corresponding to 25/08/2023G)	10/04/1445H (corresponding to 25/10/2023G)	MHRSD
Services Investment License	Investment license	102184207102403	04/07/1442H (corresponding to 16/02/2021G)	29/06/1445H (corresponding to 11/01/2024G)	Ministry of Investment

Source: The Company

12.6 Material Agreements

In the ordinary course of its business, the Group enters into a number of contractual arrangements in connection with its business, including contracts and agreements with its customers and suppliers and agreements with third parties.

This section summarizes the agreements that the Company considers to be material, important or likely to influence a decision to invest in the Offer Shares. Except as disclosed in Section 12.6 ("**Material Agreements**"), Section 12.7 ("**Material Agreements with Related Parties**") and Section 12.8 ("**Credit Facilities and Loans**"), there are no other material agreements in the course of the Group's business. Moreover, the contracting Group Companies are not in breach of any of the material terms and conditions stipulated in such agreements. The summaries of the agreements and contracts referred to below do not include all their terms and conditions and cannot be considered substitutes for the terms and conditions of such agreements and contracts. The following summaries include the material terms and conditions related to the Group's business and those that may influence an investor's decision to subscribe for the Offer Shares.

12.6.1 Summary of Material Agreements related to the Infrastructure of Group Operations and Services

The following is a summary of the material agreements concluded by the Group companies in relation to the infrastructure of the Group's operations and services, including agreements with satellite operators for broadcasting channels and cloud services.

Table (12.5): Master Services Agreement between MBC FZ and Al Maisan Satellite Communication Company LLC[9]

Agreement Overview	On 09/10/2018G, Al Maisan Satellite Communication Company LLC (trading as "**Yahlive**") and MBC FZ entered into a Master Services Agreement whereby MBC FZ may order and Yahlive will supply to MBC FZ, the channel transmission services that cover the MENA region, as specified in the service orders submitted from time to time by MBC FZ in accordance with the terms and conditions of the Agreement.
Agreement Term and Renewal Mechanism	The Agreement shall commence on 09/10/2018G and shall remain in force until 08/10/2023G.[10] The term of the Agreement shall not exceed the actual useful life of the satellite used to provide the relevant services, as determined by Yahlive. If Yahlive determines that the useful life of the Satellite ends before the end of the Term, the Agreement shall terminate automatically and without liability of either Party in respect of the termination, on the date which Yahlive informs MBC FZ is the end of the useful life of the Satellite.
Termination of the Agreement	**Suspension:** Yahlive may suspend the Services under certain circumstances. Suspension shall continue until any event or breach by MBC FZ is cured or resolved to the Company's reasonable satisfaction. **Termination:** • Either Party may terminate the Agreement or a Service Order by written notice to the other Party: a- if the other Party commits a material breach of its obligations (for the avoidance of doubt, unavailability of the Satellite shall not constitute a material breach); or b- if the other Party is unable to pay its debts as they mature, becomes insolvent, is subject to bankruptcy, reorganization, moratorium, insolvency or similar proceedings. • Either Party may terminate the Agreement or a Service Order by written notice to the other Party if Yahlive ceases to make available the agreed capacity to MBC FZ. • Yahlive shall have the right, among other rights, at its sole discretion and by giving written notice to MBC FZ, to terminate the Agreement or a Service Order where: a- there is a change in the control of MBC FZ, meaning a change in relation to a person with direct or indirect membership of more than 50% of the capital. b- the Satellite is lost or damaged or there is a reduction of the Satellite's performance greater than seventy-five per cent (75%) of the nominal Satellite capability; or c- The Satellite fails to meet the minimum transponder performance.

9 Certain provisions of the Agreement, including the Agreement value, are of a private and commercially sensitive nature. Accordingly, the Company has not disclosed such information in the summary.
10 The Company is working to renew this agreement with the contracting party.

Liability and Indemnity	• MBC FZ agreed to indemnify Yahlive for any taxes, duties and similar governmental charges which may arise pursuant to the Agreement and the provision and use of services. • Yahlive's sole liability for compensation and MBC FZ's only remedy for any cause arising out of or in relation to the Agreement shall be limited to credits to the Charges credits to pay Charges, and MBC FZ irrevocably waives any other right or remedy available to it at law. • MBC FZ shall indemnify Yahlive and its affiliates from and against any liability, loss, expenses, claim or damage arising from third party claims resulting or in connection with any use of services, a breach by MBC FZ of any of the terms or conditions of the Agreement, or disruption of the communications system on the Satellite caused by the equipment or facilities operated by MBC FZ and causing interference, interruption, failure or disruption of other transponders on the Satellite or of the communications system of other users. • Yahlive shall be entitled to charge interest on late payments, calculated at the agreed rate and charged on the fees and all other payments not made on the due date.
Assignment and Subcontracting	MBC FZ may not assign, transfer, novate or sub-contract all or any of its rights and/or obligations under the Agreement without Yahlive's prior written consent. Yahlive shall be entitled to assign, transfer, novate or sub-contract all or part of its rights and obligations under the Agreement to its affiliates or any third party.
Governing Law and Dispute Resolution	The Agreement shall be governed and construed in accordance with the laws of the UAE. Disputes arising from the Agreement shall be finally settled in accordance with the rules of DIFC-LCIA Arbitration Centre and the seat of Arbitration shall be the Emirate of Dubai.

Table (12.6): AWS Customer Agreement and Statement of Work concluded between AWS and MBC FZ

Agreement Overview	A statement of work was entered into between MBC FZ and Amazon Web Services MENA FZ-LLC ("**AWS**") on 08/01/2023G pursuant to which AWS provides certain Services (as defined below) to MBC FZ (the "SoW"). The SoW forms part of the AWS customer agreement (available at http://aws.amazon.com/agreement) (together with the SoW, the "**Agreement**").
Agreement Term	Twelve (12) months, automatically terminating on 07/01/2024G.
Termination of the Agreement	MBC FZ may terminate the Agreement for any reason by providing AWS with at least two weeks' prior written notice. Pursuant to the terms of the AWS customer agreement, AWS may terminate the Agreement for any reason by providing MBC FZ with at least 30 calendar days' prior written notice.
Key Obligations	AWS provides certain consulting and advisory services (the "**Services**") to MBC FZ including the following: 1- building a "**Video on Demand**" orchestration environment to keep track of the status of various assets; 2- improving picture quality; and 3- resolving Amazon CloudFront (CloudFront) anti-patterns. AWS's ability to deliver the Services depends on MBC FZ's reasonable and timely cooperation and the accuracy and completeness of any information received by AWS from MBC FZ. MBC FZ will provide all support to AWS required in order to successfully deliver the Services and ensure the Services are on schedule, within budget and within scope.
Value of the Agreement	AWS shall be paid a fee by MBC FZ for its provision of Services comprising: (i) AED 1,134,280 (approximately SAR 1,158,417.27) for the Services rendered; and (ii) an estimate of AED 170,142 (approximately SAR 173,762.59) for expenses related to the delivery of the Services. Pursuant to the terms of the AWS customer agreement, Amazon may amend the charges for any existing Services MBC FZ is using by providing MBC FZ with at least 30 calendar days' prior notice.
Governing Law and Dispute Resolution	Any controversy or dispute arising under this Agreement will be referred to and finally resolved by international arbitration under the Rules of the American Arbitration Association. The seat, or legal place, of arbitration will be King County, Washington, United States of America, and the arbitration will be conducted under the substantive law of the State of Washington.

Table (12.7): Amazon Web Services Private Pricing Addendum [11]

Agreement Overview	MBC FZ, Amazon Web Services, Inc. ("AWS Inc") and Amazon Web Services EMEA SARL ("AWS EMEA") (collectively, "**Amazon**") entered into a private pricing addendum effective as of 17/06/2022G (as amended on 01/07/2022G and 20/12/2022G) in relation to inter alia services for Amazon CloudFront, a content delivery network operated by Amazon Web Services which aims to improve access speed for downloading content ("**Pricing Addendum**"). The Pricing Addendum forms part of the AWS customer agreement (available at http://aws.amazon.com/agreement) (together with the Pricing Addendum, the "**Agreement**").

Table (12.8): Service Provision Agreements between MBC FZ and Eutelsat

Agreement Overview	MBC FZ has entered into several agreements with Eutelsat for the purposes of regulating the provision of certain services to MBC FZ. Such services include the exclusive provision of Eutelsat satellite communications services during the term of the relevant agreement, the provision of television services to digital platforms through Eutelsat's space sector and other services related to providing MBC FZ with a certain capacity on Eutelsat satellites, along with the provision, monitoring and control of terrestrial services that include broadcasting, modulation and transmission.
Agreement Term and Renewal Mechanism	The terms of the agreements vary. Some of the agreements are set to expire in 2026G, others in 2025G and one on 07/10/2023G.[12]
Termination of the Agreement	MBC FZ has the right to terminate the agreements in the event Eutelsat fails to comply with its contractual obligations, if the necessary capacity is not available on Eutelsat satellites, or if the service is interrupted for certain specified consecutive periods. In some of the agreements, MBC FZ has the right to terminate the relevant agreement without cause by providing notice to Eutelsat. On the other hand, Eutelsat has the right to terminate the agreements in certain cases, including MBC's failure to implement its payment obligations, if MBC utilizes the services in violation of the provisions of the relevant agreement or the provisions of the applicable laws, or if MBC commits a material breach of the provisions of the agreement.
Key Obligations	The obligations of MBC FZ under these agreements consist of compliance with the applicable laws and not broadcasting any content which is considered violent or immoral, as well as abiding by the usage standards in accordance with the capacity allocated to it by Eutelsat and providing Eutelsat with a list containing all broadcasts via its satellites, among other customary obligations. Eutelsat's obligations are to grant MBC FZ the exclusive right to capacity in the space sector on its Eutelsat 8 West and Eutelsat 7 West (A) satellites covering the MENA region, and to provide capacity of 18 MHz on DM10transponder until 05/04/2026G, with an increased capacity of 10 MHz on the DM06 transponder, as well as additional capacity on the BM01 transponder on satellite E21Band additional capacity on the DM10 transponder on satellite E21B.
Liability and Indemnity	The agreements include customary provisions related to compensation for the affected party in cases of breach by the other party, as well as Eutelsat's obligation to provide credits to MBC FZ in the event of a breakdown or interruption in service for certain specified periods, whereby the value of such credits will be deducted from the next outstanding bill.
Value of Agreements	The total amount paid by MBC FZ to Eutelsat under these agreements during the financial year 2022G was USD 5,361,352.60 (approximately SAR 20,105,072).
Assignment and Subcontracting	The parties are not entitled to assign their rights or obligations to third parties without the consent of the other party.
Governing Law and Dispute Resolution	The agreements are governed by the laws of France. With respect to the settlement of disputes, certain agreements are subject to the jurisdiction of the commercial courts of France, while others are subject to arbitration in accordance with the rules of the International Chamber of Commerce, provided that the seat of arbitration shall be Geneva, Switzerland, in accordance with the substantive laws of France.

Table (12.9): Agreement for lease and rebroadcast of "Badr 5", "Badr 6" and "Badr 7" satellites between MBC FZ and Arabsat

Agreement Overview	MBC FZ and Arab Satellite Communications Organization ("**Arabsat**") entered into an agreement dated 21/07/2016G, as amended on 01/07/2017G and 01/06/2018G pursuant to which Arabsat leases certain capacity on its satellites to MBC FZ, for MBC FZ's broadcast of SD East TV Bouquet, SD West TV Bouquet and HD West TV Bouquet in the MENA region.

11 Due to the confidentiality obligations set out in the Agreement and its commercially sensitive nature, details of this Agreement were not disclosed in the Prospectus.

12 The Company is in the process of renewing this agreement for an additional 3-year period.

Agreement Term and Renewal Mechanism	The Agreement came into force on 01/08/2016G and continues for a period of fifteen (15) years commencing from 03/2018G. Therefore, the Agreement shall expire on 31/07/2033G. The term of the Agreement may be extended for an agreed period with the mutual agreement of both parties in writing, provided that such extension is agreed by no later than 6 months prior to expiration. The lease charges payable by MBC FZ to Arabsat for any extension of the term shall be USD 1,500,000 (approximately SAR 5,625,000) per year for each renewed satellite.
Termination of the Agreement	Arabsat shall have the right to terminate the relevant services in certain cases, including the following: • If MBC FZ breaches any material obligation or covenant set forth in the Agreement and such breach is not cured within 30 days of the relevant notice of breach being provided. MBC FZ shall have the right to terminate the Agreement in certain cases, including the following: • If Arabsat breaches any material obligation or covenant set forth in the Agreement and such breach is not cured within 30 days from the date of the relevant notice of breach being provided. • In the event of a significant drop in the share of audience of MBC FZ across MBC FZ's network and in the event of failure of the recovery plan implemented by both MBC FZ and Arabsat. • Any consecutive period of service interruption of three (3) days or more occurs. MBC FZ shall have the right to terminate the Agreement at any time starting from the eleventh year of the Agreement by providing Arabsat with sixty (60) days' prior written notice and with no further liability on MBC FZ. MBC FZ shall have the right to terminate the Agreement without cause starting from the fourth year of the Agreement by providing three-months' notice to Arabsat. In the event of such termination or in the event that MBC FZ breaches the scope and the terms of exclusivity starting from the fourth year of the Agreement, MBC FZ shall pay to Arabsat a termination and/or breach charge at the rate of USD 1,500,000 (approximately SAR 5,625,000) per transponder per year for a period of 3 years. If the termination for convenience right is exercised by MBC FZ before the third year from the date of complete migration of the SD TV Bouqet and Arabsat has already paid the second payment of the fees amounting to USD 9,000,000 (approximately SAR 33,750,000) to MBC FZ, then MBC FZ shall refund Arabsat for such amount if the termination occurs during the first year, USD 6,000,000 (approximately SAR 22,500,000) if the termination occurs during the second year, USD 3,000,000 (approximately SAR 11,250,000) if the termination occurs during the third year.
Key Obligations	• Arabsat shall make available to MBC FZ certain levels of capacity on Arabsat's satellites (i.e. BADR-4, BADR-5, BADR-6 and BADR-7), including insuring that such satellites are maintained and kept functional and providing replacement capacity (if needed). Arabsat shall provide MBC FZ with the agreed minimum availability percentage per each month of such service. • Arabsat shall also grant MBC FZ, subject to availability at the time of MBC FZ's request , two additional transponders at any time during the term of the Agreement. MBC FZ may then sub-lease such additional transponders from Arabsat in exchange for paying Arabsat a discounted rate of USD 1,500,000 (approximately SAR 5,620,000) per year (for two years) or USD 2,000,000 (approximately SAR 7,500,000) per year (for three years). • MBC FZ undertakes to broadcast some of its channels on an exclusive basis in the MENA region on Arabsat satellites, with certain limited exceptions.
Liability and Indemnity	• Arabsat shall generally not be held liable for any loss or damage sustained by reason of an interruption in the availability of the allotted satellite capacity. • MBC FZ shall indemnify and hold Arabsat harmless from any loss, damage, liability or expense as a result of claims, brought by any third party against Arabsat, for the direct acts or omissions of: libel, slander, invasion of privacy or infringement of copyright and broadcasting rights arising from the use of the allotted satellite capacity. • Each party to the Agreement shall be held liable to the counterparty, and shall indemnify and hold the counterparty harmless from, any breach of its obligations, respective representations and/or warranties as set forth in the Agreement.
Value of the Agreement	USD 21,000,000 (approximately SAR 78,750,000)
Assignment and Subcontracting	Unless otherwise indicated in the Agreement, the allocated capacity shall not be reassigned or subleased or used for any purpose other than what is specified in the Agreement without MBC FZ obtaining the prior written consent of Arabsat (which shall not be unreasonably withheld).
Governing Law and Dispute Resolution	The Agreement and the relationship between MBC FZ and Arabsat shall be governed by, and construed in accordance with, the laws of England, without reference to conflicts of law principles thereof or to the United Nations Convention on Contracts for the International Sales of Goods, for purposes of all claims brought under the Agreement.

Table (12.10): Lease and Rebroadcasting Agreement (Digital Bouquet) on Arabsat Badr-6 Satellite

Agreement Overview	MBC FZ and ARABSAT entered into an agreement dated 15/07/2021G for the allotment of 34 MHz on Arabsat Badr-6 Satellite for broadcasting of the MBC Sport Bouquet program. The Agreement was amended on 02/08/2022G to extend the term of the agreement and to add an additional package. The Agreement was further amended on 02/08/2023G to extend the term of the Agreement and adjust the fees payable for the services provided.
Agreement Term and Renewal Mechanism	The agreement is effective and valid for one year from 02/08/2023G for certain services and 24/08/2023G for certain other services. Under the second amendment to the Agreement, dated 02/08/2023G, the Agreement shall renew if one of the parties notifies the other party of its desire to renew at least 3 months prior to the expiration of its term and both parties agree in writing to the terms and conditions of the renewal.
Key Obligations	ARABSAT shall make available to MBC FZ the additional bouquet (full transponder of 34 MHz) on Arabsat Badr-6, which covers the MENA region, on a full-time basis. The service shall be connected to MBC FZ with an availability rate of 99.95%. This includes the obligation to maintain the satellite, ensure its continued operation and provide alternative capacity (as needed). MBC FZ commits to broadcast the channel bouquet exclusively on ARABSAT satellite and not to broadcast such bouquet on any satellite of any other operator within the MENA region.
Liability and Indemnity	ARABSAT shall indemnify MBC FZ against losses arising from any breach of its obligations in the agreement. MBC FZ shall indemnify ARABSAT against losses arising from libel, privacy invasion or copyright infringement arising from use of the allotted capacity.
Termination of the Agreement	• MBC must give 3 months' written notice to terminate the contract and the amount payable to ARABSAT upon termination will be the full charges for one year, unless MBC FZ can demonstrate through official written evidence that the termination is due to their loss of sports broadcasting rights or due to the termination of their agreement with SSC. • MBC FZ may terminate the agreement if ARABSAT materially breaches any of its material obligations under the agreement and such breach is not cured within a 15-day notice period. • Arabsat may terminate the agreement and impose penalty charges if MBC FZ does not comply with the exclusivity obligations.
Value of the Agreement	The annual lease charges payable by the MBC FZ for certain services is USD 1,700,000 (approximately SAR 6,375,000) and the annual lease charges payable by MBC FZ for other services is USD 1,600,000 (approximately SAR 6,000,000).
Governing Law and Dispute Resolution	The agreement is governed by the laws of the UAE. If disputes arising from the agreement cannot be amicably resolved within 3 months, then such disputes will be settled under the arbitration rules of the courts of the Dubai International Financial Centre.

Table (12.11): Lease and Rebroadcasting Agreement (One Digital Radio)

Agreement Overview	MBC FZ and ARABSAT entered into a Lease and Rebroadcasting Agreement dated 17/04/2019G in respect of the One Digital Radio Program for the allotment of 6 Mbps for the broadcast of MBC Iraq HD, as well as 4 Mbps for the broadcast of MBC Iraq SD, on Arabsat's Badr-6 Satellite, which covers the MENA region. The agreement was amended on 11/10/2021G, 30/06/2021G, and 01/01/2023G.
Agreement Term and Renewal Mechanism	The term of the Agreement pursuant to the third amendment is from 01/01/2023G to 01/12/2023G. The agreement is renewable by written agreement of the parties.
Termination of the Agreement	Either party may terminate the Agreement by written notice to the other party, two months in advance before the termination date.
Key Obligations	• Arabsat shall make available the allotted digital program channel on a 24-hour basis to MBC FZ. • Arabsat must inform MBC FZ of the availability of the digital program channel on Arabsat Badr-7 satellite on East MENA coverage during the term. If MBC FZ wish to broadcast the service on Arabsat's Badr-7 satellite with East MENA coverage, Arabsat must make such satellite available to MBC FZ on a 24-hour basis.
Liability and Indemnity	MBC FZ shall indemnify ARABSAT against losses arising from libel, privacy invasion or copyright infringement arising from use of the allotted capacity.
Value of the Agreement	No charges shall be due from MBC FZ during the term of the agreement.
Governing Law and Dispute Resolution	The Agreement is governed and construed by the laws of the UAE.

12.6.2 Summary of Material Agreements related to Content Production and Distribution

The following is a summary of the material agreements entered into by the Group companies related to content production and distribution.

Table (12.12): Anime Production and Investment Agreement

Agreement Overview	MBC Studios Projects FZ and Tokyopop, Inc. ("**TP**") entered into a binding term sheet on 13/10/2022G to consider investments into the Japanese anime production industry (the "**Agreement**").
Agreement Term and Renewal Mechanism	Four years commencing from 08/02/2023G until 07/02/2027G. The Agreement may be extended by mutual agreement of the two parties.
Termination of the Agreement	Either party shall have the right to terminate the Agreement if, (i) fourteen calendar days prior to the planned commencement date (i.e., 08/02/2025G), Tokyopop, Inc. has fewer than 10 episodes in production, (ii) during the subsequent fourteen calendar day period the parties attempt but fail to reach a mutually agreeable strategy to proceed following good faith discussions and joint consultation; and (iii) as at the date of exercise of the break clause, MBC Studios Projects FZ shall generally assume all prospective obligations pursuant to any third party agreements entered into by TP in connection with the Agreement, provided always that TP shall remain liable for any uncured failure by TP to perform its obligations under such third party agreements prior to the date of the exercise of the break clause.
Key Obligations	TP shall render all services reasonably required in relation to the relevant anime episodes including, without limitation: (i) acquisition of interests in and further development of intellectual property; (ii) production services; (iii) marketing and promotional services; and (iv) negotiation and execution of agreements with third parties.
Intellectual Property Rights	The intellectual property shall be acquired and/or licensed and further developed, or in some cases, invested in by either TP as principal (either alone or in conjunction with third parties), or as TP as agent on behalf of MBC as principal (either alone or in conjunction with third parties), within the Japanese anime and related intellectual property market, for the purposes of achieving the Initial Project Goal. MBC Studios Projects FZ's current funding arrangement provides for MBC Studios Projects FZ to have a 100% copyright ownership interest in all intellectual property and productions in which it invests. Nonetheless, MBC Studios Projects FZ agrees to enable Stu Levy (the "**Producer**") to pursue a co-ownership structure of such copyright ownership interests. The "**Initial Project Goal**" means delivery by the Producer of: 1- 38 episodes under a 100% copyright ownership structure; or 2- in the case of a co-ownership structure, MBC Studios Projects FZ shall have interest in no fewer than 60 episodes, which interests may consist of copyright ownership (in whole or in part), distribution rights for certain territories (e.g., Middle East), and/or an equity stake or other proceeds participation in the revenues generated from the exploitation of the Episodes in question, but in any event shall comprise the equivalent of a minimum of 38 Episodes 100% owned by MBC Studios Projects FZ. Where TP is a lead producer of a series, TP will accordingly control the development and production thereof, execute all development and production related agreements and deliver the series to MBC Studios Projects FZ. Once such series is delivered, all such agreements and all intellectual property rights will be assigned to MBC Studios Projects FZ as and when they are acquired by TP.
Liability and Indemnity	The Agreement contains customary indemnity obligations between the two parties in case of breach.
Value of the Agreement	USD 57,000,000 (approx. SAR 213,750,000).
Assignment and Subcontracting	Neither party may assign its rights or transfer its obligations without the prior written consent of the other party. However, MBC Studios Projects FZ may assign its rights or transfer its obligations to any company within the Group. TP may assign the Agreement to any party into which TP merges or which acquires substantially all of its assets and which expressly assumes all of TP's and the Producer's prospective obligations (the "**Permitted Assignee**"), provided that if the Permitted Assignee is reasonably considered to be a regional competitor of MBC or a global content distribution platform (such as a major studio or an SVOD platform like Netflix), then MBC Studios Projects FZ shall have the right to terminate the Agreement.
Governing Law and Dispute Resolution	The Agreement is governed by the laws of England and Wales and the parties submit to the exclusive jurisdiction of the English courts.

Table (12.13): Coamix Rights Agreement

Agreement Overview	On 28/12/2021G, MBC Studios Projects FZ and Coamix Inc. ("**Coamix**") entered into a rights agreement in relation to the existing published work entitled "**Fist of the North Star**", co-created by Buronson (Story) and Tetsuo Hara (Drawings) (the "**Agreement**").
Agreement Term and Renewal Mechanism	The Agreement commences on 22/12/2021G and terminates on 31/12/2027G.
Termination of the Agreement	Either party may terminate the Agreement if the other party fails to perform its material obligations under the Agreement. The Agreement also allows for termination in case of a force majeure event.
Key Obligations	• Coamix assigns to MBC Studios Projects FZ: (i) all rights in and to the existing published work entitled "**Fist of the North Star**" to produce one theatrical feature length film (the "**Film**"); and (ii) the right to exploit the Film in perpetuity throughout the world (the "**Granted Rights**"). • MBC Studios Projects FZ shall bear all of the development, production, distribution, financing, marketing and/or distribution costs in connection with the Film, the merchandising rights and the gaming rights.
Intellectual Property Rights	• MBC Studios Projects FZ shall own all rights in and to the copyright, trademarks, and any and all other ownership and exploitation rights necessary for exploitation of the Film provided that Coamix shall retain the copyright and trademarks in the original work. • Coamix agrees to waive (or, to the extent any waiver under applicable law is not effective, not exercise) the moral rights or any similar rights in the Film granted pursuant to the laws and regulations in any country of the world. • Coamix grants to MBC Studios Projects FZ a non-exclusive and non-assignable license to use its own trademarks in connection with the development of the Film and solely to the extent necessary for MBC Studios Projects FZ to exercise the Granted Rights. MBC Studios Projects FZ acknowledges that the goodwill associated with Coamix trademarks, copyright and original work and MBC Studios Projects FZ's use of these trademarks, copyright and original work belongs exclusively and inures solely to the benefit of Coamix, and that MBC Studios Projects FZ shall not violate or interfere with the goodwill in such intellectual property. • Ownership of all physical materials created in connection with the Film by MBC Studios Projects FZ or under its direction pursuant to its right to exploitation of the Granted Rights shall be owned exclusively by MBC Studios Projects FZ throughout the world, subject to Coamix's right to purchase MBC Studios Projects FZ's ownership in such physical materials pursuant to certain circumstances. • Coamix shall not have any rights or interest to new, original, protectable works created, distributed or otherwise exploited pursuant to the Granted Rights or to any new characters, characterizations or other elements or materials created for/by or owned by MBC Studios Projects FZ that are unique to the Film and not previously portrayed or contained in the original work and/or any other derivative works based on the original work (the "**Film Originated Content**"), and Coamix shall have no right to exploit or utilize any such Film Originated Content. Notwithstanding the foregoing, the foregoing restrictions do not apply to the use of characters, themes, storylines or other elements from the original work, which are altered pursuant to MBC Studios Projects FZ's exploitation of the Granted Rights (the "**Altered Elements**"), provided that Coamix's right to use Altered Elements shall only extend to non-live action and/or any anime production based on the original work (in any and all media now known or thereinafter devised). • During the term of the Agreement, Coamix shall have the right to develop, produce and exploit or have a third party develop, produce and exploit any live action feature-length film, new media or television program series and/or parody based on the original work, provided that each version is produced with a "**low budget**" or "**smaller budget**", in the Japanese language or any other languages of Asian countries, and for the purpose of initial release in Japan and/or other Asian markets. Coamix shall also have the right to produce or have a third party produce, in any language, a full animation film, full animation television or new media series and/or parodies based on the original work in any and all languages in any and all media. • In the event that MBC Studios Projects FZ produces and releases the Film, MBC Studios Projects FZ shall be obligated to exploit its right to develop, manufacture, sell, advertise and distribute worldwide during a specified period certain merchandising items branded with indicia of, or elements originating in, the Film only including, without limitation, toys, apparel, mugs, physical board games, card games, figurines, statues, action figures, key chains, mobile phone cases, stickers, journals and stationery that use the appearance of the Film (the "**Merchandising Rights**"). However, MBC Studios Projects FZ grants Coamix with an exclusive and irrevocable option to exclusively administer the exploitation of the Merchandising Rights in Japan in perpetuity. • MBC Studios Projects FZ has the right to develop, manufacture, sell, advertise and distribute worldwide certain online games, consumer video games (console and app) and arcade games based on branded with indicia of, or elements originating in, the Film (but excluding board games and card games) for a period of seven years commencing from the initially scheduled date of the commercial exploitation of the Film (the "**Gaming Rights**").

Liability and Indemnity	• Coamix agrees to indemnify and hold harmless MBC Studios Projects FZ, its subsidiaries and their successors, assignees, licensees, officers, directors and employees, from and against any and all third-party claims, liabilities, losses, damages, costs, expenses, judgments and penalties (the "**Damages**") due to a breach by Coamix of any provision of the Agreement. • MBC Studios Projects FZ agrees to indemnify Coamix, its subsidiaries and their successors, assigns, licensees, officers and representatives, directors and employees from and against any and all Damages due to: (i) materials specifically furnished by MBC Studios Projects FZ for use by Coamix; (ii) breach of any of MBC Studios Projects FZ representations, warranties and agreements; (iii) any gross negligence, intentionally tortuous or reckless acts or emissions committed by it; and/or (iv) the development, production, distribution, marketing, financing and exploitation of the Film, SVOD Picture or TV program pursuant to the rights granted in the Agreement.
Value of the Agreement	• MBC Studios Projects FZ shall pay to Coamix a base filming fee of USD 2,000,000 (approximately SAR 7,500,000) (the "**Base Fee**"). • In addition to the Base Fee, Coamix is entitled to receive an amount equal to 3% of the net receipts derived from the exploitation of the Film in any and all media throughout the world in perpetuity. Such amounts shall be payable to Coamix on a quarterly basis subsequent to the initial release of the Film. • MBC Studios Projects FZ shall also pay Coamix a royalty in relation to merchandising rights of 5% of the relevant manufacturer's retail price of the merchandise sold throughout the world. • MBC Studios Projects FZ shall also pay Coamix a royalty of 7.5% of gross revenues received by or credited to MBC Studios Projects FZ and its affiliates from any and all sources derived from the exploitation of the gaming rights throughout the world during the relevant period.
Assignment and Subcontracting	The parties may not assign the Agreement in whole or in part, nor any of their rights and/or obligations under the Agreement in whole or in part, without the prior written consent of the counterparty. However, MBC Studios Projects FZ may assign its rights and/or obligations to its parent company, subsidiary or affiliate of MBC Studios Projects FZ. MBC Studios Projects FZ shall provide written notice to Coamix following any such assignment, provided that MBC Studios Projects FZ shall remain primarily liable.
Governing Law and Dispute Resolution	The agreement is governed by the laws of California. Where disputes cannot be settled informally, they are to be submitted to final and binding arbitration.

Table (12.14): Output Agreement

Agreement Overview	Effective on 01/08/2022G, Med Yapim Televizyon Ve Filmcilik Anonim Sirketi A.S. ("**Medyapim**"), Ay Sanat Produksiyon Ve Yapim A.S. ("**Ayyapim**" and, together with Medyapim, the "**Licensors**"), MBC FZ and Ma Distribution Televizyon Ve Filmcilik A.S. (formerly MA Production Programcilik Ve Yapim A.S) (the "**Distributor**") entered into an output agreement pursuant to which the Licensors are obliged to offer, and MBC FZ is obliged to license, certain First Run Series (as defined below).
Agreement Term and Renewal Mechanism	The term of the Agreement is from 01/08/2022G until the earlier of (a) 31/07/2027G; or (b) until the last surviving license period (i.e. five years for each selected title from the start date); or (c) upon early termination of the Agreement in accordance with its provisions therein.
Termination of the Agreement	a- Either Party may terminate the Agreement by notifying the other Party in writing earlier than the expiration of the Agreement: 1- subject to 15 days' written notice, if the other Party is in material breach of any of its obligations under the Agreement and such defaulting Party shall have failed to remedy it within a period of 15 days of receipt of notice specifying the breach with a request to remedy it; or 2- with immediate effect if the breach was incapable of remedy, or if the other Party goes into liquidation or if a receiver or administrator is appointed. b- MBC FZ may terminate the Agreement at any time and for any cause on 30 days' written notice to the other Parties provided that MBC FZ may exercise this right from the end of the first year of the Agreement. c- If a force majeure event continues for 30 consecutive days, then either Party may terminate the Agreement.
Key Obligations	• The Licensors are obliged to offer to MBC FZ any and all programming that has been produced, and/or acquired and/or is in the control of/by the Licensors or its subsidiaries, or which the Licensors are a Shareholder of and which (a) is produced for broadcast in Turkey for FTA distribution and (b) have not been previously exploited in any media in any jurisdiction prior to its premiere broadcast in Turkey and as such is made available on a first run basis (the "**First Run Series**"). • MBC FZ is obliged to license at least four First Run Series per year subject to the terms of the Agreement.

Intellectual Property	• As and when relevant titles are selected, and prior to delivery, each of the Licensors, MBC FZ and the Distributor will enter into a license agreement in respect of such selected titles to designate the details and conditions regarding the license to be granted to MBC FZ. • Any First Run Series not selected by MBC FZ may be licensed to third parties and specifically, if MBC FZ does not select a First Run Series that was availed to it by the time it is two weeks prior to the premiere broadcast date of the First Run Series in Turkey, the Licensors are free to avail the First Run Series to third parties. • Any First Run Series which later become available for second run rights must be first offered to MBC FZ for license by MBC FZ. Once the Licensors notify MBC FZ of the availability of second run rights to any First Run Series, MBC FZ must inform Licensors of its decision to acquire these rights within five working days from the Licensor notification. • MBC FZ shall be obliged to license the subsequent season of each selected title, and MBC FZ will have the first option (but not the obligation) to license any future seasons to that season. • The Licensors acknowledge that the certain minimum rights represent the optimal rights that MBC FZ requires in order to fully exploit a selected title on its platforms (noting that MBC FZ acknowledges that the definite scope of the rights to be licensed to MBC FZ for each selected title will be confirmed and agreed to separately pursuant to a definitive license agreement, and will depend on agreements with format owners and broadcasters) including, but not limited to (the "**Minimum Rights**"): 1- Rights: Fee TV; Pay TV; AVOD, FVOD, SVOD, TVOD; Ad supported SVOD; temporary download for 30 days and promotional videos on MBC FZ's official YouTube channel, Facebook and Instagram. 2- License Period: Five years from each selected title from the start date. 3- Exclusivity Period: For the first five years of the license period for all granted rights. 4- Territory: (i) SVOD rights only in Arabic original language dubbed and/or subtitled version (worldwide) and (ii) for all other rights in Arabic original language/dubbed and/or subtitled version (MENA). • The Licensors of the selected title will use commercially reasonable efforts to obtain the Minimum Rights for each selected title, and MBC FZ acknowledges that if the same is not available, then this will not be considered to be a material breach of the Agreement.
Liability and Indemnity	The Agreement includes customary obligations imposed on the Licensors to compensate MBC FZ in case of breach.
Value of the Agreement	USD 108,000,000.00 (equivalent to SAR 405,000,000)
Assignment and Subcontracting	Neither Party may assign, transfer, delegate, sell or otherwise dispose of the Agreement or any or all rights and obligations under the Agreement to any third party, without the prior written consent of the other Party.
Governing Law and Dispute Resolution	The Agreement shall be governed by the laws of England and Wales. Any dispute deriving from the Agreement shall be exclusively settled before the courts of the Dubai International Financial Centre, Dubai, UAE.

Table (12.15): Transmission Rights Agreement between MBC FZ LLC and Formula One World Championship Limited

Agreement Overview	On 03/04/2019G, MBC FZ LLC ("**MBC FZ**") and Formula One World Championship Limited ("**Formula One**") entered into a transmission rights agreement pursuant to which MBC FZ acquires certain rights pertaining to the transmission of the FIA Formula One World Championship.
Agreement Term and Renewal	The license period shall be from 15/03/2019G until 31/12/2023G or, if later, 14 days following the end of the last event of the 2023 championship.
Termination of the Agreement	The parties may terminate the agreement for cause in each of the following events: • MBC FZ fails to make payment in full on the applicable due date and such failure is not remedied in accordance with the terms of the agreement. • Breach by the other party of any term or condition of the agreement where such breach is material in nature. • Occurrence of an insolvency event.

Key Obligations	**Obligations of Formula One:** Formula One grants MBC FZ certain rights to the content of each event in the championship during the license period, including, importantly, the right to use and edit the content for production for transmission over linear and non-linear television and to add voice-over commentary and sublicense it in 24 countries in accordance with the terms therein. The transmission rights are exclusive to MBC FZ, except for certain exceptions stipulated in the agreement, including exceptions for some countries in Africa in which transmission rights are not exclusive. Formula One shall give reasonable assistance to MBC FZ to prevent or curtail any unauthorized transmissions by third parties. **Obligations of MBC FZ:** • MBC FZ shall settle the value of the agreement on the due date. • MBC FZ shall ensure that the championship will only be transmitted in licensed countries and shall implement industry standard geo-blocking to ensure that transmissions of the championship outside the licensed countries are blocked. • MBC FZ shall ensure that no commercial breaks are transmitted during any live transmissions of the championship.
Liabilities and Indemnities	• The agreement contains customary indemnity and liability provisions.
Assignment	• Neither party may assign, transfer or novate (or any of its rights or obligations under the agreement) without the prior written consent (such consent not to be unreasonably withheld, delayed or conditioned) of the other party, except: (a) to any of its affiliates; or (b) in connection with any merger, consolidation, reorganization, sale of all or substantially all of its assets or any similar transaction.
Governing Law	The agreement is governed by the laws of England. Each of the parties agrees that the English courts shall have exclusive jurisdiction to settle any disputes which may arise in connection with the agreement.

Table (12.16): Licensing Agreement for TV Rights between MBC FZ and Universal Studios Limited

Agreement Overview	On 17/11/2022G, MBC FZ LLC ("**MBC**") entered into a television volume license agreement with Universal Studios Limited ("**Universal Studios**") in respect of the licensing and right to exhibit specified licensed products on a free satellite and cable television basis solely on MBC's group of channels which are solely controlled by MBC ("**Licensed Services**") in the Middle East and North Africa in both English and Persian languages.
Agreement Term and Renewal	The agreement has been effective from 01/01/2022G.
Termination of the Agreement	Universal Studios may, upon giving notice to MBC, suspend performance of its obligations under the agreement or terminate the agreement in whole or in part if: 1- MBC breaches any of its payment obligations under the agreement and fails to cure any such breach within ten business days after notice thereof. 2- MBC breaches any representation, warranty, covenant or agreement (other than its payment obligations) and fails to cure such breach within 20 days' notice thereof. 3- MBC becomes subject to any bankruptcy, liquidation procedures or becomes insolvent, or is unable to pay its debts when due, or if it is liquidated.
Key Obligations	• Under this agreement, Universal Studios grants MBC a non-exclusive license to broadcast specified licensed products on free satellite and cable television, in accordance with the terms and conditions stipulated in the agreement. • Subject to receipt of payment from MBC, Universal Studios shall electronically deliver to MBC via a secure transfer protocol (or provide MBC with access to) a digital file of the Licensed Services.

Liabilities and Indemnities	**MBC** • MBC shall indemnify Universal Studios and its affiliates and their respective directors, agents, affiliates, licensors and successors from and against any and all liabilities, actions, claims, losses, damages and expenses caused by or arising in connection with (i) MBC's material breach of any representation, warranty, covenant or agreement made by MBC in the agreement; (ii) MBC's breach of any of its payment obligations; (iii) the exhibition of any licensed product by MBC in contravention with the terms of the agreement: (iv) any advertising, marketing or promotional materials conducted, developed, used, published, distributed, disseminated or authorized by or on behalf of MBC or (v) any other material supplied or permitted by MBC to be used, including, without limitation, any material added, deleted or modified by any person or entity other than Universal Studios after delivery of the licensed product to MBC. **Universal Studios:** • Universal Studios must indemnify MBC and its officers, directors, agents, successors, affiliates and employees, from and against any and all liabilities, actions, claims, losses, damages and expenses caused by or arising in connection with (i) Universal Studios' material breach of any representation, warranty, covenant or agreement made by Universal Studios in the agreement; or (ii) any agreement with any other person or entity, or any right of privacy, defamation, or publicity, or any copyright or trademark (limited as to each an action that may be brought under the laws of the United States or the MENA region of any other person or entity that in each is inconsistent with, and solely to the extent that any of the foregoing interferes with, the rights expressly granted to MBC under the agreement.
Value of the Agreement	The Parties agree on the licensed content on a year-by-year basis. The license fees are determined accordingly.
Assignment and Subcontracting	• MBC may not assign the agreement without the prior written consent of Universal Studios. • Universal Studios may assign the agreement to any of its affiliates having the ability to perform its obligations under the agreement.
Governing Law	The agreement is governed by, and must be construed in accordance with, the laws of the State of California. All actions and proceedings arising out of or relating to the agreement are exclusively subject to the courts in the County of Los Angeles.

Table (12.17): Format License Agreement Between MBC FZ and the Contracting a Licensor [13]

On 21/01/2015G, MBC FZ entered into a format license agreement with a licensor for the purpose of obtaining exclusive licensing of broadcasting rights to Seasons 4, 5 and 6 of The Voice and Seasons 1 and 2 of The Voice Kids in certain countries in the Middle East and Africa.

Table (12.18): Distribution Agreement Between Gulf Digital Media Model, MBC Media KSA and MBC FZ

Agreement Overview	On 23/01/2023G, Gulf Digital Media Model ("**Gulf Digital Media**"), MBC Media KSA and MBC FZ (referred to as "**MBC Companies**") entered into a distribution agreement governing Gulf Digital Media's distribution and sale of a number of Shahid platform services as part of special internet service packages provided to end users in the KSA, Kuwait, Bahrain and Oman. The Agreement aims to reflect the negotiations of the parties related to an memorandum of understanding that had previously been concluded between MBC FZ and Gulf Digital Media for the purpose of organizing Gulf Digital Media's distribution of certain content licensed exclusively to MBC Companies through the Shahid application and downloading the application on Gulf Digital Media's platforms and products to be sold as part of the packages offered by Gulf Digital Media to its end users.
Agreement Term and Renewal Mechanism	The Agreement is effective retroactively as of 01/07/2022G and shall remain valid for 18 months. The Agreement may be extended for a period of one additional year upon the agreement of the parties. The party receiving the notice of intent to renew shall respond within 30 days.
Termination of the Agreement	Either party may terminate the Agreement upon a written notice to the other party in the following circumstances: a- If the other party commits a material breach of any of its obligations and fails to remedy such breach within thirty (30) days after receiving written notice thereof. b- If the other party is unable to pay its debts as they mature, becomes insolvent, is subject to bankruptcy, reorganization, moratorium or similar proceedings. c- If any party is prohibited by the competent authority for any reason from allowing subscribers in the region to have access to the Shahid service. Similarly, if for any reason the competent authority does not grant its approval for the sale of Shahid platform subscriptions as part of the packages offered by Gulf Digital Media, in such circumstance Gulf Digital Media may terminate the Agreement with immediate effect.

13 Due to the confidentiality obligations stipulated in the license agreement, the name of the contracting party and the commercially sensitive details of the agreement have not been disclosed.

Key Obligations	The MBC Companies shall: • Provide the Integrated Shahid Application for use on Gulf Digital Media's platform. • Not impose any separate or additional charges on subscribers to Gulf Digital Media's service package for access to the Shahid application. • Maintain and update the Shahid application (to the latest available versions) and integrate Shahid applications during the Agreement term. • Adhere to the procedures and provisions of the Service Level Agreement set forth in Schedule 3 of the Agreement. • Grant Gulf Digital Media a non-exclusive license to market and sell Shahid and Shahid Sports Channel subscriptions as part of the packages it sells to its subscribers. Gulf Digital Media shall: • Market the Shahid platform and the add-on bundles, such as sports bundles, and sell them as part of the package it offers for such bundles. • Carry out marketing activities in accordance with Schedule 4 of the Agreement. • Sell a minimum number of subscriptions in accordance with Schedules 1 and 2 of the Agreement.
Liability and Compensation	• Each party shall indemnify the other party against any fines, claims or damages arising from its breach of confidentiality, data protection or intellectual property obligations, or in case of MBC Companies' violation of applicable laws, or Gulf Digital Media's continued exercise the license granted thereto after the expiration of the Agreement term. • The maximum total liability of each party for any claim arising under this Agreement is the minimum value paid by Gulf Digital Media during the six months preceding the claim.
Value of the Agreement	The minimum amount to be paid by Gulf Digital Media to MBC is USD 12,000,000 (equivalent to SAR 45,000,000), in addition to a percentage of its revenue derived from the distribution of licensed content.
Assignment and Subcontracting	Neither party may assign, transfer, renew or subcontract with respect to all or part of its rights and/or obligations under the Agreement without the prior written consent of the other party.
Governing Law and Dispute Resolution	The Agreement shall be governed by and interpreted in accordance with the laws of the KSA, and the courts of Riyadh shall be competent to resolve any disputes between the parties. In the event of any dispute arising from this Agreement, the parties shall settle such dispute amicably for at least thirty (30) days of notification thereof.

Table (12.19): Framework and Cooperation Agreements to License the Broadcasting and Exploitation of Drama Works (TV Series) Between MBC FZ and Cedars Art Production Company (Sabbah Brothers) S. A.

Agreement Overview	**MBC** FZ entered into two agreements with Cedars Art Production (Sabbah Brothers) S. A. ("**Cedars Art**") to license the broadcasting and exploitation of 21 drama works. Pursuant to such Agreements, Cedars Art shall grant **MBC Media** FZ full exclusive rights to broadcast such works on TV worldwide and exclusive digital rights to such series. **MBC** FZ shall retain all ownership and exploitation rights of these drama works.
Agreement Term and Renewal Mechanism	The First Agreement is effective as of 17/11/2020G, and the Second Agreement is effective as of 02/08/2021G, for a period of fifty (50) years.
Termination of the Agreement	In the event that either party breaches their obligations under this Agreement, the aggrieved party may terminate the relevant Agreement after providing the breaching party with a 7-day notice to remedy such breach.
Key Obligations	• **MBC** FZ shall pay Cedars Art the agreed license fee according to the terms of each work. Cedars Art shall implement the production of drama works subject of the Agreements to deliver high-quality, broadcast-ready episodes and photographs of the dramas and their actors, as well as marketing and promotional materials that are artistically and technologically compliant with MBC FZ's requirements.
Liability and Indemnity	Cedars Art undertakes to replace **MBC** FZ and its successors in any claim or lawsuit related to the drama works that are the subject of the Agreement or any of the elements thereof which are brought against **MBC** FZ or its successors by any of the direct or indirect rights holders or participants in such works throughout the term of the Agreement. Accordingly, Cedars Art alone indemnifies MBC Media FZ and assumes all the consequences that may arise from such claims and/or lawsuits.

Intellectual Property Rights	• Under these Agreements, Cedars Art grants and licenses to MBC FZ the exclusive, comprehensive and irrevocable right to exploit 21 television series and all related materials and elements thereof worldwide, including material, financial and moral exploitation rights, as well as global re-licensing, distribution and disposition rights as the owner. • Cedars Art acknowledges that the script concept, summary, storyline, plot and dialog of the works subject of this Agreement, as well as the name and subject of the works, are the sole property of MBC Media FZ. Cedars Art may not write, circulate, rewrite or produce any script that includes a storyline, scenario or dialog similar to the agreed work or has the same name as the work, and it shall not produce any work that includes any character similar to the characters within the works that are the subject of this Agreement. Cedars Art Company commits to obtain prior written approval from MBC Media FZ throughout the production period of the works subject of this Agreement and to present them within 3 years of their completion. • All rights related to the trademark of the series and works that are the subject of the Agreements (registered or unregistered) belong to MBC FZ, excluding trademark rights for the Al Hayba series which Cedars Art owns all trademark rights to. Accordingly, Cedars Art grants MBC FZ a temporary license (during the term of the relevant Agreement) for use of the trademark for such work, particularly Season 5 thereof, for the purpose of exploiting the work during the Agreement term.
Value of the Agreement	The total value of the Agreement is USD 44,635,000 (equivalent to SAR 174,881,250).
Governing Law	The Agreements are governed by the laws of the UAE. Any disputes between the parties regarding their interpretation or implementation shall be resolved amicably within one month of such dispute, failing which the dispute shall be referred to the courts of the Dubai International Financial Centre in the Emirate of Dubai, UAE.

Table (12.20): Services Agreement to Stimulate Production Between Ze Qar and NEOM

Agreement Overview	Ze Qar ("**Ze Qar**") entered into a services agreement to stimulate production with NEOM ("**NEOM**") on 01/06/2021G. The Agreement governs the production incentives provided to Ze Qar by NEOM in consideration for filming the historical drama film set around the year 500 CE that describes the historical battle of Ze Qar, which embodied the unity of Arab tribes against a common enemy (the "**Film**").
Agreement Term and Renewal Mechanism	The Agreement commences on 01/06/2021G and will remain in effect until the later of: • One month after the Film's release. • One month after Ze Qar receives production incentives in its bank account in accordance with the Agreement terms.
Termination of the Agreement	Either party may terminate the Agreement by at least thirty (30) days' notice upon an irreparable breach of any material obligation, or a breach of a material obligation that can be capable of remedy and is not remedied within ten (10) business days of notification thereof.
Key Obligations	• Ze Qar's obligations include filming, producing and distributing the Film, subject to certain terms stipulated by NEOM in the Agreement, including the use of certain NEOM trainees in production and filming operations. • NEOM agrees to cover a portion of the production costs in accordance with the terms of the Agreement. NEOM further agrees to facilitate and/or provide support for production management and site management in connection with the main filming that will take place in the NEOM area under the Agreement, and to exert reasonable efforts to assist Ze Qar in obtaining all licenses and/or necessary authorizations required under the Agreement.
Liability and Indemnity	The Agreement includes customary provisions for indemnity, pursuant to which Ze Qar shall compensate NEOM for damages resulting from Ze Qar's breach of its contractual responsibilities and for any damages to the sites provided by NEOM for the purpose of producing the Film.
Intellectual Property Rights	The two parties agree that the Film, its title, all intellectual property rights resulting therefrom, copyrights, and all contents resulting or arising therefrom are all the exclusive property of Ze Qar, which exclusively holds full and unrestricted media rights to the film.
Value of the Agreement	Production incentives shall be capped at USD 4,000,000, to be provided by NEOM to Ze Qar.
Governing Law	This Agreement is governed by the laws of the KSA and any dispute arising therefrom shall be settled by the competent courts in the KSA.

12.6.3 Summary of Material Agreements related to the Provision of Services

The following is a summary of the material agreements entered into by the Group companies related to the provision of services, including software solutions services and advertising services.

Table (12.21): Hectae Service Order Form between Hectae Analytics, Software Solutions and MBC FZ

Agreement Overview	MBC FZ entered into a service order form with Hectae Analytics and Software Solutions Pvt Ltd ("**HAASS**"), pursuant to which HAASS takes out a subscription to FreshService Enterprise Annual (a service delivery platform developed by Freshworks) on behalf of MBC FZ (the "**Service Order Form**"). In addition to the FreshService Enterprise Annual subscription, a third-party software add-on developed by Device42 (the "**Device42 Software**") was also subscribed for under the Service Order Form. HAASS is a partner of Freshworks and Device42. The Service Order Form is governed by the Freshworks terms of service (located at www.freshworks.com/terms/) (together with the Service Order Form, the "**Agreement**"). MBC FZ's license to the Device42 add-on are subject to the end user license agreement for Device42 Software (the "**EULA**").
Agreement Term and Renewal Mechanism	**Agreement** The subscription will start on 01/06/2023G for a term of 60 months (the "**Subscription Term**"). Therefore, the Subscription Term terminates on 31/05/2028G. Unless a party gives written notice of non-renewal at least sixty (60) days prior to the expiration of the relevant Subscription Term, the Subscription Term will automatically renew at the same number of subscriptions and at the same service plan, for a period equal to the previous Subscription Term. Freshworks reserves the right to increase the fees at the beginning of each Subscription Term, including any automatically renewed term. Any fees for a renewed Subscription Term are due upon the date of renewal. **EULA** The EULA shall remain in effect for the term of any order for the Device42 Software. Upon renewal of such order for the Device42 Software, the EULA should automatically renew. Device42 may terminate the EULA, including the license thereunder, if MBC FZ fails to comply with any of its terms and does not cure the same, if curable, within 10 days after receiving notice thereof. Without limiting the foregoing, the EULA shall automatically terminate if MBC FZ uses Device42 Software outside the scope of its license or violates its confidentiality obligations. Device42 shall have the right to audit MBC FZ's use of the Device42 Software during the term of the EULA and for two years following termination.
Termination of the Agreement	**Agreement** The Agreement may be terminated by a written notice of at least 60 days prior to the date specified for the renewal of the Agreement. Freshworks may suspend MBC FZ's access to the services, software, mobile apps and/or MBC FZ's account in the following cases: (i) late payment/non-payment of undisputed fees, (ii) non-renewal of the services by MBC FZ; (iii) MBC FZ's or its users' breach of use restrictions under the Agreement; or (iv) in the event suspension is deemed to be necessary by Freshworks to prevent or address the introduction of malicious software, a security incident or other harm to MBC FZ, Freshworks, or Freshworks' other customers. Freshworks will notify MBC FZ of any such suspension. Freshworks will use diligent efforts to attempt to limit, where commercially feasible, the suspension to affected users or to Freshworks technology, and will immediately restore the availability of the services as soon as the issues leading to the suspension are resolved. Such suspension will in no way affect MBC FZ's other obligations under the Agreement. Either party may terminate the Agreement by written notice to the other party in the event that: (i) such other party materially breaches the Agreement and does not cure such breach within thirty (30) days of such notice, or (ii) immediately in the event the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors. **EULA** Device42 may terminate the EULA if MBC FZ fails to comply with any of its terms and does not cure the same within 10 days after receiving written notice thereof. MBC FZ's license under this agreement shall automatically terminate if MBC FZ uses the Device42 Software outside of the scope of its license or violates its confidentiality obligations. Device42 shall have the right to audit MBC FZ's use of the Device42 Software during the term of this Agreement and for two (2) years following termination.

Liability and Indemnity	**Agreement** MBC FZ shall compensate HAASS for any claims arising out of the breach of MBC FZ's obligations to Freshworks and Device42. MBC FZ shall also defend Freshworks and its affiliates from any third party claim , and will indemnify and hold harmless Freshworks and its affiliates from and against any damages and costs awarded against Freshworks and its affiliates, or agreed in settlement by MBC FZ (including reasonable attorneys' fees) resulting from such third party claim, to the extent caused by: (i) MBC FZ and its affiliates' unauthorized use of customer data; or (ii) MBC FZ or its affiliates' violation of laws applicable to MBC FZ and its affiliates' business. **EULA** Device42 shall defend MBC FZ against any third-party claim if MBC FZ's use of the Device42 Software in accordance with the terms of the EULA infringes any U.S. copyright, trademark or patent, and Device42 will indemnify MBC FZ against damages awarded on any such claim in accordance with the terms and conditions of the EULA. MBC FZ is responsible for the consequences of its use of the Device42 Software. MBC FZ agrees to defend and indemnify Device42 and any of its directors, officers, employees, affiliates, suppliers, resellers or agents from and against any and all losses, damages, liabilities, costs and other expenses based on any claim brought by a third party, arising from MBC FZ's use or modification of the Device 42 Software, except to the extent Device42 is required to indemnify MBC FZ. Except for an action brought for gross negligence, willful misconduct, fraud, data claims or IP claims, each party's aggregate liability and that of its affiliates, officers, employees, agents, suppliers and licensors under the Agreement will not exceed the fees received by or payable to Freshworks in the twelve months preceding claim (the "**General Liability Cap**"). In the case of intellectual property claims and data claims, Freshworks and its affiliates total liability to MBC FZ and its affiliates for all such claims in the aggregate (for damages or liability of any type) will not exceed two times (2x) the General Liability Cap.
Value of the Agreement	Total: USD 444,505 (equivalent to SAR 1,666,894).
Assignment and Subcontracting	**Agreement** Neither party may assign any of its rights or obligations under the Agreement, whether by operation of law or otherwise, without the other party's prior written consent (not to be unreasonably withheld); provided, however, that either party may assign the Agreement in its entirety (including all service order forms), without the other party's consent to its affiliate or in connection with a merger, acquisition, corporate reorganization or a sale of all or substantially all of its assets. **EULA** MBC FZ may not assign, sub-license or otherwise transfer the EULA or any of its rights thereunder without Device42's prior written consent. Device42 may refer to MBC FZ's name and logo in its marketing materials as a customer of the Device42 Software.
Governing Law and Dispute Resolution	**Agreement** The Agreement shall be governed by the laws of the State of California without regard to conflict of laws principles. The parties hereunder submit to the exclusive personal jurisdiction of the federal and state courts of the State of California, San Francisco County for any claims or dispute relating to the Agreement. **EULA** The EULA is governed by the laws of the State of Connecticut and of the U.S., without regard to any conflict of law's provisions, except that the United Nations Convention on Contracts for the International Sale of Goods shall not apply. MBC FZ consents to jurisdiction of the state and federal courts in New Haven County, Connecticut.

Table (12.22): Agreement between MBC FZ and Saudi Sports Company (SSC)

Agreement Overview	On 15/07/2022G, MBC FZ and Saudi Sports Company ("**SSC**") entered into an agreement pursuant to which MBC FZ provides technological, logistical and other services (including the provision of broadcasting equipment and satellite space to SSC) in return for a fee and broadcasting certain licensed material and adjacent programming over SSC's channels.
Agreement Term and Renewal Mechanism	The term of the Agreement is for three years, commencing on 15/07/2022G and expiring on 14/07/2025G. The Agreement may only be renewed and/or the term extended upon written agreement between the parties.

Termination of the Agreement	Termination for cause: • SSC may terminate the Agreement if MBC FZ commits a material breach of its representations, undertakings or obligations under the Agreement, if such breach is not remedied within 45 days after receiving written notice thereof. In the event of termination of the Agreement, SSC shall not be entitled to any reimbursement of the fee. • MBC FZ may terminate the Agreement where the parties do not reach an agreement on the second year or third year budget by the 20th day of the first month of the new contractual term. • Either party may terminate the agreement upon a 90-day prior written notice in the event such party is subject to material legal proceedings as a result of the services provided by MBC FZ. MBC FZ may also terminate the provision of any or all of the services pursuant to the Agreement with immediate effect if inter-alia: (a) SSC fails to pay the required Fee (or any portion thereof); (b) SSC breaches any of SSC's undertakings, representations, or obligations under the Agreement and in case the breach is capable of remedy, if such breach is not remedied within 45 days after written notice of such breach has been provided to SSC by MBC FZ; or (c) SSC loses the rights to any content or any of the material that is being broadcasted on the SSC channels.
Key Obligations	MBC FZ shall provide, or shall procure through any of its affiliates, the provision certain services to SSC including but not limited to: (i) technology and infrastructure services (i.e. compliance recording services and IPTV services); (ii) digital infrastructure services; (iii) human resources services; and (iv) marketing, advertising and promotion services. SSC grants MBC FZ a non-exclusive royalty-free license to broadcast excerpts and/or clean feed highlights from the Saudi Pro League material, only broadcasted on the SSC channels, over any of MBC FZ's owned, operated and licensed TV channels or other media or digital platforms as operated and controlled by MBC FZ including on Al Arabiya TV channel and live SSC channels on Shahid. Other key obligations by SSC include: • SSC shall regularly consult, interface, cooperate and coordinate with MBC FZ and any other persons as directed by MBC FZ where this is necessary for the proper performance of the services pursuant to the Agreement. • SSC must ensure that it has provided to MBC FZ all relevant deliverables or other documents, information, material or content as may be requested by MBC FZ from time to time, which will enable MBC FZ to carry out the relevant services under the Agreement. MBC FZ shall, in no event, be liable for any delay and/or failure by SSC to provide any required documents, information, material or any other elements that may be requested by MBC FZ for the purpose of duly providing the services contemplated under the Agreement. SSC shall provide MBC FZ with its clear scope of work and reasonable requirements in connection with anti-piracy and geo-blocking activities.
Liability and Indemnity	• With respect to certain licensed materials and adjacent programming, SSC shall fully indemnify and keep MBC FZ and its affiliates fully indemnified against any and all costs, liabilities and losses resulting from any third-party claim regarding breach of such third parties' intellectual property rights including for claim of royalties. • MBC FZ shall not be held liable for and shall be fully indemnified and held harmless by SSC, for any damages, delays, liabilities, losses, costs, or expenses that may arise or be suffered or incurred by MBC FZ as a result of SSC's failure to carry out the necessary works or procedures to avoid delays due to travel restrictions. • Where any of the services pursuant to the Agreement are performed by an affiliate of MBC FZ, such affiliate shall in no event be held responsible, liable or indemnify SSC for the provision of such service(s), and SSC has no right of recourse, whatsoever, against such affiliate performing a respective service under the Agreement. • SSC fully and unconditionally indemnifies MBC FZ against any actions, causes of actions, claims, damages, losses, expenses, charges and fees which may be claimed and/or instituted against MBC FZ as a result of live streaming latencies/delays over MBC FZ's "Shahid" platform. • SSC's total aggregate liability shall not exceed the total value of the Agreement. Except in relation to its indemnification obligations relating to a claim that SSC has infringed the intellectual property rights of a third party or the intellectual property rights of the material shared with MBC FZ for the performance of services under the Agreement in the absence of any pre-requisite consents, approvals, permits, licenses to have provided such material to MBC FZ. • In no event shall MBC FZ's aggregate liability exceed USD 10,000,000 (approximately SAR 37,500,000).

Intellectual Property	Nothing in the Agreement shall: a- operate to transfer or otherwise grant to any Party any right or interest in any other Party's intellectual property rights; or b- affect the ownership by any party or its licensors of intellectual property rights existing at the date of the Agreement. SSC is the owner of the registered trademarks of the SSC channels. SSC grants to MBC FZ a royalty-free, non-exclusive, non-assignable license to use the SSC trademarks during the Agreement term solely in connection with the SSC channels, and only to the extent necessary for, and for the sole purpose of, MBC FZ's provision of the services under the Agreement. MBC FZ is the owner of the registered trademark "MBC", "Shahid", "Shahid.net", "ShahidVip" and other trademarks as may be communicated to SSC from time to time. SSC acknowledges and agrees that the use of any intellectual property rights owned by MBC FZ shall require the prior written approval of MBC FZ (such approval not to be unreasonably withheld or conditioned).
Value of the Agreement	The parties agree that, in consideration for the services for the first year of the Agreement, MBC FZ is entitled to receive from SSC a non-refundable fee of USD 48,200,000 (approximately SAR 180,750,000) (the "**Fee**"). In relation to the second year of the Agreement term, the parties agree that MBC FZ is entitled to receive from SSC a non-refundable fee of USD 76,065,039 (approximately SAR 285,243,896.25) In relation to the third year of the Agreement, the subsequent fee shall be determined and agreed between MBC FZ and SSC upon approval of the relevant budget, in accordance with the terms of the Agreement.
Assignment and Subcontracting	MBC FZ may, while rendering the services pursuant to the Agreement, engage third party suppliers and other vendors and subcontractors (the "**Subcontractors**") from time to time to provide certain services or any of the services, as MBC FZ deems appropriate pursuant to its sole discretion. MBC FZ shall supervise the Subcontractors and the provision of their subcontracted services. MBC FZ may assign, transfer, charge or otherwise deal with any of its rights or obligations under the Agreement to its affiliates, provided that such assignment of any obligation does not have and is not reasonably likely to have an adverse impact upon the performance of such obligation. SSC may not assign, transfer, charge or otherwise deal with any of its rights or obligations under the Agreement to any third parties without first obtaining the prior written consent of MBC FZ.
Governing Law and Dispute Resolution	The Agreement and any dispute or claim (including any non-contractual disputes or claims) arising out of or in connection with it or its subject matter shall be governed and construed in accordance with the laws of the KSA.

Table (12.23): Accelerated Global Term Sheet and Amendment

Agreement Overview	MBC Studios Projects FZ and Accelerated Global Content, LLC ("**AGC**") entered into a sales agency term sheet dated 21/05/2020G, as amended on 17/08/2021G, pursuant to which AGC agrees to perform worldwide sales agency services on behalf of MBC Studios Projects FZ for the project currently entitled "Desert Warrior", written by David Self and produced by Jeremy Bolt (the "**Agreement**").
Agreement Term and Renewal	The term of the Agreement is 15 years from the date of delivery to AGC, and AGC's acceptance of the same. During the Agreement term, AGC may enter into license agreements with distributors which extend up to 25 years following delivery of the project to the respective distributor. AGC shall have a right of first negotiation and last refusal to extend the Agreement term.
Termination of the Agreement	N/A
Key Obligations	AGC shall perform worldwide sales agency services, including being granted all rights to exploit the project including, but not limited to, theatrical, home video/DVD, all formats of television (including, without limitation, pay-per-view, video on demand, etc.), ships and airlines, digital, internet, wireless and mobile rights (but excluding soundtrack, publishing rights and subsequent production/derivative rights). The parties intend to enter into a more formal sales agency agreement.
Value of the Agreement	AGC shall be entitled to: (i) an executive producer fee of USD 150,000 (approximately SAR 562,000); (ii) a further fee of USD 100,000 (approximately SAR 375,000) if AGC actively assists and helps MBC Studios Projects FZ secure and attach a so-called "**A List**" talent to the project; and (iii) a one-time, non-accountable, non-auditable market overhead allowance of USD 100,000 (approximately SAR 375,000) to be paid from the first gross receipts derived from the project. Furthermore, AGC shall be entitled to: (i) an international sales fee of 5% of all gross receipts actually paid to and received by AGC, MBC Studios Projects FZ or into the collection account, and derived from territories excluding the US and Canada; and (ii) a domestic sales fee of 5% of all gross receipts actually paid to and received by AGC, MBC Studios Projects FZ or into the collection account, and derived from the US and Canada.
Governing Law and Dispute Resolution	The Agreement shall be governed by the laws of the State of California applicable to agreements entered into and wholly performed in California.

Table (12.24): Game Development Agreement between MBC Game Studio Limited and Famicom Studios LLC dba Famico Studios LLC

Agreement Overview	On 28/07/2022G, MBC Game Studio Limited ("**MBC Game Studio**") and Famicom Studios LLC dba Famico Studios LLC ("**Famico**") entered into an agreement, pursuant to which the parties will collaborate for the purpose of designing and developing an interactive video game on the relevant devices (the "**Game**").
Term	The Agreement shall commence on 28/07/2022G and shall remain in effect until the date of the commercial launch of the Game.
Termination of the Agreement	MBC Game Studio may, by written notice to Famico, terminate the Agreement for convenience, subject to certain payment obligations. The Parties may also terminate the agreement in the event the other party is in breach of its obligations and fails to remedy such breach within a specified timeframe.
Key Obligations	Famico shall provide certain development services at the direction of MBC Game Studio, until completion of the Game.
Intellectual Property	MBC Game Studios shall be the owner of all rights to the Game, as well as the code, content and specifications thereof. Famico shall waive all the moral rights to MBC Game Studios, except with respect to its pre-existing tools, which shall remain the property of Famico, provided that MBC Games Studios shall be granted the perpetual right to use and exploit such rights as part of the Game
Assignment and Subcontracting	Famico may not assign the Agreement to third parties without the prior written consent of MBC Game Studio.
Governing Law and Dispute Resolution	This Agreement shall be governed by the laws of England and Wales. Disputes shall be settled by arbitration in London, UK, by a single arbitrator in accordance with the Arbitration Rules of the International Chamber of Commerce (ICC).

Table (12.25): Framework Service Provision Agreement between MMS (KSA) and the Saudi Tourism Authority

Agreement Overview/ Type	On 25/11/2021G, MMS (KSA) entered into a framework agreement with the Saudi Tourism Authority (the "**Authority**") to display advertisements on MBC and Al Arabiya channels promoting tourism in the KSA in order to raise awareness of the Authority's brand and enhance its visibility. Under the Agreement, MMS (KSA) shall display advertisements on MBC and Al Arabiya channels based on purchase orders issued by the Authority in accordance with the agreed procedures.
Term and Renewal Mechanism	One year from the date of signing the Agreement on 25/11/2021G. The agreement was subsequently extended until 25/11/2023G by virtue of a purchase order dated 21/04/1444H.
Termination of the Agreement	• The Authority may terminate the Agreement or the relevant purchase order for public interest reasons, or in the case of delay by MMS (KSA) in providing the services, or if MMS (KSA) breaches the Agreement and fails to rectify such breach within (15) days of receiving notice. • The Agreement or purchase orders, as applicable, may be terminated by mutual agreement between the parties in any of the following cases: 1. If the Authority continues to suspend all services for reasons unrelated to MMS (KSA) for a period exceeding 180 days from the date of notice for reasons unrelated to MMS (KSA), provided that MMS (KSA) notifies the Authority to resume services, and 30 days elapse from the date of such notification without resumption of services or undertaking measures allowing it to resume in providing services. 2. If supply of the services becomes impossible due to the continuation of a force majeure event pursuant to the terms of the Agreement.
Key Obligations	Under the Agreement, MMS (KSA) shall: 1- Submit a bank guarantee in the amount of (SAR 7,500,000) to guarantee its performance of its contractual obligations. 2- Provide the services in accordance with the specifications, the approved schedule and at the location agreed in the purchase orders. 3- Exercise due diligence in carrying out the services under the Agreement and the purchase orders. 4- Assemble a work team according to the specifications mentioned in the Agreement and the purchase orders for the purpose of supplying the services. 5- Familiarize itself with the laws and regulations necessary to supply the services under the Agreement.

Liability and Indemnity	MMS (KSA) shall be liable towards the Authority for any damages, claims, cases, procedures, costs, or direct expenses (including attorneys' fees) resulting from any claim filed against or borne by the Authority in relation to any of the following cases: 1- Inadequate execution of works or purchase orders under the Agreement. 2- Any negligence, omission or misconduct by MMS (KSA) or its representatives regarding the Agreement or the purchase orders. 3- Any breach of MMS (KSA)'s obligations under the Agreement. 4- Any violation of the laws or regulations in force in the KSA. MMS (KSA) shall also be liable to any third party that suffers damages as a result of the fault or default of MMS (KSA) in supplying the services.
Value of the Agreement	The estimated value of the Agreement shall not exceed SAR 150,000,000.
Assignment and Subcontracting	1- MMS (KSA) may assign the execution of the services to subcontractors, provided that they comply with the provisions of Article 71 of the Government Tenders and Procurement Law and Article 118 of the Executive Regulations thereof. MMS (KSA) shall remain liable to the Authority for the subcontracted services subject to the terms and specifications of the Agreement. 2- Subject to Article 70 of the Government Tenders and Procurement Law, MMS (KSA) may not assign the Agreement or any purchase order or part thereof, even through merger, acquisition, division or liquidation, except after obtaining the approval of the Authority and the Ministry of Finance. MMS (KSA) must satisfy several requirements before requesting the approval of the Authority or the Ministry of Finance.
Governing Law and Dispute Resolution	The agreement shall be governed by the laws of the KSA. The administrative courts in the KSA shall be competent to adjudicate any dispute, disagreement or claim arising from this Agreement.

Table (12.26): Airtime Sale Agreements between MBC FZ and MMS Companies

Agreement Overview	In October 2023G, MBC FZ entered into agreements to sell airtime with MMS (KSA), MMS (FZ) and MBC Media Solutions Egypt (collectively referred to as "**MMS Companies**"). Under these agreements, MMS Companies will purchase advertising spots on MBC Group's media, namely TV, radio stations and MBC Group's digital platforms, for the purpose of selling such spots to advertisers in the MENA region.
Agreement Term	The term of the Agreement is one year, commencing retroactively from 01/01/2023G and ending on 31/12/2023G. The Agreement may only be extended by the mutual consent of the parties.
Key Obligations	• MMS Companies are solely obligated to negotiate with advertisers for the sale of airtime and collect all payments due therefrom accordingly. • MMS Companies shall purchase a minimum amount of airtime in accordance with the provisions of the Agreements. • MBC FZ shall provide a minimum amount of airtime on MBC Group's advertising media.
Value of the Agreements	• The minimum amount payable pursuant to the Agreement concluded with MMS (KSA) in consideration for the spots provided by MBC FZ is SAR 151,500,000. • The minimum amount payable pursuant to the Agreement concluded with MMS (FZ) in consideration for its purchase of airtime is AED 268,120,000 (approximately SAR 273,878,949). • The minimum amount payable pursuant to the Agreement concluded with MBC Media Solutions Egypt in consideration for its purchase of airtime is EGP 306,740,000 (approximately SAR 37,233,684).
Assignment and Subcontracting	Neither party to the Agreements may assign or transfer any right or obligation under the Agreements without the prior written consent of the other contracting party.
Governing Law and Dispute Resolution	The Agreements are governed by the laws of the Emirate of Dubai and the federal laws of the UAE. The courts of the Dubai International Financial Centre (DIFC) shall be competent to settle disputes arising from the Agreements.

Table (12.27): Memorandum of Understanding between MMS (KSA) and the Saudi Tourism Authority

On 03/05/2023G, MMS (KSA) entered into a memorandum of understanding with the Saudi Tourism Authority regarding potential cooperation between the two parties, in order to allow the Authority to leverage MMS (KSA)'s platforms, including television, radio, and social and digital media platforms (Shahid). The term of the memorandum is one year, commencing on 03/05/2023G and ending on 02/05/2024G. Such term may only be extended by mutual agreement between the parties. Transactions between the two parties are based on purchase orders issued by the Authority to MMS (KSA) from time to time to obtain airtime on the platforms operated by the Group. This memorandum of understanding formalizes MMS (KSA)'s relation with the Saudi Tourism Authority, which dates back to the establishment of the MMS Companies. In 2022G, the Group's generated USD 15,866,665 (equivalent to SAR 59,499,993) in revenue from this arrangement. This memorandum of understanding is governed by the laws of the KSA. The competent courts in the KSA shall have jurisdiction over any disputes arising in connection therewith.

Table (12.28): Service Agreement between MBC Media KSA and the General Entertainment Authority

MBC Media KSA entered into a service agreement with the General Entertainment Authority regarding the production and management of the KSA 2024G Joy Awards, a project organized by the General Entertainment Authority, which engaged the services of the Group (in light of its experience in this sector). The value of the Agreement is SAR 196,928,167 (inclusive of VAT), and covers the costs of providing the services in addition to the fees of MBC Media KSA. The Agreement shall be effective as of 31/10/2023G until the final agreement is concluded between the two parties, unless it is terminated in advance pursuant to the provisions of the Agreement. [14] The General Entertainment Authority shall have the right to terminate the Agreement at any time in the event that it deems that the execution of the project is not feasible.

12.6.4 Summary of Other Material Agreements of the Group

Following is a summary of other material agreements entered into by the Group.

Table (12.29): Shareholder's Agreement in respect of MMS FZ

Agreement Overview	On 09/08/2020G, MBC FZ and Engineer Holding Group Limited Liability Company (formerly Engineer Holding Company) ("**EHC**") entered into a Shareholders' agreement governing the rights and obligations of each party in their capacity as Shareholders in MMS (FZ) (the "**SHA**"). On 27/05/2021G MBC FZ and EHC amended the agreement to replace MBC FZ with MMS (BVI) as a party to the SHA, as well as to establish subsidiaries in Egypt and KSA (together with MMS (FZ), the "**Group Companies**") (the "**Amended and Restated SHA**"). MMS (BVI) will enter into exclusive media representation agreements with each Group Company. On 22/12/2021G, the parties signed an agreement to replace EHC with Saudi Media Advertising Company ("**SMC**").
Key Obligations	SMC and MMS (BVI) have the right to appoint two and three directors respectively to the board of MMS (FZ). The transfer of any shares in MMS FZ is prohibited unless transferred to an affiliate of the parties. SMC grants MMS (BVI) or its affiliates a call option to acquire all of SMC's shares in MMS FZ at any time following the third anniversary of the date of incorporation of MMS FZ. The call option is also exercisable at any time following the incorporation of MMS FZ if: (i) MMS (BVI) or any of an affiliate of MMS (BVI) submits an official application for an IPO; (ii) if SMC or its Permitted Transferees cease to hold (in aggregate) at least 30 per cent of the share capital in Arabian Contracting Services by way of selling its shares in Arabian Contracting Services to any person other than an affiliate of MMS (BVI) or SMC; or (iii) the number of directors appointed to the board of Arabian Contracting Services by EHC becomes less than 5. Any shares transferred pursuant to the call option shall be transferred free of encumbrances with all associated rights. Warranties and representations must be limited to authority, capacity and title to the applicable shares. Consideration for the shares shall be equal to SMC's pro rata share of the Group Companies' net profits pursuant to the latest management accounts plus interests and tax for the last four quarters preceding the date on which the call option is exercised, multiplied by six.
Governing Law and Dispute Resolution	The Agreement is governed by the English Law. Any dispute arising out of or in connection with the Agreement shall be referred to and finally resolved by arbitration under the DIFC-LCIA Arbitration Rules. The seat of arbitration shall be the Dubai International Financial Centre, UAE. The language of the arbitration shall be English.

14 As of the date of this Prospectus, both parties are working on the final agreement, which is expected to be concluded prior to the Joy Awards ceremony date in January 2024G.

Table (12.30): Medya Produksiyon Joint Venture and Shareholders' Agreement

Agreement Overview	On 27 February 2014G, MBC Group Holdings (BVI), Mr. Saner Ayar and (the "**Individual Shareholder**") entered into a joint venture and Shareholders' agreement in relation to 03 Medya Produksiyon (the "**SHA**"). MBC Group Holdings (BVI) has assigned its interests in 03 Medya Produksiyon, including its rights and obligations under the SHA, to the Company. The SHA was signed by the Company on behalf of MBC Group Holdings (BVI).
Termination of the Agreement	The SHA shall terminate if: 1- the parties agree in writing to terminate the SHA; 2- 03 Medya Produksiyon is liquidated; 3- the sale of all the shares held by MBC Group Holdings (BVI) in 03 Medya Produksiyon occurs to a third party which is not an affiliate of MBC Group Holdings (BVI); or 4- the sale, foreclosure or otherwise disposal of shares of any of the Individual Shareholders in 03 Medya Produksiyon (following which the SHA shall terminate only vis-à-vis the relevant Individual Shareholder which exits from 03 Medya Produksiyon, but shall remain in full force and effect among MBC Group Holdings (BVI) and other Individual Shareholders).
Key Obligations	03 Medya Produksiyon shall produce, and commission television programming tailored for Turkish and pan-Arabic audiences in line with the scope of activity as provided in its articles of association. During the time the SHA remains in full force and effect and/or the Individual Shareholders remain as a Shareholder of 03 Medya Produksiyon, each of the Individual Shareholders shall not compete with the Business in Turkey or with a production targeted to any of the countries falling within the MENA region. Each of the Individual Shareholders shall procure that, throughout the validity of the SHA, any of the Individual Shareholders shall not circumvent such obligation by directly or indirectly engaging in or carrying on or being interested in any business in competition with the Business in Turkey for their own account or through their respective affiliates, family members or related parties.
Assignment and Subcontracting	Except as provided in the SHA, each of the Individual Shareholders and MBC Group Holdings (BVI) shall not be permitted to sell, assign, transfer or otherwise dispose or create any encumbrance on any part of their shares to a third party including the transfer to another Individual Shareholder or to another Shareholder of 03 Medya Produksiyon unless: (i) the non-transferring Shareholders consent to such transfer in writing; and (ii) the transferring Shareholder procures to have the transferee sign a deed of adherence.
Governing Law and Dispute Resolution	The SHA shall be governed by and construed in accordance with the laws of Turkey (excluding the Turkish conflicts of law rules). Any claims or disputes arising out of or in connection with the SHA that cannot be amicably resolved by the parties shall be exclusively and finally settled by binding, confidential arbitration. The arbitration shall be conducted under the Rules of Arbitration of the International Chamber of Commerce in effect at the time of the arbitration, except as they may be modified pursuant to the SHA or by mutual agreement of the parties.

Table (12.31): Framework Agreement with a Saudi Arabian Governmental Entity

Agreement Overview	On 06/05/2023G, the Company entered into a framework agreement with a Saudi government authority. The agreement grants the Group certain enablers in relation to Saudi taxes and governmental fees applicable to the Group's business (for a period of 20 years) (the "**Enablers**") in return for certain commitments made by the Company to further develop the local media ecosystem in the KSA, find and develop local talents, and attract investments in this sector. It is difficult to accurately determine the financial effects of these enablers, considering they relate to taxes, fees and other future costs and other factors that are difficult to foresee. Additionally, the financial effect of the enablers depends on the method of application from a practical perspective, which is subject to additional discussions with the relevant parties. It should be noted that the primary objective of these enablers is to limit increases in expenses applicable to the Group's business in consideration of the level of expenses applicable to payment of taxes and other governmental fees, which the Group used to incur prior to relocating to the Kingdom.
Term	Ninety-nine (99) years from 06/05/2023G, unless terminated earlier in accordance with the terms therein, noting that the period during which the Group may benefit from the Enablers is 20 years.

Key Terms and Obligations of the Parties	The Enablers are granted by the government for a period of 20 years from the date of the agreement, noting that the Group will continue to be obliged to meet the Commitments for the remaining portion of the agreement term. The Commitments include the use of the Group's best efforts to contribute to building a media, film and TV series industry in the KSA and procure to attract investment in the KSA by production companies, technical facility providers, technical production services and other administrative functions that support the MBC Group's business. The Group is also required to establish and operate certain production studios in the KSA and continue to operate MBC Academy. The Group has also committed not to undergo a change in control (whereby the current Shareholders' total ownership stake would fall below 50% of the share capital), or a merger, liquidation or disposal of all or substantially all of its material assets.
Termination	If the Company commits a material breach of its obligations or the applicable law, which is not remedied as per the agreement, or an event of insolvency occurs in respect of the Company, the government authority may suspend the provision of the Enablers, and may also terminate the agreement.
Governing Law and Dispute Resolution	The agreement is governed by the laws of the KSA. Dispute resolution is multi-tiered, starting with amicable settlement, and ultimately through the competent courts of the KSA.

Table (12.32): MBC Game Studio Joint Venture and Shareholders' Agreement

Agreement Overview	On 07/05/2021G, MBC Initiatives and NEOM entered into a joint venture and Shareholders' agreement ("**SHA**") in relation to MBC Game Studio.
Termination of the Agreement	The SHA shall terminate if: 1- The parties agree in writing to terminate it; 2- MBC Game Studio is liquidated; or 3- upon the sale of all shares held by a shareholder.
Key Obligations	No shareholder may assign his shares in MBC Game Studio without obtaining the approval of the other shareholder, except in cases of assignment to subsidiaries or holding companies of that shareholder or cases of pledging shares as security to MBC Game Studio's financing parties. Both parties shall provide additional amounts to the Company to finance its business. The Group made contributions to MBC Game Studio during the period from the beginning of its establishment as a joint venture until 30 June 2023G, with a total of SAR 248.5 million.
Governing Law and Dispute Resolution	The Agreement and any non-contractual or other obligations arising out of or in connection therewith shall be governed by the laws of the KSA. The competent courts in the KSA shall have jurisdiction.

12.6.4.1 Non-Binding Memorandum of Understanding Between the Company and the Film Commission

On 26/01/1445H (corresponding to 13/08/2023G), the Company concluded a non-binding memorandum of understanding with the Film Commission of the Ministry of Culture for the purpose of understanding the incentives and grants provided by the Film Commission to motivate and empower filmmakers for films produced in the KSA and the extent of the Company's benefit therefrom, in consideration of production and filming projects within the KSA. The MOU specified the incentives that could be granted to the Company, provided that separate agreements are signed with the Company for each project separately. Under the MOU, the two parties work to form a joint working team to realize areas of understanding and to consult on common affairs between the two parties which may lead to opportunities for mutual cooperation. The MOU lasts for 3 years from the date of signature and is automatically renewed unless one of the two parties notifies the other of its desire not to renew.

12.6.4.2 Contract for the Broadcast of Licensed Content between MBC FZ and a Government Entity

In June 2019G, MBC FZ entered into a contract with a government entity, under which said government entity pays the licensing fees owed by MBC FZ in relation to one of the seasonal sports tournaments that MBC FZ acquired broadcast rights to under a license agreement. In return, MBC FZ shall broadcast licensed content on the MBC Action channel and on its affiliated digital platforms, produce sports and editorial programs accompanying the broadcast of licensed content and implement marketing and promotional campaigns to broadcast the content on its affiliated digital channels and platforms. The agreement shall remain valid until the expiry of the concluded license agreement.

12.6.5 Summary of the Agreements entered into between the Group Companies and Istedamah Holding Company

The Company has entered into a strategic cooperation framework agreement with the KSA government (represented by Istedamah Holding Company), which sets the general framework governing the relationship between the Group and the government in respect of the existing and future initiatives, including the Group's expansion projects (for more details, please refer to Section (4.12) ("**Agreements with the Government (represented by Istedamah Holding Company) for certain projects and initiatives of the Group**") ("**Agreements with Istedamah Holding Company for certain projects and initiatives of the Group**") of this Prospectus). The parties agree that a separate agreement, as appropriate, will be entered into to govern each initiative, the allocated amounts, scope of services, KPIs, project milestones and any other terms the parties may agree on a case-by-case basis.

Below is a summary of the key details of the agreements entered into between Istedamah Holding Company (as a representative of the government) and certain Group Companies as of the date of this Prospectus in respect of funding of various initiatives agreed between the Group and Istedamah Holding Company. Istedamah Holding Company will not be obliged to continue disbursing any additional amounts that have not been approved in accordance with the provisions of such Agreements. In addition, the Expansion Project Agreements include restrictions on the relevant Group Companies distribution of dividends without the prior written approval of Istedamah Holding Company.

In each of the following agreements, MBC Group Holdings (BVI), the previous Group holding company, guarantees the obligations of the relevant Group companies.[15] Please refer to Section 6 of this Prospectus for further details on how this funding will be addressed from an accounting perspective.

	Relevant Group Company	Permitted Purpose and Relevant Management Services Agreement	Total Uncommitted Allocated Amount	Total Disbursed Amount as at 30 June 2023G	Date of Conclusion and Term	Amount Disbursed to the Company in the Period Specified
1.	MBC Initiatives	The development of talent and studios for the entertainment ecosystem in the KSA, via MBC Academy, which includes the following initiatives: 1. Bootcamps for acting, writing, directing and producing students 2. "**Sunnyland**" for fostering creative dialogue between the KSA and the Western media executives and content producers 3. Talent initiative The creation of an AAA game studio located in the City of NEOM. MBC Initiatives entered into a Management Services Agreement with MBC FZ in November 2019G for MBC FZ to provide certain services in connection with this agreement, which include customer relations, corporate marketing, public relations, building services, legal and compliance.	USD 318,528,208 (equivalent to SAR 1,194,480,780)	USD 117,472,066 (equivalent to SAR 440,520,247)	Date of conclusion: 20/06/2021G and amended on 04/08/2022G Term: 4 years	FY ended 31 December 2020G: N/A FY ended 31 December 2021G: N/A FY ended 31 December 2022G: USD 76.2 million (equivalent to SAR 285.9 million) Six-month period ended 30 June 2023G: USD 41.2 million (equivalent to SAR 154.6 million)

15 The Company is currently in discussions with Istedamah to consider whether such guarantees should be moved to be granted by the Company as the new Group holding company following the Restructuring.

	Relevant Group Company	Permitted Purpose and Relevant Management Services Agreement	Total Uncommitted Allocated Amount	Total Disbursed Amount as at 30 June 2023G	Date of Conclusion and Term	Amount Disbursed to the Company in the Period Specified
2.	MBC Media FZ-LLC	Establishment and operation of certain TV channels. MBC Media FZ-LLC entered into a Management Services Agreement with MBC FZ-LLC dated 9 July 2019G for MBC FZ-LLC to provide certain services in connection with this agreement, which include customer relations, corporate marketing, public relations, building services, legal and compliance.	USD 614,229,769 (equivalent to SAR 2,303,361,633)	USD 483,612,264 (equivalent to SAR 1,813,545,990)	Date of conclusion: 11/06/2019G Term: 5 years (2019G-2023G)[16]	FY ended 31 December 2020G: USD 92 million (equivalent to SAR 345.2 million) FY ended 31 December 2021G: USD 94.5 million (equivalent to SAR 354.5 million) FY ended 31 December 2022G: USD 111 million (equivalent to SAR 416 million) Six-month period ended 30 June 2023G: USD 88.2 million (equivalent to SAR 330.7 million)
3.	MBC Studios Projects FZ	The production of premium content focused on regional stories which could be published globally, including establishing an Anime studio to secure established IPs and develop them into high quality Anime content, producing a Vision 2030 documentary, and production of a live action feature film. MBC Studios Projects FZ entered into a Management Services Agreement with MBC FZ dated 9 July 2019G for MBC FZ to provide certain services in connection with this agreement, which include customer relations, corporate marketing, public relations, building services, legal and compliance.	USD 671,142,186 (equivalent to SAR 2,516,783,197)	USD 574,697,996 (equivalent to SAR 2,155,117,485)	Date of conclusion: 11/06/2019G, amended on 20/06/2021G and 04/08/2022G Term: 6 years (2019G-2024G)	FY ended 31 December 2020G: USD 104.5 million (equivalent to SAR 391.7 million) FY ended 31 December 2021G: USD 191.4 million (equivalent to SAR 717.6 million) FY ended 31 December 2022G: USD 184.7 million (equivalent to SAR 692.8 million) Six-month period ended 30 June 2023G: USD 80 million (equivalent to SAR 300 million)
4.	MBC Media FZ-LLC	Operation of certain TV channels of the Group.	USD 390,219,503 (equivalent to SAR 1,463,323,136)	The allocated amount has not yet been disbursed.	Date of conclusion: 16/05/2023G Term: 5 years (2024G-2028G)	The allocated amount has not yet been disbursed.

16 The agreement expires at the end of 2023G. A new agreement has been concluded regarding the operation of the relevant TV channels (as summarized in item no. 4 of the table).

	Relevant Group Company	Permitted Purpose and Relevant Management Services Agreement	Total Uncommitted Allocated Amount	Total Disbursed Amount as at 30 June 2023G	Date of Conclusion and Term	Amount Disbursed to the Company in the Period Specified
5.	MBC Media KSA	Relocation of headquarters, production facilities and offices to Riyadh, KSA.	USD 507,870,660 (equivalent to SAR 1,904,514,975)	USD 57,473,332 (equivalent to SAR 215,524,995)	Date of conclusion: 16/05/2023G Term: 5 years (2022G-2026G)	FY ended 31 December 2020G: N/A FY ended 31 December 2021G: N/A FY ended 31 December 2022G: USD 26.2 million (equivalent to SAR 98.2 million) Six-month period ended 30 June 2023G: USD 31.3 million (equivalent to SAR 117.3 million)
6.	MBC Studios Projects FZ	The production of high-quality premium TV series and film content.	Tranche A maximum limit - USD 550,000,000 (equivalent to SAR 2,062,500,000) Tranche B maximum limit - USD 175,000,000 (equivalent to SAR 656,250,000)	The allocated amounts have not yet been disbursed.	Date of conclusion: 16/05/2023G Term: Tranche A: 2022G-2024G Tranche B: 2022G-2025G	
7.	MBC Media KSA	Providing accommodation for two hundred (200) employees.	USD 37,034,000 (equivalent to SAR 138,877,500)	-	20/08/2023G for 3 years (2023G-2025G).	The allocated amounts have not yet been disbursed.
	Total	-	USD 3,264,024,325 (equivalent to SAR 12,240,091,218)	USD 1,233,255,658 (equivalent to SAR 4,624,708,717)	-	-

Loan Agreement with Istedamah to acquire shares in Arabian Contracting Services Company

Agreement Date	6 October 2022G, as amended on 6 July 2023G.
Borrower	MBC Group Holdings (BVI), noting that the Agreement was transferred to the Company as of 04/10/2023G.
Loan Value and Purpose	SAR 497,250,000 to fund the acquisition of shares comprising 15% of the total share capital of Arabian Contracting Services ("**ACSC**").
Term	Indefinite.
Repayment	The loan will be repaid by the Company within twelve (12) months of: (i) receiving notice from Istedamah requesting repayment, (ii) the Company's assignment of its shares to Arabian Contracting Services Company or (iii) any other date determined by Istedamah Holding Company under a written notice.
Interest Rate	The loan is not subject to any interest.
Governing Law	The Agreement and any non-contractual or other obligations arising out of or in connection with it shall be governed by the laws of the KSA.

12.7 Material Agreements with Related Parties

The Company entered into a share transfer agreement on 19/06/2023G with MBC Group Holdings Limited (BVI), pursuant to which the shares of all Subsidiaries listed in Section 12.4 ("**Subsidiaries**") of this Prospectus were transferred to the Company without consideration. The procedures for transferring all shares of the Subsidiaries to the Company were completed on 22/06/2023G. All necessary approvals for the share transfer have been obtained (for further details on the restructuring, please refer to Section (4.2.2) ("**History, Incorporation and Evolution of Share Capital**") of this Prospectus.

From time to time, the Group concludes intra-Group agreements (excluding those stated below in this section with regard to administrative, financial and technical support services provided between the Group Companies). There are also certain arrangements and transactions in place between the Group Companies and other companies owned (directly and indirectly) by the current Shareholders in the Company, namely ARA International Productions Company ("**AIP**"), Middle East News (FZ) and MBC Group Holdings (BVI), under which the Group Companies provide administrative and support services to these companies. MBC FZ provided a loan of USD 26,666,666 (equivalent to SAR 99,999,997) to MBC Group Holdings (BVI)) to cover some of the operational costs, having disbursed a total amount of SAR 81,683,910 during the period between 12/06/2021G and 07/11/2023G. No contract has been concluded in this regard.[17] Moreover, the Group relies on AIP to represent it in the KSA with respect to some of its operations since AIP holds a number of media licenses issued by the General Commission for Audiovisual Media (including representation licenses for channels owned by the Group and broadcast in the KSA, licenses for radio broadcasting of radio channels, and licenses for satellite uplink stations (for the provision and operation of uplink services to satellites for the purposes of content distribution)). AIP also provides production services under a framework agreement for production services concluded with MBC FZ on 28/03/2018G. In addition, AIP provides a number of offices and studios for MBC Media KSA to conduct its business. Except for the following agreements, no written agreements have been concluded regulating the relationship of the Group Companies with the aforementioned companies.

Table (12.33): Agreements Concluded with Companies Outside the Group Owned by Current Shareholders

Type of Agreement	Parties	Agreement Overview	Value	Date and Term
Master Services Agreement	MBC FZ and AIP	MBC FZ - or any of its affiliates - shall provide media services (including promotions and advertising on its channels, content production and licensing to use its trademarks) in exchange for fees to be paid as agreed in each service request submitted by AIP	The Group achieved revenues of SAR 96,094,926 from this Agreement in 2022G.	The Agreement was concluded on 01/08/2018G and will remain valid until it is terminated by one of the parties.
Framework Agreement for the Provision of Production Services	MBC FZ and AIP	AIP provides general production management services, including the provision of studios, production crews, cameras and production equipment, in consideration for the cost of such services, plus 5%.	The Group incurred costs for these services amounting to SAR 144,961,800 in 2022G.	The Agreement was concluded on 28/03/2018G and will remain valid until it is terminated by one of the parties.
Services Agreement	MBC FZ and Middle East News (FZ)	Provision of administrative and support services by MBC FZ.	The amounts paid under this Agreement in 2022G totaled USD 24,343,164 (approximately SAR 91,286,865).	The Agreement was concluded on 01/01/2021G and will remain valid for three years, which will expire on 31 December 2023G.

Source: The Company

17 It should be noted that a contract is being prepared to regulate this relationship.

From time to time, the Company and other Group Companies provide certain administrative and financial services and technical support to other companies in the Group (including those that are not wholly owned). However, no agreements have been concluded and no policies have been adopted regulating these relations. The Company is currently preparing agreements that regulate these arrangements with respect to the services and support provided to the Group's Companies that are not wholly owned. The Company is also considering the need to adopt an internal policy to regulate the services and support provided to wholly-owned Group Companies.

The Directors declare their compliance with articles 27 and 71 of the new Companies Law and the directives of Chapter 6 of the CGRs issued by the CMA in relation to contracts and agreements entered into with related parties in which any director has an interest.

12.8 Credit Facilities and Loans

The following is a summary of the material facility and loan agreements entered into by the Group:

Table (12.34): Citibank Uncommitted Trade Loan Facility Agreement ("Citibank Facility") between MBC FZ (as Borrower) and Citibank N.A. (as Lender)

Agreement Date	04/04/2022G
Borrower	MBC FZ
Facility Type/Purpose/ Amount	The Citibank Facility is an uncommitted revolving facility for trade loans to be used for the purchase or sale of trade goods and associated services (any. content, program or procurement in relation to MBC FZ's business activities).
Term	This Agreement shall remain valid unless terminated by either party in accordance with the provisions thereof.
Facility Value	USD 100 million (equivalent to SAR 375,000,000)
Interest Rate	Interest is calculated when the Company submits an application to utilize the facilities. The interest rate is approximately 6%.
Key Obligations	MBC FZ will be liable to repay an advance on Citibank's demand if: • The company is unable to meet its obligations under the Agreement in any way relating to sanctions; • the facility limit is exceeded (due to currency conversions or otherwise) and MBC FZ fails to pay the excesses; • it becomes unlawful for Citibank to continue to lend the advances; or any representation made by MBC FZ proves to have been untrue, or misleading at the time it was made or repeated.
Guarantees	A corporate guarantee was provided by MBC Group Holdings (BVI) to ensure full payment of the facilities. [18]

12.9 Real Estate

As at the date of this Prospectus, the Group does not own any properties. The Company and its Subsidiaries have entered into several material lease agreements as shown below.

12.9.1 Material Lease Agreements

As part of its ordinary business, the Group enters into numerous lease agreements for the purpose of leasing its offices, studios and content production sites inside and outside the KSA.

The Company's regional headquarters are currently located in the Diplomatic Quarter, Riyadh. The Company is using the building temporarily, without currently paying any rent [19], until the new headquarters are ready.

The Group also obtained a 15-year usufruct right from a government entity for a plot located in Riyadh, KSA. MBC Media KSA concluded an agreement with East Delta Saudi Co. to carry out construction works for the purpose of building studios on such plot. The Agreement is valued at approximately SAR 44,312,209. The works are still ongoing and are expected to be completed during December 2023G.

18 The Issuer and MBC Group Holdings (BVI) plan to sign an agreement in which the Issuer will replace MBC Group Holdings (BVI) as the guarantor for the corporate guarantee. This section will be updated in due course.

19 The Company plans to discuss with the relevant authorities whether or not it will pay rent and the rental amount, if any.

The following table shows a summary of the provisions of the material lease agreements in effect as at the date of this prospectus and the total annual rent of leases, which constitute all the material leases entered into by the Group:

Table (12.35): Summary of Material Lease Agreements Executed by the Group

	Tenant	Landlord	Location	Purpose	Term and Renewal	Annual Rent (SAR)	Right of Assignment/ Sub-leasing
1.	MBC Studios Projects FZ	Farooq Mehdi Ismael Mahmood.	Storage is located in Abu Sayr village in Giza Governorate, Egypt.	Storage	3 years (from 05/03/2022G till 04/03/2025G). Renewal: Lease may be renewed by written agreement.	Year 1: EGP 33,000 (equivalent to SAR 4,051) Year 2 and 3: EGP 36,300 (equivalent to SAR 4,416)	Not allowed
2.	MBC FZ	Hassan Ahmed Ibrahim Al Marzouqi	Office C2902, AlMarzooqi Towers, Sharjah, UAE.	Office	One year, from 17/12/2022G until 16/12/2023G. Renewal: At least two-month notice prior to the end of the lease term, and failure to provide such notice will result in an AED 1,000 fine for every one-month delay to paid by the Lessee.	AED 720,000 (equivalent to SAR 735,595)	Not allowed
3.	MBC FZ	Landmark Property Management Services FZ-LLC	14th Floor, Landmark Tower, Dubai Marina - Unit No. 1401	Company office	3 years from 17/09/2022G. Renewal: By agreement between the two parties.	AED 2,187,908 (equivalent to SAR 2,235,297)	Not allowed
4.	MBC FZ	Landmark Property Management Services FZ-LLC	Plot No. D-001-004, Tecom, Dubai, UAE 14th Floor, Unit No. 1402	Company office	One year from 01/01/2023G Renewal: The Lessee shall provide the Lessor advance notice (of at least 6 months) if it intends to extend the Lease.	AED 2,069,836 (equivalent to SAR 2,114,667)	Not allowed
5.	MBC Studios Projects FZ	twofour54 FZ-LLC	Studio B2 space in Studio B, Musaffah, Abu Dhabi, UAE	For production purposes	3 years from 14/09/2021G. Renewal: The Agreement is silent on renewal.	AED 369,600 (equivalent to SAR 376,992)	Not allowed
6.	MBC Studios Projects FZ	twofour54 FZ-LLC	Studio B, Abu Dhabi Business Hub at ICAD 1, Musaffah, Abu Dhabi Level 1, Offices No. 1-5, UAE	Using of the premises in accordance with the activities permitted in the business license	3 years from 14/09/2021G. Renewal: The Agreement may be extended by agreement between the parties. If the parties do not wish to renew the lease, they must provide each other with at least a 90-day notice.	AED 64,524 (equivalent to SAR 65,921)	Not allowed

	Tenant	Landlord	Location	Purpose	Term and Renewal	Annual Rent (SAR)	Right of Assignment/ Sub-leasing
7.	MBC Studios Projects FZ	twofour54 FZ-LLC	Warehouse Buildings, WH-18J1-B6-13 Warehouse facilities and Abu Dhabi Business Hub, ICAD 1, Musaffah, Abu Dhabi, UAE	Using the building/area in accordance with the activities permitted in the business license	3 years from 05/12/2021G. Renewal: The Agreement may be extended by agreement between the parties. If the parties do not wish to renew the lease, they shall provide each other with at least a 120-day notice.	AED 364,815 (equivalent to SAR 372,716)	Not allowed
8.	MBC FZ	Tecom Investments FZ-LLC.	Sound Stage 1 and adjacent production offices, Workshop 1 and adjoining support offices in Dubai Studio City, UAE	Agreement for Occupation of Soundstage	The agreement became effective on 01/01/2013G and expired after 5 years. The agreement was extended from 22/08/2016G until 31/12/2025G. Renewal: Any renewal is subject to the agreement of the parties.	License fee as of 1 January 2020G is AED 2,922,800 (equivalent to SAR 2,986,106) per year.	Not allowed
9.	Middle East Production Company MBC Egypt SAE	Egyptian Media Production City Co. (EMPC)	Media Production City, 6th of October City, Egypt	Warehouse leased for the purpose of storing movable furniture	5 years, starting from 17/08/2020G until 16/08/2025G.	EGP 51,559.20 (equivalent to SAR 6,274)	Not allowed
10.	MBC Media Cyprus Limited	M&M (Larnaca) Decoration Center Limited	No. 2, Oreas Elenis, 6059, Larnaca, Cyprus	Commercial office	5 years starting from 01/12/2019G until 30/11/2024G. Renewal: The lease is subject to automatic renewal unless either party notifies the other in writing of its intention to terminate.	EUR 69,400 (equivalent to SAR 289,195)	Not allowed
11.	Middle East Production Company MBC Egypt SAE	Egyptian Media Production City Co. (EMPC)	Media Production City, 6th of October City, Egypt	Studio for administrative purposes	Expires on 13/01/2025G	EGP 100,000 (equivalent to SAR 12,187), in addition to electricity expenses estimated at 12% of the full annual rent. The annual rent shall increase by 10% starting from the second year of the Agreement.	Not allowed
12.	Middle East Production Company MBC Egypt SAE	Egyptian Media Production City Co. (EMPC)	Media Production City, 6th of October City, Egypt	A studio for the purpose of broadcasting and producing artwork	5 years, starting from 14/01/2020G until 13/01/2025G.	EGP 4,807,463 (equivalent to SAR 585,890), in addition to electricity expenses.	Not allowed

	Tenant	Landlord	Location	Purpose	Term and Renewal	Annual Rent (SAR)	Right of Assignment/ Sub-leasing
13.	Middle East Production Company MBC Egypt SAE	Egyptian Media Production City Co. (EMPC)	Media Production City, 6th of October City, Egypt	A studio for the purpose of broadcasting and producing artwork	5 years starting from 16/09/2019G and ending on 15/09/2024G.	EGP 3,726,800 (equivalent to SAR 454,189) The rent amount shall increase by 10% per year.	Not allowed
14.	MBC Jordan LLC	Private Joint Stock Business Park Company	Part of the Ground, 1st and 2nd floors of Building No. 6 - King Hussein Business Park Buildings	Offices for conducting business	3 years commencing on 01/10/2022G and expiring on 30/09/2025G. The contract may be renewed by mutual agreement of both parties.	JOD 255,500 (approximately SAR 1,352,400).	Not allowed
	Total					Approximately SAR 11,591,845	-

Source: The Company

12.10 Insurance

The Company has approved an internal risk insurance policy under which internal procedures for risk insurance are implemented. The Company and its Subsidiaries maintain insurance policies that cover various types of risks to which they may be exposed. These policies were entered into with several insurance companies.

The following table shows the key details of the material insurance policies held by the Company and its Material Subsidiaries:

Table (12.36): Summary of the Material Insurance Policies of the Company and its Material Subsidiaries

Policy No.	Type of Coverage	Insurer	Maximum Insurance Coverage	Coverage Period and Expiration Date
Health insurance policies				
439/ KSA	Health insurance	Bupa Arabia for Cooperative Insurance Co.	The maximum annual limit per person is SAR 1,875,000	Effective Date as at 01/02/2023G. Expiry Date as at 31/01/2024G.
436/ KSA	Health insurance	Bupa Arabia for Cooperative Insurance Co.	The maximum annual limit per person is SAR 1,875,000	Effective Date as at 01/02/2023G. Expiry Date as at 31/01/2024G.
419/ KSA	Health insurance	Bupa Arabia for Cooperative Insurance Co.	The maximum annual limit per person is SAR 1,875,000	Effective Date as at 01/02/2023G. Expiry Date as at 31/01/2024G.
438/ KSA	Health insurance	Bupa Arabia for Cooperative Insurance Co.	The maximum annual limit per person is SAR 1,875,000	Effective Date as at 01/02/2023G. Expiry Date as at 31/01/2024G.

Policy No.	Type of Coverage	Insurer	Maximum Insurance Coverage	Coverage Period and Expiration Date
40556 - 00000	Group health insurance	MetLife Alico - American Life Insurance Company	The maximum annual limit per person is JOD 200,000	Effective Date as at 01/06/2021G. The policy shall remain in force so long as the premiums due under the policy are paid within 31 days of the "**Premiums' Anniversary**" (1 June of each year following the effective date of the policy on 01/06/2021G).
Building and property insurance policies				
12201/2023	Fire and theft insurance	Wethaq Takaful Insurance - Egypt	EGP 650,000	Effective Date as at 06/09/2023G. Expiry Date as at 05/09/2024G.
12202/2023	Fire insurance	Wethaq Takaful Insurance - Egypt	USD 17,023,756	Effective Date as at 06/09/ 2023G until 05/09/2024G.
43/2023	Electronic devices and equipment insurance	Wethaq Takaful Insurance - Egypt	USD 1,259,652.88	Effective Date as at 06/09/2023G. Expiry Date as at 05/09/2024G.
13/0/0/911004789/VF	Coverage against motor fleet	Gulf Insurance Group (Gulf) B.S.C. (C)	Maximum liability coverage in respect of Third-Party Liability under Paragraph (b) of Clause 1 of Section II in respect of any one claim or series of claims in respect to an accident is AED 3,670,000 Maximum personal accident for driver limit is AED 200,000 Maximum personal accident for passenger is AED 200,000 Maximum authorized repair limit is AED 1,000 Maximum emergency Medical Expenses is AED 6,000 Maximum Personal Effects limit is AED 3,000 Maximum towing, protection and removal costs limit is AED 3,000 Maximum sign writing limit is AED 2,000 Maximum tool of trade OD limit is AED 100,000 Maximum Tool of Trade TPL limit is AED 2,000,000 Maximum windscreen cover is AED 3,000 Maximum trailer cover is AED 5,000	Effective Date as at 01/01/2023G. Expiry Date as at 31/12/2023G.
13/0/0/911000901/VX	Coverage against motor fleet - TPL	Gulf Insurance Group (Gulf) B.S.C. (C)	Maximum liability coverage in respect of Third-Party Liability under Paragraph (b) of Clause 1 of Section II in respect of any one claim or series of claims in respect to an accident is AED 3,670,000 Maximum personal accident for driver limit is AED 200,000 Maximum personal accident for passenger is AED 200,000 Maximum Tool of Trade TPL limit is AED 2,000,000	Effective Date as at 01/01/2023G. Expiry Date as at 31/12/2023G.

Policy No.	Type of Coverage	Insurer	Maximum Insurance Coverage	Coverage Period and Expiration Date
13/5/0/303090/EP	Coverage against plant all risks	Gulf Insurance Group (Gulf) B.S.C. (C)	The Specification attached to the policy provides for the insurance of: Toyota Land Cruiser SNG Van: AED 45,000 Broadcasting and Telecom Equipment fitted in Land Cruiser Van: AED 1,114,000 Mercedes Benz 308 CDI SNG Van: AED 30,000 Broadcasting & Telecom Equipment fitted in Mercedes Benz: AED 1,037,500 OB Van Trailer including Accessories: AED 866,898 Broadcasting & Telecom Equipment fitted in OB Van: 2,960,988 The total liability coverage is AED 6,054,386	Effective Date as at 01/01/2023G. Expiry Date as at 31/12/2023G.
13/1/0/34267/FA	Coverage against property all risks	Gulf Insurance Group (Gulf) B.S.C. (C)	The Specification attached to policy provides for the insurance of Machinery: AED 5,508,750	Effective Date as at 01/01/2023G. Expiry Date as at 31/12/2023G.
13/10/0/33188/ FA	Coverage against property all risks	Gulf Insurance Group (Gulf) B.S.C. (C)	The Specification attached to the policy provides for the insurance of: Building, broadcasting and telecom equipment of all nature and other related accessories with Building: AED 192,727,500; Machinery: AED 198,778,343; Misc.: AED 500,000; Total of AED 392,005,843 Machinery - broadcasting equipment of all nature and other related accessories - AED 500,000 Photography Equipment and Lighting (Machinery) - AED 1,500,000 Office equipment, DDD and Tenant Improvements (Machinery) - AED 25,000 Sharjah Office (Machinery) - AED 100,000 Boutique Villa No. 7, GF, FF and 2nd Floor - Building: AED 468,242; Machinery AED 799,147; Total: AED 1,267,389 Landmark Tower, 14th Floor - Building: AED 1,532,686; Machinery: AED 1,313,949; Total: AED 2,846,635 Warehouse, Studio City (Machinery): AED 2,000,000 Buildings and Machinery (incl. Studio City Equipment): Building: AED 19,153,329; Machinery: AED 33,434,260; Total: AED 52,587,589 On Various Equipment whilst situated in No. 9, 2nd Floor, Building No.6: Building: AED 2,837,837; Machinery: AED 6,411,073; Misc.: AED 25,840; Total of AED 9,274,750 The total liability coverage is AED 462,107,206	Effective Date as at 01/01/2023G. Expiry Date as at 31/12/2023G.
Business and other insurance policies				

Policy No.	Type of Coverage	Insurer	Maximum Insurance Coverage	Coverage Period and Expiration Date
13/6/0/30078/ZE	Coverage against business all risks	Gulf Insurance Group (Gulf) B.S.C. (C)	The Specification attached to the policy provides for the insurance of: Various Broadcasting Equipment at MBC, Cairo - Egypt: AED 62,120 Various Broadcasting Equipment and accessories in Somalia: AED 47,991 Various Broadcasting Equipment and accessories in Ramallah: AED 1,562,677 Various Broadcasting Equipment and accessories in Jerusalem: 497,555 On Broadcasting Equipment at MBC Kuwait: AED 592,657 On Broadcasting Equipment at MBC Belgium: AED 10,767 On Broadcasting Equipment at MBC Yemen: AED 205,899 On Various Broadcasting Equipment at NYC: AED 289,439 On Various Broadcasting Equipment at MBC, UAE (ENG Kit used by News Teams): AED 957,062 The total liability coverage is AED 4,226,167	Effective Date as at 01/01/2023G. Expiry Date as at 31/12/2023G.
13/8/0/30749/ZM	Coverage against loss of money	Gulf Insurance Group (Gulf) B.S.C. (C)	The Specification attached to the policy provides for the insurance of: Out of Safe: AED 918,000 In Locked Safe: AED 6,000,000 Transit Wages/Other: AED 735,000 Damage to Safe: AED 5,000 The total liability coverage is AED 7,658,000	Effective Date as at 01/01/2023G. Expiry Date as at 31/12/2023G.
1165/230/01/UAE	Directors and Officers Liability Insurance[20]	American Home Insurance Company (Dubai Branch)	USD 5,000,000 from American Home Insurance Company (Dubai Branch). If used, the insurance policy of the Emirates Insurance Co. shall be activated, with an additional maximum amount of USD 5,000,000.	Effective Date as at 26/12/2022G. Expiry Date as at 25/12/2023G.
300/1166/91/21/00003/01	Additional Directors and Officers Liability Insurance	Emirates Insurance Co.	USD 5,000,000 to be used in the event that compensation is exhausted under Policy No. 1165/230/01/UAE above.	Effective Date as at 26/12/2022G. Expiry Date as at 25/12/2023G.
14343/030/01/UAE	Coverage against Workmen's Compensation and Employer's Liability	American Home Assurance Company (Dubai Br.)	Workmen's Compensation – Statutory as per UAE Federal Labor Law Employer's Liability – USD 10,000,000 Medical Expenses following Work Related Accidents – Private Hospitals/Clinics – USD 250,000 Repatriation expenses following work related injury up to mentioned limit per person – USD 50,000	Effective Date as at 01/03/2023G. Expiry Date as at 28/02/2024G.
58-2022	Embezzlement insurance	Wethaq Takaful Insurance - Egypt	USD 354	Effective Date as at 19/11/2022G. Expiry Date as at 18/11/2023G.

20 The Company is currently in the process of securing liability insurance coverage for its Board of Directors in connection with the public offering of securities. It is expected that this policy will be issued prior to the listing of the Company's shares.

Policy No.	Type of Coverage	Insurer	Maximum Insurance Coverage	Coverage Period and Expiration Date
497-2022	Burglary insurance	Wethaq Takaful Insurance - Egypt	EGP 3,5000,000	Effective Date as at 19/11/2022G. Expiry Date as at 18/11/2023G.
B0572EC23ABGC	E&O Reinsurance	Insurer: Orient Insurance Company, with HCC International Insurance Company PLC as Reinsurer	USD 10,000,000	Effective Date as at 01/08/2023G. Expiry Date as at 31/07/2024G.

Source: The Company

Intellectual Property and Intangible Assets Owned by the Group

The Group generally relies on its intangible assets represented in brands that reflect its brand identity and the technology systems on which its operations depend heavily. The following is a description of the trademarks and electronic systems of the Group.

The following are the main details of all the material registered trademarks of the Company and its subsidiaries inside and outside the KSA:

Table (12.37): Details of the Material Trademarks of the Company and its Subsidiaries Registered with SAIP in the KSA

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
mbc GROUP	MBC IP FZ-LLC	1443007963, 1443007966.	38, 41	02/06/2031G
5 mbc	MBC IP FZ-LLC	1440028690, 1440028691.	38, 41	03/04/2029G
mbc GROUP | Middle East Broadcasting Center	MBC IP FZ-LLC	1442021933, 1442021937.	38, 41	06/11/2030G
العراق mbc	MBC IP FZ-LLC	1440012281, 1440012295.	38, 41	02/10/2028G
LOUD MBC	MBC IP FZ-LLC	1443035861, 1443035862, 1443035860, 1443035859.	41, 42, 38, 9	17/02/2032G
MBC MOOD	MBC IP FZ-LLC	1443001561, 1443001563, 1443001564, 1443001566.	9, 38, 41, 42	25/04/2031G
MBC PERSIA	MBC IP FZ-LLC	1441000818, 1441000821.	38, 41	15/05/2029G

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
MBC RADIOS	MBC IP FZ-LLC	1441000868, 1441000864, 1441000857, 1441000861.	9, 42, 38, 41	15/05/2029G
MMS	MBC IP FZ-LLC	1442010877, 1442010878, 1442010879, 1442010880.	9, 16, 38, 41	03/08/2030G
MMS MBC MEDIA SOLUTIONS	MBC IP FZ-LLC	1442021919.	35	06/11/2030G
	MBC IP FZ-LLC	1444010250, 1444010251, 1444010252.	9, 38, 41	23/06/2032G
شاهد	MBC IP FZ-LLC	1441012582, 1441012583, 1441012584, 1441012586.	9, 38, 41, 42	06/09/2029G
TURN IT UP	MBC IP FZ-LLC	1444028137, 1444028139	9, 41	07/11/2032G
TURN IT UP	MBC IP FZ-LLC	1444028138, 1444028140	38, 42	07/11/2032G
vip شاهد	MBC IP FZ-LLC	1441026224, 1441026225, 1441027393, 1441027398.	9, 42	13/02/2030G
	MBC IP FZ-LLC	1443035863.	41	17/02/2032G
مصر mbc	MBC IP FZ-LLC	143312587, 143312589, 143312590, 143312588, 143312591	9, 35, 38, 16, 41	18/06/2022G
مصر mbc	MBC IP FZ-LLC	143400826, 143400861, 143400859, 143400862, 143400860.	9, 16, 35, 38, 41	18/08/2022G
CUBEEZ	MBC IP FZ-LLC	143009735 143009739 143009738	16, 24, 25	12/04/2029G

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
	MBC IP FZ-LLC	143009744 143009742 143009743	16, 24, 25	12/04/2029G
fm بانوراما	MBC IP FZ-LLC	142807532, 142807535, 142807534.	35, 38, 41	05/01/2027G
mbc 3	MBC IP FZ-LLC	142807519, 142807509, 142807517, 142807515, 142807516, 142807510, 142807511, 142807512, 142807513, 142807518, 142807513, 142807514.	9, 16, 21, 24, 25, 27, 28, 35, 18, 41, 38	05/01/2027G
mbc 4	MBC IP FZ-LLC	1437004983, 1437004984, 142807524, 142807526, 142807525.	9, 16 35, 38, 41	27/05/2025G 05/01/2027G
	MBC IP FZ-LLC	143401741, 143200168, 143408438, 143200167	43, 38, 25, 41	31/08/2024G, 02/05/2030G, 26/09/2032G
mbc STUDIOS	MBC IP FZ-LLC	1442014030, 1442014041.	38, 41	31/08/2030G
mbc STUDIOS	MBC IP FZ-LLC	1442014048, 1442014057.	38, 41	31/08/2030G
MBC PRO SPORTS	MBC IP FZ-LLC	1435018709, 1437004990, 1435018711, 1435018712, 14350187113	16, 9, 35, 38, 41	22/04/2024G 25/09/2025G
MBC PRO SPORTS	MBC IP FZ-LLC	1437005005, 1435018682, 1435018684, 1435018685, 1435018686	9, 16, 35, 38, 41	22/04/2024G
MBC INTERNATIONAL	MBC IP FZ-LLC	1435018807, 1435018808, 1435018809, 1435018810	16, 35, 38, 41	23/04/2024G
	MBC IP FZ-LLC	1437013120, 1437013121, 1437013122, 1437013123, 1437013124	9, 16, 35, 38, 41	01/12/2025G

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
Gobx	MBC IP FZ-LLC	1437013133 1437013134 1437013135 1437013136 1437013137	9, 16, 35, 38, 41	01/12/2025G
WIZZO	MBC IP FZ-LLC	1437013516, 1437013517, 1437013518, 1437013519	9, 35, 41, 42	04/12/2025G
FANANEES فنانيس	MBC IP FZ-LLC	1442025198, 1442025199, 1442025201, 1442025202, 1442025203, 1442025204, 1442025205, 1442025206, 1442025603, 1442025604, 1442025606, 1442025608, 1442025610, 1442025611,	9, 16, 21, 24, 28, 35, 38, 41, 18, 20, 25, 29, 30, 32	04/12/2030G 07/12/2030G
فنانيس	MBC IP FZ-LLC	1442025178, 1442025180, 1442025183, 1442025185, 1442025186, 1442025188, 1442025190, 1442025192, 1442025612, 1442025613, 1442025614, 1442025616, 1442025618, 1442025619,	9, 16, 21, 24, 28, 35, 38, 41, 18, 20, 25, 29, 30, 32	04/12/2030G 07/12/2030G
mbc الأمل	MBC IP FZ-LLC	14340000976, 14340000977, 14340000978, 14340000979, 14340000980, 14340000981, 14340000999, 14340001000,	16, 25, 35, 40, 41, 42, 36, 38	15/07/2023G

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
	MBC IP FZ-LLC	1442027325, 1442027326, 1442027327, 1442027328, 1442027330, 1442027332, 1442027334, 1442027335, 1442027337, 1442027338, 1442027339, 1442027341, 1442027342, 1442027344.	9, 16, 18, 20, 21, 24, 25, 28, 29, 30, 32, 35, 38, 41	21/12/2030G
	MBC IP FZ-LLC	1442027349, 1442027350, 1442027351, 1442027352, 1442027353, 1442027354, 1442027355, 1442027356, 1442027357, 1442027358, 1442027359, 1442027360, 1442027361, 1442027362.	9, 16, 18, 20, 21, 24, 25, 28, 29, 30, 32, 35, 38, 41	21/12/2030G
mbc	MBC IP FZ-LLC	142807493, 142807494, 142807495, 142807496	9, 16, 35, 41, 38	25/01/2027G
mbc	MBC IP FZ-LLC	143408437, 143412482, 143412480, 143412479, 143412478, 143412481	25 9, 35, 38, 41, 16	11/11/2023G 22/05/2024G 24/05/2024G
mbc	MBC IP FZ-LLC	1437003772, 1437003778, 1437003789, 1437003790, 1437004840	9, 16, 35, 38, 41	27/08/2025G
mbc	MBC IP FZ-LLC	1437004878, 1437004885, 1437004886, 1437004891, 1437004875	9, 16, 35, 38, 41	27/08/2025G

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
شاهد shahid.net	MBC IP FZ-LLC	143204553, 143204552, 143204551, 143204550, 143204549.	16, 35, 38, 41, 42	31/08/2030G
التفاح الأخضر green apple	MBC IP FZ-LLC	1436013915, 1436013916, 1436013917, 1436013918, 1436013919,	16, 35, 38, 41, 44	17/01/2025G
	MBC IP FZ-LLC	Trademark published	9, 16, 18, 20, 21, 24, 25, 28, 29, 30, 32, 35, 38, 41	Trademark published
	MBC IP FZ-LLC	Trademark published	9, 16, 18, 20, 21, 24, 25, 28, 29, 30, 32, 35, 38, 41	Trademark published
	MBC IP FZ-LLC	Trademark published	9, 16, 18, 20, 21, 24, 25, 28, 29, 30, 32, 35, 38, 41	Trademark published
	MBC IP FZ-LLC	Trademark published	9, 16, 18, 20, 21, 24, 25, 28, 29, 30, 32, 35, 38, 41	Trademark published
	MBC IP FZ-LLC	Trademark published	9, 16, 18, 20, 21, 24, 25, 28, 29, 30, 32, 35, 38, 41	Trademark published
MBC VARIETY	MBC IP FZ-LLC	143600411, 1436001231, 1436001233, 1436001232 1436004695, 1436001229, 1436001230	16, 35, 38, 41, 25	22/09/2024G 25/07/2024G 01/09/2024G
mbcpersia	MBC IP FZ-LLC	142909897, 142909895	38, 41	20/01/2029G

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
MBC	MBC IP FZ-LLC	142807480, 142807481	35, 38	05/01/2027G
mbc FM	MBC IP FZ-LLC	142807523, 142807522, 142807521, 142807520.	16, 35, 38, 41	05/01/2027G
دراما mbc	MBC IP FZ-LLC	143200164, 143200162, 143200161.	16, 38, 41	14/05/2029G
	MBC IP FZ-LLC	1437013120, 1437013121, 1437013122, 1437013123, 1437013124.	9, 16, 35, 38, 41	01/12/2025G
mbc	MBC IP FZ-LLC	143413537, 143413538, 143413539	35, 38, 41	30/01/2033G
Bollywood mbc	MBC IP FZ-LLC	143413542, 143413543, 143413544	35, 38, 41	30/01/2033G
عيش SAFARI	MBC IP FZ-LLC	142807489, 142807488, 142807487, 142807482, 142807485, 142807486, 142807483, 142807490, 142807492, 142807491, 143001996	9, 16, 18, 21, 25, 27, 28, 35, 38, 41, 24	05/01/2027G 25/07/2028G
	MBC IP FZ-LLC	1435009206, 1435009207, 1435009208, 1435009209	16, 35, 38, 41	30/11/2023G
PRODUCTIONS	MBC IP FZ-LLC	1435009199, 1435009200, 1435009201, 1435009202	16, 35, 38, 41	30/11/2023G
شاهد shahid.net	MBC IP FZ-LLC	1435013185, 1435013186, 1435013187, 1435013188, 1435013189.	16, 35, 38, 41, 42	30/11/2023G

Trademark Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
	MBC IP FZ-LLC	143110198, 143110195, 143110196	16, 38, 41	22/02/2032G
	MBC IP FZ-LLC	142807530, 142807527, 142807531, 142807528, 142807529	25, 35, 16, 38, 41	05/01/2027G

Source: The Company

Table (12.38): Other Countries in which the Company and its Subsidiaries have registered their Trademarks

Trademark Logo	Trademark Owner	Country of Registration	Validity of Protection
	MBC IP FZ-LLC	UAE	Valid
	Middle East Production Company, MBC Egypt, SAE.	Egypt	Valid
	Middle East Production Company, MBC Egypt, SAE	Egypt	Valid
	MBC IP FZ-LLC	Turkey	Valid
	MBC IP FZ-LLC	Algeria, Egypt, EUTM, Morocco, Tunisia, UAE, UK	Valid
	MBC IP FZ-LLC	Iraq	Valid
	MBC IP FZ-LLC	Kurdistan, UAE	Valid
	MBC IP FZ-LLC	EUTM	Valid
	MBC IP FZ-LLC	Bahrain, Egypt, Kuwait, Oman, Qatar, UAE, WIPO	Valid

Trademark Logo	Trademark Owner	Country of Registration	Validity of Protection
MBC MOOD	MBC IP FZ-LLC	Egypt, EUTM, Iraq, Morocco, UAE	Valid
mbcpersia	MBC IP FZ-LLC	Algeria, Iran, Iraq, Qatar, Sudan, Tunisia, Turkey, Yemen	Valid
MBC PERSIA	MBC IP FZ-LLC	Algeria, EUTM, Iraq, Qatar, Sudan, Tunisia, Turkey, UAE, UK, Yemen	Valid
MBC RADIOS	MBC IP FZ-LLC	KSA	Valid
MBC	MBC IP FZ-LLC	EUTM, UK	Valid
Middle East Broadcasting Center	MBC IP FZ-LLC	UAE	Valid
MMS	MBC IP FZ-LLC	Algeria, Bahrain, Egypt, EUTM, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, UK, West Bank	Valid
MMS MBC MEDIA SOLUTIONS	MBC IP FZ-LLC	Algeria, Jordan, Turkey	Valid
	MBC IP FZ-LLC	Egypt, Turkey, UAE	Valid
شاهد	MBC IP FZ-LLC	Algeria, Bahrain, Egypt, EUTM, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, UK, US, West Bank	Valid
vip شاهد	MBC IP FZ-LLC	Algeria, Bahrain, Egypt, EUTM, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, US, UK, West Bank	Valid
صدى الملاعب	MBC IP FZ-LLC	UAE	Valid
mbc 3	MBC IP FZ-LLC	Algeria, Egypt, EUTM, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, UAE, West Bank, Yemen, Iraq	Valid
4 mbc	MBC IP FZ-LLC	Algeria, Egypt, EUTM, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, UAE, West Bank, Yemen, Iraq	Valid
mbc STUDIOS	MBC IP FZ-LLC	Algeria, Bahrain, Egypt, EUTM, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, UK, West Bank, Yemen, Gaza, Gibraltar, Iraq	Valid

Trademark Logo	Trademark Owner	Country of Registration	Validity of Protection
mbc STUDIOS	MBC IP FZ-LLC	Algeria, Oman, Egypt, EUTM, Gaza, Gibraltar, Iraq, Jordan, Kuwait, Lebanon, Morocco, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, UK, West Bank, Yemen	Valid
بانوراما fm	MBC IP FZ-LLC	Bahrain, Egypt, EUTM, Morocco, Qatar, Syria, UAE, UK, West Bank	Valid
شاهد shahid.net	MBC IP FZ-LLC	Bahrain	Valid
MBC PRO SPORTS	MBC IP FZ-LLC	Bahrain, Algeria, Egypt, EUTM, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar. Sudan, Syria, Tunisia, Turkey, UAE, UK, West Bank, Yemen	Valid
Gobx	MBC IP FZ-LLC	Bahrain, China, Algeria, Egypt, Gaza, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, KSA, Sudan, Thailand, Syria, Tunisia, Turkey, UAE, West Bank, Yemen	Valid
WIZZO	MBC IP FZ-LLC	Bahrain, Algeria, Egypt, EUTM, Gaza, Iraq, India, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, UK, West Bank, Yemen	Valid
FANANEES فنانيس	MBC IP FZ-LLC	Bahrain, Egypt, EUTM, Gaza, Gibraltar, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Algeria, Sudan, Yemen	Valid
فنانيس	MBC IP FZ-LLC	Bahrain, Egypt, EUTM, Gaza, Gibraltar, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Algeria, Sudan, Yemen	Valid
mbc الأمل	MBC IP FZ-LLC	Egypt, EUTM, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Tunisia, UAE, UK, Yemen	Valid
	MBC IP FZ-LLC	Egypt, Jordan, UAE	Valid
	MBC IP FZ-LLC	Egypt, Jordan, UAE	Valid
mbc	MBC IP FZ-LLC	Egypt, Bahrain, Algeria, EUTM, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, UK, US, West Bank, Yemen	Valid
mbc	MBC IP FZ-LLC	EUTM, Egypt, Brazil, Bahrain, Algeria, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Sudan, Syria, Tunisia, Turkey, UAE, UK, US, West Bank, Yemen	Valid
MBC	MBC IP FZ-LLC	EUTM	Valid

Trademark Logo	Trademark Owner	Country of Registration	Validity of Protection
mbc	MBC IP FZ-LLC	Jordan, UAE, Egypt	Valid
mbc	MBC IP FZ-LLC	Jordan, UAE, Egypt	Valid
شاهد shahid.net	MBC IP FZ-LLC	Morocco, Lebanon, Kuwait, Iraq, Jordan, EUTM, Egypt, Oman, Qatar, Syria, UAE, UK, West Bank	Valid
PLATINUM RECORDS	MBC IP FZ-LLC	Syria	Valid
MBC VARIETY	MBC IP FZ-LLC	UAE, Egypt	Valid
التفاح الأخضر green apple	MBC IP FZ-LLC	UAE	Valid
مصر mbc	MBC IP FZ-LLC	UK, UAE, Syria, Qatar, Oman, Morocco, Lebanon, Kuwait, Jordan, Iraq, Egypt, EUTM, Bahrain, Algeria	Valid
MBC	MBC IP FZ-LLC	UK	Valid
شاهد shahid.net	MBC IP FZ-LLC	UK, West Bank	Valid
مصر mbc	MBC IP FZ-LLC	West Bank, UK, UAE, Syria, Qatar, Oman, Morocco, Lebanon, Kuwait, Iraq, Jordan, EUTM, Egypt, Bahrain, Algeria	Valid
mbc persia	MBC IP FZ-LLC	West Bank, UK, UAE, Syria, Qatar, Oman, Morocco, EUTM, Jordan, Bahrain, Egypt	Valid
mbc FM	MBC IP FZ-LLC	West Bank, UK, UAE, Syria, Qatar, Morocco, Egypt, EUTM, Bahrain, Algeria	Valid
دراما mbc	MBC IP FZ-LLC	West Bank, UAE, Turkey, Syria, Qatar, Oman, Morocco, Lebanon, Kuwait, Jordan, Iraq, EUTM, Egypt, Bahrain, Algeria	Valid

Trademark Logo	Trademark Owner	Country of Registration	Validity of Protection
	MBC IP FZ-LLC	West Bank, UAE, Turkey, Tunisia, Thailand, Syria, Sudan, Qatar, Oman, Morocco, Lebanon, Jordan, Kuwait, Gaza, Iraq, Egypt, China, Bahrain, Algeria	Valid
	MBC IP FZ-LLC	Yemen, West Bank, UK, UAE, Tunisia, Syria, Qatar, Pakistan, Oman, Morocco, Lebanon, Kuwait, Jordan, Iraq, India, EUTM, Bahrain, Algeria, Egypt	Valid
	MBC IP FZ-LLC	Yemen, West Bank, UK, UAE, Tunisia, Syria, Qatar, Pakistan, Oman, Morocco, Lebanon, Kuwait, Jordan, Iraq, India, EUTM, Bahrain, Algeria, Egypt	Valid
	MBC IP FZ-LLC	Yemen, West Bank, UK, UAE, Tunisia, Syria, Sudan, Qatar, Oman, Morocco, Lebanon, Kuwait, Jordan, EUTM, Egypt, Bahrain, Turkey, Algeria	Valid
	MBC IP FZ-LLC	Yemen, West Bank, UK, UAE, Turkey, Tunisia, Syria, Qatar, Oman, Morocco, Lebanon, Kuwait, Jordan, Iraq, EUTM, Egypt, Bahrain, Algeria	Valid
	MBC IP FZ-LLC	Yemen, West Bank, UK, UAE, Turkey, Sudan, Qatar, Oman, Morocco, Lebanon, Kuwait, Jordan, EUTM, Egypt, Bahrain, Algeria, Iraq	Valid
	MBC IP FZ-LLC	Yemen, West Bank, UK, Tunisia, Syria, Sudan, Oman, Kuwait, Jordan, Iraq, EUTM, Egypt, Bahrain, Algeria, Morocco, UAE	Valid

Source: The Company

12.10.1 Addresses of the Group's Websites

The Company has reserved and registered a number of website addresses and internet domains in its name. The following table includes a summary of the key internet domains registered in the name of the Company and its Subsidiaries.

Table (12.39): Details of Key Internet Domain Names

#	Internet Domain Name	Name of the Domain Owner
1.	https://www.mbc.net/	MBC IP FZ-LLC
2.	https://www.shahid.net/	
3.	https://gobx.com/ar/	
4.	https://mbc3.net/	
5.	https://www.mbcacademy.me/	
6.	https://mbcmood.com/	
7.	https://www.mbcstudios.com/	
8.	https://mms.net/	
9.	https://www.wizzogames.com/	
10.	https://flashwin.net	
11.	https://dream.mbc.net/	

Source: The Company

12.10.2 Key Technology Systems used by the Group

The Group has developed a number of online systems, programs and applications in its name. The Group has also partnered with other companies to develop and launch several proprietary systems and programs in the field of digital gaming, entertainment and music. The Group entered into agreements with Apple, Google and Huawei, which include customary terms and conditions regarding the display and sale of programs and applications on the electronic stores of each of the respective companies. Total Group revenue generated from applications displayed on these electronic stores for the financial years ended 31 December 2020G, 2021G and 2022G was approximately USD 53.4 million (approximately SAR 200.25 million), USD 78.9 million (approximately SAR 295.88 million) and USD 93 million (approximately SAR 348.75 million), respectively.

The following table includes a summary of the details of the key applications developed by the Group, which have been downloaded by its customers more than one million times:

Table (12.40): Details of Key Applications Developed by the Group

#	Name of the Application	Purpose of the Application or System	Name of the Company that Owns the Application
1.	Shahid	A Group platform which is the largest VOD platform in the MENA region, featuring a range of exclusive content, mostly in Arabic, including a plethora of original content.	MBC FZ
2.	Dream	Interactive gaming	MBC FZ
3.	WIZZO	A social platform for mobile gaming in the MENA region. WIZZO encourages players to create profiles, chat, upload content, download games and purchase application content on the platform.	MBC FZ
4.	Fananees	Interactive gaming	MBC FZ
5.	MBC Movie Guide	A guide with details of movies and programs available on MBC channels	MBC FZ

Source: The Company

Except as stated above, the Group does not own any other material intangible assets.

12.10.3 Key Licensed Content of the Group

As at 30/06/2023G, the Group uses and benefits from several licenses in relation to its content. The following table shows the key licenses of the Group by number of viewers and nature of the key licensed program:

	Licensor	Content	License Expiration Date	Type of License	Value
1.	Fremantle	Saudi Idol (Saudi Idol)	30/12/2024G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
2.	Fremantle	Family Feud (Family Feud)	31/12/2025G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
3.	Charisma	Wheel of Fortune	31/07/2024G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
4.	NBC Universal	Top Chef (Top Chef)	30/06/2024G (Season 6) 30/07/2025G (Season 7)	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
5.	Licensor [21]	The Voice (Season 7 [22]) (The Voice) The Voice Kids (Seasons 4 and 5) (The Voice Kids)	30/06/2026G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-

21 Due to confidentiality obligations stipulated in the licensing agreements, the name of the contracting party has not been disclosed.
22 The Group is in negotiations regarding the licensing of additional content.

	Licensor	Content	License Expiration Date	Type of License	Value
6.	Fremantle	Arabs Got Talent (Season 7) (Arabs Got Talent)	30/12/2023G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
7.	03 Medya	Al-Thaman (series)	08/01/2043G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
8.	Ay Yapim	Stiletto (series)	04/09/2034G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
9.	Star Tv Medya	Bride of Beirut (Season 3)	23/01/2032G	Producing a modified version of the format in Arabic and utilizing it across all MBC platforms (traditional TV, VOD, digital platforms, etc.).	-
	Total:				USD 15,026,018 (equivalent to SAR 56,347,568)[1]

(1) The Group has not disclosed the value of each individual license due to the commercially sensitive nature of such information.

12.11 Claims and Litigation

Other than as disclosed in this section below, the Directors declare that there are no ongoing or threatened judicial disputes, lawsuits, claims, or investigation proceedings raised against the Company or its Subsidiaries or by any of them which may, individually or collectively, have a material effect on the Company or its Subsidiaries or their financial position.

As at the date of this Prospectus, the Subsidiaries are involved in a number of ongoing lawsuits that arose during their ordinary course of business. However, the Group does not view any of these ongoing lawsuits to be material. For the purposes of this section, any case or claim was deemed material if its value was equivalent to SAR 105 million (equivalent to USD 28 million) or more (which accounts for 3% of the Group's revenue for the financial year ended 31 December 2022G), or if the Company deems it material by its nature and the possibility of impacting the Group's reputation.

The following table shows a summary of the material pending or potential claims filed by or against the Group Companies, as at the date of this Prospectus.

Table (12.41): Summary of the pending or potential claims filed by or against the Group Companies as at the date of this Prospectus

Subsidiary	Dispute Summary	Estimated Value
MBC FZ as a defendant	The plaintiff* successfully brought a claim against MBC FZ and other defendants in a foreign court in relation to a defamation case. The court issued a final ruling over one year ago against the defendants to pay the claimed amount on a joint and several basis. However, such ruling has not been enforced as at the date of this Prospectus. The Company believes that there are strong arguments to challenge the jurisdiction of the courts which passed the ruling. If the plaintiff decides to initiate enforcement proceedings, the Group will have the right to challenge such enforcement. MBC FZ has obtained an undertaking by the other defendants to fully indemnify MBC FZ for any costs, losses and liabilities it may incur as a result of this claim.	Between SAR 100,000,000 and SAR 150,000,000
MBC Studios FZ as plaintiff	The Court of Appeal of the Arab Republic of Egypt issued a ruling in favor of MBC Studios FZ against Dream Media Company for unpaid license fees for art content owed by the Defendant Company pursuant to a signed agreement between the two parties. The Court ruling obliged Dream Media to pay MBC Studios an amount of USD 3,900,000 (equivalent to SAR 14,625,000). Dream Media challenged the ruling by cassation, however a hearing has not been set to date.	The value of the underlying claim is USD 7,400,000 (equivalent to SAR 27,750,000).

Subsidiary	Dispute Summary	Estimated Value
MBC Studios Projects KSA as defendant	Layali Media Production Company filed a lawsuit against MBC Studios Projects KSA claiming compensation of SAR 10,000,000 due to MBC Studios Projects KSA infringing the copyright of its ownership of the Tash Ma Tash series "by using the name "Tash" in a series broadcast under the name "Tash Al Awda" without obtaining consent for such use. The adjudication of this lawsuit has been deferred to a hearing scheduled for 01/01/2024G.	An amount of SAR 10,000,000.

* The plaintiff's name has not been disclosed in this prospectus due to the commercially sensitive nature of the subject.

Source: The Company

In addition to the above, as at the date of this prospectus, the subsidiaries are parties to a number of non-material ongoing lawsuits and claims that arose during their ordinary course of business, including non-material lawsuits that do not have a specific financial value, such as defamation and IP infringement claims, where the damages are to be set by the court (if successful).

The following table shows a brief overview of the non-material claims raised by and against the Subsidiaries as at 13/11/2023G:

Table (12.42): Overview of the Estimated Total Value of Non-material Claims raised by and against the Company or its Subsidiaries

Type of Claim	Total Number of Claims	Total Value of Claims (SAR)	Total Amounts Provisioned by the Group (SAR)
Non-material ongoing claims and legal proceedings made by the Subsidiaries	15	40,000,000	0
Non-material ongoing claims and legal proceedings made against the Subsidiaries	43	55,000,000	6,300,000

Source: The Company

12.12 Zakat and Tax Position of the Group

The Company and its Subsidiaries in the KSA are subject to ZATCA laws in the KSA. As at the date of this Prospectus, the Company has not filed any Zakat or tax returns since its establishment in April 2023G. MMS (KSA) and MBC Media KSA, each a Saudi Subsidiary of the Group, have filed their Zakat and tax returns independently from the date of their incorporation until the end of the financial year 2022G and have obtained Zakat certificates from the ZATCA for all years until 2022G.

All other Group Companies have filed the required Zakat and tax returns independently from the respective dates of their incorporation until the end of 2022G in accordance with the applicable regulations, and have paid all tax dues for such periods.

The table below shows the Zakat and tax provisions for the Company and its consolidated Subsidiaries as at 31 December 2020G, 2021G and 2022G.

Table (12.43): Zakat and Tax Provisions for the Company and its Consolidated Subsidiaries as at 31 December 2020G, 2021G and 2022G

The Company and its Consolidated Subsidiaries	2020G	2021G	2022G
Zakat and tax provisions	6,150	12,822,544	6,721,905
Total	6,150	12,822,544	6,721,905

Source: The audited consolidated financial statements

The following table shows the years in which the valuation and payment of the final zakat and tax assessments were not completed for the material subsidiaries only (within the KSA and abroad), as well as the disputed amounts and their respective provisions, as at 31 December 2022g. It should be noted for the remaining years not mentioned in the table, the valuation and payment of the final zakat and tax assessments were completed therein.

Table (12.44): Years for which Valuation and Payment of the Final Zakat and Tax Assessments of the Material Subsidiaries, the Disputed Amounts and their Respective Provisions were not completed as at 31 December 2022G

	Company Name	Years for which Valuation and Payment of Dues were not completed	Total Disputed Amount (SAR)
1.	MBC FZ	2018G, 2019G, 2020G, 2021G and 2022G	N/A
2.	MBC Studios Projects FZ	2018G, 2019G, 2020G, 2021G and 2022G	N/A
3.	MBC Media FZ-LLC	2018G, 2019G, 2020G, 2021G and 2022G	N/A
4.	MMS (FZ)	2021G and 2022G	N/A
5.	MBC Media Solutions Egypt	2018G, 2019G, 2020G, 2021G and 2022G	N/A
6.	MMS (KSA)	2019G, 2020G, 2021G and 2022G	N/A
7.	MBC Media KSA	2021G and 2022G	N/A

Source: The Company

For more information on the risks related to Zakat and tax, please refer to Section 2.2.11 ("**Risks related to tax and Zakat**") of this Prospectus.

There are currently no ongoing zakat or tax disputes between the Group companies and the competent tax authorities. Any future claims will be borne by the Group in the event that its objection thereto is unsuccessful.

12.13 Summary of Bylaws

Name of the Company:

MBC Group, an unlisted joint stock company.

Objectives of the Company:

1- Information and communication
2- Education
3- Arts, entertainment and leisure

The Company may participate in other companies and establish companies on its own. It may also own stocks and shares in other existing companies or merge with them, and it may participate with others in the establishment of companies in accordance with the legal and regulatory requirements in this regard. The Company may dispose of these shares or stocks, provided that this does not include brokerage.

Participation and ownership in companies:

The Company may participate in or independently establish other companies, including limited liability, unlisted joint stock, or simplified joint stock companies. It may also own shares and stocks in other existing companies or merge with them. The Company has the right to participate with others in the establishment of joint stock companies, limited liability companies, or simplified joint stock companies, provided it complies with the applicable regulations and directives. The Company may also dispose of such shares or stocks, provided that this does not include brokerage activities related to their trading.

Head Office of the Company:

The head office of the Company is located in Riyadh, KSA. The company may, by a resolution of the Board of Directors, establish branches, offices or agencies inside or outside the KSA.

Term of the Company:

The term of the Company is indefinite.

Capital (as set forth in the Bylaws):

As of the date of this Prospectus, the Company's share capital is set at two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are ordinary cash shares.

Subscription to Share Capital

The Shareholders subscribed for the entire share capital of two billion, nine hundred and ninety-two million, five hundred thousand (SAR 2,992,500,000) which was paid in full.

Sale of Unpaid Shares

1- Shareholders undertake to pay the value of the shares on the specified dates for such payment. If a Shareholder fails to pay on the due date, the board may, after notifying such Shareholder by email, registered mail or any modern technological means, sell such shares in a public auction or on the capital market, as the case may be, in accordance with the rules set by the competent authority. The remaining Shareholders shall have priority in purchasing the shares of the defaulting Shareholder.
2- The Company shall collect the amounts due thereto from the proceeds and shall return the remainder to the Shareholder. If the sale proceeds are insufficient to cover the amounts due, the Company may collect such amounts from all of the Shareholder's funds.
3- The rights associated with shares that are in default at the expiration of the specified date shall be suspended until they are sold or paid in accordance with the provisions of paragraph 1 above. Such rights include the right to receive a share of the net profits to be distributed and the right to attend assemblies and vote on their resolutions. However, the defaulting Shareholder may, up until the sale date, pay the amount due in addition to any expenses incurred by the Company in this regard. In such case, the Shareholder shall be entitled to request the dividends to be distributed.
4- The Company shall cancel the share sold in accordance with the provisions of this article, and shall issue the purchaser a new share certificate bearing the same serial number, making a notation of the occurrence of such sale along with the inclusion of the necessary data of the new owner.

Issuance of Shares:

1- Shares are nominal and the Company cannot have fractional shares. If a share is jointly owned by several persons, such persons must select one of them to represent them in exercising the rights attached to such share. Such persons shall be jointly liable for the obligations arising from ownership of the share.
2- The nominal value of the Company's shares shall be ten Saudi riyals (SAR 10) per share. Shares may not be issued for less than their value. However, shares may be issued at a premium if approved by the Extraordinary General Assembly and in this case the premium shall be added as a separate item under the Shareholders' rights to be used in accordance with the applicable regulations and controls.

Trading of Shares:

1- The Company's shares shall be traded by recording them in the Shareholder register. Ownership of a share shall only be deemed transferred by the Company or others from the date of such record. Trading shall take place in accordance with the capital market law and its implementing regulations.

Capital Increase:

1- The Extraordinary General Assembly may decide to increase the Company's issued capital provided that the original issued capital of the Company has been paid in full. It shall not be a condition that the share capital has been paid in full if the unpaid portion thereof relates to shares issued for converting debt instruments or financing bonds into shares and the term prescribed for the conversion of such has not yet ended.

2- The Extraordinary General Assembly may, in all cases, allocate the shares issued upon the increase of the capital, or a part thereof, to the employees of the Company, its subsidiaries or all or some of them, in accordance with the controls set by the competent authority. Shareholders may not exercise preemptive rights when the Company issues shares designated for employees.

3- Shareholders shall, upon the issuance of a resolution by the Extraordinary General Assembly to increase the issued capital, have a preemptive right to subscribe to the new shares issued for cash shares. Such Shareholders shall be notified by a registered letter to their address in the Shareholders register, or by modern technological means, of their preemptive rights, the capital increase resolution, the subscription terms and method, including the start and end dates thereof, taking into account the type and category of the shares they own.

4- The Extraordinary General Assembly may suspend Shareholders' preemptive rights to subscribe to the capital increase for cash shares or offer preemptive rights to non-Shareholders in cases that are deemed to be in the interest of the Company.

5- Shareholders shall be entitled to sell or assign their preemptive rights with or without consideration as determined by the regulations.

6- Subject to the provisions of paragraph 4 above, the new shares shall be distributed to the holders of preemptive rights who have expressed their desire to subscribe in proportion to their existing rights out of the total preemptive rights resulting from the capital increase, provided that the number of shares distributed to those Shareholders does not exceed the number of new shares for which they applied and taking into account the type and category of the shares they own. The remaining new shares shall be distributed to the holders of preemptive rights that requested more than their respective shares, in proportion to their rights based on the total preemptive rights resulting from the capital increase, provided that they do not receive more new shares than they requested. The remaining shares shall be offered to third parties unless otherwise provided by the Extraordinary General Assembly or the applicable law.

Capital Reduction:

1- The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company's needs or if the Company sustains losses. In the latter case only, the share capital may be reduced below the limit provided for in article 59 of the Companies Law. The reduction resolution shall only be issued after reading a statement, at a General Assembly, prepared by the board on the reasons for such reduction, the Company's obligations and the effect of the reduction on the fulfillment of such obligation, provided that a report from the Company's auditor shall be attached to this statement. The said statement may be presented to Shareholders only in cases where the General Assembly resolution is issued by circulation.

2- If the reduction of the Company's capital is due to an excess in capital beyond the Company's needs, the creditors of the Company must be invited to express their objections, if any, to the reduction at least 45 days before the date specified for the Extraordinary General Assembly meeting to decide on the reduction, provided that a statement clarifying the capital before and after the reduction, the date of the meeting and the effective date of the reduction shall be attached to the invitation. If any of the creditors object to the reduction and submits the relevant documentation to the Company within the said period, the Company should pay the relevant debt if it is due or provide a guarantee of the same amount if it is deferred. A creditor who notifies the Company of their objection to the reduction and their debt has not been paid if it is due, or in the case it is deferred, have not been provided a guarantee in the same amount, may submit an application to the competent judicial authority before the date specified for the Extraordinary General Assembly meeting to decide on the reduction. The competent judicial authority shall in this case order the payment of the debt, the provision of a guarantee of the same amount, or the postponement of the Extraordinary General Assembly meeting, as the case may be.

3- The reduction shall not be invoked against a creditor who has submitted their application on the date provided for in paragraph 1 of this article unless they have been paid their debt or have obtained a guarantee in the amount of the unmatured portion.

4- In the event of a capital reduction, Shareholders that own shares of the same type and class shall be treated on an equal footing.

Board of Directors

Management of the Company:

1- The Company shall be managed by a Board of Directors composed of nine (9) directors elected by the Shareholders in an ordinary General Assembly.

2- The membership term of the Company's Board of Directors is a maximum of four years.

Board membership expiration:

Board membership shall expire upon the lapse of the board's term or if a director becomes ineligible for board membership according to the provisions of any applicable law or instructions in the KSA. The ordinary General Assembly may (based on a recommendation from the Board of Directors) terminate the membership of any member who fails to attend three (3) consecutive meetings or five (5) separate meetings during their membership term without a legitimate excuse accepted by the Board of Directors.

Despite the above, the General Assembly may also dismiss some or all of the directors, and in this case the General Assembly shall assign a new Board of Directors or someone to replace the dismissed director (as the case may be) in accordance with the provisions of the Companies Law.

Expiration of the Board, retirement of directors and Board vacancies:

1- Before the end of its term, the Board of Directors shall call the ordinary General Assembly to convene to elect a Board of Directors for a new term. If an election cannot be held and the term of the current Board has expired, its members shall continue to perform their duties until a new Board of Directors is elected for a new term, provided that the term of the directors of the Board whose term has expired shall not exceed the term specified by the implementing regulations of the Companies Law.

2- If the chairman and directors retire, they must call the ordinary General Assembly to convene to elect a new Board of Directors. Resignation shall not be effective until the new Board is elected, provided that the continued term of the retiring Board shall not exceed the term specified in the implementing regulations of the Companies Law.

3- A director may retire from Board membership under a written notice addressed to the chairman. If the chairman resigns, the notice must be directed to the remaining directors and the Board secretary. Resignation shall be effective – in both cases – from the date specified in the notice.

4- If the position of a director becomes vacant due to death or retirement and such vacancy does not result in the inability to meet the required quorum for holding Board meetings, the Board may (temporarily) appoint someone with sufficient experience to the vacant position, provided that they notify the commercial register of the same, as well as the CMA if the Company is listed on the financial market, within fifteen (15) days from the date of appointment. The appointment shall be presented to the ordinary General Assembly at its first meeting, and the appointed director shall complete the term of their predecessor.

5- If the necessary conditions for the validity of Board meetings are not met due to not satisfying the required quorum set out in the Companies Law or in these Bylaws, the remaining directors must call for an ordinary General Assembly to convene within sixty (60) days to elect the necessary number of directors.

Powers of the Board:

1- Without prejudice to the competencies of the General Assembly, the Board shall have the widest powers and authorities in managing the Company in order to achieve its objectives inside and outside the KSA, including:

   a- Representing the Company in its relations with third parties, including government entities, chambers of commerce and industry, all companies, institutions, commercial and investment banks, treasuries, and all government financing funds and institutions of various titles and functions with the exception of those of a judicial nature; concluding all types of contracts and documents, including, but not limited to, articles of association of companies established by the Company or in which the Company is a Shareholder, along with all amendments and annexes thereto and liquidation resolutions thereof; signing contracts, instruments and declarations before notaries public and other official authorities; and bidding for tenders on behalf of the Company; entering into loan agreements, guarantees, mortgages, lease contracts, deeds of sale and purchase and conveyance of plots and buildings, in addition to all other contracts and agreements; and the delegation of some or all of these powers pursuant to a power of attorney or any other written authorization to any person or persons.

   b- Concluding loans, provided that the terms of the loan and the guarantees thereof take into account the general guarantees of the creditors. The Board shall specify in its resolution the uses of the loan and the repayment mechanism thereof, and the terms of such loans shall not exceed the expiration of the Company's term.

   c- The right to purchase properties and accept the purchase thereof, pay a price, mortgage real estate assets owned by the Company for the purpose of constructing its offices, movables and facilities, release mortgages, sell, convey, collect and hand over a price, provided that the Board shall specify in its resolution the reasons and justifications for the same, and the price of the sold asset must be approximate in value to the price of a similar asset, as determined in accordance with the applicable accounting principles. The price shall not be deferred, except in cases of necessity and with adequate guarantees, and the conditions of sale or mortgage shall not result in the Company incurring damages or other liabilities or the suspension of some of its activities.

   d- The right to reconcile, waive, contract, assume obligations and form associations for and on behalf of the Company, as well as to litigate on behalf of the Company, recover its debts and accept reconciliation and arbitration.

   e- Preparing and approving the Company's internal financial, administrative and technical regulations, investment policies, internal control and audit systems, accounting systems, procurement and contracting systems for business and services and employee-related regulations, in accordance with the applicable laws in the KSA.

   f- Establishing subsidiaries and companies in which the Company is a Shareholder as per the interests of the Company, determining the capital and forming the management thereof, as well as approving the sale of their interests and shares and amending their articles of association, including the capital and management clauses.

   g- Opening, closing and operating bank and investment accounts; withdrawing, depositing, utilizing and investing amounts with banks and requesting time deposits; updating account data; receiving and issuing checks; signing receipts, clearances, discharges, declarations, bills of exchange, promissory notes, checks and all commercial documents.

   h- Appointing and dismissing executive employees and members of the Company's senior management and determining their responsibilities, powers and entitlements.

   i- Granting the Company's management the necessary powers for daily operations, subject to the powers mentioned in Article 24 of these Bylaws.

   j- Forming permanent and temporary committees, subject to the Companies Law, the relevant regulations and the articles mentioned in these Bylaws.

   k- Seeking assistance from Saudi and non-Saudi consultants and experts and determining their financial remuneration.

l- Establishing a program to provide performance incentives to the Company's employees and setting the mechanisms for providing such incentives, the criteria for performance evaluation and the amounts and other benefits allocated annually for such purpose.

m- Providing financial support to any of the companies in which the Company is a Shareholder, as well as its Subsidiaries and sister companies, and guaranteeing credit facilities obtained by any of the companies in which the Company is a Shareholder, as well as Subsidiaries and sister companies.

n- Developing the Company's business and operating plans and annual capital budget and submitting them to the Shareholders' Assembly for approval.

o- Managing the Company in accordance with its business plan and budget and any amendments made thereto by the Shareholders.

p- Reviewing the reports of the CEO and Senior Management members (if any). Ensuring that the CEO and Senior Management members carry out their duties.

q- The right to discharge the Company's debtors from their obligations, taking into account the Company's interest.

2- The Board may also, within the limits of its competence, delegate one or more of its members or a third party to take a certain action(s) or conduct certain work(s), and it may revoke such delegation in whole or in part.

Remuneration of directors:

The remuneration of the chairman and directors shall be set by the Company's General Assembly. Such remuneration may include certain amounts, attendance allowances, in-kind benefits or a percentage of net profits, and two or more of these benefits may be combined. The Board's report to the General Assembly shall include a comprehensive statement of all remuneration, expense allowances and other benefits received by the directors during the financial year. It shall also include a statement of amounts paid to the directors as employees or managers or amounts paid to them for technical, administrative or advisory works. In addition, the report shall include a statement of the number of Board meetings as well as the number of meetings attended by each director.

The Company's Bylaws do not provide for granting a director or the CEO the right to vote on resolutions related to their remuneration.

Powers of the Chairman, Vice-Chairman, CEO and Secretary:

1- The chairman of the Board is prohibited from holding any executive position in the Company. The vice-chairman (appointed by the Board) shall replace the chairman in his absence or if authorized in writing by the chairman.

2- The chairman of the Board shall preside over Board meetings, call for them to be convened, and implement the resolutions taken therein. The chairman shall represent the Company in its relations with others and before government agencies, companies, individuals, courts of all degrees and types, arbitration panels, notaries, the board of grievances, committees for the resolution of commercial paper disputes and chambers of commerce and industry. The chairman may file pleadings and defenses on behalf of the Company, present evidence and documents, enter into settlements, grant releases, deny or admit a charge, request taking of the oath within the scope of the resolutions adopted by the board. The chairman may also receive, challenge, appeal and execute judgments. The chairman may take the necessary actions to obtain the deeds and title transfer deeds before notaries public and the official and civil authorities with respect to the properties owned by the Company in order to construct its offices. The chairman may delegate or assign certain work(s) within the limits of his competence to a third party.

3- The Board shall appoint a secretary from amongst members or others, and the Board shall determine the remuneration of the secretary of the Board pursuant to an independent resolution of the Board of Directors. The secretary shall have the following responsibilities:

a- Documenting Board meetings and preparing minutes therefor that contain the discussions and deliberations that took place therein, indicating the place and date of the meetings as well as the times of their beginning and end.

b- Documenting the Board's resolutions and voting results and keeping them in a separate and organized record; writing down the names of the attending directors and the reservations they expressed, if any, and presenting such minutes to all attendees for their signature.

c- Retaining the reports submitted to and prepared by the Board.

d- Providing the directors with the agenda of board meetings as per the chairman's instructions and the related worksheets, documents and information, and any additional documents or information requested by any director related to the topics included in the agenda.

e- Ensuring that the directors comply with the procedures approved by the Board.

f- Providing the directors with sufficient notice of the dates of Board meetings.

g- Presenting draft minutes to the directors for them to provide their opinions thereon before signing.

h- Ensuring that the directors receive, fully and promptly, a copy of the Board meeting minutes as well as the information and documents related to the Company.

i- Coordinating between the directors.

j- Regulating the register of disclosures of the Board and executive management in accordance with the implementing regulations of the relevant capital market law if the Company is listed.

k- Providing assistance and advice to the directors.

l- Receiving letters or notices from the Shareholders with respect to their representatives at the General Assembly and recording their attendance accordingly.

m- Preparing or reviewing the minutes of the General Assembly meetings and sharing copies thereof with the Shareholders within five (5) days of the date of each meeting.

n- Submitting the necessary applications related to the Company to the competent authorities.

o- Abiding by any other regulations pertaining to the responsibilities of the secretary as may be determined by the Board from time to time.

4- The board shall appoint a CEO for the Company. The appointment resolution shall set out the CEO'S responsibilities, duties and dues. The CEO shall implement the board's resolutions, run the Company's daily business and manage its employees under the supervision of the Board, in addition to such other powers as may be determined by the board and stipulated in the Company's regulations and policies.

5- The term of the vice chairman and the secretary, if he is a member of the Board of Directors, shall not exceed the term of their respective membership in the Board. The Board may at any time dismiss all or any of them, without prejudice to the right of a dismissed member to compensation if such dismissal occurs without acceptable justification or at an improper time.

The Company's Bylaws do not provide any power for directors or senior executives to borrow from the Company, in accordance with the provisions of Article 72 of the Companies Law.

Board meetings:

The Board of Directors shall convene at least four times per year at the invitation of the chairman. The chairman shall invite the Board to be convened when requested to do so in writing by any member of the board to discuss one or more issues. The Board of Directors shall specify the location for its meetings which may be held using modern technological means.

Quorum for Board meetings:

1- Board meetings shall only be valid if attended by at least half of the directors.

2- A director may delegate another director in accordance with the following controls:

a- The delegation must be in writing and addressed to the chairman and the secretary. Such delegation must specify the delegated director and the date and time of the relevant meeting (or, if applicable, details of the relevant written decision of the directors).

b- The delegated director shall be entitled to the same rights as the delegating director with respect to the relevant board meeting or the written decision of the directors.

c- The delegated director shall be responsible for their actions and errors.

  d- The delegated director may not be considered as a representative of the director who appointed him.
  e- The delegated director may be counted for quorum purposes (but only if the director who appointed him does not participate).
  f- The delegated director may sign or otherwise indicate his consent to a written decision (but only if the director appointed by him has not signed or indicated his/her assent in the circumstances in which he/she is entitled to do so).
3- The delegation of a director shall automatically expire in any of the following cases:
  a- If the delegating director submits a written notice to the Company to cancel the delegation of the delegated director.
  b- After the end of the relevant Board meeting.

In case of a lack of quorum or non-attendance at the time and date set forth in the meeting notice, the meeting shall be adjourned to the fifth working day following the date set forth in such notice. The quorum for any adjourned meeting shall be in accordance with paragraph 1 above.

The company's Bylaws do not contain any article that grants a Board member or the CEO the right to vote on contracts and businesses in which they have an interest.

Deliberations of the Board:

1- The deliberations and decisions of the Board shall be recorded in minutes prepared by the secretary, which shall be signed by the meeting chairman, the directors present and the secretary.
2- Such minutes shall be recorded in a special register to be signed by the chairman and the secretary.
3- Modern technological means may be used to sign and record deliberations, resolutions and minutes.

Board resolutions

1- Resolutions of the Board shall be passed by a majority vote of the directors present at the meeting. In case of a tie vote, the chairman of the meeting shall not have the casting vote.
2- The Board decisions shall be effective from the date of their issuance, unless they provide for entry into force at another time or upon meeting certain conditions.
3- The Board of Directors must obtain the approval of the General Assembly when selling assets whose value exceeds 50% of the value of its total assets, whether the sale is made through a single transaction or several transactions. In such case, the transaction that leads to exceeding 50% of the value of the assets is deemed the transaction requiring the approval of the General Assembly. Such percentage is calculated from the date of the first transaction that took place during the previous twelve (12) months.
4- In urgent matters, the Board of Directors may issue resolutions by circulation through submitting them to the Directors separately, unless the Board is requested in writing to meet by a director to discuss such resolutions. These resolutions shall be valid if voted for by all of the Directors, and they shall be presented to the Board at its next meeting in order to be recorded in the meeting minutes.

Shareholders' Assemblies

Attendance of assemblies:

1- General assemblies of Shareholders shall be presided over by the chairman or, in his absence, his deputy, or, in the absence of both of them, whomever the Board of Directors selects from among its members. If this is not possible, the General Assembly meeting shall be presided over by whoever is elected by the Shareholders from among Board members or others through voting.
2- Each Shareholder has the right to attend general assemblies, and they may delegate their right to attend the general assemblies to another person who is not a director.
3- General assembly meetings and Shareholder participation in deliberations and voting on resolutions may be conducted through modern technological means.

Competencies of the ordinary General Assembly:

With the exception of the matters falling within the competence of the Extraordinary General Assembly, the ordinary General Assembly shall be competent in all matters related to the Company. The ordinary General Assembly shall convene at least once annually during the six (6) months following the end of the Company's financial year. Other ordinary General Assembly meetings may be called as needed.

Competencies of the Extraordinary General Assembly:

The Extraordinary General Assembly shall have the authority to amend the Bylaws, except for provisions whose amendment is prohibited in accordance with the Companies Law, including decisions pertaining to the continuation or dissolution of the Company, as well as the approval of the Company's purchase of its shares. The Extraordinary General Assembly may issue resolutions regarding matters within the competency of the ordinary General Assembly under the same conditions and manner prescribed for the ordinary General Assembly.

Convening of assemblies

1- The general and special assemblies shall convene upon an invitation by the Board. The Board must convene an ordinary General Assembly meeting within thirty (30) days from the date of the request of the auditor or one or more Shareholders representing a minimum of 10% of voting rights in the Company's share capital. The auditor may call the ordinary General Assembly to convene if the Board fails to do so within thirty (30) days of the auditor's request.

2- The invitation to convene the assembly shall be sent at least twenty-one (21) days prior to the date of the meeting in accordance with the provisions of law, taking into account the following:

   a- Shareholders shall be informed via registered mail sent to their addresses in the Shareholder register or by announcement of the invitation through modern technological means.

   b- A copy of the invitation and the agenda shall be sent to the commercial register, as well as to the Capital Market Authority (CMA) if the Company is listed on the capital market as at the date of the invitation announcement.

3- The invitation to the assembly meeting shall include, as a minimum, the following:

   a- A statement of the person entitled to attend the assembly meeting and their right to delegate whomever they choose from persons other than the directors. Such invitation shall also state the Shareholder's right to discuss the topics on the agenda of the assembly and ask questions and how to exercise the right of voting.

   b- The location, date and time of the meeting.

   c- The type of assembly, whether it is a general or special assembly.

   d- The meeting agenda, provided that it includes the items on which Shareholders are required to vote.

Quorum for ordinary General Assembly meetings:

The ordinary General Assembly meetings shall not be valid unless attended by Shareholders representing at least 50% of the share capital (or their representatives). If such quorum is not attained, a notice shall be sent for a second meeting to be held under the same conditions stipulated in article 91 of the Companies Law within thirty (30) days following the previous meeting, or within no less than one (1) hour if the invitation for the first meeting provides for the possibility of a second meeting after an hour. The second meeting shall be valid regardless of the number of shares represented therein.

Quorum for Extraordinary General Assembly meetings:

The Extraordinary General Assembly meetings shall not be valid unless attended by Shareholders representing at least 50% of the share capital (or their representatives). If such quorum is not attained, a notice shall be sent for a second meeting to be held under the same conditions stipulated in article 91 of the Companies Law within thirty (30) days following the previous meeting, or within no less than one (1) hour if the invitation for the first meeting provides for the possibility of a second meeting after an hour. The second meeting shall be valid if attended by a number of Shareholders representing at least a quarter of the share capital. If the required quorum for the second meeting is also not attained, an invitation shall be sent for a third meeting to be held under the same conditions prescribed in article 91 of the Companies Law. The third meeting shall be deemed valid regardless of the number of shares with voting rights that are represented therein.

Voting in assemblies:

1- Each Shareholder shall have one vote for each share they represent in general assemblies.

2- Directors may not participate in voting on assembly resolutions related to business and contracts in which they have a direct or indirect interest, or that involve a conflict of interest.

Assembly resolutions:

1- Resolutions of the ordinary General Assembly shall be passed by a majority of the voting rights represented in the meeting.

2- Resolutions of the Extraordinary General Assembly shall be passed with the consent of two-thirds of the voting rights represented in the meeting unless the resolution relates to the increase or decrease of the Company's capital, extension of the Company's term, dissolution of the Company before the end of the term specified in its Bylaws, merger of the Company with another company or demerger thereof into two or more companies. In such cases, the resolution shall not be valid unless passed by consent of three-quarters of the voting rights represented in the meeting.

Deliberations at assembly meetings

Each Shareholder or their representative shall have the right to discuss the topics listed in the General Assembly agenda and to ask the director and the auditor questions thereon. The directors or the auditor shall answer the questions to the extent that such does not harm the Company's interests. If a Shareholder feels that the answer to their question is unsatisfactory, they may appeal to the General Assembly, whose decision shall be final in this respect.

Preparation of minutes

Minutes shall be kept for every assembly, stating the number of Shareholders present or represented therein, the number of shares held by each in person or by proxy, the number of votes attributed to such shares, the resolutions adopted, the number of consenting and dissenting votes, and a comprehensive summary of the discussions that took place in the meeting. Minutes shall be recorded on a regular basis after each meeting in a special register signed by the chairman of the assembly and its secretary and vote collector.

Audit committee

Formation of the audit committee:

1- An audit committee shall be formed by a resolution of the General Assembly consisting of between three to five members, none of whom may be executive Board members.

2- Upon the recommendation of the Board of Directors, the General Assembly shall issue the audit committee charter. The charter shall include the controls and procedures for the committee's work, its duties, the criteria for the selection of its members, the nomination process, the term of their membership and their remuneration, as well as the mechanism for the temporary appointment of members in the event of a vacancy on the committee.

Quorum of the audit committee meetings:

Meetings of the audit committee shall be duly convened only if they are attended by the majority of its members. The audit committee resolutions shall be adopted by consent of a majority of the votes of the members present. In the case of a tie, the chairman shall have the casting vote.

Competencies of the audit committee:

The audit committee shall be in charge of monitoring the Company's business and shall have the right to access the Company's records and documents and to request any clarification from the Board or the senior management. In addition, the audit committee may ask the Board to invite the Company's General Assembly to convene if its work is hindered by the Board or if the Company suffers material losses or damages.

Reports of the audit committee:

The audit committee shall review the Company's financial statements, reports and notes submitted by the auditor and provide its opinions on the same, if any. In addition, it shall prepare a report setting out its opinion as to the adequacy and efficiency of the Company's internal control systems along with other matters falling within its competency. The Board shall provide the Shareholders with a copy of this report at least twenty-one (21) days prior to the date set for the General Assembly meeting. The report shall read aloud during the assembly meeting.

Auditor

Appointment of the auditor:

1- The company shall have one (or more) auditors from among those licensed to conduct auditing business in the KSA that shall be appointed by the General Assembly, which shall determine the auditor's fees and the term and scope of their work. Such auditor may be re-appointed, provided that the period of his appointment does not exceed the period specified by the implementing regulations of the Companies Law.
2- The auditor may be dismissed pursuant to a resolution of the General Assembly. The chairman of the Board shall inform the competent authority of the dismissal decision and the reasons therefor within a period not exceeding five (5) days from the date of such decision.
3- The auditor may resign by virtue of a written notice that he submits to the Company and his work shall end as at the date of its submission thereof or at a later date specified in the notice, without prejudice to the Company's right to obtain compensation for the damage incurred thereby if required. The auditor who resigns shall submit to the Company and the competent authority, upon submission of the notice, a statement of the reasons for his resignation. The Board of Directors shall invite the General Assembly to convene in order to consider the reasons for resignation, appoint another auditor and define its remuneration and the term and scope of its work.

Powers of the auditor:

the auditor shall have, at any time, the right to access the books, records and other documents of the Company. The auditor may also request particulars and explanations that it deems necessary to verify the assets and liabilities of the Company and other matters which fall within the scope of its work. The Board of Directors shall enable the auditor to perform their duties. If the auditor encounters difficulty in this regard, they shall document this in a report submitted to the Board. If the Board does not facilitate the work of the auditor, the auditor shall request the Board of Directors to convene an ordinary General Assembly meeting to consider the matter. The auditor may call for a General Assembly meeting if the Board of Directors fails to do so within thirty (30) days from the date of the auditor's request.

The Company's accounts and dividend distribution Financial year:

The company's financial year is twelve (12) months starting from the first of January and ending at the end of December of the same year. However, the first financial year shall start from the date of its registration in the commercial register and shall end at the end of December the current year.

Financial documents

1- At the end of each financial year of the Company, the Board of Directors shall prepare the Company's financial statements and a report on its activity and financial position for the previous financial year, including the proposed method of dividend distribution. The Board shall place these documents at the auditor's disposal at least forty-five (45) days before the General Assembly.
2- The company's chairman, CEO and CFO shall sign the documents referred to in the first paragraph 1 of this article, and copies thereof shall be deposited at the Company's head office at the disposal of the Shareholders.
3- The chairman must provide Shareholders with the Company's signed financial statements, the Board report and the auditor's report, if any, unless they are published by any modern technological means, at least twenty-one (21) days prior to the date set for the annual ordinary General Assembly meeting. The chairman shall also deposit these documents as set out in the implementing regulations of the Companies Law.

Distribution of dividends:

1- The ordinary General Assembly may – when determining the portion of the shares in the net profits – decide to form reserves to the extent that this serves the interests of the Company or guarantees the distribution of fixed profits as much as possible to Shareholders. This assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.
2- The General Assembly shall determine the percentage of the net profits to be distributed to Shareholders after deduction of the reserves, if any.
3- The Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, subject to satisfaction of the regulatory requirements and controls.

Entitlement to dividends:

the Shareholders shall be entitled to their share in the profits in accordance with the General Assembly resolution issued in this regard. The resolution shall indicate the entitlement date and the date of distribution. Shareholders registered in the Shareholder registers at the end of the entitlement day shall be entitled to dividends. The Board of Directors shall implement the resolution of the General Assembly regarding the distribution of profits to Shareholders within (15) days from the date of entitlement to such dividends as specified in the General Assembly resolution.

Company's losses:

If the losses of a joint-stock company reach an amount equal to half of its issued capital, the Board of Directors must disclose the same as well as its recommendations regarding such losses within sixty (60) days from the date of becoming aware thereof. The Board must also invite the Extraordinary General Assembly to convene within one hundred and eighty (180) days from the date of becoming aware of the same in order to consider the continuation of the Company and take any necessary actions to address such losses or to dissolve the Company.

Disputes Liability claims:

Each Shareholder has the right to file a liability claim vested in the Company against the directors if a wrongful act committed by them causes personal damage thereto. The company may file a liability claim against the directors for violating the provisions of the law or these Bylaws in accordance with article 29 of the Companies Law.

Expiration of the Company:

The Company shall be dissolved for one of the reasons for termination mentioned in Article 243 of the Companies Law. Upon dissolution, it shall enter into the liquidation in accordance with the provisions of Chapter 12 of the Companies Law. The Company shall maintain its legal entity to the extent necessary for liquidation, and the authority of the Board of Directors shall end upon its dissolution. However, they shall continue running the Company and shall be considered before third parties as the liquidator until a liquidator is appointed. The Assemblies of the Company shall remain functional during the liquidation period and their roles shall be limited to exercising those powers that do not conflict with the powers of the liquidator. If the Company is dissolved and its assets are not sufficient to pay off its debts or it defaults under the Bankruptcy Law, it shall apply to the competent judicial authority to initiate any of the liquidation procedures under the Bankruptcy Law.

Description of the Share Capital

As at the date of this Prospectus, the Company's share capital is two billion, nine hundred and ninety-two million, five hundred thousand Saudi Riyals (SAR 2,992,500,000), divided into two hundred and ninety-nine million, two hundred and fifty thousand (299,250,000) shares of equal value, with a nominal value of one Saudi Riyal (SAR 10). All shares are ordinary cash shares.

Share trading

Shares may not be issued for less than their value, but they may be issued for a higher than this value if approved by the Extraordinary General Assembly. In this latter case, the difference in value shall be added as a separate item within Shareholders' equity to be used in accordance with the regulations and controls in force. Shares are nominal and are indivisible vis-a-vis the Company. If a share is jointly owned by several persons, such persons shall select one person from amongst them to exercise the rights related to such share on their behalf. Such persons shall be jointly liable for the obligations arising from ownership of the share.

Redemption Rights and Share Buy-back

Pursuant to Article 114 of the Companies Law, a joint stock company may purchase or mortgage its shares in accordance with the guidelines imposed by the competent authority. The shares purchased by the Company shall not entitle it to votes in the Shareholders' assemblies.

Rights of Shareholders

Pursuant to Article 107 of the Companies Law, each Shareholder shall acquire all rights attached to the Company's shares, including the right to receive a portion of the declared dividends, obtain a share of the Company's assets upon liquidation, attend General Assembly meetings, participate in deliberations and vote on resolutions, dispose of their shares, request access to the Company's books and documents, monitor board actions, file a liability suit against Directors, and challenge the validity of General Assembly resolutions, in accordance with the conditions and restrictions set out in the Companies Law and the Company's Bylaws.

Every Shareholder shall have the right to discuss the matters listed in the General Assembly agenda and to ask the Directors and the Auditor questions thereon. The Board or the Auditor shall answer the Shareholders' questions to the extent that such answer does not harm the Company's interests. If a Shareholder feels that the answer to their question is unsatisfactory, they may appeal to the General Assembly, whose decision shall be final in this respect.

Rights to Dividends

Shareholders shall be entitled to their share of the profits in accordance with the General Assembly resolution issued in this regard. Such resolution shall indicate the entitlement date and the date of distribution. The entitlement of profits shall be for Shareholders registered in the Shareholder register at the end of the entitlement day. The Board must implement the General Assembly's resolution regarding the distribution of profits to Shareholders.

Rights to Asset Surplus upon Liquidation or Dissolution

Pursuant to Article 175 of the Companies Law, each share shall have equal rights in the net profits and asset surplus upon liquidation, unless otherwise provided in the Company's Bylaws.

General Assemblies

A duly convened General Assembly represents all Shareholders and is held in the city where the Company's headquarters are located. The invitation shall be published at least 21 days before the date scheduled for the Assembly meeting. In such case, invitations shall be sent to all Shareholders via registered mail at the addresses listed in the Shareholders' register, or announced via modern technological means, and a copy of the invitation and the agenda shall be sent to the MOC and the CMA on the invitation announcement date.

General Assemblies of Shareholders shall be presided over by the Chairman, or, in the event of the Chairman's absence, the Vice Chairman. Minutes shall be kept for every Assembly, stating the names of the Shareholders present or represented therein, the number of shares held by each, the number of votes attached to such shares, the resolutions adopted, the number of consenting and dissenting votes, and a comprehensive summary of the deliberations that took place in the meeting. Minutes shall be recorded on a regular basis after each meeting in a special register signed by the Chairman of the Assembly and its Secretary and Vote Collector.

Amendment of Shareholders' Rights

The rights of Shareholders to receive a portion of the dividends declared for distribution, receive a share of the Company's asset surplus upon liquidation, attend General Assembly meetings, participate in deliberations and vote on its resolutions, dispose of their shares, access the Company's books and documents, supervise the acts of the Board of Directors, bring a liability claim against Directors, and contest the validity of resolutions adopted at General Assembly meetings (in accordance with the conditions and restrictions set out in the Companies Law and the Bylaws) are granted pursuant to the Companies Law. Accordingly, they may not be changed. The Company's Bylaws must be amended in order to alter the voting mechanism and quorum of the General Assemblies. However, the Company's Bylaws may only be amended through a resolution of the Extraordinary General Assembly.

13. Underwriting

The Company and the Underwriters have entered into an Underwriting Agreement (the "**Underwriting Agreement**"), under which the Underwriters have agreed to fully underwrite the Offering of thirty-three million, two hundred and fifty thousand (33,250,000) shares, subject to certain terms and conditions contained in the Underwriting Agreement. The names and addresses of the Underwriters are set out below:

13.1 Underwriters

HSBC Saudi Arabia	
	HSBC Building 7267 Olaya Street, Al Murooj District Riyadh 2255-12283 Kingdom of Saudi Arabia Tel: +966 92 000 5920 Fax: +966 11 299 2385 Website: www.hsbcsaudi.com Email: mbcipo@hsbcsa.com
J.P. Morgan Saudi Arabia Company	
	Al Faisaliah Tower King Fahd Road P.O. Box 51907, Riyadh 11553 Kingdom of Saudi Arabia Tel: +966 11 299 3854 Fax: +966 11 299 3840 Website: www.jpmorgansaudiarabia.com Email: MBC_IPO@jpmorgan.com
SNB Capital	
	SNB Regional Building King Saud Road P.O. Box 22216 Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 92 000 0232 Fax: +966 11 406 0052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com

13.2 Summary of the Underwriting Agreement

The Underwriting Agreement contains customary terms, representations and warranties and other conditions precedent. Such conditions include (but are not limited to) regulatory approval of this Prospectus, delivery of the customary officers' certificate, absence of an actual prospective material adverse change affecting the Company or the Group, non-occurrence of customary force majeure events, the receipt by the Underwriters of customary legal opinions and auditor letters.

Pursuant to the terms and conditions of the Underwriting Agreement:

a- The Company undertakes to the Underwriters that, on the first Business Day following the completion of the allocation of the Offer Shares following the end of the Offering Period, it shall:

   1- Sell and allocate the Offer Shares to the Individual Subscribers or Participating Parties whose applications have been accepted by the Receiving Agents.

   2- Sell and allocate the Offer Shares that were not purchased by Individual Subscribers or Participating Parties to the Underwriters.

b- The Underwriters undertake to the Company that, on the allocation date, they will purchase the Offer Shares which have not been subscribed for by Individual Subscribers or Participating Parties. The Company has undertaken to the Underwriters that it is in compliance with everything contained in this Prospectus and all terms of the Underwriting Agreement.

13.3 Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares to be Underwritten
HSBC Saudi Arabia	11,083,333	33%
J.P. Morgan Saudi Arabia Company	11,083,334	33%
SNB Capital	11,083,333	33%

13.4 Underwriting Costs

The Company will pay to the Underwriters an underwriting fee based on the total value of the Offering. Moreover, the Company has agreed to pay the costs and expenses related to the Offering as set out in Section 14 ("**Expenses**").

14. Expenses

The Company will be responsible for all Offering Expenses, which are estimated at approximately SAR [●]. These expenses include fees of the Financial Advisors, Underwriters, Lead Manager, Bookrunners, Legal Advisors, Auditors, Financial Due Diligence Advisor, Market Consultant, Legal Advisor to the Underwriters and Receiving Agents, in addition to marketing, printing, distribution and other related expenses. The Offering Expenses shall be paid from the Offering proceeds. The Substantial Shareholders shall not bear any expenses related to the Offering.

15. Post-Listing Undertakings

After Listing, the Company undertakes to:

a- Fill out Form 8 related to the observance and compliance with the CGRs and provide the relevant justifications if it fails to meet any of the requirements set out in the CGRs.

b- Notify the CMA of the date of the first General Assembly after Listing to allow its representative to attend.

c- Comply with all mandatory provisions set out in the CGRs immediately after Listing.

d- Comply with the provisions of the OSCOs and the Listing Rules in relation to the Company's continuing obligations immediately after Listing.

e- Submit transactions and contracts in which any Director has a direct or indirect interest to the General Assembly for authorization (in accordance with the Companies Law, the CGRs and the Implementing Regulations of the Companies Law), provided that the interested Director refrains from participating in voting on the resolution issued in this regard by the Board of Directors and the General Assembly.

f- Submit transactions and contracts with Istedamah Holding Company to the General Assembly for authorization in accordance with the Companies Law, the CGRs and the Implementing Regulations of the Companies Law.

Accordingly, upon Admission, the Board of Directors undertakes to:

i- Record all resolutions and deliberations in the form of written meeting minutes signed by the Board Chairman and Secretary.

ii- Disclose the details of any Related Party transactions in accordance with the Companies Law and the CGRs.

The current Substantial Shareholders will work towards increasing the public's ownership in the Company to 15% within a period not exceeding 3 years after Listing and to 30% within a period not exceeding 10 years after the date of increase to 15%. Such increases shall be effected by way of a sale by the Substantial Shareholders of part of their Shares, or by the Company offering new Shares. Such contemplated increases will each be subject to the market conditions and/or the strategic objectives of the Company at the relevant time.

16. Waivers

The Company has obtained a waiver from the Exchange from the requirements of Article 7(b)(2) of the Listing Rules, which requires that the ownership of the Public does not fall below (30%) of the Shares at the time of Listing, as the ownership of the Public in the Company's shares will be 10% of its share capital at Listing. It should be noted that the current Substantial Shareholders will work towards increasing the public's ownership in the Company to 15% within a period not exceeding 3 years after Listing and to 30% within a period not exceeding 10 years after the date of increase to 15%. Such increases shall be effected by way of a sale by the Substantial Shareholders of part of their Shares, or by the Company offering new Shares. Such contemplated increases will each be subject to the market conditions and/or the strategic objectives of the Company at the relevant time.


mbc
GROUP

17. Share Information and Subscription Terms and Conditions

The Company has submitted an application to the CMA for the registration and offer of the Shares in accordance with the OSCOs, and an application to list the shares on the Exchange in accordance with the Listing Rules.

All subscribers must read the terms and conditions carefully before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to the Bookrunners or the Receiving Agent, as applicable, is deemed as acceptance of the subscription terms and instructions.

17.1 Subscription for the Offer Shares

The Offering will consist of thirty-three million, two hundred and fifty thousand (33,250,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The Offer Shares represent 10% of the Company's share capital after the Offering and are offered at a price of [●] Saudi Riyals (SAR ●) per share with a total value of [●] Saudi Riyals (SAR●). The Offering is restricted to the following two tranches:

Tranche (A): Participating Parties: This tranche comprises a number of institutions and companies, including investment funds, QFIs and GCC investors with legal personality. Participating Parties will initially be allocated thirty-three million, two hundred and fifty thousand (33,250,000) ordinary shares, representing 100% of the Offer Shares. The final allocation will be made after the end of the Subscription Period for Individual Subscribers. In the event that there is sufficient demand from Individual Subscribers, the Bookrunners shall have the right to reduce the number of Offer Shares allocated to Participating Parties to twenty-nine million, nine hundred and twenty-five thousand (29,925,000) shares, representing 90% of the Offer Shares.

Tranche (B): Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with one of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. A maximum of three million, three hundred and twenty-five thousand (3,325,000) Offer Shares, representing ten percent (10%) of the Offer Shares, shall be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Offer Shares allocated thereto, the Bookrunners may reduce the number of shares allocated to them in proportion to the number of shares to which they subscribed.

17.2 Book Building for Participating Parties

a- The Financial Advisors will determine the price range for the purposes of book building, which will be made available to all Participating Parties.

b- Each Participating Party must submit requests to participate in the book building process by filling out Application Forms. Participating Parties may change or cancel their Application Forms at any time during the book building process, provided that such change is made by submitting an amended or additional Application Form, where applicable, during the Book Building Period and before the determination of the Offer Price prior to the commencement of the Offering Period. The number of Offer Shares subscribed for by each Participating Party must not be less than fifty thousand (50,000) shares nor more than sixteen million and six hundred and twenty four thousand and nine hundred and ninety nine (16,624,999) shares. Public investment funds must not exceed the maximum amount specified for each participating fund determined in accordance with the Book Building Instructions. The number of requested Offer Shares must be subject to allocation. The Bookrunners will notify the Participating Parties of the Offer Price and the number of Offer Shares initially allocated thereto. It is possible that shares will not be allocated to some Participating Parties as deemed appropriate by the Company and the Bookrunners. Subscriptions by Participating Parties must commence during the Offering Period, which also includes Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms.

c- Following completion of the book building process for Participating Parties, the Bookrunners shall announce the percentage of coverage by Participating Parties.

d- The Bookrunners and the Company will determine the Offer Price based on the forces of supply and demand, provided that it does not exceed the price set out in the Underwriting Agreement and the Offer Price is in accordance with the tick size applied by Saudi Exchange (Tadawul).

17.3 Subscription by Individual Subscribers

Each Individual Subscriber must subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) ordinary shares. No change or withdrawal of the Subscription Application shall be permitted after submission thereof.

Subscription Application Forms will be available during the Offering Period on the websites of the Receiving Agents which provide such services. Subscription Application Forms must be completed in accordance with the instructions mentioned below. Individual Subscribers can also subscribe through the Internet, telephone banking or ATMs of any of the Receiving Agents' branches that offer any or all such services to their customers, provided that the following requirements are satisfied:

a- The Individual Subscriber must have a bank account at a Receiving Agent which offers such services.

b- No changes have been made to the personal information or data of the Individual Subscriber since their subscription in a recent offering.

A signed Subscription Application Form represents a legally binding agreement between the Company and the relevant Individual Subscriber submitting the application to the Receiving Agents.

Individual Subscribers may obtain a copy of this Prospectus and the Subscription Application Form from the websites of the following Receiving Agents (the Prospectus is also available on the websites of the CMA, the Financial Advisors and the Company):

anb	**Arab National Bank** King Faisal Road - Al Murabba District - Unit No. 1 P.O. Box 56921, Riyadh 11564 Kingdom of Saudi Arabia Tel: +966 11 402 9000 Fax: +966 11 403 9044 Website: www.anb.com.sa Email: info@anb.com.sa
بنك الرياض Riyad Bank	**Riyad Bank** Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 11 401 3030 Fax: +966 11 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com

	Banque Saudi Fransi King Saud Road P.O. Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 92 000 0579 Fax: +966 11 402 7261 Website: www.alfransi.com Email: Fransiplusadmin@alfransi.com.sa
	Saudi National Bank King Fahd Road - Al-Aqiq District - King Abdullah Financial District P.O. Box 3208, Unit No.: 778 Kingdom of Saudi Arabia Tel: +966 92 000 1000 Fax: +966 11 406 0052 Website: www.alahli.com Email: contactus@alahli.com

17.4 Offering Period and Conditions for Individual Subscribers

The Receiving Agents will commence receiving Subscription Application Forms from Thursday 01/06/1445H (corresponding to 14/12/2023G) to 5:00pm on Monday 05/06/1445H (corresponding to 18/12/2023G). Once the Subscription Application Form is signed and submitted, the Receiving Agent will stamp it and provide the applicant with a copy thereof. In the event the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. Each Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount shall be the number of Offer Shares applied for multiplied by the Offer Price of [●] Saudi Riyals (SAR ●) per share.

Subscriptions for less than 10 shares or fractional shares will not be accepted. Increments are to be made in multiples of this figure. The maximum number of shares to be applied for by each Individual Subscriber is 250,000 Offer Shares.

Subscription Application Forms shall be submitted during the Offering Period and accompanied, where applicable, with the following documents. The Receiving Agents shall verify all copies against the originals and will return the originals to the Subscriber:

- Original and copy of the national civil identification card (Individual Subscribers).
- Original and copy of the family identification card (when subscribing on behalf of family members).
- Original and copy of a power of attorney (when subscribing on behalf of others).
- Original and copy of a certificate of guardianship (when subscribing on behalf of orphans).
- Original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).
- Original and copy of the death certificate (when subscribing for the children of a widowed Saudi woman).
- Original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

Powers of attorney are only allowed for family members (parents and children only). In the event an application is made on behalf of a Subscriber (parents and children only), the name of the person signing on behalf of the Subscriber should be stated in the Subscription Application Form. The power of attorney must be issued by a notary public for those who are in the KSA and must be legalized through a Saudi embassy or consulate in the relevant country for a Saudi Individual Subscriber residing outside Saudi Arabia.

It is sufficient to fill out one Subscription Application Form for the primary Individual Subscriber applying for himself/herself and family members appearing on his/her family identification card if the family members are applying for the same number of Offer Shares as the primary Individual Subscriber. In this case:

1- All Offer Shares allocated to the primary Individual Subscriber and dependent Subscribers will be registered in the name of the primary Individual Subscriber;
2- The primary Individual Subscriber will receive any refund of amounts not allocated and paid by themselves or dependent Subscribers; and
3- The primary Individual Subscriber will receive all dividends distributed for the Offer Shares allocated to themselves and dependent Subscribers (in the event the Shares are not sold or transferred).

A separate subscription application must be used if:

1- The Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Subscriber.
2- Dependent Subscribers intend to apply for a different number of Offer Shares than the primary Individual Subscriber.
3- The wife intends to subscribe in her name, adding allocated Offer Shares to her account. In such case she must complete a separate Subscription Application Form from the one completed by the relevant primary Individual Subscriber. In the latter case, applications made by husbands on behalf of their spouses will be canceled, and the wives' independent application will be processed by the Receiving Bank.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children provided she submits proof of motherhood.

During the Offering Period, only a valid residence permit (Iqama) will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mother is eighteen (18) years. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in their Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of [●] Saudi Riyals (SAR [●]) per share. Each Subscriber shall be deemed to have acquired the number of shares allocated to them upon:

1- Delivery by the Subscriber of the Subscription Application Form to any Receiving Agent.
2- Payment in full to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by depositing the related value into the Subscriber's account held with the Receiving Agent where the Subscription Application Form is submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Subscription, the Company shall have the right to reject such application, in full or in part. The applicant shall accept any number of shares allocated thereto, unless the allocated shares exceed the number of Offer Shares applied for by the applicant.

17.5 Allocation of Shares and Refund of Excess Subscription Monies

The Lead Manager shall open an escrow account for the purpose of depositing and holding the subscription funds collected from the Participating Parties and the Receiving Agents (on behalf of Individual Subscribers). Each of the Receiving Agents shall deposit all amounts received from the Subscribers in the aforementioned escrow account, the details of which will be set out in the Subscription Application Forms.

The announcement of final allocation shall be made on Thursday 08/06/1445H (corresponding to 21/12/2023G) and the refund of excess subscription monies, if any, will be made no later than on Wednesday 14/06/1445H (corresponding to 27/12/2023G).

17.6 Allocation of Offer Shares to Participating Parties

The initial allocation of the Offer Shares will be made as the Financial Advisors deem appropriate, in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors. The final allocation of the Offer Shares to Participating Parties shall, upon completion of the allocation of the Offer Shares to Individual Subscribers, be determined by the Financial Advisors, in coordination with the Company. The number of Offer Shares initially allocated to the Participating Parties shall be thirty-three million, two hundred and fifty thousand (33,250,000) shares, representing 100% of the Offer Shares. If there is sufficient demand by Individual Subscribers, the Financial Advisors shall have the right to reduce the Offer Shares allocated to Participating Parties to twenty-nine million, nine hundred and twenty-five thousand (29,925,000) Offer Shares, representing 90% of the total number of the Offer Shares after the completion of the subscription process for Individual Subscribers.

17.7 Allocation of Offer Shares to Individual Subscribers

The minimum number of shares to be allocated to each Individual Subscriber shall be ten (10) ordinary shares and the remaining Offer Shares, if any, will be allocated to Individual Subscribers on a pro-rata basis based on the ratio of the number of shares requested by each Individual Subscriber to the total number of shares applied for. The Lead Manager may decrease the number of shares allocated to Participating Parties to 90% of the Offer Shares. In the event that the number of Individual Subscribers exceeds three hundred and thirty two thousand and five hundred (332,500) Subscribers, the Company will not guarantee the minimum allocation of ten (10) shares per Individual Subscriber. In this case, the allocation will be determined at the discretion of the Lead Manager, in coordination with the Company.

The announcement of the final number of Offer Shares to be allocated to each Subscriber is expected to be made on Thursday 08/06/1445H (corresponding to 21/12/2023G), and the announcement of excess subscription monies, if any, will be made no later than on Wednesday 14/06/1445H (corresponding to 27/12/2023G).

The Receiving Agents will notify Subscribers of the final number of Offer Shares to be allocated to each one of them, together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts with the relevant Receiving Agent. The announcement of the final allocation will be made on Thursday 08/06/1445H (corresponding to 21/12/2023G) and the refund of excess subscription monies will be made no later than on Wednesday 14/06/1445H (corresponding to 27/12/2023G). Subscribers should communicate with the branch of the Receiving Agents where they submitted their Subscription Application Form, as applicable, for any further information.

Circumstances where the Listing may be Suspended or Canceled:

17.8 Listing Suspension or Cancellation

a- **The CMA may suspend trading of listed securities or cancel their listing at any time it deems fit, in any of the following circumstances:**

   1- The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.

   2- If the Issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Exchange Rules.

   3- If the Issuer fails to pay any fees due to the CMA or the Exchange or any penalties due to the CMA on time.

   4- If the CMA deems that the Issuer, its business, the level of its operations or its assets are no longer suitable to warrant the continued listing of its securities on the Exchange.

   5- When a reverse takeover announcement does not contain sufficient information regarding the proposed transaction. In the event that the Issuer has provided sufficient information regarding the target and the CMA is convinced, after the announcement of the Issuer, that sufficient public information will be available on the proposed reverse takeover, the CMA may decide not to suspend trading at this stage.

6- When information about the proposed reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.

7- When an initiation application for the Company's financial reorganization is registered with the court if its accumulated losses are 50% or more of its capital in accordance with the Bankruptcy Law.

8- When an application to commence a liquidation proceeding or administrative liquidation of the Company is registered with the court in accordance with the Bankruptcy Law.

9- When a court issues a final ruling to terminate a financial reorganization proceeding and commence a liquidation proceeding or administrative liquidation of the Company in accordance with the Bankruptcy Law.

10- When a court issues a final ruling to commence a liquidation proceeding or administrative liquidation of the Company before the court in accordance with the Bankruptcy Law.

b- **A suspension of trading imposed under Paragraph (a) above may be lifted based on the following:**

1- Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension to protect investors.

2- The lifting of suspension being unlikely to affect the normal activity of the Exchange.

3- The Issuer's compliance with any other conditions that the CMA may require.

4- Upon issuance of a final judgment initiating financial reorganization of the Company under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with Paragraph (a)(7) above.

5- Upon issuance of a final court judgment dismissing the initiation of a liquidation proceeding or an administrative liquidation proceeding in accordance with the Bankruptcy Law, unless it is suspended from its activities by the relevant competent authority, if the suspension is made in accordance with Paragraph (a) (8) above.

c- **The Saudi Exchange Company shall suspend the trading of securities of the Issuer in any of the following cases:**

1- When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the OSCOs, until the disclosure thereof.

2- When the Auditor's report on the financial statements of the Issuer contains an opposing opinion or an abstention from expressing an opinion, until the opposing opinion or abstention is removed.

3- If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after Listing within the time limit set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.

4- If the Issuer's Extraordinary General Assembly issues a resolution to reduce its capital, for the two trading days following the issue date of the resolution.

d- **The Exchange shall lift the suspension referred to in Paragraph (c) (1) and (2) above after the lapse of one trading session following resolution of the matter that gave rise to the suspension. In the event that the over-the-counter trade of the Issuer's shares is allowed, the Exchange shall lift the suspension within a period of no more than five trading sessions after the end of the suspension circumstances.**

e- **The Exchange may, at any time, propose that the CMA suspend the trading of any listed security or cancel its listing where, in its opinion, any of the circumstances of Paragraph (a) above is likely to occur.**

f- **An Issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its implementing regulations and the Exchange Rules.**

g- **In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Issuer to correct such suspension, the CMA may cancel the Issuer's listing.**

h- **Upon the Issuer's completion of a reverse acquisition, the listing of the Issuer's shares shall be canceled. If the Issuer wishes to re-list its securities, it must submit a new application for listing in accordance with the Listing Rules and the requirements of the OSCOs.**

i- **The above paragraphs shall not prejudice the suspension of trading and cancellation of listing resulting from the Company's losses pursuant to the relevant Implementing Regulations and Market Rules.**

17.9 Voluntary Cancellation of Listing

a- **An Issuer whose securities have been listed on the Exchange may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the Issuer must submit the cancellation application to the CMA, along with a simultaneous notice to the Exchange. The application shall include the following information:**

1- The specific reasons for the cancellation request.

2- A copy of the disclosure described below.

3- A copy of the relevant documentation and a copy of each related document sent to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action taken by the Issuer.

4- Names and contact information of the financial advisors and legal advisor appointed according to the OSCOs.

b- **The CMA may, at its discretion, approve or reject the cancellation request.**

c- **The Issuer must obtain the approval of the Extraordinary General Assembly for the cancellation of the listing after obtaining the CMA's approval.**

d- **Where cancellation is made at the Issuer's request, the Issuer must disclose such to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation and how it affects the Issuer's activities.**

17.10 Temporary Trading Suspension

a- An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event during trading hours which requires immediate disclosure under the Exchange Rules or its Implementing Regulations, where the Issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend trading of the securities of that Issuer as soon as it receives the request.

b- When trading is temporarily suspended at the Issuer's request, the Issuer must disclose to the public, as soon as possible, the reason for the suspension, its anticipated period and the nature of the event resulting in the suspension and how it affects the Issuer's activities.

c- The CMA may impose a temporary trading suspension without a request from the Issuer when the CMA has information or there are circumstances that affect the Issuer's activities which the CMA deems likely to interrupt the operation of the Exchange or jeopardize the protection of investors. An issuer whose securities are subject to a temporary trading suspension must continue to comply with the Law, its Implementing Regulations and the Exchange Rules.

d- The Exchange may propose that the CMA exercise its authority under Paragraph (c) above if it finds that there is information or circumstances that may affect the issuer's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.

e- The temporary trading suspension will be lifted following the elapse of the period referred to in Paragraph (b) above, unless the CMA or the Exchange decide otherwise.

17.11 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs, provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be delegated by any of the parties referred to in this Prospectus without the prior written consent of the other party.

These instructions, conditions and the receipt of any Subscription Application Forms or related contracts are governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

The Substantial Shareholders shall be subject to a Lock-up Period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. During such period, the Substantial Shareholders may not dispose of any of their shares. Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their shares.

Although the CMA has approved this Prospectus, it may suspend the Offering if the Company, at any time after the approval of this Offering by the CMA and before registration and admission to listing of the shares on the Exchange, it becomes aware of: (1) a significant change in material matters contained in the Prospectus; and (2) any significant matters which should have been included in the Prospectus.

In these cases, it is incumbent on the Company to submit to the CMA a supplementary prospectus in accordance with the requirements of the OSCOs and the Listing Rules. The supplementary prospectus must be published, and an announcement made regarding the applicable subscription dates.

This Prospectus was issued in Arabic.

17.12 Resolutions and Approvals on the Offering of the Offer Shares

The following resolutions and approvals pursuant to which the Company's Offer Shares are being offered:

- The Board of Directors' Resolution dated 09/04/1445H (corresponding to 24/10/2023G).
- The Resolution of the Extraordinary General Assembly issued on 28/04/1445H (corresponding to 12/11/2023G).
- The CMA's approval of the public offering of the Offer Shares dated 07/05/1445H (corresponding to 21/11/2023G).
- The conditional approval issued by the Saudi Exchange to list the shares on 06/05/1445H (corresponding to 20/11/2023G).

The Substantial Shareholders shall be subject to the Lock-up Period defined in the "**Offering Summary**" section of this Prospectus, during which they may not dispose of any of their shares. Following the end of the Lock-up Period, the Substantial Shareholders may dispose of their shares.

The distribution of this Prospectus and the sale of Offer Shares in any country other than the KSA are expressly prohibited. The Company, the Current Shareholders, the Financial Advisors and the Lead Manager request that recipients of this Prospectus inform themselves of any regulatory restrictions on the Offer Shares and observe all such restrictions.

17.13 Subscription Declarations and Undertakings

By completing the Subscription Application Form, each Subscriber:

- agrees to subscribe for the Company's shares in the number of such shares as specified in the Subscription Application Form;
- declares that they have carefully read and reviewed the Prospectus and understood all of its contents;
- accepts the Company's Bylaws and all Offering instructions and terms mentioned in the Prospectus;
- declares that neither themselves nor any of their family members included in the Subscription Application Form have previously subscribed for shares and the Company has the right to reject all duplicate applications;
- accepts the number of shares allocated thereto (to the maximum of the amount subscribed for) according to the Subscription Application Form and all other subscription instructions and terms mentioned in the Subscription Application Form and the Prospectus;
- undertakes not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Receiving Agent; and
- undertakes to maintain their right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or by omitting material information that should have been part of the Prospectus and could affect their decision to purchase the shares.

17.14 Overview of the Market and Trading Process

In 1990G, full electronic trading of shares in the KSA was introduced. The Tadawul system was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs through a fully integrated trading system covering the entire trading process, from the execution of the trade transaction through settlement thereof via the Depository and Settlement System (DSS) which is managed by Edaa. Trading occurs each Business Day between 10:00 am and 3:00 pm (Sunday through Thursday of each week), during which orders are executed. However, orders can be entered, amended or canceled from 9:30 am to 10:00 am. Trading times change during the month of Ramadan as announced by the Exchange.

Transactions take place through the automatic matching of orders. Each order is accepted and its priority determined according to the price. In general, market orders (orders placed at best price) are executed first, followed by limit orders. If several orders are generated at the same price, they are executed according to the time of entry. The Tadawul System distributes a comprehensive range of information through various channels, including in particular the Tadawul website on the internet and Tadawul Information Link, which supplies trading data in real time to information providers such as Reuters and Bloomberg.

Transactions are settled on a T+2 basis, i.e., the transfer of shares takes place two business days after the transaction is completed. Issuers are required to disclose all material information and decisions that are important for investors via the Tadawul System. Tadawul is responsible for the surveillance and monitoring of the market participants in terms of their compliance with the Exchange Rules to ensure fair trading and an orderly market.

17.15 Trading of the Company's Shares

It is expected that trading of the Company's shares will commence after the final allocation of the shares and the announcement of the commencement date of trading by the Saudi Exchange. Dates and times included in this Prospectus are only indicative and may be changed or extended subject to the approval of the CMA.

Furthermore, the Offer Shares can only be traded after the allocated Offer Shares have been credited to Subscribers' accounts with Edaa, the Company has been registered and its shares listed on the Exchange. Pre-trading in shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in connection with pre-trading activities.

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office located at 3237, Abu Qasim Al-Majriti, Diplomatic Quarter, 6501, Riyadh 12511, Kingdom of Saudi Arabia, between 9:00 am and 5:00 pm from Tuesday 07/05/1445H (corresponding to 21/11/2023G) until 05/06/1445H (corresponding to 18/12/2023G) for a period of no less than 20 days:

- A copy of the CMA's approval of the Offering.
- The Company's Board resolution dated 09/04/1445H (corresponding to 24/10/2023G), approving the registration and public offering of the Company's shares.
- The Extraordinary General Assembly resolution dated 28/04/1445H (corresponding to 12/11/2023G) approving the capital increase and the registration and public offering of the Company's shares.
- The Company's Bylaws, together with the amendments thereto and other constitutional documents, as well as all amendments thereto.
- The Company's commercial registration certificate.
- A document explaining the evaluation mechanism used in determining the price range for the book building process and summarizing forecasts and forward-looking statements in relation to the expected financial performance of the Company in the future.
- The contracts and agreements disclosed in Section 5.9.2 ("**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**") of this Prospectus.
- The Company's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023G.
- The Underwriting Agreement.
- Other reports, letters, documents and value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus.
- Written consent from the Financial Advisors, Lead Manager, Bookrunners, Financial Due Diligence Advisor, Legal Advisors, Underwriters, legal advisors to the Underwriters, Auditor, and Market Consultant to include their names, logos and statements or reports (as applicable) in the Prospectus.
- The market study prepared by the Market Advisor

19. Financial Statements and Auditor's Report

This section contains the Group's audited consolidated financial statements as at and for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes thereto, which have been prepared in accordance with IFRS-KSA, as well as the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023G and the accompanying notes thereto, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the KSA. The consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G were audited by the Group's Auditor as stated in their report included herein and the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023G were reviewed by the Group's Auditor as stated in their review report included herein.

MBC Group and its Subsidiaries (A closed joint stock company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2022, 2021, and 2020

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MBC GROUP
(A CLOSED JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of MBC Group (A Closed Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 2021 and 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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 this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation

We draw attention to Note 2.1 to the accompanying consolidated financial statements which describes the basis of accounting and that the accompanying consolidated financial statements for the years ended 31 December 2022 , 2021 and 2020 have been prepared for inclusion in the Company's initial public offering application to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia and should not be used for any other purpose. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MBC GROUP
(A CLOSED JOINT STOCK COMPANY) (CONTINUED)

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors 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.

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:

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MBC GROUP
(A CLOSED JOINT STOCK COMPANY) (CONTINUED)

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

- 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 the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MBC GROUP
(A CLOSED JOINT STOCK COMPANY) (CONTINUED)

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

We communicate with the Board of Directors 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.

for Ernst & Young Professional Services

Abdulaziz S. Alarifi
Certified Public Accountant
License No. (572)

Riyadh: 11 Rabi Al-Thani 1445H
(26 October 2023)

MBC Group and its Subsidiaries (A closed joint stock company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

	Notes	***2022 SAR'000***	***2021 SAR'000***	***2020 SAR'000***
Revenue from contracts with customers	4	2,353,711	2,048,947	1,786,361
Other operating revenues	5	1,135,023	796,526	531,220
Direct costs	6	(2,847,598)	(2,128,015)	(1,862,005)
GROSS PROFIT		641,136	717,458	455,576
General and administrative expenses	7	(815,196)	(693,180)	(580,995)
OPERATING (LOSS) / PROFIT		(174,060)	24,278	(125,419)
Other income	8	203,159	398,539	41,648
Finance (costs)/income - net	9	2,359	(45)	3,420
Share of results in associates and joint ventures	14a	14,187	(4,008)	(13,823)
Loss on disposal of an investment in a joint venture	14.1	-	-	(1,501)
Unrealised gain on investment in financial asset through profit or loss (FVTPL)	14.2d	10,771	-	-
(Loss) / gain on derivative financial instruments	25	(1,326)	341,625	-
PROFIT / (LOSS) BEFORE TAX		55,090	760,389	(95,675)
Income tax and zakat	10	(7,224)	(12,824)	(119)
PROFIT / (LOSS) FOR THE YEAR		47,866	747,565	(95,794)
Attributable to:				
Equity holders of the parent		34,974	737,149	(95,418)
Non-controlling interests		12,892	10,416	(376)
		47,866	747,565	(95,794)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translating foreign operations, net		(4,536)	(84)	(1,047)
Share of other comprehensive income of associates, net	14.a1	780	83	1,045
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods (net of tax):				
Remeasurement gain on defined benefits plans	22	35,452	6,714	(26,057)
Other comprehensive income for the year		31,696	6,713	(26,059)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		79,562	754,278	(121,853)
Attributable to:				
Equity holders of the parent		67,864	743,985	(121,393)
Non-controlling interests		11,698	10,293	(460)
		79,562	754,278	(121,853)

The attached notes 1 to 30 form part of these consolidated financial statements.

MBC Group and its Subsidiaries (Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2022 SAR'000	2021 SAR'000	2020 SAR'000
ASSETS				
Non-current assets				
Property and equipment	11	105,482	107,052	107,662
Intangible assets	12	40,668	23,741	13,324
Right-of-use assets	13	36,285	43,806	48,475
Investments in associates and joint ventures	14	979,693	95,637	92,062
Investment in financial asset through profit or loss	14.2(d)	18,689	-	-
Employees' end of service benefits plan assets	22	102,518	114,263	113,933
Non-current advance	24	-	-	29,471
Deferred tax assets	10	189	-	-
Other non-current assets		20	21	23
		1,283,544	384,520	404,950
Current assets				
Inventories	15	2,567,955	1,853,655	914,364
Trade receivables, prepayments and other assets	16	1,497,827	1,538,723	1,177,002
Due from related parties	17	307,564	421,905	577,916
Bank balances and cash	18	689,404	676,370	390,354
Derivative financial instruments	25	2,799	341,625	-
		5,065,549	4,832,278	3,059,636
TOTAL ASSETS		6,349,093	5,216,798	3,464,586
EQUITY AND LIABILITIES				
Equity				
Combined capital	19	10,064	5,064	5,064
Legal reserve		78	21	-
Discretionary reserve		511	511	511
Foreign currency translation reserve		(9,066)	(6,972)	(6,961)
Other reserve	20	38,386	38,386	38,386
Retained earnings		2,912,330	2,856,094	2,112,111
Equity attributable to equity holders of the parent		2,952,303	2,893,104	2,149,111
Non-controlling interests	21	8,306	(17,057)	(27,362)
Total equity		2,960,609	2,876,047	2,121,749
Non-current liabilities				
Lease liabilities	13	39,655	39,049	44,568
Employees' end of service benefits	22	149,371	167,904	169,149
Loan from a related party	17e	64,167	64,167	64,167
Deferred tax liability	10	22	-	-
		253,215	271,120	277,884
Current liabilities				
Lease liabilities	13	9,445	19,114	13,032
Trade and other payables	23	2,574,520	1,992,700	939,762
Due to related parties	17	54,054	51,081	82,688
Loan from a shareholder	14.2(c)	497,250	-	-
Borrowing	24	-	6,736	29,471
		3,135,269	2,069,631	1,064,953
Total liabilities		3,388,484	2,340,751	1,342,837
TOTAL EQUITY AND LIABILITIES		6,349,093	5,216,798	3,464,586

Chairman CEO CFO

The attached notes 1 to 30 form part of these consolidated financial statements.

6

MBC Group and its Subsidiaries (A closed joint stock company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December 2022, 2021 and 2020

	Notes	2022 SAR'000	2021 SAR'000	2020 SAR'000
OPERATING ACTIVITIES				
Profit / (Loss) before tax		55,090	760,389	(95,675)
Adjustments for:				
Depreciation on property and equipment	6,7	47,599	54,127	55,309
Depreciation on right-of-use assets	6,7	18,802	21,825	19,134
Allowance for/(reversal of) expected credit loss, net	7	13,465	(26,275)	12,793
Amortisation of intangible assets	7	8,121	3,138	558
Write-off of intangible assets	7	-	9,407	-
Share of results of associates and joint ventures, net	14	(14,187)	4,008	13,823
Loss on disposal of an investment in joint ventures	14	-	-	1,501
Unrealised gain on investment in financial asset through profit or loss (FVTPL)	14	(10,771)	-	-
Unrealised loss/(gain) on derivative financial instruments	25	1,326	(341,625)	-
Provision for employees' end of service benefits	22	24,064	23,389	17,274
Loss on exercise of call option	14	5,250	-	-
Finance income/ (costs), net	9	(2,359)	45	3,420
Loss on disposal of property and equipment	7	37	-	-
		146,437	508,428	28,137
Working capital changes:				
Inventories		(714,300)	(939,291)	(346,805)
Trade receivables, prepayments and other assets		29,435	(333,729)	360,906
Due from related parties		141,697	155,961	(111,952)
Trade and other payables		587,349	1,040,182	374,269
Due to related parties		2,972	(31,587)	47,022
		193,590	399,964	351,577
Employees' end of service benefits paid	22	(20,968)	(18,200)	(6,795)
Interest (paid) / received		4,965	6,721	77
Income tax paid	10	(12,750)	(69)	(119)
Net cash flows from operating activities		164,837	388,416	344,740
INVESTING ACTIVITIES				
Purchase of property and equipment	11	(46,410)	(53,922)	(40,437)
Proceeds from disposal of property and equipment		32	172	69
Other non-current assets		1	2	(2)
Purchase of intangible assets	12	(25,048)	(22,962)	(11,817)
Investments in joint ventures and associates	14	(554,346)	(7,500)	(46,081)
Net movement in non-current advances		-	-	(29,471)
Net cash flows used in investing activities		(625,771)	(84,210)	(127,739)
FINANCING ACTIVITIES				
Repayment of principal lease liability	13	(22,797)	(19,762)	(20,723)
Proceeds from borrowing		93,750	6,736	29,471
Repayment of borrowings		(100,486)	-	-
Loan from a shareholder	17	497,250	-	-
Deferred tax	10	22	-	-
Withdrawal from MBC Trust	22	12,403	-	-
Net cash flows generated from/ (used in) financing activities		480,142	(13,026)	8,748
NET INCREASE IN BANK BALANCES AND CASH		19,208	291,180	225,749
Net foreign exchange difference		(4,279)	(4,056)	(1,394)
Bank balances and cash at the beginning of the year		678,087	390,963	166,608
BANK BALANCES AND CASH AT THE END OF THE YEAR	18	693,016	678,087	390,963

The attached notes 1 to 30 form part of these consolidated financial statements.

MBC Group and its Subsidiaries (A closed joint stock company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2022, 2021 and 2020

	Attributable to equity holders of the Parent								
	Combined capital* SAR'000	***Legal reserve** SAR'000***	***Discretionary reserve SAR'000***	***Foreign currency translation reserve SAR'000***	***Other reserve SAR'000***	***Retained earnings SAR'000***	***Total SAR'000***	***Non-controlling interests (NCI) SAR'000***	***Total Equity SAR'000***
Balance at 1 January 2020	5,064	-	511	(6,959)	38,386	2,233,502	2,270,504	(26,902)	2,243,602
Loss for the year	-	-	-	-	-	(95,418)	(95,418)	(376)	(95,794)
Other comprehensive income	-	-	-	(2)	-	(25,973)	(25,975)	(84)	(26,059)
Total comprehensive loss for the year	-	-	-	(2)	-	(121,391)	(121,393)	(460)	(121,853)
Balance at 1 January 2021	5,064	-	511	(6,961)	38,386	2,112,111	2,149,111	(27,362)	2,121,749
Additions- Non controlling interest portion in initial capital of MBC Media Solutions FZ LLC***	-	-	-	-	-	-	-	20	20
Profit for the year	-	-	-	-	-	737,149	737,149	10,416	747,565
Other comprehensive income	-	-	-	(11)	-	6,847	6,836	(123)	6,713
Total comprehensive income for the year	-	-	-	(11)	-	743,996	743,985	10,293	754,278
Transfer to legal reserve	-	21	-	-	-	(13)	8	(8)	-
Balance at 31 December 2021	5,064	21	511	(6,972)	38,386	2,856,094	2,893,104	(17,057)	2,876,047
Additions****	5,000	-	-	-	-	-	5,000	-	5,000
Profit for the year	-	-	-	-	-	34,974	34,974	12,892	47,866
Other comprehensive income	-	-	-	(2,094)	-	34,984	32,890	(1,194)	31,696
Total comprehensive income for the year	-	-	-	(2,094)	-	69,958	67,864	11,698	79,562
Transfer to legal reserve	-	57	-	-	-	(34)	23	(23)	-
Acquisition of non-controlling interest (Note 21) *****	-	-	-	-	-	(13,688)	(13,688)	13,688	-
Balance at 31 December 2022	**10,064**	**78**	**511**	**(9,066)**	**38,386**	**2,912,330**	**2,952,303**	**8,306**	**2,960,609**

*Combined capital as at 31 December 2022, 2021 and 2020 represents the total share capital of the subsidiaries of the Group. The share capital of Company of SAR 500,000 is not presented herein as the Company was incorporated only in 20 April 2023 (Note 19)

**This represents legal reserve comprising of 10% (capped at 30% of share capital) and 5% (capped at 50% of share capital) of profits generated in MMS KSA and MMS Egypt, respectively, during the year.

*** This represents the non-controlling interest portion of the initial capital of MBC Media Solutions FZ-LLC, a newly formed subsidiary of MBC Media Services BVI.

**** This represents share capital of MBC Events Limited which was incorporated in 2022.

***** This represents the balance of the non-controlling interest in Platinum Records FZ LLC acquired by the Group during the year (Note 21).

The attached notes 1 to 30 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

MBC Group (the "Company") is a newly formed Company under Saudi laws that was incorporated as a Saudi closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration number 1010876295 dated 29 Ramadan 1444H (corresponding to 20 April 2023). The shareholding of the Company is described in Note 19. The accompanying financial statements consolidate the financial statements of the Company and its subsidiaries (hereafter collectively referred to as the "Group"). The principal activity of the Group is to provide broadcasting services, to operate free-to-air Pan-Arab entertainment channels and over-the-top (OTT) platform, and to produce content.

These are the first set of the consolidated financial statements of the Group following the reorganisation of the Group (the "reorganisation") for inclusion in the Company's initial public offering application to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia.

On 20 April 2023, pursuant to the reorganisation, the shareholders established the Company as a new holding company with a share capital of SAR 500,000 at SAR 10 per share. The Company became the new holding company of the Group through transfer of shares of the certain entities, as listed below.

The shares were transferred from the MBC Group Holdings Limited, the previous holding company, to the new holding company for nil consideration. The reorganisation was completed on 22 June 2023 during which all the legal ownership of the aforementioned entities were transferred to the new holding company.

This reorganisation did not result in any change of economic substance and it is not considered as a business combination as defined by IFRS 3 Business Combination. Accordingly, these consolidated financial statements of the Group are prepared on the basis that the reorganisation is in substance a combination of the existing Group entities as if the Company had always owned the existing Group entities.

As a result of the aforesaid transfer of shares, on 20 September 2023 the General Assembly of the company approved to increase the share capital by SAR 2,992,000 thousand at a par value of SAR 10 per share (as a result the total share capital post increase will be SAR 2,992,500 thousand). The capital increase was completed on 5 October 2023.

The consolidated financial statements of the Group include activities of the following entities:

Name of entity	*Principal activities*	*Legal and beneficial ownership interest*		
		2022	*2021*	*2020*
MBC FZ LLC and its subsidiaries ("MBC FZ LLC")	The principal activity of MBC FZ LLC and its subsidiaries is to provide broadcasting services and to operate free-to-air Pan-Arab entertainment channels. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	100%	100%	100%
MBC Studios FZ LLC ("MBC Studios")	The main activities of MBC Studios (formerly known as O3 Productions FZ LLC) are production and post-production of television programmes. It also acquires television content for resale purposes. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	100%	100%	100%
MBC IP FZ LLC ("MBC IP")	The main activity of MBC IP is to provide broadcast support services. Its registered office address is MBC Building, Dubai Media City, Dubai, United Arab Emirates.	100%	100%	100%

MBC Group and its Subsidiaries (A closed joint stock company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December 2022, 2021 and 2020

1 CORPORATE INFORMATION (continued)

Name of entity	*Principal activities*	*Legal and beneficial ownership interest* 2022	2021	2020
MBC Studios Projects FZ LLC ("MBC Studios Projects")	The principal activity of MBC Studios Projects (formerly known as Eventique FZ LLC) is event management services and media content production. Its registered office address is P.O. Box 72627, Dubai, United Arab Emirates.	100%	100%	100%
Platinum Records FZ LLC ("Platinum")	Platinum is mainly engaged in music label and rights management. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	100%	74%	74%
Wanasah FZ LLC ("Wanasah")	Wanasah is mainly engaged in broadcasting services. It operates as Wanasah TV, a music television channel specialising in Arabic music. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	51%	51%	51%
MBC Holding Cyprus Limited ("MBC Holding Cyprus")	MBC Holding Cyprus serves as a holding company for Middle East Broadcasting Centre (Lebanon SAL) and has no operations.	100%	100%	100%
MBC Ventures Limited ("MBC Ventures")	MBC Ventures is incorporated in the British Virgin Island and engages in the business of investing in companies and start-ups.	100%	100%	100%
MBI FZ LLC ("MBI")	The main activity of MBI is broadcasting TV segments. Its registered office address is MBC Building, Dubai Media City, Dubai, United Arab Emirates.	100%	100%	100%
MBC Media FZ-LLC ("MBC Media")	The main activity of MBC Media is to provide broadcast support services. Its registered office address is MBC Building, Dubai Media City, Dubai, United Arab Emirates.	100%	100%	100%
MBC Initiatives LLC ("MBC Initiatives)"	MBC Initiatives is incorporated in the Kingdom of Saudi Arabia. The main activity of MBC Initiatives is management and development of artistic and entertainment talents.	100%	100%	100%
MBC Media Services BVI Limited ("MMS BVI")	The main activity of MMS BVI is to provide advertising services for the Group.	100%	100%	-
MBC Events Limited ("MBC Events")	MBC Events is incorporated in the Kingdom of Saudi Arabia. The main activity of MBC Events is events and exhibitions management.	100%	-	-

1 CORPORATE INFORMATION (continued)

Following are the subsidiaries of MBC FZ LLC:

Name of entity	***Principal activities***	***Legal and beneficial ownership interest***		
		2022	***2021***	***2020***
MBC Group Holding Hungary Limited Liability Company, Hungary ("MBC Hungary")	The principal activity of MBC Hungary is to manage certain distribution contracts. Its registered address is 1074 Budapest, Dohány utca 12, Hungary.	100%	100%	100%
MBC Jordan LLC ("MBC Jordan")	The principal activity of MBC Jordan is to provide e-commerce services such as technical management of web sites and mobile applications, and other activities including brokerage, production and distribution of artwork. Its registered address is P.O. Box 855143, Amman, Jordan, 11855.	100%	100%	100%
MBC Media Cyprus Limited ("MBC Cyprus")	MBC Media Cyprus was established in 2018 and its principal activity is to provide technical support services to the Group.	100%	100%	100%
Middle East Production Company ("MEP Egypt")	The main activity of MEP Egypt is the production of television, cinema, broadcasting and media arts works.	90%*	90%*	90%*
MBC Media Saudi Arabia Co. Ltd. ("MBC KSA")	The principal activity of MBC KSA is to provide broadcasting services in the Kingdom of Saudi Arabia.	100%	100%	-

* *MBC FZ LLC owns 90% of the equity interest in MEP Egypt whilst the remaining 10% equity interest is owned by companies within the Group.*

1 CORPORATE INFORMATION (continued)

Following are the subsidiaries of MBC Studios Projects FZ LLC:

Name of entity	***Principal activities***	***Legal and beneficial ownership interest***		
		2022	***2021***	***2020***
MBC Studios BVI Limited ("MBC Studios BVI")	MBC Studios BVI is incorporated in the British Virgin Islands and engaged in entering into agreements relating to MBC Studios for writers who are registered under Writers Guild of America (WGA).	100%	100%	100%
Desert Warriors Holdings Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in Abu Dhabi, United Arab Emirates.	100%	100%	100%
Ze Qar Art Productions Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in the Kingdom of Saudi Arabia.	-*	100%	100%
CG Drama Project Holdings Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in the Abu Dhabi, United Arab Emirates.	100%	100%	-
MBC Studios Projects Saudi Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in the Kingdom of Saudi Arabia.	100%	100%	-

* *During the year ended 31 December 2022, as part of the Group re-organization, MBC Studios Projects Saudi Limited became the immediate parent company of Ze Qar Art Productions Limited by virtue of acquisition of equity interest for nil consideration.*

Following is the subsidiary of MBC Media Services BVI Limited:

Name of entity	***Principal activities***	***Legal and beneficial ownership interest***		
		2022	***2021***	***2020***
MBC Media Solutions FZ-LLC ("MMS UAE")	A subsidiary of MBC Media Services BVI Limited. The principal activity is to provide advertising services. The registered office address of the Company is P.O. Box 72627, Dubai, United Arab Emirates.	60%	60%	-

1 CORPORATE INFORMATION (continued)

Following are the subsidiaries of MMS UAE:

Name of entity	*Principal activities*	*Legal and beneficial ownership interest* 2022	2021	2020
Al Wasa'il National Advertising Company ("MMS KSA")	A subsidiary of MMS UAE which is incorporated in the Kingdom of Saudi Arabia. The Company's main activity is to provide advertising services. Its registered address is 3074 Prince Mohammed bin Abdulazizroad, Olaya, Riyadh 8022-12213, Kingdom of Saudi Arabia	100%	100%	100%
Al Miza Co. for Advertising ("MMS Egypt")	A fully owned subsidiary of MMS UAE which is incorporated in Egypt. The company's main activity is to provide advertising services. Its registered address is 3rd floor, Building 5,7 Gaziret Al Arab Street, Agouza, Giza, Egypt.	100%	100%	100%
MBC Media Solutions for Advertising Services LLC (MMS EGY)	The principal activity of MMS EGY is to provide advertising services. Its registered address is Star Capital Building, 4th floor, 5&7 Gezeiret El-Arab street, EL-Mohandesein, Cairo, Egypt.	99%	-	-

These consolidated financial statements were previously authorized for issue on 2 October 2023, and the Auditor has issued their report on the consolidated financial statements dated 2 October 2023. However, subsequent to certain disclosure amendments; the Board has re-authorised these consolidated financial statements for issue on 26 October 2023. There are no changes to any consolidated financial statements numbers previously reported. The prior consolidated financial statements and the related Audit report thereon are accordingly superseded by these revised consolidated financial statements and the consequent Auditor's report thereon.

2.1 BASIS OF PREPARATION

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

Except for the defined employees' benefits liabilities which are recognized at the present value of future liabilities using the projected unit credit method, derivative financial instruments, and Investment in financial asset which are recognised at fair value through profit or loss, the consolidated financial statements are prepared under the historical cost convention and have been presented in Saudi Riyal (SAR).

As described in Note 1, this consolidated financial statements as of and for the years ended 31 December 2022, 2021 and 2020 are not the Group's statutory financial statements and have been prepared solely for inclusion in the initial public offering application of the Company to be filed with the CMA of the Kingdom of Saudi Arabia in order to list the Company's shares on Tadawul in the Kingdom of Saudi Arabia. The Group's first statutory financial statements will be prepared for the period ended 31 December 2023.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as at 31 December 2022, 2021 and 2020. 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(s) 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 controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent across each period presented, except as follows:

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

The adoption of the above amendments and improvements had no significant impact on the consolidated financial statements of the Group.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards and interpretations issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2023);
- Amendments to IAS 8 – Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023); and
- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023).

The above standards, amendments and interpretations are not expected to have any material impact on the consolidated financial statements of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an 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 share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised 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 recognised 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 recognised in profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and Goodwill (continued)

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 relative values of the disposed operation and the portion of the cash-generating unit retained.

Accounting for business combinations involving entities or businesses under common control

Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3 *Business Combinations*. In the case of an absence of a specific guidance in IFRS, the management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement the management may also consider the most recent pronouncement of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that they do not conflict with the IFRS.

Management have adopted the pooling of interest method to account for the business combination of entities under common control other than combinations with substance. Acquisition method of accounting is explained in the business combinations policy.

This method involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No goodwill is recognised as a result of combination. The only goodwill recognised is relating to the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity.

The Group has elected to adopt an accounting policy to report the comparative information as if the Group always owned the business acquired under common control from the date when such businesses were part of the Group. This approach is applied consistently for all such transactions.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in Associates and Joint Ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profits/losses of associates and joint ventures' in the consolidated statement of comprehensive income. Upon loss of significant influence over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue from contracts with customers
The principal activities of the Group are to provide broadcasting services and to operate free-to-air Pan-Arab entertainment channels. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenues when it transfers control over a product or service to a customer as per the underlying contractual terms.

The specific recognition criteria described below must also be met before revenue is recognised:

Advertising revenue
Advertising revenue is recognised over the period of contract, generally when the advertisement is aired on the related platforms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group also provides retrospective volume rebates to certain customers once the quantum of advertising slots purchased during the period exceeds the threshold specified in the contract. The volume rebates give rise to variable consideration.

Volume rebates
The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e. the amount not included in the transaction price). The refund liability is clubbed under accrued expenses as part of trade and other payables.

Interactivity revenue
Interactivity revenue represents income from the use of interactive services and is recognised based on interactive transaction volumes from internal reports, adjusted for estimated uncertainties based on management's prior experience.

Barter revenue
Barter transactions are recorded at the fair value at contract inception of cash and noncash consideration received or promised from the customer. Revenue from barter transactions, involving the exchange of dissimilar goods or services, are only recognised if the amount of revenue can be reliably measured. The Group, where appropriate, measures barter related revenue by estimating the economic value of the goods or services received in the barter transaction.

Programme revenue
Programme revenue represents income earned from the sale of filmed events, concerts, and other related television programmes owned by the Group to the customers and is recognised at the point in time when control of the programme is transferred to the customers, generally at the time of passing the title to the customers.

Distribution revenue
Distribution revenue represents income from the licensing of TV channels and the Over-The-Top (OTT) platform subscription income generated through business-to-business channels. The performance obligation is satisfied over the underlying contractual period or subscription period, and therefore, the Group recognises the associated revenue as the service is provided over the period of contract.

Event management revenue
Event management revenue represents income from events and concerts held by the Group and is recognised at point in time, generally when the event takes place.

Digital revenue
Digital revenue represents the business -to-consumer subscription fees earned from the Group's digital platform, Shahid, and is recognised over the period of the subscription.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services provided to the customer. If the Group provides services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are initially recognised for revenue earned from various services performed as receipt of consideration is conditional on successful completion of contractual milestones. Upon completion of contractual obligations and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to provide services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group provides services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest income

Interest income is recognised as the interest accrues using the effective interest rate (EIR), under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of comprehensive income.

Value Added Tax (VAT)

Revenue, expenses and assets are recognised at amounts net of VAT except:

- where VAT incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or part of the expense items, as applicable.
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Commission expenses

Commission expenses are for procurement of advertisements for the Group for their agents. In 2020, the commission expenses represented approximately 23% of the actual qualifying gross advertising revenue earned. The expenses are recognised when the advertisements are broadcasted. Effective 1 January 2021, the Group's advertising contract with its main agent expired. The advertising services are mainly routed through its subsidiary, MBC Media Solutions BVI.

Inventories

Inventories consist of programmes acquired from third parties and related parties, and programmes which are produced in-house. Inventories are stated at cost less accumulated amortisation and allowance for impairment, if any.

Acquired programmes

Represents the costs incurred in acquiring the right to telecast the programmes, net of amortisation.

Developed programmes

Represents the expenses incurred and recharged to develop the programmes, net of amortisation (based on expected usage of the programme).

Production work in progress

Cost represents direct costs incurred for the development of programmes not completed as at year-end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories (continued)

Amortisation
The cost of programmes is amortised based on each category and when the related content is broadcasted and aired to public. Based on past experience, management believes that substantially all benefits from the sale (licensing) of programmes are realised upon first airing and a significant majority of those benefits are realised during the first two years of that period. Shahid content inventory is amortised on an accelerated basis which is the lesser of six years or the license period and most of the content is amortised within first three years.

Government grants
Government grants are recognised where there is reasonable assurance that the funding will be received, and all attached conditions will be complied with. When the funding relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the funding relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. The related portion of the government funding is recognised under other operating revenues or netted off against the related specific line item of expense (as further explained in note 5), and the related receivable, if any, is recorded under due from related parties.

Property and equipment
Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the consolidated statement of other comprehensive income during the year in which they are incurred.

Work-in-progress is not depreciated. Depreciation is calculated using the straight-line method to reduce the carrying cost of each asset to its residual value over its estimated useful life as follows:

	Years
Leasehold improvements	5
Technical equipment	3 – 5
Motor vehicles	3
Furniture and fixtures	3 – 5

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The intangible assets in the consolidated financial statements are related to trademarks and development and upgrade costs of Shahid platform.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

The estimated economic useful lives of trademark and Shahid platform costs are 10 years and 3 years, respectively.

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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in direct costs. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Cash dividend
The Group recognises liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Financial instruments – Initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and 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 Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets consist of derivative financial instruments, bank balances and deposits, amounts due from related parties and trade and other receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – Initial recognition and subsequent measurement (continued)

i. Financial assets (continued)

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (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 profit or loss.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include bank balances, trade and other receivables and due from related parties.

Financial assets designated 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 instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss 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.

The Group elected to classify irrevocably the related non-listed equity investments under this category.

Financial assets at fair value through profit and loss (equity instruments and derivatives)
Financial assets at fair value through profit or loss are carried in consolidated the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – Initial recognition and subsequent measurement (continued)

i. Financial assets (continued)

Financial assets at fair value through profit and loss (equity instruments and derivatives) **(continued)**

The Group carries its call options on its investments in associates (Note 25) as derivative financial instruments which are recognised as financial assets at fair value through profit and loss.

Derecognition of financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised 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 the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred assets to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset 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.

Impairment of financial assets
The Group recognises an allowance for ECL for all debt instruments not held at fair value through profit or loss. 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 to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, contract assets, bank balance and due from related parties, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – Initial recognition and subsequent measurement (continued)

i. Financial assets (continued)

Bank balances and cash
Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and treasury bills with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, bank balances and cash consist of cash and cash at banks, as defined above, as they are considered an integral part of the Group's cash management.

ii. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include amounts due to related parties, trade and other payables, borrowings and lease liabilities.

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

Financial liabilities at amortised cost
Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities
A financial liability is derecognised 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 recognised in the consolidated statement of comprehensive income.

iii. Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Income and expenses will not be offset in the consolidated statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

iv. Fair value measurement
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognised 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income.

Employees' end of service benefits
The Group primarily has end of service benefits which qualify as defined benefit obligations ("DBO").

The employee's defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occurr. Remeasurements recognised in other comprehensive income are not reclassified. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service costs, past service cost, as well as gains and losses on curtailment and settlement)
- Interest expense, and
- Re-measurements

The Group presents the first two components of defined benefit costs in the consolidated statement of profit or loss in relevant lines.

Further, the Group operates a defined contribution plan, for which the contribution is upon the discretion of the Group. The plan is deemed a saving fund. All interest received in the plan shall be accrued as part of the provision of employees' end of service indemnity payable at the end of the period of service.

Taxes

(a) Income tax
The tax currently payable is based on taxable profit for the year of those Group entities located in taxable jurisdictions. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in those jurisdictions where tax is applicable.

(b) Deferred tax
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss:
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) Value added tax
Expenses and assets are recognised net of the amount of value added tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of sales tax included.

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

(d) Zakat
Zakat is provided for in accordance with the regulations of Zakat, Tax, and Customs Authority ("ZATCA"). The provision for zakat is charged to the consolidated statement of comprehensive income on an accrual basis. Any differences between the provision and the final assessment is recorded when the final assessment is approved.

Foreign currencies
The Group's consolidated financial statements are presented in SAR, 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 profit or loss reflects the amount that arises from using this method.

i) Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies
On consolidation, the assets and liabilities of foreign operations are translated into SAR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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

Group as 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-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 use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. 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, as follows:

	Years
Leasehold building	3 - 20
Motor vehicles	1 - 4
Satellites	2

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 also subject to impairment. Refer to the accounting policy for impairment of non-financial assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

***Group as lessee* (continued)**

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 the 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 event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, 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 lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (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 of office equipment 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.

Group as lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3 OPERATING SEGMENTS

A segment is a separate and distinct unit of the Group's engagement in business activities that result in recognition of revenues or expenses. Operating segments are disclosed on the basis of internal reports reviewed by the Chief Executive Officer, Chief Financial Officer and other key management personnel, who are the Chief Operating Decision Maker (CODM), and responsible for resource allocation, performance evaluation, and strategic decision making on operational segments. Operating segments with similar economic characteristics, products, services, and similar customer categories are aggregated and recorded where possible as units to be reported.

Segment basis

The Group generates its revenue primarily from: (i) advertising revenue, predominantly from advertisers placing advertisements on its free-to-air TV channels, radio channels, and on the Group's advertising-video-on-demand streaming platform ("AVOD"), (ii) revenue from subscriptions of the Group's Shahid VIP subscription-video-on-demand ("SVOD") service, and (iii) ancillary revenue from its other business operations. The Group also benefits from funding received through its majority shareholder for various projects and initiatives, including for production of its content.

The Group has the following strategic segments which provide different services, have different economic characteristics – such as sales growth trends, rates of returns, capital investment levels – and managed are separately.

Segment	Operations
• **Broadcast**	**TV, radio, and social media** Broadcasting is the largest of the Group's business segments with revenues earned primarily from advertising on its FTA TV, radio channels and social media. Broadcasting also generates a variety of additional non-advertising revenues, such as from carriage agreements and interactive games for viewers.
• **Over-the-top (OTT)**	**Video streaming on the Shahid platform** The Group's second business segment is OTT for which the Group is currently strongly investing in to drive future growth. The Group's Shahid OTT platform is available both as an SVOD service (also called Shahid VIP) as well as a "free" AVOD service and broadcasting services. Among other offerings in Shahid, the Group also provides sports content in the format of sports channels that are owned by the Saudi Sports Channel Company ("SSC"). The broadcasting and technical services which the Group recognizes from its contract with SSC is included in this segment.
• **MBC Studios**	**Drama series and movies production** The Group's third business segment is MBC Studios, which entails production of high-quality content and is a relevant factor of the success of the Group. A significant part of the content aired on TV channels, or on its Shahid AVOD and SVOD platforms, is produced in-house or commissioned from external production companies. As part of MBC Studios, the Group has set up a dedicated business segment for the production of high-quality drama series and movies, which have been among the most highly rated original productions from the Arab world. Continuous investment in production projects in KSA and in talent across the region, is the basis for the Group's role as a leading contributor to the development of the local KSA media industry.
• **Others**	**Emerging Media (Interactivity, Merchandising, New Media, Mobile Apps, Events, Encryption, Artist Management,) MBC Foundation, shares in associates and JVs' and shared services** Others comprises of a varied range of media-related activities such as interactive games, events, music publishing, and talent management. The Group is in the process of further diversifying its revenue base by building up its events management business and developing its own video games. The Group aims to leverage its brand and its long-standing know-how in these additional businesses to expand its activities in these areas.

3 OPERATING SEGMENTS (continued)

Segment financial information
Financial results of each segment is presented below. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) and income tax are managed on a Group basis and are not allocated to operating segments.

For the year ended 31 December 2022

	Broadcast	*OTT*	*MBC Studios*	*Others*	*Eliminations*	*Total*
	SAR'000	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*
Revenue from contract with customers	1,413,548	701,159	123,722	443,156	(327,874)	2,353,711
Other operating revenues	620,872	-	425,215	88,936	-	1,135,023
Total revenue	2,034,420	701,159	548,937	532,092	(327,874)	3,488,734
Operating costs*	(1,921,973)	(1,012,678)	(550,403)	(445,790)	327,874	(3,602,970)
Other income	187,500	2,372	775	12,512	-	203,159
Share of results in associates and joint ventures (net)	-	-	-	14,187	-	14,187
Gain on financial assets and derivative instruments (net)	-	-	-	9,445	-	9,445
Finance income/(costs) – net	3,146	-	-	(4,892)	-	(1,746)
Depreciation and amortisation	(1,937)	(12,709)	(884)	(40,189)	-	(55,719)
Segment results before income tax	**301,156**	**(321,856)**	**(1,575)**	**77,365**	**-**	**55,090**

Intersegment revenues are eliminated upon consolidation and reflected under eliminations column.

*Operating costs include direct costs and General and administrative expenses except for depreciation of fixed assets and amortization of intangible assets which are presented as separate line items.

3 OPERATING SEGMENTS (continued)

For the year ended 31 December 2021

	Broadcast	*OTT*	*MBC Studios*	*Others*	*Eliminations*	*Total*
	SAR'000	***SAR'000***	***SAR'000***	***SAR'000***	***SAR'000***	***SAR'000***
Revenue from contract with customers	1,453,273	448,899	103,002	349,402	(305,629)	2,048,947
Other operating revenues	613,796	-	79,259	103,471	-	796,526
Total revenue	2,067,069	448,899	182,261	452,873	(305,629)	2,845,473
Operating costs	(1,748,914)	(753,210)	(180,508)	(394,542)	316,777	(2,760,397)
Other income	375,000	-	-	23,539	-	398,539
Share of results in associates and joint ventures (net)	-	-	-	(4,008)	-	(4,008)
Gain on financial assets and derivative instruments (net)	-	-	-	341,625	-	341,625
Finance income/(costs) - net	97	-	34	(3,709)	-	(3,578)
Depreciation and amortisation	(1,849)	(4,916)	(781)	(49,719)	-	(57,265)
Segment results before income tax	691,403	(309,227)	1,006	366,059	11,148	760,389

For the year ended 31 December 2020

	Broadcast	*OTT*	*MBC Studios*	*Others*	*Eliminations*	*Total*
	SAR'000	***SAR'000***	***SAR'000***	***SAR'000***	***SAR'000***	***SAR'000***
Revenue from contract with customers	1,288,327	219,801	98,395	242,454	(62,616)	1,786,361
Other operating revenues	462,798	-	56,035	12,387	-	531,220
Total revenue	1,751,125	219,801	154,430	254,841	(62,616)	2,317,581
Operating costs	(1,687,931)	(402,461)	(145,678)	(218,187)	67,123	(2,387,134)
Other income	6,011	-	775	34,862	-	41,648
Share of results in associates and joint ventures (net)	-	-	-	(13,823)	-	(13,823)
Gain on financial assets and derivative instruments (net)	-	-	-	-	(1,501)	(1,501)
Finance income/(costs) - net	471	-	76	2,873	-	3,420
Depreciation and amortisation	(2,153)	(1,370)	(697)	(51,646)	-	(55,866)
Segment results before income tax	67,523	(184,030)	8,906	8,920	3,006	(95,675)

3 OPERATING SEGMENTS (continued)

Segment assets The table below summarizes the key assets per segment:

As of 31 December 2022	*Broadcast* *SAR'000*	*OTT* *SAR'000*	*MBC Studios* *SAR'000*	*Others* *SAR'000*	*Total* *SAR'000*
Inventories	592,153	697,307	1,241,184	37,311	2,567,955
Property and equipment	4,983	25,476	2,294	72,729	105,482
Investments in associates and joint ventures	-	-	-	979,693	979,693
Investment in financial asset through profit or loss	-	-	-	18,689	18,689
Total	**597,136**	**722,783**	**1,243,478**	**1,108,422**	**3,671,819**

As of 31 December 2021	*Broadcast* *SAR'000*	*OTT* *SAR'000*	*MBC Studios* *SAR'000*	*Others* *SAR'000*	*Total* *SAR'000*
Inventories	473,009	547,278	825,817	7,551	1,853,655
Property and equipment	11,405	21,265	1,896	72,486	107,052
Investments in associates and joint ventures	-	-	-	95,637	95,637
Total	484,414	568,543	827,713	175,674	2,056,344

As of 31 December 2020	*Broadcast* *SAR'000*	*OTT* *SAR'000*	*MBC Studios* *SAR'000*	*Others* *SAR'000*	*Total* *SAR'000*
Inventories	462,415	258,444	181,551	11,954	914,364
Property and equipment	12,281	9,596	2,156	83,629	107,662
Investments in associates and joint ventures	-	-	-	92,062	92,062
Total	474,696	268,040	183,707	187,645	1,114,088

Geographic information The table below summarizes geographic information of the Group's revenue from contract with customers based on where the service is provided.

	2022 *SAR'000*	*2021* *SAR'000*	*2020* *SAR'000*
Revenue from contracts with customers:			
GCC*	1,933,240	1,633,200	1,459,378
Egypt	290,434	299,933	251,009
Others**	130,037	115,814	75,974
Total	**2,353,711**	2,048,947	1,786,361

*GCC includes revenue earned mainly in UAE and Kingdom of Saudi Arabia where various revenue types are provided. **Others include North Africa and Iraq where the Group broadcasts two of its TV channels, as well as other countries outside of GCC and Egypt where subscribers to its OTT platform, Shahid, are based.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Advertising revenue*	1,339,380	1,349,441	1,305,187
Digital revenue	502,888	365,427	132,359
Broadcast and technical services revenue**	146,516	34,398	-
Event management revenue	105,775	36,395	87,628
Distribution revenue	103,487	93,245	68,088
Interactivity revenue	70,809	102,697	115,176
Programme revenue	45,296	37,329	46,931
Barter revenue	6,700	8,364	17,615
Artists management revenue	1,673	3,374	806
Other revenues	31,187	18,277	12,571
	2,353,711	2,048,947	1,786,361

* Advertising revenue is presented net of volume rebates amounting to SAR 80,434 thousand (2021: SAR 72,525 thousand) (2020: SAR Nil).

** Represents revenues earned from providing broadcast and technical services to Saudi Sports Channel (SSC). Amount of revenue recognized in 2021 was limited to cost incurred during the year while the contract pricing was being finalized. In 2022, the contract between the Group and SSC was finalized.

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Timing of revenue recognition			
Services provided over a period of time	2,202,640	1,975,223	1,651,802
Services transferred at a point in time	151,071	73,724	134,559
	2,353,711	2,048,947	1,786,361

4.2. Contract balances

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Trade receivables (Note 16)	**686,184**	732,064	587,119
Contract assets (Note 16)	**213,711**	173,355	101,573
Contract liabilities (Note 23)	**320,413**	113,860	28,394

5 OTHER OPERATING REVENUES

The Group receives, from the Government of the KSA, government funding to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels dedicated to viewers outside of KSA, content production, gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA. Receipt by the Group of the relevant amounts is linked to pre-agreed KPIs that must be satisfied, or milestones that must be reached. The Group has in the past been able to achieve such KPIs and requirements.

Amounts received towards these initiatives are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the funds are intended to compensate.

5 OTHER OPERATING REVENUES (continued)

During the year, the Group has assessed (in accordance with the accounting judgment for the other operating revenues in Note 28) the following as government grants and accordingly they have been recognised as other operating revenues related to the following initiatives:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
TV channels initiatives and MBC Academy initiatives	429,837	437,083	362,524
Production related initiatives	425,215	79,259	56,196
Funding of broadcasting rights	191,250	131,250	112,500
Funding of other government related projects	30,000	66,414	-
Gaming initiative	47,171	82,520	-
Relocation cost	11,550	-	-
	1,135,023	796,526	531,220

Below is the reconciliation of other operating revenues with the deferred revenues (Note 23) and due from related parties (Note 17):

2022:

	TV channels initiatives and MBC Academy initiatives	*Production related initiatives*	*Funding of broadcasting rights*	*Funding of other government related projects*	*Gaming initiative*	*Riyadh Head office capital expenditure*	*Relocation cost*	*Total*
	SAR'000	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*
As at 1 January 2022								
Due from the Intermediate Parent Company (Note 17a)	108,967	-	-	11,328	82,520	-	-	202,815
Deferred revenue (Note 23)	-	(1,003,862)	-	-	-	-	-	(1,003,862)
Add: Income recognised during the year (Note 5)	429,837	425,215	191,250	30,000	47,171	-	11,550	1,135,023
Add: Income netted off against related expense (Note 7)	-	-	-	-	-	-	18,216	18,216
Add: Riyadh Head office depreciation* (Notes 7 and 11)	-	-	-	-	-	2,620	-	2,620
Add: Riyadh Head office capital expenditure* (Note 11)	-	-	-	-	-	16,130	-	16,130
Less: Advance / cash collected during the year	(495,768)	(690,063)	(191,250)	(44,062)	(206,225)	(18,750)	(81,855)	(1,727,973)
As at 31 December 2022								-
Due from/(to) Intermediate Parent Company (Note 17a)	**43,036**	**(89)**	**-**	**-**	**(21,410)**	**-**	**-**	**21,537**
Deferred revenues (Note 23)	**-**	****(1,268,621)**	**-**	**(2,734)**	**(55,124)**	**-**	**(52,089)**	**(1,378,568)**

5 OTHER OPERATING REVENUES (continued)

* This amount represents predominantly the funding received for capital expenditure (net of depreciation of SAR 2,620 thousand) (Note 11).
** The deferred amount corresponds to inventories which remain as work-in-progress (WIP) as of 31 December 2022 amounting to SAR 1,218,847 thousand.

2021:

	TV channels initiatives and MBC Academy initiatives	*Production related initiatives*	*Funding of broadcasting rights*	*Funding of other government related projects*	*Gaming initiative*	*Total*
	SAR'000	***SAR'000***	***SAR'000***	***SAR'000***	***SAR'000***	***SAR'000***
As at 1 January 2021						
Due from the Intermediate Parent Company (Note 17a)	26,362	-	-	-	-	26,362
Deferred revenue (Note 23)	-	(365,519)	-	-	-	(365,519)
Add: Income recognised during the year *(Note 5)*	437,083	79,259	131,250	66,414	82,520	796,526
Less: Advance / cash collected during the year	(354,478)	(717,602)	(131,250)	(55,086)	-	(1,258,416)
As at 31 December 2021						
Due from/(to) the Intermediate Parent Company (Note 17a)	108,967	-	-	11,328	82,520	202,815
Deferred revenue (Note 23)	-	(1,003,862)	-	-	-	(1,003,862)

2020:

	TV channels initiatives and MBC Academy initiatives	*Production related initiatives*	*Funding of broadcasting rights*	*Total*
	SAR'000	***SAR'000***	***SAR'000***	***SAR'000***
As at 1 January 2020				
Due from the Intermediate Parent Company	13,975	4,556	-	18,531
Deferred revenues	(4,955)	(34,558)	-	(39,513)
Add: Income recognised during the year *(Note 5)*	362,524	56,196	112,500	531,220
Less: Advance / cash collected during the year	(345,182)	(391,713)	(112,500)	(849,395)
As at 31 December 2020				
Due from/(to) the Intermediate Parent Company (Note 17a)	26,362	-	-	26,362
Deferred revenue (Note 23)	-	(365,519)	-	(365,519)

5 OTHER OPERATING REVENUES (continued)

As disclosed above, the Group have received funding, from Government of KSA, subject to satisfactory performance against certain criteria. The funding is based on annual pre-approved expenditure which also sets a maximum entitlement limit. Receipt by the Group of the relevant amounts is linked to pre-agreed KPIs that must be satisfied, or milestones that must be reached. Depending upon the nature of the funding the related costs have been accounted for as follows:

(a) On TV channels initiatives and MBC Academy initiatives, production related initiatives and relating to funding of other government related projects, the vast majority of the related costs are included within 'Direct costs' (Note 6).

(b) On funding of broadcasting rights, the related costs are included within 'Direct costs' (Note 6).

(c) On gaming initiative, the vast majority of the related costs were included within 'Direct costs' (Note 6) until the change in classification of investment. Subsequently, the related costs are adjusted against the 'Share of results in associates and joint ventures'.

(d) On Riyadh Head office capital expenditure, the related costs were netted off against the related depreciation.

(e) On relocation cost, the related costs are included within 'General and administrative expenses' (Note 7).

To the extent government fundings have been recognized within income, there are no unfulfilled conditions or contingencies attached to the above fundings.

MBC Group and its Subsidiaries (A closed joint stock company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December 2022, 2021 and 2020

6 DIRECT COSTS

	2022 *SAR'000*	*2021* *SAR'000*	*2020* *SAR'000*
Cost of programmes	1,811,531	1,260,790	953,812
Digital costs	197,267	176,771	82,827
Commission expenses*	129,459	29,341	307,973
Marketing costs	125,292	91,344	55,663
Technical costs	50,911	39,712	31,704
Cost of events management	85,253	34,072	70,393
Programme overheads	79,782	70,116	57,349
Location costs	59,133	55,721	43,568
Game development research costs**	37,088	82,519	-
Transmission expenses (Note 13)	30,909	26,623	24,395
Depreciation on property and equipment (Note 11)	30,193	34,493	41,682
Interactivity costs	28,369	41,646	33,355
Barter costs	6,700	8,364	17,615
Programme stocks write-off	6,664	12,851	17,306
Distribution costs	3,590	7,201	1,595
Depreciation on right-of-use assets (Note 13)	3,231	3,234	5,184
Cost of news programmes (Note 17 c)	1,875	1,875	1,846
Cost of artists management	1,282	1,713	1,214
Other expenses	159,069	149,629	114,524
	2,847,598	2,128,015	1,862,005

* Effective 1 January 2021, the Group's advertising contract with its main agent expired. From 1 January 2021, the advertising services are mainly routed through the Group's subsidiary, MBC Media Solutions BVI (2020: commission expenses represents approximately 23% of the qualifying gross advertising revenue earned). The costs included in 2022 and 2021 represent costs of commercials, commission to a third party agent for advertising revenues earned from MBC Cinq channel, and costs incurred for the airtime purchased from Al Arabiya News Channel FZ LLC (beginning 2022 only).

** These costs represent game development costs recorded under MBC Initiatives LLC, a fully owned subsidiary. The subsidiary jointly controls MBC Game Studio ("Game Studio") with another shareholder whereby it owns 70% and the other shareholder owns 30%. The Subsidiary accounts for its investment in the Game Studio under the provision of *IFRS 11 – Joint Arrangements.* Previously, Game Studio has been accounted for as a joint operation, in which the Standard requires that each shareholder records their respective shares in asset, liabilities, revenues, and expenses. During the year, the Game Studio has incurred game development research costs amounting to SAR 52,983 thousand (2021: SAR 117,884 thousand) (2020: Nil) and the Group's related portion is SAR 37,088 thousand (2021: SAR 82,519 thousand) (2020: Nil). Subsequent to 30 June 2022, the investment has been reclassified to a joint venture, and accordingly under the provisions of the same standard, is accounted for under the equity method (Note 14).

7 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Staff costs**	596,856	573,803	465,775
Foreign exchange loss / (gain), net	61,190	(7,664)	2,204
Legal and professional fees	49,514	50,526	28,968
IT equipment and maintenance costs	37,665	35,988	26,534
Travel costs	37,183	18,749	10,666
Building occupancy costs (Note 13) **	31,953	23,055	25,990
Depreciation on property and equipment (Note 11) **	17,406	19,634	13,627
Depreciation on right-of-use assets (Note 13)	15,571	18,591	13,950
Withholding taxes	12,905	-	-
Allowance for / (reversal of) expected credit loss, net (Notes 16, 17, 18)	13,465	(26,275)	12,793
Amortisation of intangible assets (Note 12)	8,121	3,138	558
Communication costs	5,833	5,170	5,041
Write-off of intangible assets (Note 12)	-	9,407	-
Loss on disposal of property and equipment	37	-	-
Other expenses***	17,564	59,769	46,094
Recharges to related parties (Note 17c)*	(90,067)	(90,711)	(71,205)
	815,196	693,180	580,995

* The Group incurs costs on behalf of other related parties. These costs consist principally of staff costs and shared facilities and are recharged to the individual entities based on the estimated time spent by employees on each entity and usage of shared facilities by each entity.

** Amounts of SAR 17,916 thousand, SAR 300 thousand, and SAR 2,620 thousand relating to staff costs, building occupancy costs, and depreciation on property and equipment, respectively, have been reimbursed by the Intermediate Parent Company to the Group during the year (Note 5).

***Included in the balance is a discretionary discount of SAR Nil (2021: SAR Nil) (2020: SAR 25,713 thousand) given to a related party. (Note 17c)

8 OTHER INCOME

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Compensation for loss of business* (Note 17c)	187,500	375,000	-
Rental income (Note 17 c)	11,010	11,010	10,657
Other income	4,649	12,529	30,991
	203,159	398,539	41,648

*The Group has received compensation for the loss of business in relation to launching and operating a TV channel. As of 31 December 2022, a total amount of SAR 562,500 thousand has been received. During the year, the Group recognised and received SAR 187,500 thousand (2021: SAR 375,000 thousand) (2020: SAR Nil).

9 FINANCE (COSTS) / INCOME - NET

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Finance income	10,952	3,192	7,000
Finance costs*	(8,593)	(3,237)	(3,580)
	2,359	(45)	3,420

*Includes interest expense on lease liabilities amounting to SAR 2,606 thousand (2021: SAR 3,233 thousand) (2020: SAR 3,497 thousand) (Note 13).

10 INCOME TAX AND ZAKAT

Income tax, zakat and deferred tax charged for the year arises as follows:

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Income tax (a)	5,034	11,597	119
Zakat (b)	2,181	1,227	-
Deferred tax (c)	9	-	-
	7,224	12,824	119

The breakdown of the provision for income tax, zakat and deferred tax asset and liability is as follows:

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Income tax (a)	**4,541**	11,597	6
Zakat (b)	**2,181**	1,227	-
Provision for income tax and zakat (Note 23)	**6,722**	12,824	6
Deferred tax liability (c)	**22**	-	-
Deferred tax asset (c)	**189**	-	-

(a) Income Tax:

** Income tax expense for the years ended 2022, 2021 and 2020:*

	31 December 2022				
	MMS Egypt SAR'000	***MBC Hungary SAR'000***	***MBC Cyprus SAR'000***	***MBC Lebanon SAR'000***	***Total SAR'000***
Tax base	21,805	1,440	-	-	23,245
Effective tax rate	22.5%	9%	12.5%	17%	-
	4,911	130	-	-	5,041
Adjustments	-	(7)	-	-	(7)
Income tax expense	**4,911**	**123**	**-**	**-**	**5,034**

10 INCOME TAX AND ZAKAT (continued)

(a) Income Tax: (continued)

	31 December 2021				
	MMS Egypt	***MBC Hungary***	***MBC Cyprus***	***MBC Lebanon***	***Total***
	SAR'000	***SAR'000***	***SAR'000***	***SAR'000***	***SAR'000***
Tax base	42,050	15	466	12,181	54,712
Effective tax rate	22.5%	9%	12.5%	17%	-
	9,461	1	58	2,071	11,591
Adjustments	-	-	6	-	6
Income tax expense	9,461	1	64	2,071	11,597

	2020
	SAR'000
Tax base	-
Effective tax rate	9%
*Adjustments***	119
Income tax expense	119

** represents income tax incurred in Luxembourg (branch of MBC Hungary). The branch was closed during 2021.

The movement of provision for income tax is as follows:

	2022	***2021***	***2020***
	SAR'000	***SAR'000***	***SAR'000***
As at 1 January	11,597	6	6
Provided during the year	5,034	11,597	119
Payments during the year	(11,523)	(69)	(119)
Adjustments during the year	(567)	63	-
As at 31 December	**4,541**	11,597	6

10 INCOME TAX AND ZAKAT (continued)

(b) Zakat:

Zakat *charge for the year arises from* is MBC Media Solutions Limited, KSA.

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Profit before zakat for the year	55,090	760,389	-
Adjustments to reach zakat profit base	32,160	(711,297)	-
Zakat profit base	87,250	49,092	-
Zakat rate	2.5%	2.5%	-
Zakat expense for the year	**2,181**	1,227	-

The movement of provision for zakat is as follows:

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
As at 1 January	1,227	-	-
Provided during the year	2,181	1,227	-
Payments during the year	(1,227)	-	-
As at 31 December	**2,181**	1,227	-

(c) Deferred tax

The movement of deferred tax asset is as follows:

	2022 SAR'000	*2021 SAR'000*
As at 1 January	-	-
Provided during the year	189	-
Payments during the year	-	-
Adjustments	-	-
As at 31 December	**189**	-

The movement of deferred tax liability is as follows:

	2022 SAR'000	*2021 SAR'000*
As at 1 January	-	-
Provided during the year	22	-
Payments during the year	-	-
Adjustments	-	-
As at 31 December	**22**	-

Deferred tax liability arises from the following subsidiary of Company:
Al Miza for Advertising and MBC Media Solutions for Advertising, Egypt

Deferred tax asset arises from the following subsidiary of the Company:
MBC Media Solutions Limited, KSA

11 PROPERTY AND EQUIPMENT

2022:

	Leasehold improvements SAR'000	***Technical equipment SAR'000***	***Motor vehicles SAR'000***	***Furniture and fixtures SAR'000***	***Capital work in progress(a) SAR'000***	***Total SAR'000***
Cost:						
At 1 January 2022	126,315	757,095	3,157	37,535	-	924,102
Additions during the year*	6,403	31,771	154	812	7,270	46,410
Disposals during the year	(3)	(5,238)	-	(17)	-	(5,258)
Transfers during the year	5	-	-	-	-	5
Foreign currency translation adjustment	(110)	(251)	-	(88)	-	(449)
At 31 December 2022	**132,610**	**783,377**	**3,311**	**38,242**	**7,270**	**964,810**
Accumulated depreciation:						
At 1 January 2022	110,168	669,759	3,038	34,085	-	817,050
Charge for the year*	9,149	36,591	149	1,710	-	47,599
Relating to disposals	(3)	(5,169)	-	(17)	-	(5,189)
Transfers during the year	5	-	-	-	-	5
Foreign currency translation adjustment	(33)	(89)	-	(15)	-	(137)
At 31 December 2022	**119,286**	**701,092**	**3,187**	**35,763**	**-**	**859,328**
Net carrying amount:						
At 31 December 2022	**13,324**	**82,285**	**124**	**2,479**	**7,270**	**105,482**

(a) Capital work in progress mainly includes cost incurred to date towards implementation and customisation of a new software system to be used for content management broadcasting system and implementation of a new enterprise resource planning (ERP) software system.

* Additions made to property and equipment and depreciation charge during the year are net of government fundings amounting to SAR 18,750 thousand and SAR 2,620 thousand, respectively.

11 PROPERTY AND EQUIPMENT (continued)

2021:

	Leasehold improvements SAR'000	***Technical equipment SAR'000***	***Motor vehicles SAR'000***	***Furniture and fixtures SAR'000***	***Capital work in progress SAR'000***	***Total SAR'000***
Cost:						
At 1 January 2021	120,598	714,285	3,157	36,287	2,674	877,001
Additions during the year	5,678	46,610	-	1,634	-	53,922
Disposals during the year	-	(6,461)	-	(8)	-	(6,469)
Transfers during the year	-	2,674	-	-	(2,674)	-
Foreign currency translation adjustment	39	(13)	-	(378)	-	(352)
At 31 December 2021	126,315	757,095	3,157	37,535	-	924,102
Accumulated depreciation:						
At 1 January 2021	98,654	635,443	2,932	32,310	-	769,339
Charge for the year	11,521	40,719	106	1,781	-	54,127
Relating to disposals	-	(6,390)	-	93	-	(6,297)
Foreign currency translation adjustment	(7)	(13)	-	(99)	-	(119)
At 31 December 2021	110,168	669,759	3,038	34,085	-	817,050
Net carrying amount:						
At 31 December 2021	16,147	87,336	119	3,450	-	107,052

11 PROPERTY AND EQUIPMENT (continued)

2020:

	Leasehold improvements SAR'000	*Technical equipment SAR'000*	*Motor vehicles SAR'000*	*Furniture and fixtures SAR'000*	*Capital work in progress SAR'000*	*Total SAR'000*
Cost:						
At 1 January 2020	115,205	689,766	2,960	34,090	36	842,057
Additions during the year	6,165	28,822	312	2,500	2,638	40,437
Disposals during the year	(733)	(4,202)	(67)	(286)	-	(5,288)
Transfers during the year	(39)	(101)	(48)	(17)	-	(205)
Foreign currency translation adjustment	-	-	-	-	-	-
At 31 December 2020	120,598	714,285	3,157	36,287	2,674	877,001
Accumulated depreciation:						
At 1 January 2020	88,704	598,365	2,943	29,441	-	719,453
Charge for the year	10,701	41,341	93	3,174	-	55,309
Relating to disposals	(726)	(4,165)	(67)	(261)	-	(5,219)
Reclassifications	(25)	(98)	(37)	(44)	-	(204)
Foreign currency translation adjustment	-	-	-	-	-	-
At 31 December 2020	98,654	635,443	2,932	32,310	-	769,339
Net carrying amount:						
At 31 December 2020	21,944	78,842	225	3,977	2,674	107,662

Depreciation has been apportioned as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Direct costs (Note 6)	30,193	34,493	41,682
General and administrative expenses (Note 7)	17,406	19,634	13,627
	47,599	54,127	55,309

12 INTANGIBLE ASSETS

The movement in the intangible assets during the year is as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
As at 1 January	23,741	13,324	2,065
Additions during the year	25,048	22,962	11,817
Amortisation during the year (Note 7)	(8,121)	(3,138)	(558)
Write-offs during the year (Note 7)	-	(9,407)	-
As at 31 December	**40,668**	23,741	13,324

During the year, the Group capitalised an amount of SAR 25,048 thousand (2021: SAR 22,962 thousand) (2020: SAR 11,818 thousand) representing costs incurred to develop and upgrade features of the Shahid platform including applications compatible with mobile devices, analytical models and architectural prototype implementation.

13 LEASES

13.1 Group as lessee

The Group has lease contracts for units, vehicles, infrastructures, and satellites used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of residential units, satellites, offices with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Further, the Group has entered into a long-term finance lease contract with Dubai Development Authority, previously known as Technology, Electronic Commerce and Media Free Zone, to lease a building, along with the associated fit outs. The contract carries an option to buy the property at any time during the lease period at the option price as calculated in the contract.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the years:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
As at 1 January	43,806	48,475	66,646
Additions during the year	13,271	17,161	968
Deletions during the year	(1,357)	(6)	(5)
Depreciation (Notes 6 and 7)	(18,802)	(21,825)	(19,134)
Foreign exchange difference (net)	(633)	1	-
As at 31 December	**36,285**	43,806	48,475

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

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
As at 1 January	58,163	57,600	74,212
Additions during the year	13,271	17,161	968
Deletions during the year	(1,486)	(5)	(5)
Accretion of interest (Note 9)	2,606	3,233	3,497
Rent concession*	-	-	(52)
Payments during the year	(22,797)	(19,762)	(20,723)
Foreign exchange difference (net)	(657)	(64)	(297)
As at 31 December	**49,100**	58,163	57,600

13 LEASES (continued)

13.1 Group as lessee (continued)

* During the year, the Group did not receive any COVID-19 related rent concession (2021: SAR Nil) (2020: SAR 52 thousand).

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Current	9,445	19,114	13,032
Non-current	39,655	39,049	44,568
	49,100	58,163	57,600

The maturity analysis of lease liabilities is disclosed in Note 26. The following are the amounts recognised in consolidated statement of profit or loss:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Depreciation expense of right-of-use assets – direct costs (Note 6)	3,231	3,234	5,184
Depreciation expense of right-of-use assets – general and administrative expenses (Note 7)	15,571	18,591	13,950
Interest expense on lease liabilities (Note 9)	2,606	3,233	3,497
Other expenses related to leases – general and administrative expenses (Note 7)	31,953	23,055	25,990
Other expenses related to leases – direct costs (Note 6)	30,909	26,623	24,395
Total amount recognised in consolidated statement of profit or loss	**84,270**	74,736	73,016

During the year, the Group had total cash outflows for leases, excluding short-term and low value leases, of SAR 22,797 thousand (2021: SAR 19,762 thousand) (2020: SAR 20,723 thousand), non-cash additions to right-of-use assets and lease liabilities amounting to SAR 13,271 thousand (2021: SAR 17,161 thousand) (2020: SAR 968 thousand).

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group has the following investments in associates and joint ventures on the consolidated statement of financial position:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Investment in equity accounted joint ventures (14.1)	46,825	1	1
Investment in associates (14.2)	932,868	95,636	92,061
	979,693	95,637	92,062

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Share of results in investments in associates and joint ventures (PL) (14a)	14,187	(4,008)	(13,823)
Loss on disposal of an investment in a joint venture (PL) (14.1)	-	-	(1,501)
Share of results in investments in associates (OCI) (14 a.1)	780	83	1,045
	14,967	(3,925)	(14,279)

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

14a) Share of results in investments in associates and joint ventures

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Share of results in investments in joint ventures (14.1)	(10,083)	-	(763)
Share of results in investments in associates (14 a.1)	24,270	(4,008)	(13,060)
	14,187	(4,008)	(13,823)

14 a.1) Share of results in investment in associates is presented as follows in the consolidated statement of comprehensive income:

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Share of results of associates, net *(PL)*	24,270	(4,008)	(13,060)
Share of other comprehensive income of associates, net (*OCI)*	780	83	1,045
Share of results in investment in associates (*total comprehensive loss*) (14.2)	**25,050**	(3,925)	(12,015)

14.1) Investments in Joint Ventures:

The Group has the following investments in equity accounted joint ventures:

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
O3 Turkey (a)	-	-	-
Stargate (b)	-	1	1
MBC Game Studio (c)	46,825	-	-
	46,825	1	1

The movement in the investments in joint ventures during the year is as follows:

	Year ended 31 December 2022		
	MBC Game Studio SAR'000	***Stargate SAR'000***	***Total SAR'000***
As at 1 January 2022	-	1	1
Additional investment during the year	56,908		56,908
Share of results *	(10,083)	-	(10,083)
Write off during the year	-	(1)	(1)
At 31 December 2022	**46,825**	-	46,825

* As per Note 5, the share of results has been reimbursed by the Intermediate Parent Company.

	Year ended 31 December 2021		
	MBC Game Studio SAR'000	***Stargate SAR'000***	***Total SAR'000***
As at 1 January and 31 December 2021	-	1	1

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

14.1) Investments in Joint Ventures (continued):

	Year ended 31 December 2020		
	O3 RP LLC	***Stargate***	***Total***
	SAR'000	***SAR'000***	***SAR'000***
As at 1 January 2020	2,264	1	2,265
Loss on disposal	(1,501)	-	(1,501)
Share of results	(763)	-	(763)
As at 31 December 2020	-	1	1

a) O3 Turkey Medya Produksiyon Hizmetleri Ticaret A.S ("O3 Turkey") is a 51% owned joint venture between the Group and two individuals, Onur Guvenatam and Saner Ayar. The joint venture commenced on 27 February 2014 and is governed by the joint venture and shareholder agreement between the parties and is registered under the Istanbul Turkey Registry in Istanbul, Turkey.

b) Stargate is an equally owned joint venture between the Company and Stargate Studios Films, Inc., a privately owned company operating in the United States of America. The joint venture was incorporated on 14 July 2013. In 2017, the Company has signed an agreement to purchase the remaining 25 shares held by Stargate US. However, the purchase has not yet been effected as of the date of the consolidated financial statements. For the years ended 31 December 2022, 2021 and 2020 the joint venture had no operations.

c) MBC Initiatives LLC, a fully owned subsidiary, jointly controls MBC Game Studio with another shareholder whereby it owns 70% and the other shareholder owns 30%. Previously, the Subsidiary accounted for its investment in the Game Studio as a joint operation under the provision of *IFRS 11 – Joint Arrangements* which requires that each shareholder records their respective shares in asset, liabilities, revenues, and expenses. MBC Game Studio "Game Studio". As of 30 June 2022, the investment in the Game Studio was accounted for as an investment in a joint operation as it jointly controls the Game Studio with the other shareholder. The value of the investment as of that date amounted to Nil. Subsequent to 30 June 2022, the investment has been reclassified to a joint venture and accounted for under the equity method.

The following table illustrates the summarised financial information at the reporting date of the Group's investment in MBC Game Studio:

Statement of financial position

	2022
	SAR'000
Current assets	81,296
Non-current assets	115,642
Current liabilities	(130,046)
Equity	66,892
Group's share in net assets at 70%	46,825

Statement of comprehensive income

	2022*
	SAR'000
Revenue	-
Direct costs	(168,406)
General and administrative expenses	(16,865)
Total comprehensive loss for the year	(185,271)
Group's share of results at 70%	(129,690)

*amounts presented here cover the period from 13 December 2021 to 31 December 2022.

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Below is the break-up of the Group's share in operating results of the JV during this period:

	2022* ***SAR'000***
Group's share in Game Studios' operating costs is presented in the consolidated financial statements as below:	
Proportionate share in Game Studios' operating costs for 2021 (Note 6)	(82,519)
Proportionate share in Game Studios' operating costs for 2022 (Note 6)	(37,088)
Group's share in Game Studio's net loss for 2022 (Notes 6 and 14.1)	(10,083)
Total for 2021 and 2022	(129,690)

14.2) Investments in Associates:

The Group's investment in associates as of 31 December is as follows:

	2022 ***SAR'000***	***2021*** ***SAR'000***	***2020*** ***SAR'000***
Wego (a)	15,643	15,097	16,550
Tapmad (b)	13,920	15,752	8,880
ACSC (c)	903,305	56,869	46,626
Anghami (d)	-	7,918	20,005
As at 31 December	932,868	95,636	92,061

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

14.2) The movement in the investments in associates during the year is as follows:

	Year ended 31 December 2022				
	Wego SAR'000	***Tapmad SAR'000***	***ACSC SAR'000***	***Anghami SAR'000***	***Total SAR'000***
As at 1 January 2022	15,097	15,752	56,869	7,918	95,636
Additional investment	-	-	497,250	-	497,250
Reclassification	-	-	332,250	(7,918)	324,332
Share of results	546	(1,832)	26,336	-	25,050
Dividend received	-	-	(9,400)	-	(9,400)
As at 31 December 2022	15,643	13,920	903,305	-	932,868

	Year ended 31 December 2021				
	Wego SAR'000	***Tapmad SAR'000***	***ACSC SAR'000***	***Anghami SAR'000***	***Total SAR'000***
As at 1 January 2021	16,550	8,880	46,626	20,005	92,061
Additional investment	-	7,500	-	-	7,500
Share of results	(1,453)	(628)	10,243	(12,087)	(3,925)
As at 31 December 2021	15,097	15,752	56,869	7,918	95,636

	Year ended 31 December 2020				
	Wego SAR'000	***Tapmad SAR'000***	***ACSC SAR'000***	***Anghami SAR'000***	***Total SAR'000***
As at 1 January 2020	20,344	10,046	-	27,605	57,995
Additional investment	-	-	46,081	-	46,081
Share of results	(3,794)	(1,166)	545	(7,600)	(12,015)
As at 31 December 2020	16,550	8,880	46,626	20,005	92,061

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

14.2) Investments in Associates (continued):

a) Wego

Wego PTE LTD ("Wego"), is a Company incorporated and domiciled in Singapore. Wego's principal activities are to carry on business of providing information on travel products by the use of the travel search engine. MBC owns 10% as per the shareholder agreement.

Based on the evaluation of terms of investment, the Group has significant influence over the investee and has recorded its investment in Wego as an equity accounted associate.

b) Tapmad

Tapmad Holdings PTE LTD ("Tapmad") was incorporated in the Republic of Singapore on 8 October 2018. The principal activity of the Company is to provide Over the Top (OTT) and Subscription Videos on Demand (SVOD) services in Pakistan.

Effective 17 October 2021, MBC increased its ownership from 25.08% to 29.76% with a consideration payable amounting to SAR 7,500 thousand. As part of the agreement, MBC has an option to purchase an extra 10% of the total issued shares (Note 25). Furthermore, the agreement gives the Group an additional right to increase their shareholding in Tapmad to 51% or more. This option is treated as a derivative financial instrument (Note 25) as at 31 December 2022.

c) ACSC

Effective August 2020, the Group acquired a 5% stake in Arabian Contracting Services Company ("ACSC"), which is a joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010048419. The main activities of ACSC is advertising. The consideration paid was SAR 46,081 thousand. Furthermore, the Group had an option to increase its shareholding percentage to 20% within a certain timeframe (Note 25). Based on the evaluation of terms of investment, the Group assessed that it had significant influence over the investee and has recorded its investment in ACSC as an equity accounted associate.

On 11 November 2021, ACSC listed its shares on Tadawul, the Saudi Stock Exchange. The Group did not sell any of its shares and still held its 5% ownership at the time of ACSC's listing. As of 31 December 2021, the Group held 5% shareholding in ACSC and reassessed its terms of the investment and concluded that it still has significant influence over ACSC.

On 10 October 2022, the Group exercised its call option and acquired an additional 15% shareholding in ACSC thereby increasing the total shareholding to 20%. The exercise price of SAR 497,250 thousand which has been paid was based on the terms agreed between the Group and Engineer Holding Group ("the other shareholder") in their agreement entered into in August 2020. At the date of the transaction, the market value of the additional shares acquired amounted to SAR 829,500 thousand. The call option to acquire an additional 15% interest in ACSC, which was valued at SAR 337,500 thousand as at 31 December 2021 (Note 25), was reclassified into investment in associates upon exercise of the call option. Finally, an amount of SAR 5,250 thousand was recognised as loss on exercise of the call option in the consolidated statement of profit or loss during the year.

The acquisition of the additional 15% in ACSC was financed by a shareholder loan amounting to SAR 497,250 thousand. The loan is interest-free and is repayable on demand with 12 month-notice period.

As at 31 December 2022, the fair value of Group's interest in ACSC was SAR 1,070,000 thousand based on the quoted market price available on the stock exchange which is a level 1 input in terms of IFRS 13.

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

14.2) Investments in Associates (continued):

The following table illustrates the summarised financial information at the date of the Group's investment in ACSC:

Statement of financial position

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Current assets	996,709	2,220,123	465,579
Non-current assets	1,645,534	1,019,729	849,291
Current liabilities	(787,644)	(906,796)	(459,518)
Non-current liabilities	(1,033,639)	(1,601,777)	(328,935)
Equity	820,960	731,279	526,417
Group's share in net assets at 20% (2021 and 2020: 5%)	164,192	36,564	26,321

Statement of comprehensive income

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Revenue	1,126,182	720,337	497,585
Direct costs	(639,194)	(390,053)	(398,540)
General and administrative expenses (including zakat)	(103,028)	(80,168)	(52,920)
Finance costs	(55,205)	(32,606)	(21,252)
Other income, net	(44,273)	(11,263)	1,262
Loss from discontinued operations	(34,085)	-	-
Other comprehensive income	1,892	(1,386)	-
Total comprehensive income for the year	252,289	204,861	26,135
Group's share of results *(2022: January to September, 5%; October to December, 20%) (2021:5%) (2020: August 2020 to December 2020- 5%)*	26,336	10,243	545

d) Anghami
Anghami is a limited liability company incorporated in the Cayman Islands on 14 February 2012. Anghami's principal activities consist of facilitating a platform for music and video streaming, entertainment, social, through mobile, web, computer, applications and other supported programs and related media. As at 31 December 2021, MBC's shareholding was 18.15%.

On 4 February 2022, Anghami listed its shares on NASDAQ, New York. The Group reassessed its influence in Anghami based on the listing particulars and concluded that the investment in Anghami shall be treated as an investment at fair value through profit and loss (FVTPL). The change in classification was a deemed disposal giving rise to a gain on reclassification, using the fair value of the shares held at listing. The fair value of the investment in Anghami as at 31 December 2022 and loss on the FVTPL is as below:

	2022 SAR'000
Carrying value of investment as at 1 January 2022	7,918
Gain on deemed disposal of associate	133,507
Unrealised loss due to fluctuations in fair value	(122,736)
Fair value of investment as at 31 December 2022	18,689

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

14.2) Investments in Associates (continued):

d) Anghami *(continued):*

The gain on disposal less the subsequent unrealised gain on the treatment of SAR 10,771 thousand is presented net in the consolidated statement of comprehensive income.

15 INVENTORIES

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Acquired programmes	1,114,865	924,518	629,329
Developed programmes	38,744	65,604	2,609
	1,153,609	990,122	631,938
Production work-in-progress	1,414,346	863,533	282,426
	2,567,955	1,853,655	914,364

Acquired and developed programmes are net of accumulated programme amortisation and write-offs. Programme amortisation and write-offs recognised in the consolidated statement of comprehensive income for the year ended 31 December 2022 amounted to SAR 1,326,619 thousand (2021: SAR 1,140,479 thousand) (2020: SAR 910,404 thousand) and are included within 'Direct costs' (Note 6).

16 TRADE RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Trade receivables (Note 4.2)	686,184	732,064	587,119
Contract assets (Note 4.2)	213,711	173,355	101,573
Less: allowance for expected credit loss (Note 16.1)	(188,984)	(177,760)	(222,793)
	710,911	727,659	465,899
Advance for programme rights*	544,017	443,748	188,000
Deposits**	21,130	29,639	18,307
Advance to suppliers***	50,461	58,288	74,188
Prepaid expenses	31,210	21,708	28,002
Staff receivables	3,948	3,104	3,104
Other receivables****	136,150	254,577	399,502
	1,497,827	1,538,723	1,177,002

* This amount is net of a provision of nil (2021 and 2020: SAR 2,756 thousand). No amount was charged to the consolidated statement of comprehensive income during 2022.

** The deposit amounts are net of allowance for expected credit loss amounting to SAR 57 thousand (2021: SAR 56 thousand) (2020: SAR 431 thousand). During 2022, allowance amounting to SAR 1 thousand was created. (2021: a reversal of SAR 375 thousand) (2020: a reversal of SAR 361 thousand).

*** This amount is net of a provision of nil (2021 and 2020: SAR 14,000 thousand).

16 TRADE RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (continued)

**** Included in Other receivables is balance receivable from the Ultimate Controlling Party of SAR 71,625 thousand (2021: SAR 187,500 thousand) (2020: SAR 187,500 thousand) representing remaining balance of compensation for loss of business granted in 2018. The compensation to be received, which has been estimated at SAR 187,500 thousand was recognised in 2018 within the Group's consolidated statement of comprehensive income. During 2022, SAR 115,875 thousand (2021: SAR Nil) (2020: SAR Nil) of this compensation was received. The compensation has been recognised up to the amount that management is reasonably certain will be received. The Group expects to receive the remaining amount within 12 months from the consolidated statement of financial position date.

16.1 Movements in allowance for expected credit loss are as follows:

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
As at 1 January	177,760	222,793	211,092
Allowance/(reversal) made during the year, net (Note 7)	11,463	(27,897)	11,701
Transfer to a related party	85	-	-
Write-offs during the year	(324)	(17,136)	-
As at 31 December	**188,984**	177,760	222,793

The typical credit period on trade receivables is 60 to 90 days (2021 and 2020: 60 to 90 days). No interest is charged on the overdue trade receivables. The Group does not hold any collateral over these balances.

As of 31 December 2022, SAR 157,660 thousand (2021: SAR 153,046 thousand) (2020: SAR 199,707 thousand) and SAR 31,324 thousand (2021: SAR 24,714 thousand) (2020: SAR 23,086 thousand) was recognised as allowance for expected credit losses on trade receivables and contract assets, respectively.

See Note 26 on credit risk of trade receivables reflecting how the Group manages and measures quality of trade receivables that are neither past due nor impaired. In determining the recoverability of a trade receivable, the Group considers changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Management believes that there is no further credit allowance required in excess of the provision for expected credit loss.

17 RELATED PARTY TRANSACTIONS, BALANCES AND LOAN

Related parties represent the shareholders, directors and key management personnels of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of transactions with these related parties are approved by the shareholders and the Group's management.

a) Balances with related parties included in the consolidated statement of financial position are as follows:

Due from related parties:

	2022 ***SAR'000***	***2021*** ***SAR'000***	***2020*** ***SAR'000***
Shareholder			
Intermediate Parent Company [Note 5]	21,537	202,815	26,362
Companies under common control			
Al Sadaf for Sonic Visual Production	-	-	12,466
Middle East News FZ LLC	14,397	26,230	108,795
ARA International Productions Company LLC	19,114	37,628	86,080
ARA Media Services LLC	16	-	240,426
Middle East News UK Limited	27	1,463	1,322
MBC Group Holdings Ltd	129,142	49,735	20,887
O3 Masr	5,491	7,225	6,540
Other related parties	98	98	305
Joint ventures and associates			
Stargate Middle East FZ LLC	-	20	20
O3 Turkey Medya Produksiyon, Turkey	1,128	24,221	25,236
MBC Game Studio Limited KSA	24,477	-	-
Anghami*	-	-	1,359
Others			
MBC International FZ LLC	48,303	48,187	48,118
Neom	9,159	-	-
Saudi Media Advertising Company	34,675	24,283	-
At 31 December 2022	**307,564**	421,905	577,916

Outstanding balances at the year-end are unsecured, interest free and settlement generally occurs in cash and arise in the normal course of business. The balances with related parties are net of a cumulative allowance for impairment of SAR 19,188 thousand (2021: SAR 19,082 thousand) (2020: SAR 5,331 thousand). During the year, the Group has recorded net impairment of SAR 106 thousand in the consolidated statement of comprehensive income (2021: SAR 888 thousand) (2020: SAR 2,878 thousand). Further, the Group has written off allowance for impairments amounting to SAR Nil (2021: SAR 978 thousand) (2020: SAR Nil). In addition, there is an outstanding SAR 71,625 thousand (2021: SAR 187,500 thousand) (2020: SAR Nil) due from a related party as itemised in Note 16.

**With effect from 4 February 2022, Anghami was not an associate of the Group. [Note 14 (d)].*

17 RELATED PARTY TRANSACTIONS, BALANCES AND LOAN (continued)

b) *Balances with related parties included in the consolidated statement of financial position are as follows:*

Due to related parties:

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Shareholder			
Waleed Bin Ibrahim Al Brahim	11,341	12,113	12,252
Companies under common control			
Al Sadaf for Sonic Visual Production	3,623	4,137	-
Al Arabiya News Channel FZ LLC	19,670	33,670	70,436
MBC Initiatives BVI Limited	2,069	-	-
Others			
Anghami*	60	-	-
Joint ventures and associates			
Arabian Contracting Services Company (ACSC)	17,291	1,101	-
Anghami*	-	60	-
At 31 December 2022	54,054	51,081	82,688

**With effect from 4 February 2022, Anghami is not an associate. [Note 14 (d)].*

c) *Significant material transactions with related parties included in the consolidated statement of comprehensive income as follows:*

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Ultimate Controlling Party			
Other operating revenues (Note 5)	131,250	-	-
Other income (Note 8)	187,500	375,000	-
Intermediate Parent Company			
Other operating revenues (Note 5)	1,003,773	796,526	531,220
Entities under common control			
Expenses recharged to related parties (Note 7)*	90,067	90,711	71,205
Rental income (Note 8)	11,010	11,010	10,657
Cost of news programmes (Note 6)	1,875	1,875	1,846
Direct costs	185,618	117,826	76,277
Revenue from contracts with customers	123,641	105,586	61,083
Purchases	189,607	160,312	72,048
General and administrative expenses	1,941	-	-
Other			
Revenue from contracts with customers	43,724	43,360	-

In 2022, no discretionary discount was offered by the Group to a related party and recorded the discount as part of general and administrative expenses (Note 7) in the consolidated statement of comprehensive income (2021: SAR Nil) (2020: SAR 25,713 thousand).

*Expenses recharged to related parties are on cost basis without margin. These recharges are settled within 30-60 days of billing and are interest-free.

17 RELATED PARTY TRANSACTIONS, BALANCES AND LOAN (continued)

d) Compensation to directors and key management personnel

The remuneration of directors and key management personnels during the year were as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Salaries and short-term benefits	29,646	33,151	10,075
Employees' end of service benefits	713	1,298	579
	30,359	34,449	10,654

e) Loan from a related party

Loan from a related party represents loan availed by Group's subsidiaries from MBC Group Holdings Limited, a related party, amounting to SAR 64,167 thousand (2021 and 2020: SAR 64,167 thousand) and it is interest- free, unsecured with no fixed repayment date.

f) Loan from a shareholder

Loan from shareholder of SAR 497,250 thousand as of 31 December 2022 (2021 and 2020: SAR Nil) which was received to finance the acquisition of the additional 15% on ACSC, is interest-free and is repayable on demand with 12 month-notice period.

18 BANK BALANCES AND CASH

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Cash on hand	2,268	3,217	2,204
Bank balances:			
Current accounts	660,787	674,870	388,759
Short-term treasury bills*	29,961	-	-
Bank balances and cash	693,016	678,087	390,963
Less: Expected credit losses (Note 18)	(3,612)	(1,717)	(609)
	689,404	676,370	390,354

*Short-term treasury bills represents original cost and accrued interest till the date of interim condensed consolidated financial statements and has maturity of less than 90 days.

18.1 Movements in the expected credit losses were as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
As at 1 January	1,717	609	2,035
Allowance for expected credit losses, net (Note 7)	1,895	1,108	(1,426)
As at 31 December	**3,612**	1,717	609

19 SHARE CAPITAL

As discussed in Note 1, the Company was incorporated on 20 April 2023 and therefore the share capital is not presented in these financial statements as of 31 December 2022, 2021, and 2020.

Combined capital of SAR 10,064 thousand (2021 and 2020: SAR 5,064 thousand) presented in the statement of financial position represents the combined share capital of the consolidated subsidiaries of the group.

19 SHARE CAPITAL (continued)

MBC Group's share capital comprises 50,000 authorised, issued and fully paid shares of SAR 10 each (equivalent to SAR 500 thousand).

The issued and fully paid share capital was distributed as follows:

	No. of shares	*Share capital SAR'000*
Waleed Bin Ibrahim Al Brahim	20,000	200
Al Istedamah Holding Company	30,000	300
	50,000	500

The Intermediate Parent Company is Al Istedamah Holding Company, an entity incorporated in the Kingdom of Saudi Arabia. The Ultimate Controlling Party is the Ministry of Finance, Government of the Kingdom of Saudi Arabia. There is no change in shareholding in 2021 and 2020.

20 OTHER RESERVE

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
As at 31 December	**38,386**	38,386	38,386

Other reserve represents capital contribution from Waleed Bin Ibrahim Al Brahim, a shareholder of the Group, for the transfer of entire ownership of MBC Ventures Limited. The transfer, which was effective 1 January 2019, was made for nil contribution and hence has been regarded as a shareholder contribution and recorded in equity accordingly.

21 NON-CONTROLLING INTERESTS

The non-controlling interests represent minority ownership shares of 49% and 40% in Wanasah FZ LLC and MBC Media Solutions FZ-LLC (a subsidiary of MBC Media Services BVI), respectively. MBC Media Services BVI ("MMS BVI") and its subsidiary, MBC Media Solutions FZ-LLC ("MMS UAE"), were both incorporated during the year ended 31 December 2021.

Further, in accordance with the shareholders' agreement between MMS BVI and the minority shareholder, MMS BVI has a call option to acquire all of the non-controlling interest in MMS UAE. MMS BVI is able to exercise the call option at the following dates:

a) At any time following the third anniversary of the date of the incorporation of MMS UAE.

b) At any time after the date of the incorporation of MMS UAE if:

- The Group, or any of its affiliates, submits an official application for an IPO to the competent capital market authority or stock exchange in the jurisdiction in which the IPO is intended to take place;
- The minority shareholder (including any of its permitted transferees) ceases to hold (in aggregate) at least 30% of the share capital in ACSC byway of selling or otherwise disposing of its shares in ACSC to any other person other than the Group or the minority shareholder's affiliates;
- The number of directors appointed to the board of directors of ACSC on the nomination of the minority shareholder becomes less than 5.

The transfer price of the option shall be an amount equal to the minority shareholder's pro-rata share (which, for these purposes, shall include any shares held by any permitted transferee) in MMS UAE's EBIT for the last four quarters preceding the date on which the call option is exercised, multiplied by six (6).

21 NON-CONTROLLING INTERESTS (continued)

As of 31 December 2022, the fair value of the call option is assessed to be SAR 965 thousand (2021: SAR Nil) (Note 25).

Summarised financial information of the entities that has non-controlling interests is set out below. The financial information below represents amounts before intragroup eliminations:

	2022	*2021*	*2020*
	SAR'000	*SAR'000*	*SAR'000*
Revenue	**1,340,156**	1,247,795	15,066
Direct costs	**(1,185,668)**	(1,078,571)	(11,561)
GROSS PROFIT	**154,488**	169,224	3,505
General and administrative expenses	**(113,904)**	(134,627)	(5,665)
OPERATING PROFIT / (LOSS)	**40,584**	34,597	(2,160)
Other income	**294**	1,133	1,374
Finance income – net	**21**	833	-
PROFIT / (LOSS) BEFORE TAX	**40,899**	36,563	(786)
Income tax and zakat	**(7,030)**	(10,688)	-
PROFIT / (LOSS) FOR THE YEAR	**33,869**	25,875	(786)
Other comprehensive income	**(4,038)**	25	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	**29,831**	25,900	(786)
Profit attributable to owners of the Group	**20,977**	15,459	(410)
Profit attributable to the non-controlling interests	**12,892**	10,416	(376)
Profit/(loss) for the year	**33,869**	25,875	(786)
Total comprehensive income attributable to owners of the Group	**18,133**	15,607	(326)
Total comprehensive income attributable to the non-controlling interests	**11,698**	10,293	(460)
Total comprehensive income/ (loss) for the year	**29,831**	25,900	(786)

MBC Group and its Subsidiaries (A closed joint stock company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended 31 December 2022, 2021 and 2020

21 NON-CONTROLLING INTERESTS (continued)

Below is the break-up of the total comprehensive income for non-controlling interests:

	For the year ended 2022		
	Wanasah FZ LLC	**MBC Media Solutions FZ LLC**	***Total***
	SAR'000	***SAR'000***	***SAR'000***
Revenue	**1,922**	**1,338,234**	**1,340,156**
Direct costs	**(397)**	**(1,185,271)**	**(1,185,668)**
GROSS PROFIT	**1,525**	**152,963**	**154,488**
General and administrative expenses	**(1,945)**	**(111,959)**	**(113,904)**
OPERATING PROFIT / (LOSS)	**(420)**	**41,004**	**40,584**
Other income	**79**	**215**	**294**
Finance income – net	**-**	**21**	**21**
PROFIT / (LOSS) BEFORE TAX	**(341)**	**41,240**	**40,899**
Income tax and zakat	**-**	**(7,030)**	**(7,030)**
PROFIT / (LOSS) FOR THE YEAR	**(341)**	**34,210**	**33,869**
Other comprehensive income	**-**	**(4,038)**	**(4,038)**
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	**(341)**	**30,172**	**29,831**
Profit attributable to owners of the Group	**(174)**	**21,151**	**20,977**
Profit attributable to the non-controlling interests	**(167)**	**13,059**	**12,892**
Profit/(loss) for the year	**(341)**	**34,210**	**33,869**
Total comprehensive income attributable to owners of the Group	**(174)**	**18,307**	**18,133**
Total comprehensive income attributable to the non-controlling interests	**(167)**	**11,865**	**11,698**
Total comprehensive income/ (loss) for the year	**(341)**	**30,172**	**29,831**

21 NON-CONTROLLING INTERESTS (continued)

	For the year ended 2021			
	Wanasah FZ LLC	**MBC Media Solutions FZ LLC**	**Platinum FZ LLC**	***Total***
	SAR'000	***SAR'000***	***SAR'000***	***SAR'000***
Revenue	1,840	1,241,223	4,732	1,247,795
Direct costs	(346)	(1,074,072)	(4,153)	(1,078,571)
GROSS PROFIT	1,494	167,151	579	169,224
General and administrative expenses	(1,354)	(129,096)	(4,177)	(134,627)
OPERATING PROFIT / (LOSS)	140	38,055	(3,598)	34,597
Other income	22	-	1,111	1,133
Finance income – net	-	833	-	833
PROFIT / (LOSS) BEFORE TAX	162	38,888	(2,487)	36,563
Income tax and zakat	-	(10,688)	-	(10,688)
PROFIT / (LOSS) FOR THE YEAR	162	28,200	(2,487)	25,875
Other comprehensive income	-	25	-	25
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	162	28,225	(2,487)	25,900
Profit attributable to owners of the Group	83	17,216	(1,840)	15,459
Profit attributable to the non-controlling interests	79	10,984	(647)	10,416
Profit/(loss) for the year	162	28,200	(2,487)	25,875
Total comprehensive income attributable to owners of the Group	83	17,364	(1,840)	15,607
Total comprehensive income attributable to the non-controlling interests	79	10,861	(647)	10,293
Total comprehensive income/ (loss) for the year	162	28,225	(2,487)	25,900

21 NON-CONTROLLING INTERESTS (continued)

Summarised financial information of the entities that have non-controlling interests is set out below. The financial information below represents amounts before intragroup eliminations:

	2022	***2021***	***2020***
	SAR'000	***SAR'000***	***SAR'000***
Assets			
Property and equipment	**6,134**	8,032	46
Employees' end of service benefits plan assets	**256**	388	386
Right-of-use assets	**3,735**	6,751	-
Due from related parties	**42,510**	26,512	424
Inventories	**965**	-	-
Trade receivables, prepayments and other assets	**489,787**	543,014	2,021
Bank balances and cash	**178,577**	213,746	4,782
Liabilities			
Lease liabilities	**(3,795)**	(6,716)	-
Employees' end of service benefits liability	**(4,024)**	(2,583)	(502)
Deferred tax liability	**(22)**	-	-
Due to related parties	**(461,041)**	(578,618)	(17,269)
Trade and other payables	**(195,628)**	(197,537)	(2,853)
Loan from a related party	**(24,750)**	(64,167)	(64,167)
Equity	**32,704**	(51,178)	(77,132)
Equity attributable to the owners of the Company	**24,398**	(34,121)	(49,770)
Equity attributable to the non-controlling interests	**8,306**	(17,057)	(27,362)

Below is the movement in the non-controlling interests as at 31 December:

	2022	***2021***	***2020***
	SAR'000	***SAR'000***	***SAR'000***
As at 1 January	**(17,057)**	(27,362)	(26,902)
Non-controlling interest portion in initial capital of MBC Media Solutions FZ-LLC	**-**	20	-
Share of total comprehensive income for the year	**11,698**	10,293	(460)
Transfer to legal reserve	**(23)**	(8)	-
Acquisition of non-controlling interest *	**13,688**	-	-
As at 31 December	**8,306**	(17,057)	(27,362)

*Effective 1 January 2022, the Group has acquired the remaining non-controlling interest in Platinum Records FZ LLC for no consideration.

21 NON-CONTROLLING INTERESTS (continued)

Below is the break-up of the statement of financial position for non-controlling interests:

	As at 31 December 2022		
	Wanasah FZ LLC	**MBC Media Solutions FZ LLC**	***Total***
	SAR'000	***SAR'000***	***SAR'000***
Assets			
Property and equipment	**8**	**6,126**	**6,134**
Employees' end of service benefits plan assets	**256**	**-**	**256**
Right-of-use assets	**-**	**3,735**	**3,735**
Due from related parties	**7**	**42,503**	**42,510**
Deferred tax asset	**-**	**189**	**189**
Trade receivables, prepayments and other assets	**464**	**489,323**	**489,787**
Bank balances and cash	**41**	**178,536**	**178,577**
Liabilities			
Lease liabilities	**-**	**(3,795)**	**(3,795)**
Employees' end of service benefits liability	**(448)**	**(3,576)**	**(4,024)**
Deferred tax liability	**-**	**(22)**	**(22)**
Due to related parties	**(1,843)**	**(457,722)**	**(459,565)**
Trade and other payables	**(224)**	**(196,880)**	**(197,104)**
Equity	**(1,739)**	**58,417**	**56,678**

21 NON-CONTROLLING INTERESTS (continued)

	For the year ended 2021			
	Wanasah FZ LLC	**MBC Media Solutions FZ LLC**	**Platinum FZ LLC**	***Total***
	SAR'000	***SAR'000***	***SAR'000***	***SAR'000***
Assets				
Property and equipment	8	7,996	27	8,031
Employees' end of service benefits plan assets	254	-	133	387
Right-of-use assets	-	6,751	-	6,751
Due from related parties	7	26,008	497	26,512
Inventories	-	-	303	303
Trade receivables, prepayments and other assets	(140)	540,235	2,919	543,014
Bank balances and cash	73	207,996	5,676	213,745
Liabilities				
Lease liabilities	-	(6,716)	-	(6,716)
Employees' end of service benefits liability	(345)	(2,026)	(212)	(2,583)
Due to related parties	(1,009)	(557,232)	(20,376)	(578,617)
Trade and other payables	(246)	(194,767)	(2,525)	(197,538)
Equity	(1,398)	28,245	(13,558)	13,289

	For the year ended 2020		
	Wanasah FZ LLC	**Platinum FZ LLC**	***Total***
	SAR'000	***SAR'000***	***SAR'000***
Assets			
Property and equipment	2	44	46
Employees' end of service benefits plan assets	253	133	386
Due from related parties	7	417	424
Inventories	-	336	336
Trade receivables, prepayments and other assets	(106)	2,127	2,021
Bank balances and cash	105	4,677	4,782
Liabilities			
Employees' end of service benefits liability	(313)	(190)	(503)
Due to related parties	(1,208)	(16,061)	(17,269)
Trade and other payables	(300)	(2,553)	(2,853)
Equity	(1,560)	(11,070)	(12,630)

22 EMPLOYEES' END OF SERVICE BENEFITS

The movements of the employees' end of service benefits liability recognised in the consolidated statement of financial position are as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
DBO at the beginning of the year	167,904	169,149	132,344
Current service cost	19,959	19,856	17,274
Interest costs	4,105	3,533	-
Actuarial (gain)/loss - other comprehensive income	(35,350)	(6,714)	26,057
Accrual of benefit plan asset interest	658	330	873
Transferred from/(to) related parties	13,063	(50)	(604)
Payments during the year	(20,968)	(18,200)	(6,795)
DBO at the end of the year	**149,371**	167,904	169,149

Details of employees' benefit expense as presented on the consolidated statement of profit or loss and comprehensive income is as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Current service cost	19,959	19,856	17,274
Interest cost	4,105	3,533	-
Recognized in profit or loss	**24,064**	23,389	17,274
Remeasurement actuarial (gain) / loss	(35,350)	(6,714)	26,057
Recognized in other comprehensive income	**(35,350)**	(6,714)	26,057

The significant assumptions used in determining defined benefits liabilities are shown below:

	2022	*2021*	*2020*
Average discount rate – KSA	4.77%	3.40%	-
Average discount rate - UAE	4.93%	2.65%	2.25%
Salary increase	3%	3%	3%

Sensitivity analysis
The table below shows the change in employee benefits liability based on a reasonable possible change in the base assumption value for discount and increment rates:

	Change (bps)	*2022 SAR'000*	*2021 SAR'000*	*2020 SAR'000*
Discount rate	1%	(12,150)	(14,425)	(16,310)
	-1%	(13,155)	18,177	17,702
Salary increase	1%	14,013	19,414	18,272
	-1%	(10,969)	(15,151)	(16,980)

*The Group has set aside assets in a plan specifically for the purpose of funding employees' end of service benefits obligations. Contributions to the plan are upon the discretion of the Group. The plan is deemed a saving fund. The interest received in the plan is accrued as part of the provision of employee's end of service indemnity payable.

Equiom, the plan's trustee, has placed the contribution with Barclays Bank, a financial institution in the United Kingdom.

22 EMPLOYEES' END OF SERVICE BENEFITS (continued)

During the year, the plan asset has earned interest amounting to SAR 658 thousand (2021: SAR 330 thousand) (2020: SAR 873 thousand). The average interest rate is 1.46% per annum (2021: 0.2%) (2020: 0.82% per annum).

The movement of the plan assets is as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
As at 1 January	114,263	113,933	113,060
Interest earned during the year	658	330	873
Funds withdrawn during the year	(12,403)	-	-
As at 31 December	**102,518**	114,263	113,933

The fair value of plan assets is as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Bank balances and cash	**102,518**	114,263	113,933

23 TRADE AND OTHER PAYABLES

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Deferred revenue (Note 5)	1,378,568	1,003,862	365,519
Trade payables	411,145	421,731	250,361
Accrued expenses	405,499	390,069	275,253
Contract liabilities (Note 5)	320,413	113,860	28,394
Provision for income tax and zakat (Note 10)	6,722	12,824	6
Other payables	52,173	50,354	20,229
	2,574,520	1,992,700	939,762

24 NON CURRENT ADVANCE AND BORROWING

In 2020, the Group was in discussions with NEOM Company, a single member closed joint stock company duly incorporated under the laws of the Kingdom of Saudi Arabia, in relation to the formation of a joint operation under the name of MBC Game Studio ("Game Studio") in the NEOM Zone with an ownership stake of 70% and 30%, respectively.

In 2021, the shareholder agreement was signed, and the Game Studio was legally incorporated in December 2021. As part of agreement, a contract was entered with a supplier in regard to hiring and retaining a development team, designing of an upcoming game, preparation of a marketing and merchandising strategy, and developing a vertical slice.

In 2020, the first payment to the supplier amounting to SAR 42,101 thousand was fully funded by NEOM Company and the Group's portion of SAR 29,471 thousand (based on its shareholding percentage of 70%) was recorded as a non-current advance and treated as a borrowing from NEOM Company as per the agreement. During 2021, the Group repaid SAR 22,735 thousand and the outstanding borrowing of SAR 6,736 thousand was repaid during 2022.

25 DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2022 and 31 December 2021, the Group has call options which meet the definition of derivative financial instruments under *IFRS 9 – Financial Instruments* and which are measured at fair value in accordance with *IFRS 13– Fair Value Measurement*.

The Group also has call options relating to commercial marketing agreements. Those options are deemed insignificant to the Group and are valued at Nil as of 31 December 2022. Further, below are the call options with their fair value as of 31 December.

	2022	***2021***	***2020***
	SAR'000	***SAR'000***	***SAR'000***
ACSC Option (a)	-	337,500	-
Tapmad Option (b)	1,834	4,125	-
MMS UAE Option (c)	965	-	-
	2,799	341,625	-

(a) ACSC Option

In August 2020, the Group entered into a shareholders' agreement to acquire a 5% stake in ACSC (Note 14). As part of the agreement, the Group had an option to purchase an extra 15% of the total issued shares. The option expires on 1 July 2024. The option became exercisable from 1 January 2021. Further, on 10 October 2022, the Group and Engineer Holding Group ("the other shareholder") has exercised the Group's call option.

The Group has engaged a valuation specialist to estimate the value of the call option. The call option was deemed to be a derivative instrument that is required to be measured at FVTPL in accordance with *IFRS 13 - Fair Value Measurement*. The derivative financial instrument was categorised within Level 2 of the fair value hierarchy.

The valuation methodology used to determine the fair value of the option was the Monte Carlo simulation model. Based on the model, the ACSC Option was valued and recognised at SAR 337,500 thousand as of 31 December 2021. (2020: Nil). On 10 October 2022, the Group exercised its call option and acquired an additional 15% shareholding on ACSC. Consequently, the SAR 337,500 thousand fair value of the call option was revalued at the date of exercise giving a loss of SAR 5,250 thousand and was reclassified to investment in associate [Note 14.2 (c)].

(b) Tapmad Option

In October 2021, the Group entered into a shareholders' agreement to acquire a further stake in Tapmad shares (Note 14). As part of the agreement, the Group has an option to purchase an extra 10% of the total issued shares. Furthermore, the agreement gives the Group an additional right to increase their shareholding in Tapmad to 51% or more.

Further, the Group has engaged a valuation specialist to estimate the value of the call option as of 31 December 2021. The call option was deemed to be a derivative instrument that is required to be measured at FVTPL in accordance with *IFRS 13 - Fair Value Measurement*. The derivative financial instrument is categorised within Level 3 of the fair value hierarchy.

The valuation methodology used to determine the fair value of the option was the Binomial Option Pricing model. Based on the model, the Tapmad Option was valued and recognised at SAR 1,834 thousand as of 31 December 2022 (2021: SAR 4,125 thousand) (2020: SAR Nil).

25 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(c) MMS UAE Option

In accordance with the shareholders' agreement between MMS BVI, a fully owned subsidiary, and Engineer Holding Group ("the other shareholder"), MMS BVI has a call option to acquire all of the non-controlling interest in MMS UAE. In 2021, Engineer Holding Group transferred its ownership on MMS UAE to Saudi Media Advertising Company (SMAC), a company incorporated in the Kingdom of Saudi Arabia.

The Group has engaged a valuation specialist to estimate the value of the call option. The call option was deemed to be a derivative instrument that is required to be measured at FVTPL in accordance with *IFRS 13 - Fair Value Measurement*.

The fair value of the call option was determined based on the Black-Scholes Option Pricing Model. One of the key inputs to the option pricing model is the current fair value of the equity of MMS UAE which is subject to significant management judgements and estimates), such as the nature and logistics of MMS UAE's business along with its incorporation date. The fair value of the equity of MMS UAE is based on a market participant's viewpoint.

Based on the model and the consideration of the operations and contracts in place, the MMS UAE Option was assessed to have a value of SAR 965 thousand as of 31 December 2022 (2021: SAR Nil). The Group will continue to reassess the value of the call option at each reporting date.

26 RISK MANAGEMENT

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The management provides guidelines covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. The management of the Group reviews and agrees policies for managing each of these risks which are summarised below:

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the Group is exposed to interest rate risk as the Group invests cash funds at both fixed and floating interest rates and incurs variable finance charges for its finance lease liability. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate deposits.

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate assets, the analysis is prepared assuming the amount of the asset outstanding at the reporting date was outstanding for the whole year. A 50-basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. This includes the Group's short-term deposits and lease liabilities.

If interest rates had been 50-basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2022 would increase/decrease by SAR 248 thousand (2021: increase/decrease by SAR 5,306 thousand) (2020: SAR 671 thousand). This is mainly attributable to the Group's exposure to interest rates on its finance lease liability.

26 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.

The Group is exposed to credit risk on its bank balances, trade receivables, accrued revenue and due from related parties. The Group seeks to limit its credit risk with respect to bank balances by dealing only with reputable banks and with respect to trade receivable by monitoring outstanding receivables.

With respect to credit risk arising from the other financial assets of the Group, including bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management and the Group maintains an allowance for doubtful debts based on expected collectability of all receivables.

Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Trade and other receivables (excluding advances to suppliers, advance for programme rights, and prepaid expenses) (Note 16)	872,139	1,014,979	886,812
Due from related parties (Note 17)	307,564	421,905	577,916
Derivative financial instruments (Note 25)	2,799	341,625	-
Bank balances and cash (Note 18)	689,404	676,370	390,354
	1,871,906	2,454,879	1,855,082

Trade receivables and contract assets
Credit risk is managed through the Group's policy, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

31 December 2022

		Trade receivables and contract assets					
				Days past due			
	Contract assets SAR'000	*Current SAR'000*	*<30 days SAR'000*	*31-60 days SAR'000*	*61-90 days SAR'000*	*>90 days SAR'000*	*Total SAR'000*
Expected credit loss rate	14.66%	0.20%	0.24%	2.00%	1.79%	69.20%	21.00%
Estimated total gross carrying amount at default	213,711	370,828	56,371	13,732	19,611	225,642	899,895
Expected credit loss	31,324	749	137	275	352	156,147	188,984

26 RISK MANAGEMENT (continued)

Credit risk (continued)

31 December 2021

		Trade receivables and contract assets Days past due					
	Contract assets SAR'000	***Current SAR'000***	***<30 days SAR'000***	***31-60 days SAR'000***	***61-90 days SAR'000***	***>90 days SAR'000***	***Total SAR'000***
Expected credit loss rate	14.26%	0.15%	0.55%	2.66%	0.69%	70.49%	19.63%
Estimated total gross carrying amount at default	173,355	430,168	57,533	14,013	15,277	215,073	905,419
Expected credit loss	24,714	639	316	373	106	151,612	177,760

31 December 2020

		Trade receivables and contract assets Days past due					
	Contract assets SAR'000	***Current SAR'000***	***<30 days SAR'000***	***31-60 days SAR'000***	***61-90 days SAR'000***	***>90 days SAR'000***	***Total SAR'000***
Expected credit loss rate	22.73%	0.48%	2.04%	3.55%	0.09%	93.41%	32.35%
Estimated total gross carrying amount at default	101,573	332,589	28,195	5,184	9,887	211,264	688,692
Expected credit loss	23,086	1,601	576	184	9	197,337	222,793

Due from related parties
Amounts due from related parties are not considered to represent significant credit risk because these amounts are due from the companies owned by the ultimate parent company and therefore do not carry any significant risks of default. The shareholder has resolved to bear losses, if any, that arises on recoverability of the amounts due from related parties. As of reporting date, an amount of SAR 19,188 thousand (2021: SAR 19,082 thousand) (2020: SAR 5,331 thousand) was provision for impairment against due from related parties.

Bank balances and short-term deposits
Bank balances and short-term deposits are placed with financial institutions whose credit ratings, as assigned by reputable external credit rating agencies, are of a higher grade. These balances are callable on demand and there has been no history of defaults. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks and counterparties with high credit ratings and no history of default. Considering these factors, management has assessed the credit risk on bank balances and has recognised a allowance for expected credit losses of SAR 3,612 thousand (2021: SAR 1,717 thousand) (2020: SAR 609 thousand) as of 31 December (Note 18).

26 RISK MANAGEMENT (continued)

Liquidity risk
Ultimate responsibility for liquidity risk management rests with management, which has an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2022

	1 to 12 months SAR'000	*>1 year SAR'000*	*Total SAR'000*
Lease liabilities	9,445	39,655	49,100
Loan from a related party	-	64,167	64,167
Due to related parties	54,054	-	54,054
Trade and other payables (excluding advance from customer, provision for income tax and deferred revenue)	868,816	-	868,816
Loan from shareholder	497,250	-	497,250
Total	**1,429,565**	**103,822**	**1,533,387**

At 31 December 2021

	1 to12 months SAR'000	*>1 year SAR'000*	*Total SAR'000*
Lease liabilities	19,114	39,049	58,163
Loan from a related party	-	64,167	64,167
Borrowings	6,736	-	6,736
Due to related parties	51,081	-	51,081
Trade and other payables (excluding provision for income tax, contract liabilities and deferred revenue)	862,155	-	862,155
Total	939,086	103,216	1,042,302

At 31 December 2020

	1 to12 months SAR'000	*>1 year SAR'000*	*Total SAR'000*
Lease liabilities	13,032	44,568	57,600
Loan from a related party	-	64,167	64,167
Borrowings	29,471	-	29,471
Due to related parties	82,688	-	82,688
Trade and other payables (excluding provision for income tax, contract liabilities and deferred revenue)	545,843	-	545,843
Total	671,034	108,735	779,769

26 RISK MANAGEMENT (continued)

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets			*Liabilities*		
	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***	***2022 SAR'000***	***2021 SAR'000***	***2020 SAR'000***
Sterling pound	50,418	35,033	28,127	10,553	8,654	4,882
Egyptian pound	285,365	281,663	123,426	133,802	118,698	64,225
Euro	135,610	131,770	120,955	35,051	39,041	31,185
Kuwaiti Dinar	12,678	11,485	8,853	6,357	6,333	3,689

Foreign currency sensitivity analysis
The following table details the Group's sensitivity to a 10% increase in the SAR against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where the SAR increases against the relevant currency. For a 10% weakening of the SAR against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

	2022 SAR'000	***2021 SAR'000***	***2020 SAR'000***
Sterling pound	(3,986)	(2,638)	(2,324)
Egyptian pound	(15,156)	(16,296)	(5,920)
Euro	(10,056)	(9,273)	(8,977)
Kuwaiti Dinar	(632)	(515)	(515)

This is mainly attributable to the exposure to outstanding trade payables, trade receivables, bank balances, and amounts due from/to related parties at the year-end.

Capital management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021 and 2020.

The capital structure of the Group consists of equity comprising share capital, retained earnings, discretionary reserve, foreign currency translation reserve and other reserve measured at SAR 2,952,303 thousand as at 31 December 2022 (2021: SAR 2,893,104 thousand) (2020: SAR 2,149,111 thousand).

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, derivative financial instruments, trade and other receivables and due from related parties. Financial liabilities consist of trade and other payables, excluding provision for income tax, borrowings, lease liabilities, and due to related parties.

Except for the Investment at FVPL and derivative financial instruments explained below, the financial assets and liabilities are recorded at their carrying amounts which are within reasonable approximation of their fair values. The derivatives financial instruments are categorised within Levels 2 and 3 of the fair value hierarchy (Note 25).

The Group has call options for some of its investments in its subsidiaries and associates whose fair value are estimated using valuation techniques including the Black-Scholes Option Pricing Model, Monte Carlo simulation model and the Binomial Option Pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. The Group limits its risk regularly reassessing a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

28 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements, estimates and assumptions
In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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 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 customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and equipment with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and equipment with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

28 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations 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 adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters 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 reflected in the assumptions when they occur.

Allowance for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs 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 customer's actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in Note 26.

Impairment of amounts due from related parties
An estimate of the collectible amount of due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates. At the reporting date, SAR 19,188 thousand (2021: SAR 19,082 thousand) (2020: SAR 5,331 thousand) was impaired to the carrying amount of due from related parties.

Classification of inventories
Considering the nature of inventories, which mainly consists of acquired and developed programmes, Group believes that these inventories are expected to be realised or intended to be sold or consumed within the Group’s normal operating cycle which is beyond 12 months after the end of the reporting period and hence classified as current.

Impairment of inventories
Inventories, which are mainly cost of acquired and developed programmes, are stated at cost less accumulated amortisation and accumulated impairment, if any. Factors influencing the amortisation and impairment include the length of the licence period of the programme and likelihood of the programme being aired.

Based on the above factors, management ensures that the programmes acquired and developed are relevant for transmission or airing requirement and appropriate allowances for slow moving and obsolete inventories are recorded against the cost for those programmes whose licence has expired. Revisions to the allowance for slow moving and obsolete inventories would be required if the outcome of these indicative factors differ from the estimates.

Programme amortisation and write-offs recognised in the consolidated statement of comprehensive income for the year ended 31 December 2022 amounted to SAR 1,326,619 thousand (2021: SAR 1,140,479 thousand) (2020: SAR 910,404 thousand) and are included within ‘Direct costs’. (Note 6).

28 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Amortisation of programme inventories
Management has considered the likely period of benefits to be derived from broadcasting programme inventories. Based on past experience, management considers substantially all related benefits from broadcasting an acquired programme right are consumed based on the transmission of the show/series, irrespective of the length of time the broadcasting right has left to run.

The Group also holds inventory of programmes for which it has comprehensive exploitation rights that are typically not limited in time. The programmes are either produced in-house, commissioned from other production houses, or acquired “ready-made” from other parties. The group derives commercial benefit by selling transmission licenses that are limited in terms of time and number of runs to third parties.

Based on past experience, management believes that substantially all benefits from the sale (licensing) of programmes are realised within three years from first availability, and a significant majority of those benefits are realised during the first two years of that period. The cost of programmes is amortised based on an internal agreed percentage for each category and when the related content is broadcasted and aired to public. Shahid content inventory is amortised on an accelerated basis which is the lesser of six years or the license period.

Interactivity revenue
Interactivity revenue represents income from the use of interactive services and is recognised based on interactive transaction volumes from internal reports, adjusted for estimated uncertainties based on management’s prior experience of differences arising between internal estimates and final reconciliation of external service provider data. Based on management’s best estimate of the volume of interactive transactions likely to be confirmed and paid by the third-party service providers, management is satisfied that the recognition of the interactivity revenue is appropriate.

Revenue recognition - Estimating variable consideration for volume rebates
The Group estimates variable considerations to be included in the transaction price for the sale of advertising with volume rebates.

The Group’s expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer’s historical rebates entitlement and accumulated purchases to date.

The Group applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Group’s past experience regarding rebate entitlements may not be representative of customers’ actual rebate entitlements in the future. As at 31 December 2022, the amount recognised as refund liabilities classified as part of accrued expenses for the expected volume rebates was SAR 69,096 thousand (2021: SAR 48,781 thousand) (2020: SAR Nil).

Useful lives of property and equipment and intangible assets
The Group’s management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

28 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Valuation of financial instruments
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair value using valuation techniques including simulation and pricing models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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).

Determination of significant influence in an associate-Wego
The Group concluded that it has significant influence over Wego (less than 20% shareholding). The shareholder agreement grants the Group voting rights on the board of directors. In addition, the Group concluded that some of the reserved matters are substantive in nature and, accordingly, the Group has significant influence on relevant activities of Wego.

Determination of significant influence in an associate-ACSC
The Group concluded that it has significant influence over ACSC (less than 20% shareholding in 2021 and 2020). The shareholder agreement grants the Group voting rights on the board of directors. In addition, the Group concluded the combination of having a seat on the Board, together with the call option to acquire an incremental 15% shareholding and an extra Board seat, were important factors in determining the Group had significant influence over ACS in 2020 and 2021.

Determination of control over the Game Studio
The Group concluded that it has joint control over investment in MBC Game Studio where the Group holds 70% of the voting rights. The Group has assessed, based on the contractual agreement with the other shareholder, that the contractual agreement includes significant matters. Some of the significant matters give substantive rights to the other shareholder. Therefore, the Group has concluded that it jointly controls the investee with the other shareholder and hence accounted for it under the requirements of IFRS 11.

28 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Determination of the accounting treatment of other operating revenues
Whenever there is any funding from the Government, the Group performs an assessment under IAS 20 – Government Grants whether the fundings received by the Group from the Government, through an Intermediate Parent Company, was in the capacity of a shareholder or Government, as the Group is ultimately owned by the Government. If the funding or reimbursement is provided to the Group by the Government in the capacity of the Government as part of governmental funding initiatives, the Group recognises the fundings as other operating revenues within the consolidated statement of comprehensive income. However, if the funding or reimbursement is provided to the Group in the capacity of a shareholder then the same is recognised within the consolidated statement of changes in equity as contribution from shareholders. Details of the various funding recognized in the profit or loss statement are described in Note 5 *Other operating revenues*.

Determination of control over MBC Media Solutions FZ-LLC ("MMS UAE")
Though the Group has 60% equity interest in MMS UAE, through a wholly owned subsidiary, it is required to assess whether or not the Group has control over MMS UAE, in accordance with IFRS 10 – Consolidated Financial Statements, as the minority shareholder has certain voting rights including the ability to vote on the approval of the entity's annual budget. After considering all facts and circumstances and the judgment placed in determining whether the approval rights over budgets are substantive or not, the Group has concluded that the budget approval rights held by the minority shareholder are considered protective in nature rather than substantive and hence the Group has control over MMS UAE. Accordingly, the Group has consolidated MMS UAE within these consolidated financial statements. As required by IFRS 10, the Group will reassess the accounting whenever there are any changes in the facts and circumstances.

Determination of the fair value of the call option over MBC Media Solutions FZ-LLC ("MMS UAE")
Through a wholly owned subsidiary, the Group has a call option over the non-controlling interest representing 40% ownership of MMS UAE. Incorporated in the valuation methodology referenced to in Note 21, the Group has applied certain judgements and assumptions for the call option pricing. Those include judgements and assumptions over the probability of renewing the sale of airtime contract between MBC FZ LLC and MMS UAE and the volatility on the forecasted results used in the valuation model. Based on those above, the Group concluded that, as of 31 December 2022, the call option was valued at SAR 965 thousand (2021: SAR Nil). The Group will continue to reassess the valuation whenever there are any changes in the facts and circumstances and at each reporting period.

Going concern
The Group management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the 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.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

29 COMMITMENTS AND CONTINGENCIES

At the reporting date, the Group has minimum spend contractual commitments as follows:

	2022 SAR'000	*2021 SAR'000*	*2020 SAR'000*
Less than one year	1,151,813	964,798	625,245
Between two and five years	88,018	182,498	273,722
Total commitments	**1,239,831**	1,147,296	898,967

The above commitments include programmes agreements where the Group is committed to acquire the programme inventory for the life of the respective programme.

30 SUBSEQUENT EVENTS

i) Subsequent to year end, MBC Group Holdings Limited, the previous holding company, transferred its shares to MBC Group, the new holding Company, which was formed pursuant to the reorganisation after the end of reporting period. Refer Note 1 to the consolidated financial statements.

ii) As explained in Note 1, on 20 September 2023 the General Assembly of the Company approved to increase the share capital by SAR 2,992,000,000 at a par value of SAR 10 per share. The increase in share capital was taken from the net equity attributable to the parent company as of 30 June 2023 which represents the contribution from shareholders as a result of the reorganization.

iii) Subsequent to year-end, one of the subsidiaries of the Company renewed the agreement with respect to the short-term uncommitted revolving facility, which was originally obtained in April 2022 for the purpose of financing the working capital requirements in accordance with the terms stipulated therein.

The maximum entitlement under the renewed facility agreement amounted to SAR 375,000 thousand (USD 100,000 thousand), which carries a variable interest at 1.25% + Secured Overnight Financing Rate ("SOFR") on the date of drawdown

MBC Group and its Subsidiaries (A closed joint stock company)

Unaudited Interim Condensed Consolidated Financial Statements

For The Six Months Period Ended 30 June 2023

EY
Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MBC GROUP (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of MBC Group ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2023, and the related interim condensed consolidated statement of comprehensive income for the six-month periods ended 30 June 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter – Basis of preparation

We draw attention to Note 2.1 to the accompanying interim condensed consolidated financial statements which describes the basis of accounting and that the accompanying interim condensed consolidated financial statements for the period ended 30 June 2023 have been prepared for inclusion in the Company's initial public offering application to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia and should not be used for any other purpose. Our conclusion is not modified in respect of this matter.

for Ernst & Young Professional Services

Abdulaziz S. Alarifi
Certified Public Accountant
License No. (572)

EY
CR.1010383821
Ernst & Young Professional Services (Professional LLC)

Riyadh: 11 Rabi Al-Thani 1445H
(26 October 2023)

MBC Group and its Subsidiaries (A closed joint stock company)

Interim Consolidated Statement of Comprehensive Income

For the six months period ended 30 June

	Notes	2023 (Unaudited) SAR'000	2022 (Unaudited) SAR'000
Revenue from contracts with customers	4	**1,355,623**	1,205,489
Other operating revenue	5	**534,386**	423,889
Direct costs	6	**(1,441,743)**	(1,386,187)
Gross profit		**448,266**	243,191
General and administrative expenses	7	**(451,558)**	(391,084)
Operating loss		**(3,292)**	(147,893)
Other income	8	**49,154**	70,786
Finance (costs)/income – net		**(4,478)**	2,551
Share of profit in associates and joint ventures	13	**22,319**	1,014
Unrealised (loss)/gain on investment in financial asset through profit or loss (FVTPL)	13	**(4,980)**	46,566
Unrealised gain on derivative financial instruments	22	**268**	14,433
Profit/(Loss) before tax		**58,991**	(12,543)
Income tax and zakat	9	**(7,257)**	(3,910)
Profit/(Loss) for the period		**51,734**	(16,453)
Attributable to:			
Equity holders of the Parent		**46,267**	(28,855)
Non-controlling interests		**5,467**	12,402
		51,734	(16,453)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translating foreign operations – net		**(1,225)**	(1,180)
Share of other comprehensive income of associates, net		**(1,437)**	(108)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement (loss)/gain on employees' end of service benefits obligation	19	**(2,330)**	30,208
Total other comprehensive (loss)/income for the period		**(4,992)**	28,920
Total comprehensive income for the period		**46,742**	12,467
Attributable to:			
Equity holders of the Parent		**41,797**	304
Non-controlling interests		**4,945**	12,163
		46,742	12,467

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

MBC Group and its Subsidiaries (Closed Joint Stock Company)

Interim Consolidated Statement of Financial Position
As at 30 June 2023

	Notes	*30 June 2023 (Unaudited) SAR'000*	*31 December 2022 (Audited) SAR'000*
ASSETS			
Non-current assets			
Property and equipment	10	97,871	105,482
Intangible assets	11	52,002	40,668
Right-of-use assets	12	24,136	36,285
Investments in associates and joint ventures	13	1,068,612	979,693
Investment in financial asset through profit or loss		13,709	18,689
Employees' end of service benefits plan assets	19	105,032	102,518
Deferred tax assets		273	189
Other non-current assets		20	20
		1,361,655	1,283,544
Current assets			
Inventories	14	2,790,771	2,567,955
Trade receivables, prepayments and other assets	15	1,848,564	1,497,827
Due from related parties	16	384,464	307,564
Bank balances and cash	17	798,116	689,404
Derivative financial instruments	22	3,067	2,799
		5,824,982	5,065,549
TOTAL ASSETS		7,186,637	6,349,093
EQUITY AND LIABILITIES			
Equity			
Share capital	18	500	-
Additional shareholders' contribution		2,992,672	-
Combined contribution		-	10,064
Legal reserves		-	78
Discretionary reserves		-	511
Foreign currency translation reserve		-	(9,066)
Other reserves		-	38,386
Retained earnings		-	2,912,330
Equity attributable to equity holders of the Parent		2,993,172	2,952,303
Non-controlling interests		13,251	8,306
Total equity		3,006,423	2,960,609
Non-current liabilities			
Lease liabilities	12	29,946	39,655
Employees' end of service benefits	19	163,822	149,371
Loan from a related party	16	64,167	64,167
Deferred tax liability		16	22
		257,951	253,215
Current liabilities			
Lease liabilities	12	5,179	9,445
Trade and other payables	20	3,193,647	2,574,520
Due to related parties	16	19,936	54,054
Loan from a shareholder	16	497,250	497,250
Borrowing	23	206,251	-
		3,922,263	3,135,269
Total liabilities		4,180,214	3,388,484
TOTAL EQUITY AND LIABILITIES		7,186,637	6,349,093

Chairman CEO CFO

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

3

MBC Group and its Subsidiaries (A closed joint stock company)

Interim Consolidated Statement of Cashflows
For the six months period ended 30 June

	Notes	2023 (Unaudited) SAR'000	2022 (Unaudited) SAR'000
Operating activities			
Profit/(Loss) before tax		**58,991**	(12,543)
Adjustments for:			
Depreciation on property and equipment	6, 7	**19,518**	23,577
Depreciation on right-of-use assets	6, 7	**7,850**	9,760
Allowance for expected credit loss, net	7	**6,388**	13,483
Amortisation of intangible assets	7	**5,133**	3,624
Share of profit in associates and joint ventures, net	13	**(22,319)**	(1,014)
Unrealised loss on investment in financial asset through profit or loss (FVTPL)	13	**4,980**	(46,566)
Provision for employees' end of service benefits	19	**19,426**	12,624
Finance (cost)/income, net		**4,478**	(2,551)
Unrealised gain on derivative financial instruments	22	**(268)**	(14,433)
Loss on disposal of property and equipment	10	**-**	2
		104,177	(14,037)
Working capital changes:			
Inventories		**(222,816)**	(512,346)
Trade receivables, prepayments and other assets		**(353,966)**	(448,104)
Due from related parties		**(61,402)**	165,109
Trade and other payables		**615,320**	730,117
Due to related parties		**(34,118)**	8,880
		47,195	(70,381)
Employees' end of service benefits paid	19	**(12,225)**	(5,031)
Interest (paid)/received		**(3,692)**	3,445
Income tax paid		**(3,451)**	(9,025)
Net cash flows generated from/(used in) operating activities		**27,827**	(80,992)
Financing activities			
Proceeds from issuance of shares	18	**500**	-
Repayment of lease liability	12	**(9,950)**	(11,321)
Proceeds from borrowings	23	**206,251**	87,014
Net cash flows generated from financing activities		**196,801**	75,693
Investing activities			
Purchase of property and equipment	10	**(13,806)**	(13,111)
Proceeds from disposal of property and equipment	10	**2**	9
Purchase of intangible assets	11	**(16,468)**	(11,598)
Net movement in non-current assets		**(88)**	2
Investments in joint ventures and associates	13	**(72,036)**	-
Net cash flows used in from investing activities		**(102,396)**	(24,698)
Net increase/(decrease) in bank balances and cash		**122,232**	(29,997)
Net foreign exchange difference		**(15,531)**	(815)
Bank balances and cash at the beginning of the period		**693,016**	678,086
Bank balances and cash at the end of the period	17	**799,717**	647,274

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

MBC Group and its Subsidiaries (A closed joint stock company)

Interim Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2023

	Share capital	*Additional shareholders' contribution*	*Combined contribution*	*Legal reserves*	*Discretionary reserves*	*Foreign currency translation reserve*	*Other reserves*	*Retained earnings*	*Total*	*Non-controlling interests (NCI)*	*Total equity*
	SAR'000	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*	*SAR'000*
Issuance of share capital (unaudited) (Note 18)	**500**	-	-	-	-	-	-	-	**500**	-	**500**
Additional shareholders contribution (unaudited)*	-	**2,992,672**	-	-	-	-	-	-	**2,992,672**	**13,251**	**3,005,923**
Balance at 30 June 2023 (unaudited)**	**500**	**2,992,672**	-	-	-	-	-	-	**2,993,172**	**13,251**	**3,006,423**
Balance at 1 January 2023 (audited)	-	-	**10,064**	**78**	**511**	**(9,066)**	**38,386**	**2,912,330**	**2,952,303**	**8,306**	**2,960,609**
Additional contribution (unaudited)***	-	-	-	-	-	-	-	**9,281**	**9,281**	-	**9,281**
Exchange differences on hyper inflationary foreign operations (unaudited)****	-	-	-	-	-	-	-	**(10,709)**	**(10,709)**	-	**(10,709)**
Profit for the period (unaudited)	-	-	-	-	-	-	-	**46,267**	**46,267**	**5,467**	**51,734**
Other comprehensive loss (unaudited)	-	-	-	-	-	**(2,140)**	-	**(2,330)**	**(4,470)**	**(522)**	**(4,992)**
Total comprehensive loss for the period (unaudited)	-	-	-	-	-	**(2,140)**	-	**43,937**	**41,797**	**4,945**	**46,742**
Balance as at 30 June 2023 (unaudited)*****	-	-	**10,064**	**78**	**511**	**(11,206)**	**38,386**	**2,954,839**	**2,992,672**	**13,251**	**3,005,923**
Balance at 1 January 2022 (audited)	-	-	5,064	21	511	(6,972)	38,386	2,856,094	2,893,104	(17,057)	2,876,047
Profit for the period (unaudited)	-	-	-	-	-	-	-	(28,855)	(28,855)	12,402	(16,453)
Other comprehensive income (unaudited)	-	-	-	-	-	(838)	-	29,997	29,159	(239)	28,920
Total comprehensive income for the period (unaudited)	-	-	-	-	-	(838)	-	1,142	304	12,163	12,467
Release of NCI (unaudited)******	-	-	-	-	-	-	-	(13,687)	(13,687)	13,687	-
Balance as at 30 June 2022 (unaudited)	-	-	**5,064**	**21**	**511**	**(7,810)**	**38,386**	**2,843,549**	**2,879,721**	**8,793**	**2,888,514**

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

MBC Group and its Subsidiaries (A closed joint stock company)

Interim Consolidated Statement of Changes in Equity *(continued)*

For the six months period ended 30 June 2023

* *The above presentation of equity is compiled as a continuance of existing business basis and is presented for the information purposes only.*

** *The balance represents the equity structure of the MBC Group ("the Company") as at 30 June 2023 after the effect of reorganisation, as disclosed in Note 1 of these interim condensed consolidated financial statements. Based on the aforementioned reorganisation, the entire equity attributable to the Parent, net of the issued share capital, of the Company as at 30 June 2023 prior to reorganisation has been transferred and presented as a capital contribution under revised equity structure of the Company after reorganisation as at 30 June 2023.*

*** *During the period ended 30 June 2023, certain intercompany receivable balances pertaining to the period prior to the reorganisation, as disclosed in Note 1 of these interim condensed consolidated financial statements, were transferred from MBC Group Holdings Limited to the Company by virtue of a novation agreement. The aforementioned transfer was recognised as an additional contribution during the period through retained earnings.*

**** *The foreign exchange currency differences pertain to the revaluation of one of the foreign subsidiaries of the Group, i.e. MBC Holding Cyprus Limited, from functional currency of the subsidiary to the presentation currency of the Group. The subsidiary meets the criteria of hyper inflationary foreign operations in accordance with IAS 29. Consequently, the resulting losses on currency revaluation amounting to SAR 10,709 thousand were recognised during the period ended 30 June 2023 directly through retained earnings.*

***** *The balance represents the equity structure of the Company as at 30 June 2023 prior to the reorganisation as disclosed in Note 1 of these interim condensed consolidated financial statements. The reorganisation was affected on 22 June 2023. For the purpose of presentation of the interim consolidated statement of changes in equity, the results and transactions for the period of six months ended 30 June 2023 have been recorded prior to the reorganisation, as a difference between 22 June 2023 and 30 June 2023 is not material.*

****** *Effective 1 January 2022, the Group acquired the remaining non-controlling interest in one of the subsidiaries i.e. Platinum Records FZ LLC for nil consideration.*

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

MBC Group and its Subsidiaries (A closed joint stock company)
Notes to the Interim Condensed Consolidated Financial Statements

1 CORPORATE INFORMATION

MBC Group (the "Company") is a newly formed Company under Saudi laws that was incorporated as a Saudi closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration number 1010876295 dated 29 Ramadan 1444H (corresponding to 20 April 2023). The shareholding of the Company is described in Note 18. The accompanying interim condensed consolidated financial statements consolidate the financial statements of the Company and its subsidiaries (hereafter collectively referred to as the "Group"). The principal activity of the Group is to provide broadcasting services, to operate free-to-air Pan-Arab entertainment channels and over-the-top (OTT) platform, and to produce content.

These are the first set of the interim condensed consolidated financial statements of the Group following the reorganisation of the Group (the "reorganisation") for inclusion in the Company's initial public offering application to be filed with the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

During the period, on 20 April 2023, pursuant to the reorganisation, the shareholders established the Company as a new holding company with a share capital of SAR 500,000 at SAR 10 per share. The Company became the new holding company of the group through transfer of shares of the certain entities, as listed below. The shares were transferred from the MBC Group Holdings Limited, the previous holding company, to the new holding company for nil consideration. The reorganisation was completed on 22 June 2023 during which all the legal ownership of the below mentioned entities were transferred to the new holding company.

The acquisition of the shares in the subsidiaries and associates by the Company was effectively concluded during June 2023. Accordingly, the acquisition was accounted for as of 30 June 2023, through "additional shareholders contributions" account. Starting from that date, revenues, expenses, assets and liabilities of the Company and its subsidiaries are consolidated, after eliminating intercompany transactions and balances.

As this reorganisation did not result in any change of economic substance and it is not considered as a business combination as defined by IFRS 3 Business Combination, these consolidated financial statements of the Group are prepared on the basis that the reorganisation is in substance a combination of the existing group entities as if the Company had always owned the existing group entities. Apart from the results of operations of the subsidiaries and associates, the Company did not recognize any revenues or incur any expenses during the period prior to the consolidation.

As a result of the aforesaid transfer of shares, on 20 September 2023 the General Assembly of the company approved to increase the share capital by SAR 2,992,000 thousand at a par value of SAR 10 per share (as a result the total share capital post increase will be SAR 2,992,500 thousand). The capital increase was completed on 5 October 2023.

Details of the Company's subsidiaries at 30 June 2023 and 31 December 2022 are as follows:

Name of entity	*Principal activities*	*Legal / Beneficial ownership interest*	
		June 2023	**December 2022**
MBC FZ LLC and its subsidiaries ("MBC FZ LLC")	The principal activity of MBC FZ LLC and its subsidiaries is to provide broadcasting services and to operate free-to-air Pan-Arab entertainment channels. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	**100%**	100%
MBC Studios FZ LLC ("MBC Studios")	The main activities of MBC Studios (formerly known as O3 Productions FZ LLC) are production and post-production of television programmes. It also acquires television content for resale purposes. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	**100%**	100%
MBC IP FZ LLC ("MBC IP")	The main activity of MBC IP is to provide broadcast support services. Its registered office address is MBC Building, Dubai Media City, Dubai, United Arab Emirates.	**100%**	100%

1 CORPORATE INFORMATION *(continued)*

Name of entity	*Principal activities*	*Legal / beneficial ownership interest*	
		June 2023	**December 2022**
MBC Studios Projects FZ LLC ("MBC Studios Projects")	The principal activity of MBC Studios Projects (formerly known as Eventique FZ LLC) is event management services and media content production. Its registered office address is P.O. Box 72627, Dubai, United Arab Emirates.	**100%**	100%
Platinum Records FZ LLC ("Platinum")	Platinum is mainly engaged in music label and rights management. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	**100%**	100%
Wanasah FZ LLC ("Wanasah")	Wanasah is mainly engaged in broadcasting services. It operates as Wanasah TV, a music television channel specialising in Arabic music. Its registered office address is MBC Building, Dubai Media City, P.O. Box 72627, Dubai, United Arab Emirates.	**51%**	51%
MBC Holding Cyprus Limited ("MBC Holding Cyprus")	MBC Holding Cyprus serves as a holding company for Middle East Broadcasting Centre (Lebanon SAL) and has no operations.	**100%**	100%
MBC Ventures Limited ("MBC Ventures")	MBC Ventures is incorporated in the British Virgin Island and engages in the business of investing in companies and start-ups.	**100%**	100%
MBI FZ LLC ("MBI")	The main activity of MBI is broadcasting TV segments. Its registered office address is MBC Building, Dubai Media City, Dubai, United Arab Emirates.	**100%**	100%
MBC Media FZ-LLC ("MBC Media")	The main activity of MBC Media is to provide broadcast support services. Its registered office address is MBC Building, Dubai Media City, Dubai, United Arab Emirates.	**100%**	100%
MBC Initiatives LLC ("MBC Initiatives)"	MBC Initiatives is incorporated in the Kingdom of Saudi Arabia. The main activity of MBC Initiatives is management and development of artistic and entertainment talents.	**100%**	100%
MBC Media Services BVI Limited ("MMS BVI")	The main activity of MMS BVI is to provide advertising services for the Group.	**100%**	100%
MBC Events Limited ("MBC Events")	MBC Events is incorporated in the Kingdom of Saudi Arabia. The main activity of MBC Events is events and exhibitions management.	**100%**	100%

Following are the subsidiaries of MBC FZ LLC:

Name of entity	*Principal activities*	*Legal / beneficial ownership interest*	
		June 2023	**December 2022**
MBC Group Holding Hungary Limited Liability Company, Hungary ("MBC Hungary")	The principal activity of MBC Hungary is to manage certain distribution contracts. Its registered address is 1074 Budapest, Dohány utca 12, Hungary.	**100%**	100%

1 CORPORATE INFORMATION *(continued)*

Name of entity	***Principal activities***	***Legal / beneficial ownership interest***	
		June 2023	**December 2022**
MBC Jordan LLC ("MBC Jordan")	The principal activity of MBC Jordan is to provide e-commerce services such as technical management of web sites and mobile applications, and other activities including brokerage, production and distribution of artwork. Its registered address is P.O. Box 855143, Amman, Jordan, 11855.	**100%**	100%
MBC Media Cyprus Limited ("MBC Cyprus")	MBC Media Cyprus was established in 2018 and its principal activity is to provide technical support services to the Group.	**100%**	100%
Middle East Production Company ("MEP Egypt")	The main activity of MEP Egypt is the production of television, cinema, broadcasting and media arts works.	**90%***	90%*
MBC Media Saudi Arabia Co. Ltd. ("MBC KSA")	The principal activity of MBC KSA is to provide broadcasting services in the Kingdom of Saudi Arabia.	**100%**	100%

** MBC FZ LLC owns 90% of the equity interest in MEP Egypt whilst the remaining 10% equity interest is owned by companies within the Group.*

Following are the subsidiaries of MBC Studios Projects FZ LLC:

Name of entity	***Principal activities***	***Legal / beneficial ownership interest***	
		June 2023	**December 2022**
MBC Studios BVI Limited ("MBC Studios BVI")	MBC Studios BVI is incorporated in the British Virgin Islands and engaged in entering into agreements relating to MBC Studios for writers who are registered under Writers Guild of America (WGA).	**100%**	100%
Desert Warriors Holdings Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in Abu Dhabi, United Arab Emirates.	**100%**	100%
Ze Qar Art Productions Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in the Kingdom of Saudi Arabia.	**-**	-**
CG Drama Project Holdings Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in the Abu Dhabi, United Arab Emirates.	**100%**	100%
MBC Studios Projects Saudi Limited	A fully owned subsidiary of MBC Studios Projects FZ LLC. The Company's main activity is content production and is incorporated in the Kingdom of Saudi Arabia.	**100%**	100%

*** During the year ended 31 December 2022, as part of the group re-organization, MBC Studios Projects Saudi Limited became the immediate parent company of Ze Qar Art Productions Limited by virtue of acquisition of equity interest for nil consideration.*

1 CORPORATE INFORMATION *(continued)*

Following are the subsidiaries of MBC Media Services BVI Limited:

Name of entity	*Principal activities*	*Legal / beneficial ownership interest*	
		June 2023	**December 2022**
MBC Media Solutions FZ-LLC ("MMS UAE")	A fully owned subsidiary of MBC Media Services BVI Limited. The principal activity is to provide advertising services. The registered office address of the Company is P.O. Box 72627, Dubai, United Arab Emirates.	**60%**	60%

Following are the subsidiaries of MMS UAE:

Name of entity	*Principal activities*	*Legal / beneficial ownership interest*	
		June 2023	**December 2022**
Al Wasa'il National Advertising Company ("MMS KSA")	A subsidiary of MMS UAE which is incorporated in the Kingdom of Saudi Arabia. The company's main activity is to provide advertising services. Its registered address is 3074 Prince Mohammed bin Abdulaziz road, Olaya, Riyadh 8022-12213, Kingdom of Saudi Arabia	**100%**	100%
Al Miza Co. for Advertising ("MMS Egypt")	A fully owned subsidiary of MMS UAE which is incorporated in Egypt. The company's main activity is to provide advertising services. Its registered address is 3rd floor, Building 5,7 Gaziret Al Arab Street, Agouza, Giza, Egypt.	**100%**	100%
MBC Media Solutions for Advertising Services LLC (MMS EGY)	The principal activity of MMS EGY is to provide advertising services. Its registered address is Star Capital Building, 4th floor, 5&7 Gezeiret El-Arab street, EL-Mohandesein, Cairo, Egypt.	**99%**	-

These interim condensed consolidated financial statements were previously authorized for issue on 2 October 2023, and the Auditor has issued their report on the interim condensed consolidated financial statements dated 2 October 2023. However, subsequent to certain disclosure amendments; the Board has re-authorised these interim condensed consolidated financial statements for issue on 26 October 2023. There are no changes to any interim condensed consolidated financial statement numbers previously reported. The prior interim condensed consolidated financial statements and the related review conclusion report thereon are accordingly superseded by these revised interim condensed consolidated financial statements and the consequent review conclusion report thereon.

2 BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance International Accounting Standard (IAS) 34, "Interim Financial Reporting", that is endorsed in the Kingdom of Saudi Arabia ("KSA"), and other standards and pronouncements announced by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The results for the interim periods are unaudited and include all adjustments necessary for a fair presentation of the results for the periods presented. This condensed consolidated interim financial report should be read in conjunction with the annual consolidated financial statements and related notes for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom, and other standards and pronouncements issued by SOCPA. The consolidated financial statements for the year ended December 31, 2022 are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

As described in Note 1, these interim condensed consolidated financial statements as of and for the period ended 30 June 2023 are not the Group's statutory financial statements and have been prepared solely for inclusion in the initial public offering application of the Company to be filed with the CMA of the Kingdom of Saudi Arabia in order to list the Company's shares on Tadawul in the Kingdom of Saudi Arabia.

Except for the employees' end of service benefits liabilities which are recognised at the present value of future liabilities using the projected unit credit method, the derivative financial instruments and investment in financial asset through profit or loss, the interim condensed consolidated financial statements are prepared under the historical cost convention and have been presented in Saudi Riyal (SAR).

2 BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES *(continued)*

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group 's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The amendments listed below apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2023);
- Amendments to IAS 8 – Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023); and
- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023).

3 OPERATING SEGMENTS

Segment basis

The Group generates its revenue primarily from:

(i) advertising revenue, predominantly from advertisers placing advertisements on its free-to-air TV channels, radio channels, and on the Group's advertising-video-on-demand streaming platform ("AVOD"),

(ii) revenue from subscriptions of the Group's Shahid VIP subscription-video-on-demand ("SVOD") service, and

(iii) ancillary revenue from its other business operations. The Group also benefits from funding received from the government, through its majority shareholder, for various projects and initiatives, including for production of its content.

The Group has the following strategic segments which provide different services, have different economic characteristics – such as sales growth trends, rates of returns, capital investment levels – and are managed separately.

Segment	Operations
• **Broadcast**	**TV, radio, and social media** Broadcasting is the largest of the Group's business segments with revenues earned primarily from advertising on its FTA TV, radio channels and social media. Broadcasting also generates a variety of additional non-advertising revenues, such as from carriage agreements and interactive games for viewers.
• **Over-the-top (OTT)**	**Video streaming on the Shahid platform** The Group's Shahid OTT platform is available both as an SVOD service (also called Shahid VIP) as well as a "free" AVOD service. The Group's long-established TV audience has underpinned the acceptance of its video on demand platforms. Among other offerings in Shahid, the Group also provides sports content in the format of sports channels that are owned by the Saudi Sports Channel Company ("SSC"). The broadcasting and technical services which the Group recognizes from its contract with SSC is included in this segment.
• **MBC Studios**	**Drama series and movies production** The Group's third business segment is MBC Studios, which entails production of high-quality content is a relevant factor of the success of the Group. A significant part of the content aired on TV channels, or on its Shahid AVOD and SVOD platforms, is produced in-house or commissioned from external production companies. As part of MBC Studios, the Group has set up a dedicated business segment for the production of high-quality drama series and movies, which have been among the most highly rated original productions from the Arab world. Continuous investment in production projects in KSA and in talent across the region, is the basis for the Group's role as a leading contributor to the development of the local KSA media industry.
• **Others**	**Emerging Media (Interactivity, Merchandising, New Media, Mobile Apps, Events, Encryption, Artist Management,) MBC Foundation, shares in associates and JVs and shared services** Others comprises of a varied range of media-related activities such as interactive games, events, music publishing, and talent management. The Group is in the process of further diversifying its revenue base by building up its events management business, and developing its own video games. The Group aims to leverage its brand and its long-standing know-how in these additional businesses to expand its activities in these areas.

3 OPERATING SEGMENTS *(continued)*

Segment financial information

There are no differences from the consolidated financial statements for the year ended December 31, 2022 in the basis of segmentation or in the basis of measurement of segment results. Information by segments for the six months period ended 30 June 2023 and 2022 are as follows:

For the period ended 30 June 2023 (unaudited)	*Broadcast SAR'000*	*OTT SAR'000*	*MBC Studios SAR'000*	*Others SAR'000*	*Eliminations SAR'000*	*Total SAR'000*
Revenue from contracts with customers	790,245	510,955	106,797	189,221	(241,595)	1,355,623
Other operating revenue	354,626	-	157,341	22,419	-	534,386
Total Revenue	**1,144,871**	**510,955**	**264,138**	**211,640**	**(241,595)**	**1,890,009**
Operating costs*	(1,087,705)	(593,705)	(262,808)	(166,027)	241,595	(1,868,650)
Other income	39,375	4,884	1	4,894	-	49,154
Share of profit in associates and joint ventures	-	-	-	22,319		22,319
Unrealised loss on investment in financial asset through profit or loss (FVTPL) and derivative financial instrument	-	-	-	(4,712)		(4,712)
Finance costs – net	-	-	-	(4,478)		(4,478)
Depreciation and amortisation (Note 6 and 7)	(1,110)	(7,585)	(512)	(15,444)		(24,651)
Profit before tax	**95,431**	**(85,451)**	**819**	**48,192**	**-**	**58,991**

For the period ended 30 June 2022 (unaudited)	*Broadcast SAR'000*	*OTT SAR'000*	*MBC Studios SAR'000*	*Others SAR'000*	*Eliminations SAR'000*	*Total SAR'000*
Revenue from contracts with customers	842,662	309,703	43,970	201,942	(192,788)	1,205,489
Other operating revenue	334,461	-	39,672	49,756	-	423,889
Total Revenue	**1,177,123**	**309,703**	**83,642**	**251,698**	**(192,788)**	**1,629,378**
Operating costs*	(1,138,163)	(525,160)	(82,283)	(197,252)	192,788	(1,750,070)
Other income	66,562	-	-	4,224	-	70,786
Share of profit in associates and joint ventures	-	-	-	1,014	-	1,014
Unrealised gain on investment in financial asset through profit or loss (FVTPL) and derivative financial instrument	-	-	-	60,999	-	60,999
Finance income – net	2,031	-	-	520	-	2,551
Depreciation and amortisation (Note 6 and 7)	(922)	(5,815)	(403)	(20,061)	-	(27,201)
Loss before tax	**106,631**	**(221,272)**	**956**	**101,142**	**-**	**(12,543)**

**Operating costs include direct costs and general and administrative expenses except for depreciation of fixed assets and amortization of intangible assets which are presented as separate line items.*

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Six-month period ended 30 June	
	2023	*2022*
	(Unaudited)	*(Unaudited)*
	SAR'000	*SAR'000*
Advertising revenue*	**755,582**	793,521
Digital revenue	**332,195**	254,842
Broadcast and technical services revenue**	**127,269**	32,705
Distribution revenue	**49,000**	42,248
Interactivity revenue	**42,895**	29,486
Barter revenue	**8,675**	1,818
Programme revenue	**4,984**	10,655
Event management revenue	**2,402**	26,555
Artists management revenue	**1,800**	596
Other revenues	**30,821**	13,063
	1,355,623	1,205,489

* During the six months period ended 30 June 2023, advertising revenue is presented net of volume rebates amounting to SAR 57,704 thousand (30 June 2022: SAR 62,811 thousand).

** Represents revenues earned from providing broadcast and technical services to Saudi Sports Channel and other parties.

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Six-months period ended 30 June	
	2023	*2022*
	(Unaudited)	*(Unaudited)*
	SAR'000	*SAR'000*
Timing of revenue recognition:		
Services provided over a period of time	**1,348,237**	1,168,279
Services transferred at a point in time	**7,386**	37,210
	1,355,623	1,205,489

5 OTHER OPERATING REVENUE

The Group receives from the Government of the KSA, government funding to implement a number of expansion initiatives which contribute to the overall KSA vision to build up the media sector in the KSA. The funding covers the costs of implementation of these initiatives in various entertainment and media initiatives in the KSA including broadcasting of certain TV channels dedicated to viewers outside of KSA, content production, gaming, developing talent and events management in the KSA, as well as by creating new employment opportunities for individuals in the entertainment industry in the KSA. Receipt by the Group of the relevant amounts is linked to pre-agreed KPIs that must be satisfied, or milestones that must be reached. The Group has in the past been able to achieve such KPIs and requirements. Amounts received towards these initiatives are recognised in interim consolidated comprehensive income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the funds are intended to compensate.

During the period, the Group has assessed the following as government grants and accordingly they have been recognised as other operating revenues related to the following initiatives:

	Six-months period ended 30 June	
	2023	*2022*
	(Unaudited)	*(Unaudited)*
	SAR'000	*SAR'000*
TV channels initiatives and MBC Academy initiatives	**298,892**	248,748
Production related initiatives	**157,278**	40,159
Funding of broadcast rights	**65,625**	97,500
Employee relocation cost	**5,775**	393
Gaming initiative	**4,471**	37,089
Funding of other government related projects	**2,345**	-
	534,386	423,889

5 OTHER OPERATING REVENUE *(continued)*

Below is the reconciliation of other operating revenue with the deferred revenues (Note 20) and due from related parties (Note 16):

	TV channels initiatives and MBC Academy initiatives SAR'000	*Production related initiatives SAR'000*	*Funding of broadcast rights SAR'000*	*Funding of other government related projects SAR'000*	*Gaming initiative SAR'000*	*Capital Expenditure SAR'000*	*Employee relocation cost SAR'000*	*Total SAR'000*
As at 1 January 2023:								
Due from Intermediate Parent Company (Note 16)	**43,036**	**(89)**	**-**	**-**	**(21,410)**	**-**	**-**	**21,537**
Deferred revenue (Note 20)	**-**	**(1,268,621)**	**-**	**(2,734)**	**(55,124)**	**-**	**(52,089)**	**(1,378,568)**
Add: Income recognised during the period (Note 5)	**298,892**	**157,278**	**65,625**	**2,345**	**4,471**	**-**	**5,775**	**534,386**
Add: Income netted off against related expense (Note 7)	**-**	**-**	**-**	**-**	**-**	**-**	**27,470**	**27,470**
Less: Advance / cash collected during the period	**(360,473)**	**(302,729)**	**(131,250)**	**-**	**(124,873)**	**(53,688)**	**(63,634)**	**(1,036,647)**
As at 30 June 2023:								
Due from Intermediate Parent Company (Note 16)	**4,928**	**29**	**-**	**-**	**-**	**-**	**5,775**	**10,732**
Deferred revenue (Note 20)	**(23,473)**	**(1,414,190)**	**(65,625)**	**(389)**	**(196,936)**	**(53,688)**	**(88,253)**	**(1,842,554)**
As at 1 January 2022:								
Due from Intermediate Parent Company	108,967	-	-	11,328	82,520	-	-	202,815
Deferred revenue	-	(1,003,862)	-	-	-	-	-	(1,003,862)
Add: Income recognised during the period (Note 5)	248,748	40,159	97,500	-	37,089	-	393	423,889
Less: Advance / cash collected during the period	(427,972)	(502,954)	(191,250)	-	(89,239)	(18,749)	(79,455)	(1,309,619)
As at 30 June 2022:								
Due to Intermediate Parent Company	**(70,257)**	**75**	**-**	**11,328**	**30,370**	**-**	**-**	**(28,484)**
Deferred revenue	**-**	**(1,466,732)**	**(93,750)**	**-**	**-**	**(18,749)**	**(79,062)**	**(1,658,293)**

5 OTHER OPERATING REVENUE *(continued)*

As disclosed above, the Group have received funding, from Government of KSA, subject to satisfactory performance against certain criteria. The funding is based on annual pre-approved expenditure which also sets a maximum entitlement limit. Receipt by the Group of the relevant amounts is linked to pre-agreed KPIs that must be satisfied, or milestones that must be reached. Depending upon the nature of the funding the related costs have been accounted for as follows:

(a) On TV channels initiatives and MBC Academy initiatives, production related initiatives and relating to funding of other government related projects, the vast majority of the related costs are included within 'Direct costs' (Note 6).

(b) On funding of broadcasting rights, the related costs are included within 'Direct costs' (Note 6).

(c) On gaming initiative, the vast majority of the related costs were included within 'Direct costs' (Note 6) until the change in classification of investment. Subsequently, the related costs are adjusted against the 'Share of results in associates and joint ventures'.

(d) On Riyadh Head office capital expenditure, the related costs were netted off against the related depreciation.

(e) On relocation cost, the related costs are included within 'General and administrative expenses' (Note 7).

To the extent government fundings have been recognised within income, there are no unfulfilled conditions or contingencies attached to the above fundings.

6 DIRECT COSTS

	Six-months period ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	SAR'000	SAR'000
Cost of programmes	**965,726**	847,603
Digital costs	**120,000**	108,712
Marketing costs	**76,905**	56,527
Commission expenses	**68,816**	76,089
Technical costs	**43,257**	18,725
Transmission expenses	**18,309**	13,872
Programme overheads	**27,752**	43,190
Interactivity costs	**13,401**	10,822
Depreciation on property and equipment	**13,456**	14,818
Location costs	**1,933**	30,805
Barter costs	**8,676**	1,818
Cost of events management	**2,934**	42,226
Depreciation on right-of-use assets	**1,616**	1,615
Programme stock written off	**1,294**	4,114
Distribution costs	**815**	149
Cost of artists management	**745**	456
Game development research costs (Note 13.2)	**-**	37,089
Cost of news recharged by a related party (Note 16)	**938**	938
Other expenses	**75,170**	76,619
	1,441,743	1,386,187

7 GENERAL AND ADMINISTRATIVE EXPENSES

	Six-months period ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	SAR'000	SAR'000
Staff costs**	**361,621**	293,015
Legal and professional fees	**27,798**	19,720
IT equipment and maintenance costs	**27,435**	18,731
Building occupancy costs**	**16,454**	12,195
Travel costs	**15,380**	10,944
Foreign exchange loss, net	**14,189**	22,220
Allowance for expected credit loss, net (Notes 15, 16, 17)	**6,388**	13,483
Depreciation on right-of-use assets	**6,234**	8,145
Depreciation on property and equipment	**6,062**	8,759
Amortisation of intangible assets	**5,133**	3,624
Communication costs	**3,870**	2,530
Bad debts written off	**187**	-
Withholding taxes	**113**	13,097
Recharges to related parties* (Note 16)	**(44,113)**	(40,511)
Other expenses	**4,807**	5,132
	451,558	391,084

* The Group incurs costs on behalf of other related parties. These costs consist principally of staff costs and shared facilities and are recharged to the individual entities based on the estimated time spent by employees on each entity and usage of shared facilities by each entity.

** Amounts of SAR 25,665 thousand (30 June 2022: Nil) and SAR 1,805 thousand (30 June 2022: Nil) relating to staff costs and building occupancy costs respectively, have been reimbursed by the Intermediate Parent Company to the Group during the period (Note 5).

8 OTHER INCOME

	Six-months period ended 30 June	
	2023	*2022*
	(Unaudited)	*(Unaudited)*
	SAR'000	*SAR'000*
Compensation for loss of business* (Note 16)	**39,375**	65,625
Rental income	**5,401**	5,505
Other income/(loss) – net	**4,378**	(344)
	49,154	70,786

*The Group received compensation for the loss of business in relation to launching and operating a TV channel. As of 30 June 2023, an amount of SAR 601,875 thousand has cumulatively been recorded as other income in the consolidated statement of comprehensive income out of which SAR 562,500 is received. During the period ended 30 June 2023, the Group recognised SAR 39,375 thousand (30 June 2022: SAR 65,625 thousand).

9 INCOME TAX AND ZAKAT

Income tax / zakat charged for the period arises as follows:

	Six-months period ended 30 June	
	2023	*2022*
	(Unaudited)	*(Unaudited)*
	SAR'000	*SAR'000*
Income tax:		
Current tax	**6,365**	2,356
Deferred tax	**84**	-
	6,449	2,356
Zakat	**808**	1,554
	7,257	3,910

The breakdown of the provision for income tax and zakat (Note 20) is as follows:

	30 June	*31 December*
	2023	*2022*
	(Unaudited)	*(Audited)*
	SAR'000	*SAR'000*
Income tax:		
Current tax	**9,571**	4,541
Deferred tax	**16**	-
	9,587	4,541
Zakat	**485**	2,181
	10,072	6,722

10 PROPERTY AND EQUIPMENT

During the period, the Group acquired assets with a cost of SAR 13,806 thousand (30 June 2022: SAR 13,111 thousand). Assets with a net book value of SAR 2 thousand were disposed by the Group during the period of six months ended 30 June 2023 (30 June 2022: SAR 11 thousand). Accordingly, resultant loss on disposal amounting to SAR Nil (30 June 2022: SAR 2 thousand) was recognised in the interim consolidated statement of comprehensive income.

11 INTANGIBLE ASSETS

During the period, the Group capitalised an amount of SAR 16,468 thousand (30 June 2022: SAR 11,598 thousand) representing costs incurred to develop and upgrade features of the Shahid platform including applications compatible with mobile devices, analytical models and architectural prototype implementation.

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the period, the Group had total cash outflows for leases, excluding short-term and low value leases, of SAR 9,950 thousand (30 June 2022: SAR 11,321 thousand), non-cash additions to right-of-use assets and lease liabilities amounting to SAR 2,282 thousand (30 June 2022: SAR 1,563 thousand).

A lease contract was terminated by one of the subsidiaries during the period. Consequently, the related right-of-use asset and lease liability with the carrying amounts of SAR 848 thousand and SAR 916 thousand respectively, were derecognised which resulted in gain on termination amounting to SAR 68 thousand.

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group has the following investments in associates and joint ventures on the interim condensed consolidated statement of financial position:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Investment in associates (Note 13.1)	**954,222**	932,868
Investment in equity accounted joint ventures (Note 13.2)	**114,390**	46,825
	1,068,612	979,693

The share of profits in investment in associates and joint ventures is presented as follows in the interim consolidated statement of comprehensive income:

	30 June 2023 (Unaudited) SAR'000	*30 June 2022 (Unaudited) SAR'000*
Share of profits in associates (Note 13.1)	**26,790**	1,014
Share of losses in joint ventures (Note 13.2)	**(4,471)**	-
	22,319	1,014

13.1 The movement in the investments in associates during the period / year is as follows:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
As at 1 January	**932,868**	95,636
Additional investment during the period / year (i)	**-**	497,250
Reclassification:		
- ACSC (i)	**-**	332,250
- Anghami (ii)	**-**	(7,918)
	-	324,332
Share of results:		
- Share of profits	**26,790**	25,050
- Share of other comprehensive income	**(1,437)**	-
	25,353	25,050
Dividend receivable / received	**(3,999)**	(9,400)
As at 30 June / 31 December	**954,222**	932,868

* During the year ended 31 December 2022, the following reclassifications were made in the investments in associates:

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

i) ACSC

On 10 October 2022, the Group exercised its call option and acquired an additional 15% shareholding on ACSC thereby increasing the total shareholding to 20%. The exercise price of SAR 497,250 thousand which has been paid was based on the terms agreed between the Group and Engineer Holding Group ("the other shareholder") in their agreement entered into in August 2020. At the date of the transaction, the market value of the additional shares acquired amounted to SAR 829,500 thousand. The call option to acquire an additional 15% interest in ACSC, which was valued at SAR 332,250 thousand at 10 October 2022, was reclassified into investment in associates upon exercise of the call option.

ii) Anghami

As at 31 December 2021, the Company held equity interest of 18.15% in Anghami, which is a limited liability company incorporated in the Cayman Islands on 14 February 2012. Anghami's principal activities consist of facilitating a platform for music and video streaming, entertainment, social, through mobile, web, computer, applications and other supported programs and related media.

On 4 February 2022, Anghami listed its shares on NASDAQ, New York. The Group reassessed its significant influence in Anghami based on the listing particulars and concluded that the investment in Anghami shall be treated as an investment at fair value through profit and loss (FVTPL). Accordingly, during the year ended 31 December 2022, SAR 7,918 thousand was reclassified from investment in associates to investment at fair value through profit and loss (FVTPL). The change in classification was a deemed disposal giving rise to a gain on reclassification, using the fair value of the shares held at listing. The fair value of the investment in Anghami as at 30 June 2022 and loss on the FVTPL is as below:

	2022 ***SAR'000***
Carrying value of investment as at 1 January	7,918
Gain on deemed disposal of associate	133,507
Unrealised loss due to fluctuations in fair value	(86,941)
Fair value of investment as at 30 June	54,484

The gain on disposal less the subsequent unrealised loss on the treatment of SAR 46,566 thousand is presented on net basis in the interim condensed consolidated statement of comprehensive income for the period ended 30 June 2022.

During the period ended 30 June 2023, the Group recorded an unrealised loss on Anghami shares of SAR 4,980 thousand.

13.2 The movement in the investments in joint ventures during the period / year is as follows:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
As at 1 January	**46,825**	-
Additional investment during the period / year *	**72,036**	56,908
Share of losses	**(4,471)**	(10,083)
As at 30 June / 31 December	**114,390**	46,825

* MBC Initiatives LLC, a fully owned subsidiary, jointly controls MBC Game Studio "Game Studio" with another shareholder whereby it owned 70% and the other shareholder owned 30%. Previously, the Subsidiary accounted for its investment in the Game Studio as a joint operation under the provision of IFRS 11 – Joint Arrangements which requires that each shareholder records their respective shares in asset, liabilities, revenues, and expenses. As of 31 December 2021, the investment in the Game Studio was accounted for as an investment in a joint operation as it jointly controlled the Game Studio with the other shareholder. Subsequent to 30 June 2022, the investment has been reclassified to a joint venture, and accordingly under the provisions of the IAS 28 – Investments in Associates and Joint Ventures, is accounted as a joint venture under the equity method.

In accordance with the aforementioned transfer, during the period ended 30 June 2023, the related game development research costs (Note 6) have been accounted under equity method whereas the similar costs formed a part of direct cost till the period the investment was accounted as a joint operation. Consequently, game development research costs amounting to SAR Nil (30 June 2022: SAR 37,089 thousand) were recognised in the interim condensed consolidated statement of comprehensive income.

During the six months period ended 30 June 2023, an additional investment was made in Game Studio amounting to SAR 72,035 thousand.

14 INVENTORIES

	30 June 2023 (Unaudited) SAR'000	31 December 2022 (Audited) SAR'000
Acquired programmes	**1,237,475**	1,114,865
Developed programmes	**11,727**	38,744
	1,249,202	1,153,609
Production work-in-progress	**1,541,569**	1,414,346
	2,790,771	2,567,955

Acquired and developed programmes are net of accumulated programme amortisation and write-offs. Programme amortisation and write-offs recognised in the interim condensed consolidated statement of comprehensive income for the period ended 30 June 2023 amounted to SAR 855,309 thousand (30 June 2022: SAR 798,793 thousand) and are included within 'Direct costs' (Note 6).

15 TRADE RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	30 June 2023 (Unaudited) SAR'000	31 December 2022 (Audited) SAR'000
Trade receivables	**899,736**	686,184
Contract assets	**300,934**	213,711
Less: allowance for expected credit loss	**(190,663)**	(188,984)
	1,010,007	710,911
Advance for programme rights	**506,556**	544,017
Deposits*	**13,111**	21,130
Advance to suppliers	**82,419**	50,461
Prepaid expenses	**38,716**	31,210
Staff receivables	**7,930**	3,948
Other receivables**	**189,825**	136,150
	1,848,564	1,497,827

* Deposits are stated net of provision for expected credit loss amounting to SAR 142 thousand (31 December 2022: SAR 57 thousand). Provision amounting to SAR 85 thousand was made during the period (31 December 2022: SAR 1 thousand).

** Included in Other receivables is balance receivable from the Ultimate Controlling Party of SAR 71,625 thousand (31 December 2022: SAR 71,625 thousand). The amount represents balance of compensation agreed with the Ultimate Controlling Party, which has been estimated at SAR 187,500 thousand and was recognised in 2018 within the Group's consolidated statement of comprehensive income, towards loss of business on account of ensuring compliance with certain directives received by the Group in prior years. During the period, SAR Nil was received (31 December 2022: SAR 115,875 thousand). The compensation has been recognised up to the amount that management is reasonably certain will be received. The Group expects to receive the remaining amount within 12 months from the consolidated statement of financial position date.

Movements in allowance for expected credit loss are as follows:

	30 June 2023 (Unaudited) SAR'000	31 December 2022 (Audited) SAR'000
As at 1 January	**188,984**	177,760
Allowance made during the period / year, net (Note 7)	**3,142**	11,463
Transfer to a related party	**231**	85
Write-offs during the period / year	**(1,694)**	(324)
As at 30 June / 31 December	**190,663**	188,984

15 TRADE RECEIVABLES, PREPAYMENTS AND OTHER ASSETS *(continued)*

No interest is charged on the overdue trade receivables. The Group does not hold any collateral over these balances. As of 30 June 2023, SAR 155,936 thousand (31 December 2022: SAR 157,660 thousand) and SAR 34,727 thousand (31 December 2022: SAR 31,324 thousand) was recognised as allowance for expected credit losses on trade receivables and contract assets, respectively.

16 RELATED PARTY BALANCES AND TRANSACTIONS

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of a related party as defined in IAS 24 Related Party Disclosures. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties represent the shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of transactions with these related parties are approved by the shareholders and the Group's management.

a) *Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:*

Due from related parties:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Shareholder		
Intermediate Parent Company	**10,732**	21,537
Companies under common control		
Al Arabiya Media Network Company	**208**	-
Al Sadaf for Sonic Visual Production	**1,686**	-
Middle East News FZ LLC	**24,736**	14,397
ARA International Productions Company LLC	**64,762**	19,114
ARA Media Services LLC	**16**	16
Middle East News UK Limited	**-**	27
MBC Group Holdings Ltd	**146,941**	129,142
MBC Studios Masr for Production S.A.E. (Formerly O3 Masr)	**5,786**	5,491
Other related parties	**102**	98
Joint ventures		
O3 Turkey Medya Produksiyon, Turkey	**14,003**	1,128
MBC Game Studio Limited KSA	**-**	24,477
Other		
MBC International FZ LLC	**48,370**	48,303
Neom	**-**	9,159
Saudi Media Advertising Company	**64,272**	34,675
O Three Media Production Co.	**2,850**	-
At 30 June / 31 December	**384,464**	307,564

Terms and conditions of transactions with related parties

Outstanding balances at the period-end are unsecured, interest free and settlement generally occurs in cash and arise in the normal course of business. The balances with related parties are net of a cumulative allowance for impairment of SAR 37,522 thousand (31 December 2022: SAR 19,188 thousand). During the period, the Group has recorded an impairment of SAR 1,924 thousand in the interim condensed consolidated statement of comprehensive income (Six-month period ended 30 June 2022: Net impairment of SAR 244 thousand). In addition, there is an outstanding SAR 71,675 thousand (31 December 2022: SAR 71,675 thousand) due from a related party as itemised in Note 15.

16 RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

b) *Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:*

Due to related parties:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Shareholder		
Waleed Bin Ibrahim Al Brahim	**10,354**	11,341
Companies under common control		
Al Sadaf for Sonic Visual Production	**-**	3,623
Al Arabiya News Channel FZ LLC	**3,260**	19,670
Middle East News UK Limited	**458**	-
MBC Initiatives BVI Limited	**2,069**	2,069
Joint ventures and associates		
Arabian Contracting Services Company	**3,735**	17,291
Others		
Anghami	**60**	60
At 30 June / 31 December	**19,936**	54,054

c) *Significant material transactions with related parties included in the* interim condensed *consolidated financial statements are as follows:*

	Six-months period ended 30 June	
	2023 (Unaudited) SAR'000	*2022 (Unaudited) SAR'000*
Ultimate Controlling Party		
Other operating revenue (Note 5)	65,625	65,625
Other income (Note 8)	39,375	65,625
Intermediate Parent Company		
Other operating revenue (Note 5)	468,761	358,264
Entities under common control		
Expenses recharged to related parties (Note 7)	44,113	40,511
Rental income (Note 8)	5,401	5,505
Cost of news programmes (Note 6)	938	938
Direct costs	27,937	62,313
Revenue from contracts with customers	67,202	28,082
Purchases	36,761	44,671
Others		
Revenue from contracts with customers	27,608	30,751

d) *Compensation to directors and key management personnel*

d.1) The remuneration of directors and key management personnels during the period were as follows:

	Six-months period ended 30 June	
	2023 (Unaudited) SAR'000	*2022 (Unaudited) SAR'000*
Salaries and short-term benefits	**15,222**	12,566
Employees' end of service benefits	**380**	369
	15,602	12,935

16 RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

e) Loan from a related party

Loan from a related party represents loan availed by Group's subsidiaries from MBC Group Holdings Limited, a related party, amounting to SAR 64,167 thousand (2022: SAR 64,167 thousand) and is interest- free, unsecured with no fixed repayment date.

f) Loan from a shareholder

Loan from shareholder of SAR 497,250 thousand as of 30 June 2023 (30 June 2022: SAR 497,250 thousand) which was received to finance the acquisition of the additional 15% on ACSC, is interest-free and is repayable on demand with 12 month-notice period.

17 BANK BALANCES AND CASH

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Cash on hand	**1,395**	2,268
Bank balances:		
Current accounts	**789,284**	660,787
Short-term treasury bills*	**9,038**	29,961
Bank balances and cash	**799,717**	693,016
Less: Expected credit losses (Note 17.1)	**(1,601)**	(3,612)
	798,116	689,404

* Treasury bills represents original cost and accrued interest till the date of interim condensed consolidated financial statements and has maturity of less than 90 days.

17.1 Movements in the expected credit losses were as follows:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
As at 1 January	**3,612**	1,717
Allowance for expected credit losses, net (Note 7)	**1,237**	1,895
Foreign exchange differences	**(3,248)**	-
As at 30 June / 31 December	**1,601**	3,612

18 SHARE CAPITAL

Share capital comprises 50,000 authorised, issued and fully paid shares of SAR 10.00 each (equivalent to SAR 500 thousand). As at 30 June 2023, the issued and fully paid share capital was distributed as follows:

	No. of shares	***Share capital SAR'000***
Waleed Bin Ibrahim Al Brahim	**20,000**	**200**
Al Istedamah Holding Company	**30,000**	**300**
	50,000	**500**

The Intermediate Parent Company is Al Istedamah Holding Company, an entity incorporated in the Kingdom of Saudi Arabia. The Ultimate Controlling Party is the Ministry of Finance, Government of the Kingdom of Saudi Arabia.

19 EMPLOYEES' END OF SERVICE BENEFITS

The movements of the employees' end of service benefits liability recognised in the interim condensed consolidated statement of financial position are as follows:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Balance at 1 January	**149,371**	167,904
Current service cost	**15,708**	19,959
Interest costs	**3,718**	4,105
Actuarial loss/(gain) - other comprehensive income	**2,330**	(35,350)
Accrual of benefit plan asset interest	**2,514**	658
Transferred from related parties	**4,139**	13,063
Payments during the period / year	**(12,225)**	(20,968)
Foreign exchange translation	**(1,733)**	-
Balance at 30 June / 31 December	**163,822**	149,371

Details of employees' benefit expense as presented on the interim condensed statement of profit or loss and comprehensive income is as follows:

	Six-months period ended 30 June	
	2023 (Unaudited SAR'000	*2022 (Unaudited SAR'000*
Current service cost	**15,708**	10,571
Interest cost	**3,718**	2,053
Recognised in profit or loss	**19,426**	12,624
Remeasurement actuarial loss/(gain)	**2,330**	(30,208)
Recognised in total comprehensive income	**21,756**	(17,584)

Sensitivity to changes in assumptions

There are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

The Group has set aside assets in a plan specifically for the purpose of funding employees' end of service benefits obligations. Contributions to the plan are upon the discretion of the Group. The plan is deemed to be a savings fund. The interest received in the plan is accrued as part of the provision of employees' end of service indemnity payable.

Equiom, the plan's trustee, has placed the contribution with Barclays Bank, a financial institution in the United Kingdom. During the period, the plan asset has earned interest amounting to SAR 2,514 thousand (2022: SAR 658 thousand). The average interest rate is 2.4% per annum (2022: 1.46% per annum).

The movement of the employees' end of service benefits plan assets is as follows:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
As at 1 January	**102,518**	114,263
Interest earned during the period / year	**2,514**	658
Funds withdrawn during the period / year	**-**	(12,403)
As at 30 June / 31 December	**105,032**	102,518

19 EMPLOYEES' END OF SERVICE BENEFITS *(continued)*

The fair value of plan assets is as follows:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Bank balances and cash	**105,032**	102,518

20 TRADE AND OTHER PAYABLES

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Trade payables	**363,165**	411,145
Deferred revenue (Note 5)	**1,842,554**	1,378,568
Accrued expenses	**554,602**	405,499
Contract liabilities	**387,169**	320,413
Provision for income tax and zakat (Note 9)	**10,072**	6,722
Other payables	**36,085**	52,173
As at 30 June / 31 December	**3,193,647**	2,574,520

21 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2023 and 31 December 2022:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Debt instruments at amortised cost:		
Trade and other receivables (excluding prepayments and advances) (Note 15)	**1,220,873**	872,139
Due from related parties (Note 16)	**384,464**	307,564
Financial assets at fair value through profit or loss:		
Quoted equity investments	**13,709**	18,689
Derivatives financial instruments not designated as hedging instruments		
Call options (Note 22)	**3,067**	2,799
	1,622,113	1,201,191

Set out below is an overview of financial liabilities held by the Group as at 30 June 2023 and 31 December 2022:

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Financial liabilities at amortised cost:		
Trade and other payables (excluding deferred revenue, contract liabilities, provision for income tax and zakat) (Note 20)	**953,852**	868,817
Due to related parties (Note 16)	**19,936**	54,054
Lease liabilities	**35,125**	49,100
Loan from a related party (Note 16)	**64,167**	64,167
Loan from shareholder (Note 16)	**497,250**	497,250
Borrowing (Note 23)	**206,251**	-
Total	**1,776,581**	1,533,388

21 FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2023:

		Fair value measurement using		
	Total ***SAR'000***	**Quoted prices in active markets (Level 1)** ***SAR'000***	**Significant observable inputs (Level 2)** ***SAR'000***	**Significant unobservable inputs (Level 3)** ***SAR'000***
Financial assets at fair value through profit or loss:				
Derivative financial instruments	3,067	-	-	3,067
Quoted equity investments	13,709	13,709		-
	16,776	**13,709**	**-**	**3,067**

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into Level 3 fair value measurements during the six months ended 30 June 2023.

The fair values of the Group's financial assets and financial liabilities at the reporting date approximate their carrying values in the interim condensed consolidated statement of financial position.

22 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2023 (Unaudited) SAR'000	*31 December 2022 (Audited) SAR'000*
Tapmad Option (a)	**910**	1,834
MMS UAE Option (b)	**2,157**	965
	3,067	2,799

22 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(a) Tapmad Option

The call option was revalued as of 30 June 2023. The valuation methodology used to determine the fair value of the option was the Binomial Option Pricing model. Based on the model, the Tapmad Option was valued and recognised at SAR 910 thousand as of 31 June 2023 (31 December 2022: 1,834). Accordingly, during the six months period ended 30 June 2023, unrealised loss on Tapmad option amounting to SAR 924 thousand (30 June 2022: SAR Nil) was recognised in the interim consolidated statement of comprehensive income.

(b) MMS UAE Option

The call option was revalued as of 30 June 2023. The fair value of the call option was determined based on the Black-Scholes Option Pricing Model and the MMS UAE Option was valued and recognised at SAR 2,157 thousand as of 30 June 2023 (31 December 2022: SAR 965 thousand). Accordingly, during the six months period ended 30 June 2023, unrealised gain on MMS UAE Option amounting to SAR 1,192 thousand (30 June 2022: SAR Nil) was recognised in the interim consolidated statement of comprehensive income.

Based on note a and b above, unrealised gain on derivative financial instruments amounting to SAR 268 thousand is presented on a net basis in the interim consolidated statement of comprehensive income for the six months period ended 30 June 2023.

(c) ACSC Call Option

During the period ended 30 June 2022, unrealised gain amounting to SAR 14,433 thousand was recognised in the interim consolidated statement of comprehensive income on ACSC Option.

Subsequent to the period ended 30 June 2022, ACSC Call Option was exercised by the Group on 10 October 2022.

23 BORROWINGS

During the six months period ended 30 June 2022, one of the subsidiaries of the Company entered into an agreement ("Original Facility Agreement") with respect to the short-term uncommitted revolving facility for the purpose of financing the working capital requirements in accordance with the terms stipulated therein. The Original Facility Agreement was valid for 12 months from the date of the agreement, which is renewable annually for the same period.

The Original Facility Agreement was renewed during the six months period ended 30 June 2023. The maximum entitlement under the renewed facility agreement amounted to SAR 375,000 thousand (USD 100,000 thousand), which carries a variable interest at 1.25% + Secured Overnight Financing Rate ("SOFR") on the date of drawdown. As at 30 June 2023, a balance of SAR 206,251 thousand (2022: SAR Nil) was outstanding in this regard.

24 KEY SOURCES OF ESTIMATION UNCERTAINTY

Accounting estimates and judgements

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2022.

25 COMMITMENTS AND CONTINGENCIES

At the reporting date, the Group had contractual commitments of SAR 1,355,485 thousand (31 December 2022: SAR 1,239,831 thousand). The above commitments include programmes agreements where the Group is committed to acquire the programme inventory for the life of the respective programme.

26 SUBSEQUENT EVENTS

(i) As explained in Note 1, on 20 September 2023 the General Assembly of the Company approved to increase the share capital by SAR 2,992,000 thousand at a par value of SAR 10 per share. The increase in share capital was taken from the net equity attributable to the Parent Company as of 30 June 2023 which represents the contribution from shareholders as a result of the reorganisation.

26 SUBSEQUENT EVENTS *(continued)*

(ii) Subsequent to period end, MBC Group Holdings Limited, the previous holding company, transferred its shares to the Company, the new holding company, which was formed pursuant to the reorganisation after the end of reporting period. Refer Note 1 to the interim condensed consolidated financial statements.

MBC Group

Abul-Qasim Al-Majriti
Unit 3237 - Diplomatic Quarter, 6501
Riyadh - Kingdom of Saudi Arabia
Email: care@mbc.net

mbc.net