SAUDI NETWORKERS SERVICES COMPANY
(A LISTED JOINT STOCK COMPANY)

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

Index	**PAGE**

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Independent auditor's report to the shareholders of Saudi Networkers Services Company

Report on the audit of the consolidated financial statements

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key audit matter	• Revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors' made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report to the shareholders of Saudi Networkers Services Company (continued)

Our audit approach (continued)

Overview (continued)

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The Group's revenue from continuing operations mainly comprises of providing direct, managed hosting and other services on an individual basis to telecommunications, banking, IT vendors, operators, and sub-contracting companies amounting to Saudi Riyals 571.1 million for the year ended 31 December 2024 (31 December 2023: Saudi Riyals 554.7 million). IFRS 15 - 'Revenue from Contracts with Customers' requires management to follow a 5-step approach when recognising revenue. IFRS 15 also requires management to apply judgement when assessing whether the Group acts as a principal or agent. The assessment whether the Group acts as a principal or agent affects whether revenue is presented on a gross or a net basis. Due to the judgements involved in the principal versus agent consideration according to IFRS 15 and the consequential effect on the Group's presentation of revenues on a gross or net basis, we consider this a key audit matter. *Refer to Note 2.3 and Note 4 to the consolidated financial statements for the accounting policy and significant judgments made relating to the recognition of revenue from contracts with customers.*	Our audit procedures included the following; • Gained an understanding of the revenue recognition process; • Performed a walkthrough of the different revenue types and evaluated the design of controls in this area; • Assessed the revenue recognition policy based on IFRS 15, in particular where management applied judgment as to whether it acted as a principal or as an agent; • Examined whether revenue is recognised in accordance with the Group's revenue recognition policy; • Obtained a sample of revenue transactions and tested the recognition criteria and accuracy of the recognised amounts; • Selected a sample of transactions before and after the year end to consider recognition of revenue in the appropriate reporting period; and • Assessed the adequacy of the disclosures in the consolidated financial statements in connection with revenue recognition.

Independent auditor's report to the shareholders of Saudi Networkers Services Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report of the Group, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of auditors' report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance 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 issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-Laws, and for such internal control as the Board of Directors 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.

Those charged with governance i.e. the Audit Committee is 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report to the shareholders of Saudi Networkers Services Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers
Sahar Hashem
License Number 439

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PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
C.R.: 1010371622

25 March 2025

Saudi Networkers Services Company
(A Listed Joint Stock Company)
Consolidated statement of financial position
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	As at 31 December 2024	2023
Assets			
Non-current assets			
Property and equipment	5	**1,943,434**	2,369,537
Contract assets	13.1	**3,723,561**	-
Right-of-use assets	6	**2,131,571**	2,684,998
Total non-current assets		**7,798,566**	5,054,535
Current assets			
Trade and other receivables	7	**134,522,959**	156,904,657
Prepayments and other assets	9	**9,453,557**	9,025,514
Cash and cash equivalents	10	**42,072,427**	40,979,460
Total current assets		**186,048,943**	206,909,631
Total assets		**193,847,509**	211,964,166
Equity and liabilities			
Equity			
Share capital	11	**60,000,000**	60,000,000
Statutory reserve	12	**-**	11,213,169
Retained earnings		**53,724,707**	38,407,362
Foreign currency translation reserve		**(9,523,043)**	(9,427,834)
Net equity attributable to owner of the Parent Company		**104,201,664**	100,192,697
Non-controlling interest		**34,204**	82,592
Total equity		**104,235,868**	100,275,289
Liabilities			
Non-current liabilities			
Defined benefits liabilities	13	**32,057,073**	24,732,908
Lease liabilities	6	**1,650,645**	2,068,513
Total non-current liabilities		**33,707,718**	26,801,421
Current liabilities			
Lease liabilities	6	**479,641**	528,210
Accounts payable	14	**347,517**	49,534
Accrued expenses and other liabilities	15	**48,971,741**	49,842,083
Short-term borrowings	16	**2,615,250**	30,712,226
Provision for zakat	18	**3,489,774**	3,755,403
Total current liabilities		**55,903,923**	84,887,456
Total liabilities		**89,611,641**	111,688,877
Total equity and liabilities		**193,847,509**	211,964,166

Chairman   Chief Executive Officer   Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

Saudi Networkers Services Company
(A Listed Joint Stock Company)
Consolidated statement of comprehensive income
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Continuing operation:			
Revenue	19	**571,064,038**	554,653,846
Cost of revenue	20	**(492,834,825)**	(480,914,601)
Gross profit		**78,229,213**	73,739,245
Expenses			
Selling and marketing expenses	21	**(11,159,886)**	(10,436,299)
General and administrative expenses	22	**(21,710,738)**	(19,908,052)
Impairment loss on financial assets	7	**(5,153,776)**	(214,332)
Operating profit		**40,204,813**	43,180,562
Finance cost		**(2,207,697)**	(2,866,633)
Other income		**333,782**	29,661
Profit before zakat		**38,330,898**	40,343,590
Zakat	18	**(2,700,000)**	(3,351,594)
Profit for the year from continuing operation		**35,630,898**	36,991,996
Discontinued operation			
Loss from discontinued operation	28	**(4,745,646)**	(436,612)
Profit for the year		**30,885,252**	36,555,384
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on remeasurement of defined benefit plan	13	**(731,484)**	1,973,250
Items that may be reclassified to profit or loss:			
Movement in foreign currency translation reserve from discontinued operation	28	**(96,171)**	224,060
Other comprehensive income from discontinued operation	28	**2,982**	16,925
Total other comprehensive (loss) / income for the year		**(824,673)**	2,214,235
Total comprehensive income for the year		**30,060,579**	38,769,619
Profit attributable to:			
Shareholders of the parent company		**30,932,708**	36,559,750
Non-controlling interest		**(47,456)**	(4,366)
		30,885,252	36,555,384
Total comprehensive income attributable to:			
Shareholders of the parent company		**30,108,967**	38,771,575
Non-controlling interest		**(48,388)**	(1,956)
		30,060,579	38,769,619
Earnings per share for profit attributable to the shareholders of the company:			
Basic and diluted earnings per share	23	**5.2**	6.1
Basic and diluted earnings per share - continuing operation	23	**5.9**	6.2

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

Saudi Networkers Services Company
(A Listed Joint Stock Company)
Consolidated statement of changes in equity
(All amounts are in Saudi Riyals unless otherwise stated)

	Equity attributable to the owner of the parent company						
	Share capital	**Statutory reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Non-controlling interest**	**Total equity**
As at 1 January 2023	**60,000,000**	**7,557,194**	**29,613,581**	**(9,649,653)**	**87,521,122**	**84,548**	**87,605,670**
Profit for the year	-	-	36,559,750	-	36,559,750	(4,366)	**36,555,384**
Other comprehensive income	-	-	1,990,006	221,819	2,211,825	2,410	**2,214,235**
Total comprehensive income for the year	-	-	38,549,756	221,819	38,771,575	(1,956)	**38,769,619**
Dividend (Note 17)	-	-	(26,100,000)	-	(26,100,000)	-	**(26,100,000)**
Transfer to statutory reserve	-	3,655,975	(3,655,975)	-	-	-	-
As at 31 December 2023	60,000,000	11,213,169	38,407,362	(9,427,834)	100,192,697	82,592	**100,275,289**
Profit for the year	-	-	30,932,708	-	30,932,708	(47,456)	**30,885,252**
Other comprehensive income	-	-	(728,532)	(95,209)	(823,741)	(932)	**(824,673)**
Total comprehensive income for the year	-	-	**30,204,176**	**(95,209)**	**30,108,967**	**(48,388)**	**30,060,579**
Dividend (Note 17)	-	-	(26,100,000)	-	(26,100,000)	-	**(26,100,000)**
Transfer from statutory reserve (Note 12)	-	(11,213,169)	11,213,169	-	-	-	-
As at 31 December 2024	**60,000,000**	-	**53,724,707**	**(9,523,043)**	**104,201,664**	**34,204**	**104,235,868**

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

Saudi Networkers Services Company
(A Listed Joint Stock Company)
Consolidated statement of cash flows
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Operating activities			
Profit before zakat from continuing operation		**38,330,898**	40,343,590
Loss from discontinued operation before tax		(4,745,646)	(436,612)
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	5,6	**1,277,123**	1,149,129
Gain on termination of lease		-	(117,484)
Provision for employee's defined benefits liabilities	13	**18,882,692**	9,788,130
Interest expense	6,16	**2,207,697**	2,866,633
Impairment loss on financial assets	7	**5,153,776**	214,332
Operating cashflows before working capital changes		**61,106,540**	53,807,718
Changes in operating assets and liabilities:			
Trade and other receivables, contract assets and prepayments and other assets		**13,076,317**	(404,906)
Accounts payables, accrued expenses and other liabilities		**(572,358)**	1,211,902
Cash generated from operations		**73,610,499**	54,614,714
Employee end of service benefits paid	13	**(12,287,029)**	(4,320,655)
Interest expense paid	6,16	**(2,966,027)**	(2,108,304)
Zakat and income tax paid	18	**(2,965,629)**	(2,815,495)
Net cash flows from operating activities		55,391,814	45,370,260
Investing activity			
Purchase of property and equipment	5	(216,970)	(2,475,611)
Net cash used in investing activity		(216,970)	(2,475,611)
Financing activities			
Proceeds from short-term borrowings	16	59,776,844	112,352,757
Repayments of short-term borrowings	16	(87,115,490)	(105,377,835)
Dividends paid	17	(26,100,000)	(26,100,000)
Repayment of lease liabilities	6	(547,060)	(648,451)
Net cash used in financing activities		(53,985,706)	(19,773,529)
Net increase in cash and cash equivalents		1,189,138	23,121,120
Cash and cash equivalents at the beginning of the year		40,979,460	17,634,280
Effects of exchange rate changes on cash and cash equivalents		(96,171)	224,060
Cash and cash equivalents at the end of the year		42,072,427	40,979,460
Non-Cash transactions:			
Acquisition of right-of-use assets and lease liabilities		80,623	3,090,337

Chairman | Chief Executive Officer | Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

1 General information

Saudi Networkers Services Company (the "Company") is a closed joint stock company. Registered in Riyadh city, Kingdom of Saudi Arabia ("KSA") under commercial registration number 1010173733 dated 19 Dhul-Qadah 1422H (corresponding to 2 February 2002). The Company's registered address is PO Box: 25141 Riyadh 11466, Kingdom of Saudi Arabia. The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 60,000,000 divided into 6,000,000 with a nominal value of SAR 10 per share (Note 11).

The principal activities of the Company are implementing, establishing, maintaining, operating, installing and managing telecommunication networks. The Company is also involved in providing the consulting, technical, administrative, marketing, customer care services and technical support for sales centers.

The consolidated financial statements include the financial position, results of operations and cash flows of the Company and SNSALG SARL (the "subsidiary"), a limited liability company registered in People's Democratic Republic of Algeria, under commercial registration (CR) number 0971273B06 dated 26 Jumaada II 1427H (collectively refer as the "Group"), the subsidiary is 99% owned by the Company and is engaged in providing technical consultants on an individual basis to telecommunications, oil and gas and IT vendors, operators and sub-contracting companies.

As at 31 December 2024, the Group's Algerian subsidiary is in the process of winding up, following a Board decision to cease its operations. However, the liquidation process remains ongoing, and the subsidiary had not been fully dissolved as of the reporting date. For financial reporting purposes, the subsidiary has been classified as a discontinued operation, reflecting the winding-up status and cessation of its core business activities. Subsequent to 31 December 2024, the Group has settled a final tax notice received from the Tax Center of Algeria related to the subsidiary. Management expects that all remaining activities associated with the liquidation will be finalized in 2025, at which point the subsidiary is anticipated to be fully dissolved.

2 Summary of material accounting policies

These consolidated financial statements are the statutory financial statements of the Group for the year ended 31 December 2024.

2.1 Statement of compliance

These consolidated financial statements 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 issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after referred to as "IFRS as endorsed in Saudi Arabia").

The consolidated financial statements have been prepared on a historical cost basis except for employee defined benefit liability which is recognized at the present value of future obligations using the Projected Unit Credit Method ("PUCM"). The consolidated financial statements are presented in SAR.

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2024. Control is achieved when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through the investee.

Subsidiary is an investee, that the Group controls because the Group (i) has power to direct the relevant activities of the investee that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investee, and (iii) has the ability to use its power over the investee to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiary is consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of a subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

2 Summary of material accounting policies (Continued)

2.2 Basis of consolidation (Continued)

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill (if any) is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests: The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognizes the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the consolidated statement of changes in equity.

Disposal of subsidiary: When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in statement of comprehensive income.

2.3 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has concluded that it is the principal in its revenue arrangements, because it controls the services before provided to the customer.

The Group has applied the following accounting policy for revenue recognition: the Group recognizes revenue from contracts with customers based on a five-step model as set in IFRS 15:

- Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

- Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties (if any).

- Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

- Recognize revenue when (or as) the entity satisfies a performance obligation.

2 Summary of material accounting policies (Continued)

2.3 Revenue from contracts with customers (Continued)

The Group satisfies a performance obligation and recognizes revenue over time (through input method based on the time spent by the consultants), as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenues of the Company is derived from three types of streams.

Direct: based on the nature of the projects and customer's needs for certain services from the Company, the customer requests the Company to delegate consultants to provide their service to them; where the Company goes through the process of hiring and interviewing qualified and capable consultants on the top of its existing consultants as per the service specification to be provided to its customer;

Managed-Hosting: customer request for a specific skill set for certain projects with the specified job description for which certain consultants are arranged and assigned by the Company for the provision of services to the customer; and

Other: as per the contractual agreement (direct and managed-hosting agreements) between the Company and its customers, and after a specific period of service by the consultant, the client may request the Company to have a direct employment with the consultant where the Company will charge a one-time fixed fee covering no billing of future services.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These consolidated financial statements are presented in Saudi Riyals which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognized in the consolidated statement of income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at FVOCI are recognized in consolidated statement of comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized in the consolidated statement of comprehensive income, in other comprehensive income.

2 Summary of material accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entity, are recognized in consolidated statement of comprehensive income, in other comprehensive income. When a foreign operation is sold forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of income, in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs the obligation by transferring services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

2.6 Trade and other 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).

2.7 Contract liabilities

A contract liability is the obligation to transfer goods or 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 transfers goods or 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.

2.8 Zakat and Income tax

Zakat

The Group is subject to Zakat in accordance with the Zakat regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is recognised in the consolidated statement of comprehensive income, in profit or loss. The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation.

Income Tax

Income tax for subsidiary is calculated in accordance with laws and regulations as applicable in People's Democratic Republic of Algeria.

Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized on all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that future taxable amounts will be available against which these assets 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 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

2 Summary of material accounting policies (Continued)

2.9 Foreign currencies

The Group's consolidated financial statements are presented in SAR, which is also the parent company'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.

2.10 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.

2.11 Group subsidiary

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions.

2.12 Cash dividend

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the laws of KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.13 Property and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. An item of property and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic 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 the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2 Summary of material accounting policies (Continued)

2.14 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 a lessee

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

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.

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.

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.

2.15 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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.

2.16 Financial instruments

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.

2 Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

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 and other 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 and other 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.

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.

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)

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

The Group's financial assets at amortized cost includes trade and other receivables.

Derecognition

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

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

2 Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Derecognition (Continued)

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

Further disclosures relating to impairment of financial assets are also provided in Note 7.

For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days 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.

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 accounts payables, dividend payable, lease liabilities and short-term borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

The Group does not have any financial liabilities which falls in first category.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

2 Summary of material accounting policies (Continued)

2.16 Financial instruments (Continued)

Derecognition

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 statement of comprehensive income.

Offsetting of financial instruments

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

2.17 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in Note 7.

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 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 statement of comprehensive income, in profit or loss, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.17.1 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income, in profit or loss 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2 Summary of material accounting policies (Continued)

2.18 Defined benefit liabilities

The Group operates a defined benefit scheme for its employees in accordance with labor regulations applicable in the Kingdom of Saudi Arabia. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to consolidated statement of comprehensive income, in profit or loss, in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of revenue', 'Selling and marketing expenses' and 'General and administration expenses' in the consolidated statement of comprehensive income, in profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and
- Non-routine settlements
- Net interest expense or income

2.19 Statutory Reserve

In accordance with Saudi Arabian regulations for companies and the Group's bylaws, the Group was required to transfer 10% of the net income for the year to the statutory reserve. The Group may resolve to discontinue such transfers when the reserve totals 30% of the capital. During the year, the Group's Bylaws has been amended to be compatible with the new Companies Law and the general assembly has approved the discontinuation of the statutory reserves and approve the transfer of the statutory reserve balance to the retained earning.

2.20 Expenses

Selling and marketing expenses and general and administrative expenses are operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

2.21 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's relevant Business Heads' which in the Group's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's relevant business heads' include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.22 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

2.23 Prepayments

Prepayments are employee benefits paid in advance, which are to be recovered through employment services provided by employees, or through a final salary deduction upon termination of the employment contract.

3 New and amendments standards:

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1;

- Lease liability in sale and leaseback – amendments to IFRS 16; and

- Supplier finance arrangements – amendments to IAS 7 and IFRS 7.

The application of the standard and amendments had no significant impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is as follows:

- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025): In August 2023, the International Accounting Standards Board ("IASB") amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026): On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.

The Group does not expect these amendments to have a material impact on its operations or financial statements.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027): Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027): IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The Group does not expect this standard to have an impact on its operations or financial statements.

4 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

In the process of applying the Group's accounting policies, management has made the judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue from contracts with customers

The satisfaction of performance obligation typically does not involve any judgment or estimate. The Group however has made a judgement in relation to principal versus agent considerations.

4 Significant accounting judgements, estimates and assumptions (Continued)

Judgements (Continued)

Principal versus agent consideration

The Group has concluded that it is the principal in all of its revenue arrangements due to the following factors;

- the Group has the primary responsibility and is the primary obligor for the services delivered by the consultants;
- the Group has a direct relationship with the customer and controls the underlying services and deliverables provided to the end customers;
- the Group remains solely responsible for the quality of the services and deliverables which are delivered by the consultants;
- the Group has the sole responsibility in deciding which consultants are allocated for delivering the services to the customers; and
- the Group has latitude in determining the prices with all parties.

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

4.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material 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.

<u>Provision for expected credit losses of trade and other receivables</u>

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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 in the service sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast 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 and other receivables is disclosed in Note 7.

4 Significant accounting judgements, estimates and assumptions (Continued)

4.1 Estimates and assumptions (Continued)

Defined benefit liabilities

The cost of the defined benefit liabilities and the present value of the defined benefit liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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).

5 Property and equipment

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Leasehold improvements	Shorter of 3 years or lease period
Furniture and fixtures	6 to 7 years
Computers	2 to 4 years
Tools and equipment	2 to 5 years

(All amounts are in Saudi Riyals unless otherwise stated)

5 Property and equipment (Continued)

	Leasehold improvements	Furniture and fixtures	Computers	Tools and equipment	Total
Cost					
As at 1 January 2023	1,163,371	387,008	2,171,574	110,580	**3,832,533**
Additions	1,918,939	258,173	271,591	26,908	**2,475,611**
Write-offs	(1,149,262)	-	(1,057,577)	(56,597)	**(2,263,436)**
As at 31 December 2023	1,933,048	645,181	1,385,588	80,891	**4,044,708**
Additions	-	26,021	184,509	6,440	**216,970**
Disposals	-	-	(30,692)	-	**(30,692)**
As at 31 December 2024	**1,933,048**	**671,202**	**1,539,405**	**87,331**	**4,230,986**
Accumulated depreciation					
As at 1 January 2023	1,158,275	358,740	1,796,026	91,978	**3,405,019**
Charge for the year	238,142	32,389	256,111	6,946	**533,588**
Write-offs	(1,149,262)	-	(1,057,577)	(56,597)	**(2,263,436)**
As at 31 December 2023	247,155	391,129	994,560	42,327	**1,675,171**
Charge for the year	294,216	48,059	290,095	10,703	**643,073**
Disposals	-	-	(30,692)	-	**(30,692)**
As at 31 December 2024	**541,371**	**439,188**	**1,253,963**	**53,030**	**2,287,552**
Net book value					
As at 31 December 2024	**1,391,677**	**232,014**	**285,442**	**34,301**	**1,943,434**
As at 31 December 2023	1,685,893	254,052	391,028	38,564	2,369,537

(All amounts are in Saudi Riyals unless otherwise stated)

5 Property and equipment (Continued)

The allocation of the depreciation charge for the years ended 31 December is as follows:

	2024	**2023**
Cost of revenue (Note 20)	**124,570**	111,558
Selling and marketing expenses (Note 21)	**11,969**	12,550
General and administration expenses (Note 22)	**506,534**	409,480
	643,073	533,588

6 Leases

The Group has lease contracts for motor vehicles and office building. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and sub-leasing the leased assets.

Right-of-use assets

	Motor vehicles	**Office Building and Warehouse**	**Total**
Cost			
As at 1 January 2023	742,624	1,991,101	**2,733,725**
Additions	166,429	2,923,908	**3,090,337**
Disposals	(742,624)	(615,297)	**(1,357,921)**
As at 31 December 2023	166,429	4,299,712	**4,466,141**
Additions	-	80,623	**80,623**
As at 31 December 2024	**166,429**	**4,380,335**	**4,546,764**
Accumulated Depreciation			
As at 1 January 2023	716,055	1,308,124	**2,024,179**
Charge for the year	62,411	553,130	**615,541**
Disposals	(716,055)	(142,522)	**(858,577)**
As at 31 December 2023	62,411	1,718,732	**1,781,143**
Charge for the year	104,018	530,032	**634,050**
As at 31 December 2024	**166,429**	**2,248,764**	**2,415,193**
Net book value			
As at 31 December 2024	**-**	**2,131,571**	**2,131,571**
As at 31 December 2023	104,018	2,580,980	2,684,998

The allocation of the depreciation charge for the year ended 31 December is as follows:

	2024	**2023**
Cost of revenue (Note 20)	**43,993**	45,969
Selling and marketing expenses (Note 21)	**117,403**	79,018
General and administration expenses (Note 22)	**472,654**	490,554
	634,050	615,541

Lease liabilities

Following is the carrying amounts of lease liabilities and the movements during the year:

	31 December 2024	**31 December 2023**
As at beginning of the year	**2,596,723**	771,665
Additions	**80,623**	3,090,337
Interest expense	**193,496**	185,355
Principal repayment	**(547,060)**	(648,451)
Interest expense paid	**(193,496)**	(185,355)
Lease termination	**-**	(616,828)
As at end of the year	**2,130,286**	2,596,723

(All amounts are in Saudi Riyals unless otherwise stated)

6 Leases (Continued)

***Lease liabilities** (Continued)*

Lease liabilities are presented as follows:

	31 December 2024	31 December 2023
Current portion of lease liabilities	**479,641**	528,210
Non-current portion of lease liabilities	**1,650,645**	2,068,513
	2,130,286	2,596,723

The maturity analysis of lease liabilities is disclosed in Note 25.

The following are the amounts recognized in the consolidated statement of comprehensive income for the years ended 31 December:

	2024	2023
Depreciation expense of right-of-use assets	**634,050**	615,541
Interest expense on lease liabilities	**193,496**	185,355
Total amount recognized in the statement of comprehensive income	**827,546**	800,896

7 Trade and other receivables

	31 December 2024	31 December 2023
Accounts receivables	**122,613,470**	111,129,479
Unbilled Revenue*	**21,146,684**	49,858,597
	143,760,154	160,988,076
Less: allowance for expected credit losses	**(9,237,195)**	(4,083,419)
	134,522,959	156,904,657

* Unbilled receivables represents the amount for which services have been rendered but not yet invoiced to customers. Unbilled receivables are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues the invoice to the customer.

The aging of accounts receivables including unbilled receivables, representing current and overdue but not impaired receivables, is as follows:

	31 December 2024		31 December 2023	
	Receivables	Loss rates	Receivables	Loss rates
Current	**87,716,859**	**0.33%**	80,978,097	0.69%
Overdue 1 - 90 days	**41,975,831**	**0.69%**	49,038,066	1.35%
Overdue 91 - 180 days	**6,772,926**	**2.88%**	19,608,975	5.09%
Overdue 181 - 270 days	**3,032,648**	**7.50%**	4,250,525	10.29%
Overdue 271 - 365 days	**622,952**	**17.14%**	1,518,505	20.00%
More than one year*	**3,638,938**	**17.14%**	5,593,908	20.00%
	143,760,154		160,988,076	

Movement in the allowance for expected credit losses is as follows:

	31 December 2024	31 December 2023
As at beginning of the year	**4,083,419**	3,869,087
Provided during the year	**5,153,776**	214,332
As at end of the year	**9,237,195**	4,083,419

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. For more information on credit risk management, please refer to Note 25 details of treasury and other financial risks.

(All amounts are in Saudi Riyals unless otherwise stated)

7 Trade and other receivables (Continued)

The gross receivables have decreased in line with the collection from contracts with customers. The same is reflected in the loss rates which have been revised during the year to project the management expectations.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Group's impairment policies and the calculation of the allowance for expected credit losses are provided in Note 4.

* In addition to the above ECL allowance, management has recorded specific provisions against balances of accounts receivables which are considered doubtful. The amount of the specific provision is SAR 8.3 million.

8 Related party transactions and balances

Related parties are key shareholders, directors and key management personnel of the Group. The terms of these transactions have been approved by the Group's management. The following are the most significant transactions with related parties and the resulting balances:

Related parties	Nature of related parties
Saudi Networkers Services Algeria ("SNSALG")	Subsidiary
Mutakamela Insurance Company ("Formally called as Allianz Saudi Fransi Cooperative Insurance Company")	Entity under common shareholding
AlTouq Limited	Entity under common shareholding

a) Related party balances

Due from a related party

Name of related party	Relationship with the related party	31 December 2024	31 December 2023
AlTouq Limited	Entity under common shareholding	-	15,141
		-	15,141

b) Related party transactions

Following are the details of significant related party transactions during the year:

Related party	Nature of transactions	For the year ended 31 December 2024	2023
Entity under common shareholding	Consultancy services	**182,012**	192,621
Entity under common shareholding	Fidelity, Money, Fire and Allied Perils Insurance	**8,856**	13,584

c) Key management personnel

Key management includes Board of Directors, members of the Executive Committee, Audit Committee and the directors of business functions.

Key management personnel compensation comprised the following:

	31December 2024	31 December 2023
Short term benefits	**5,081,556**	4,054,840
Termination benefits	**166,776**	449,943
Board of directors' fee:		
Director's remunerations	**536,986**	600,000
Committee remunerations	**375,548**	225,000
Meeting attendance allowances of Directors	**93,000**	84,000
	6,253,866	5,413,783

(All amounts are in Saudi Riyals unless otherwise stated)

c) Key management personnel *(continued)*

Compensation to key management personnel includes salaries, allowances, provision for defined benefits liabilities and contribution to General Organization for Social Insurance.

9 Prepayments and other assets

	31December 2024	31 December 2023
Prepaid expenses	**7,991,270**	7,330,703
Other receivables	**1,462,287**	1,694,811
	9,453,557	9,025,514

10 Cash and cash equivalents

	31December 2024	31 December 2023
Cash at bank	**42,032,975**	40,873,461
Cash in hand	**39,452**	105,999
	42,072,427	40,979,460

11 Share capital

The Group's capital consists of following:

	31December 2024	31 December 2023
Authorized shares	**6,000,000**	6,000,000
Ordinary shares of SAR 10 each fully paid and issued	**6,000,000**	6,000,000
Share capital	**60,000,000**	60,000,000

On 17 August 2022, the Company was listed on Saudi Exchange with the symbol 9543 and ISIN Code SA15JH3KL3H8. The Company has floated 1.53 million shares on the Nomu - Parallel Market, the major shareholding of the company are Mr. Abdul Mohsen I. Al Touq and Mr. Osama M Al Sabeg by 37.25% each .

12 Statutory reserve

Under the old companies regulations, the Group was required to transfer annually 10% of the net income to the statutory reserve. The General Assembly had the right to stop making such transfers when the reserve equals 30% of the capital. This reserve was not available for distribution. In accordance with the new changes to the Group's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, on 24 Rabi al-thani 1446H (corresponding to 27 October 2024) the General Assembly in their extraordinary meeting approved the transfer of the statutory reserve balance amounting to Saudi Riyal 11,213,169, to the Group's retained earnings.

13 Defined benefits liabilities

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

The amounts recognized in the consolidated statement of profit or loss and other comprehensive income related to employee benefit obligations are as follows:

	31December 2024	31 December 2023
As at beginning of the year	**24,732,908**	21,255,608
Recognised in P&L:		
Current service cost	**17,939,548**	8,957,485
Interest cost	**943,144**	830,645
Recognised in OCI:		
Actuarial loss / (gain) on remeasurement of defined benefit plan	**728,502**	(1,990,175)
Benefits paid	**(12,287,029)**	(4,320,655)
As at end of the year	**32,057,073**	24,732,908

(All amounts are in Saudi Riyals unless otherwise stated)

13 Defined benefits liabilities (Continued)

The actuarial loss / (gain) consists of the following:

	31December 2024	31 December 2023
Loss / (gain) from change in financial assumptions	**335,066**	(1,764,532)
Loss / (gain) from change in experience assumptions	**393,436**	(225,643)
	728,502	(1,990,175)

Break-up of current service cost and interest cost:

	31December 2024	31 December 2023
Cost of revenue (Note 20)	**17,325,089**	8,382,062
Selling and marketing expenses (Note 21)	**363,858**	439,378
General and administrative expenses (Note 22)	**1,193,745**	966,690
	18,882,692	9,788,130

Summary of economic assumptions

	31December 2024	31 December 2023
Discount rate	**4.93%**	5.06%
Salary growth rate	**2.00%**	2.00%

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the defined benefit obligation is shown below:

	31December 2024	31 December 2023
Discount rate (1% Decrease)	**2,381,709**	1,842,952
Discount rate (1% Increase)	**(2,216,336)**	(2,067,893)
Salary growth rate (1% Decrease)	**(2,216,702)**	(2,068,171)
Salary growth rate (1% Increase)	**2,380,949**	1,842,952

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the obligation.

The weighted average duration of the defined benefit obligation is 8 years (31 December 2023: 8 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

	31December 2024	31 December 2023
Within the next 12 months	**2,403,197**	1,338,330
Between 2 to 5 years	**19,100,428**	13,098,490
Beyond 5 years	**35,952,823**	26,187,598
Total expected payments	**57,456,448**	40,624,418

13.1 The Company acts as the principal employer and is legally obligated to settle their defined benefit liabilities in accordance with IAS 19, recognizing both the liability and related expense. However, with certain customers in respect of certain consultants, under standard contractual terms, the Company has a contractual right to reimbursement of defined benefit costs from its customers at the end of the service period.

Accordingly, for these employees, the Company records a defined benefit liability, a corresponding contract asset representing the right to reimbursement from the customer, ensuring proper reflection of this arrangement. The corresponding impacts are recorded in revenue and expenses accordingly.

As at 31 December 2024, the amount of this contract asset amounted to SAR 3.7 million.

(All amounts are in Saudi Riyals unless otherwise stated)

14 Accounts payable

	31 December 2024	31 December 2023
Accounts payables	**347,517**	49,534
	347,517	49,534

The average credit period taken for trade payables is 45 to 90 days (31 December 2023: 45 to 90 days).

15 Accrued expenses and other liabilities

	31 December 2024	31 December 2023
Accrued expenses	**37,492,427**	39,549,482
VAT payable, net	**7,020,909**	5,745,079
Customer advances	**213,404**	1,397,522
Accrued bonus	**4,245,001**	3,150,000
	48,971,741	49,842,083

16 Short-term borrowings

Details of short-term borrowings are as follows:

	31 December 2024	31 December 2023
Re-financing facilities	**2,615,250**	30,712,226
	2,615,250	30,712,226

Movement of short-term borrowings are as follows:

	31 December 2024	31 December 2023
Balance at beginning of the year	**30,712,226**	22,978,975
Interest expense	**2,014,201**	2,681,278
Proceeds during the year	**59,776,844**	112,352,757
Repayments during the year	**(87,115,490)**	(105,377,835)
Interest expense paid during the year	**(2,772,531)**	(1,922,949)
Balance at end of the year	**2,615,250**	30,712,226

The Group had bank facilities in the form of short terms loans, and progress payment finance facility from commercial banks to finance its working capital requirements. The short-term loans and progress payment finance facility borrowings are subject to an interest rate of SAIBOR plus market prevalent rates.

17 Dividend payable

Following is the movement of dividend payable:

	31 December 2024	31 December 2023
Balance at beginning of the year	**-**	-
Dividend declared	**26,100,000**	26,100,000
Payments	**(26,100,000)**	(26,100,000)
Balance at end of the year	**-**	-

Following is the dividend per share for the years 31 December 2024, 31 December 2023:

	31 December 2024	31 December 2023
Dividend declared for the year	**26,100,000**	26,100,000
Number of ordinary shares outstanding	**6,000,000**	6,000,000
Dividend per share	**4.4**	4.4

The shareholders approved and distributed dividend of SAR 26.1 million (2023: SAR 26.1 million) during the year 2024.

(All amounts are in Saudi Riyals unless otherwise stated)

17 Dividend payable (Continued)

During the year 2024, the Group announced the final dividend of SAR 14.1 million at the rate of SAR 2.35 per share for the year 2023 while interim dividend of SAR 12 million at the rate of SAR 2 per share for the year 2024, hence, a total dividend of SAR 26.1 million was paid during the year 2024.

18 Zakat

The Ministry of Finance has issued new Zakat implementing regulations under Ministerial Resolution No. 1007 dated 19/8/1445H (corresponding to 29 February 2024) (the "New Zakat By-Laws"). The New Zakat By-Laws are effective for financial years starting from 1 January 2024 and replace the existing Zakat by-laws issued under MR. 2216 dated 7/7/1440H (corresponding to 14 March 2019) as amended under Ministerial Resolution No. 58705 dated 21/9/1444H (corresponding to 12 April 2023) which were applicable on financial years commencing on 1st January 2019 to financial years ending on 31 December 2023.

The approach to computing the Zakat liability has undergone changes with the implementation of the New Zakat By-Laws compared to the previous calculation basis. In this respect, during the year ended 31 December 2024, the Company has adopted the New By-Laws and has reflected the changes in the computation mechanism under the current year Zakat calculation. For the year ended 31 December 2024, in accordance with the regulations of ZATCA, zakat is payable at 2.578% of the zakat base which is attributable to the Saudi shareholder.

For the year ended 31 December 2023, in accordance with the regulations of ZATCA, zakat was computed at 2.578% of the zakat base, excluding adjusted loss for the year, attributable to the Saudi shareholder. Zakat on adjusted profit for the year was computed at 2.5%.

The zakat provision is based on the following:

	2024	**2023**
Profit before zakat and income tax	**35,630,898**	36,991,996
Adjustments related to provisions, depreciation and others	**21,000**	12,979,037
Adjusted profit for the year	**35,651,898**	49,971,033
Share capital	**60,000,000**	60,000,000
Statutory reserve	**-**	7,500,000
Provisions and other adjustments	**57,235,482**	14,058,409
Zakat base prior to adjusted profit for the year	**117,235,482**	81,558,409
Zakat charge for the year at 2.5847% of zakat base	**3,030,239**	2,102,318
Zakat charge for the year at 2.5% of adjusted profit	**891,297**	1,249,276
Zakat charge for the year	**3,030,239**	3,351,594
Prior year charge	**(330,239)**	-
	2,700,000	3,351,594

Zakat is payable at 2.585% of the approximate zakat base, excluding the adjusted net profit for the year, attributable to the Saudi shareholder. Zakat on adjusted net profit for the year attributable to the Saudi shareholder is payable at 2.5%.

The movement in provision for zakat is as follows:

	31 December 2024	**31 December 2023**
Balance at beginning of the year	**3,755,403**	3,219,304
Provided during the year	**2,700,000**	3,351,594
Payments	**(2,965,629)**	(2,815,495)
Balance at end of the year	**3,489,774**	3,755,403

Status of assessment

The Company has finalized its zakat and income tax status with the Zakat, Tax and Customs Authority ("ZATCA") till 31 December 2018. During the year, the Company opted for MR1007 where the zakat and income tax returns for the years 2019 to 2022 are still pending, while for the year 2023 the Company's return has been accepted by ZATCA.

(All amounts are in Saudi Riyals unless otherwise stated)

19 Revenue

The Group's revenue is derived from three types of services namely direct, managed-hosting and other services.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary nature of services provided, types of customers and timing of revenue recognition as shown below:

	For the year ended 31 December 2024	2023
Types of projects / services		
Direct	**162,632,431**	162,823,736
Managed-Hosting	**408,344,747**	391,739,348
Other	**86,860**	90,762
	571,064,038	554,653,846
Types of customers		
Non-government	**531,146,595**	515,417,728
Government	**39,917,443**	39,236,118
	571,064,038	554,653,846
Timing of revenue recognition		
Overtime	**571,064,038**	554,653,846
	571,064,038	554,653,846

Revenues of approximately SAR 173 million (2023: SAR 190 million) are derived from three external customers who contribute more than 31% to the total external revenue. These revenues are attributed to the Kingdom of Saudi Arabia segment.

The revenue generated from continuing operations is provided above. For the revenue generated from discontinued operation, refer Note 28.

20 Cost of revenue

	For the year ended 31 December 2024	2023
Employees' cost (Refer note 20.1)	**477,945,802**	474,585,367
Depreciation and amortization (Note 5, 6)	**168,563**	157,527
Others	**14,720,460**	6,171,707
	492,834,825	480,914,601

20.1 This includes defined benefits liabilities expense amounting to SAR 17.3 million. (Refer note 13)

21 Selling and marketing expenses

	For the year ended 31 December 2024	2023
Employees' cost (Refer note 21.1)	**6,330,967**	5,785,013
Bonus	**4,490,906**	4,388,004
Printing and advertising	**59,910**	53,879
Depreciation and amortization (Note 5, 6)	**129,372**	91,568
Others	**148,731**	117,835
	11,159,886	10,436,299

21.1 This includes defined benefits liabilities expense amounting to SAR 0.4 million. (Refer note 13)

(All amounts are in Saudi Riyals unless otherwise stated)

22 General and administrative expenses

	For the year ended 31 December 2024	2023
Employees' cost (Refer note 22.1)	**15,604,197**	14,696,532
Professional services	**2,385,137**	1,681,283
Depreciation and amortization (Note 5, 6)	**979,188**	900,034
Utilities	**537,922**	719,886
Board's fee	**1,005,534**	909,000
Others	**1,198,760**	1,001,317
	21,710,738	19,908,052

22.1 This includes defined benefits liabilities expense amounting to SAR 1.2 million. (Refer note 13)

23 Earning per share (EPS)

Basic EPS is calculated by dividing the net income inclusive of discontinued operations for the year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	31December 2024	31 December 2023
Net income for the year	**30,885,252**	36,555,384
Net income for the year from continuing operations	**35,630,898**	36,991,996
Number of ordinary shares outstanding	**6,000,000**	6,000,000
Basic and diluted earnings per share	**5.2**	6.1
Basic and diluted earnings per share from continuing operations	**5.9**	6.2

24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BOD) and CEO, (together chief operating decision maker, CODM). The CODM assesses the financial performance and position of the Group, and makes strategic decisions.

An operating segment is group of assets and operations:

1 engaged in revenue producing activities;

2 results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and

3 whose financial information is separately available.

The Group has the following strategic geographical locations which represent its reportable segments, which represent its reportable segments. Segment assets, liabilities and profit or loss are measured in the same way as in the consolidated financial statements.

Kingdom of Saudi Arabia
Provision of services in the geographical region of Kingdom of Saudi Arabia.

Algeria

Provision of services in the geographical region of Algeria.

	Kingdom of Saudi Arabia	Algeria	Total
31 December 2024			
Revenue	571,064,038	-	**571,064,038**
Depreciation and amortization	1,277,123	-	**1,277,123**
Profit/(loss) attributable to shareholders of the Company	35,630,898	(4,698,190)	**30,932,708**
Total assets	184,250,892	9,596,617	**193,847,509**
Total liabilities	85,202,745	4,408,896	**89,611,641**
Capital expenditure	216,970	-	**216,970**

(All amounts are in Saudi Riyals unless otherwise stated)

24 Segment reporting (Continued)

	Kingdom of Saudi Arabia	Algeria	Total
31 December 2023			
Revenue	554,653,846	-	**554,653,846**
Depreciation and amortization	1,149,129	-	**1,149,129**
Profit attributable to shareholders of the Company	36,991,996	(432,246)	**36,559,750**
Total assets	201,901,407	10,062,759	**211,964,166**
Total liabilities	111,285,315	403,562	**111,688,877**
Capital expenditure	2,475,611	-	**2,475,611**

The Group's revenue is derived from contracts with customers for provision of services. Segment assets are measured in the same way as in the Consolidated Financial Statements. These assets are allocated and analyzed based on the operations of the segment.

Revenues for the years ended 31 December 2024 and 2023 have been generated from provision of services in Kingdom of Saudi Arabia.

25 Financial instruments

Financial assets consist of trade and other receivables, and cash at bank. Financial liabilities consist of accounts payables, short-term borrowings and lease liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts.

Risk management and financial instruments

The Group's activities expose it to a variety of credit risk, liquidity risk, market risk and currency risk.

(a) Credit risk

Credit risk is the risk that one party to financial instruments 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 cash at bank and trade and other receivables including unbilled receivables as follows.

	31 December 2024	31 December 2023
Trade and other receivables, gross	**143,760,154**	160,988,076
Cash at bank	**42,032,975**	40,873,461
	185,793,129	201,861,537

The carrying amount of financial assets represent the maximum credit exposure.

Credit risk on cash at bank is limited as the Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks. Cash balances are held with banks with sound credit ratings ranging from BBB+ and above.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-up on an ongoing basis. The Group's exposure to ECL is not significant.

Impairment analysis is performed at each reporting date. Collective assessment is made using provision matrix to measure expected credit losses unless objective evidence is available for the recoverability. The provision rates are based on days past due for groupings of various customer segments at group level 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 and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Typically, trade and other receivables are written off if they are past due for more than one year, except for receivables that are actively being discussed with customers and are in the process of being paid. It's important to note that the written-off receivables are not subject to enforcement activity.

At 31 December 2024 31% of accounts receivable were due from 3 customers (31 December 2023: 34% from 3 customers). Management believes that this concentration of credit risk is mitigated through historical collections from such customers.

25 Financial instruments (Continued)

(a) Credit risk (Continued)

Other financial assets at amortised cost include, other receivables. The instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Management consider 'low credit risk' for other receivables. As at 31 December 2024, the ECL allowance on other financial assets carried at amortised cost is immaterial.

(b) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted, and include estimated interest payments.

	As at 31 December 2024				
	Carrying amount	**On demand or less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Financial liabilities					
Accounts payable	**347,517**	**347,517**	**-**	**-**	**347,517**
Accrued expenses and other liabilities	**34,940,039**	**34,940,039**	**-**	**-**	**34,940,039**
Short-term borrowings	**2,615,250**	**2,615,250**	**-**	**-**	**2,615,250**
Lease liabilities	**2,130,286**	**628,413**	**1,833,360**	**-**	**2,461,773**
	40,033,092	**38,531,219**	**1,833,360**	**-**	**40,364,579**

	As at 31 December 2023				
	Carrying amount	**On demand or less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Financial liabilities					
Accounts payable	49,534	49,534	-	-	49,534
Accrued expenses and other liabilities	44,097,004	44,097,004	-	-	44,097,004
Short-term borrowings	30,712,226	30,712,226	-	-	30,712,226
Lease liabilities	2,596,723	672,292	2,418,764	-	3,091,056
	77,455,487	75,531,056	2,418,764	-	77,949,820

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments.

(c) Market risk

Market risk is the risk that fluctuation in value of a financial instrument as a result of changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to market risk, in the form of interest rate risk and foreign currency risk as described below. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily in Saudi Riyals, DZD and United States dollars. Since Saudi Riyal is pegged to United States dollars, management of the Group believes that the currency risk for the financial instruments is not significant.

(All amounts are in Saudi Riyals unless otherwise stated)

26 Capital management risk

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios at 31 December 2024 and 31 December 2023 were as follows:

	31 December 2024	31 December 2023
Total debt	**4,745,536**	33,308,949
Total equity	**104,235,868**	100,275,289
Gearing ratio	**4.55%**	33.22%

Net debt reconciliation

An analysis of net loans and movement in net loans during the current year is as follows:

	31 December 2024	31 December 2023
Cash and cash equivalents	**42,072,427**	40,979,460
Short-term borrowings	**(2,615,250)**	(30,712,226)
Lease liabilities	**(2,130,286)**	(2,596,723)
Net funds	**37,326,891**	7,670,511

Net reconciliation

	Cash and cash equivalents	Short-term loans	Lease liabilities	Total
Net funds as at 1 January 2024	40,979,460	(30,712,226)	(2,596,723)	**7,670,511**
Repayment of lease liabilities	-	-	547,060	**547,060**
Additions to lease liabilities	-	-	(80,623)	**(80,623)**
Proceeds from short-term borrowings	-	(59,776,844)	-	**(59,776,844)**
Interest expense on short-term borrowings / lease liabilities	-	(2,014,201)	(193,496)	**(2,207,697)**
Interest expense paid on short term borrowings / lease liabilities	-	2,772,531	193,496	**2,966,027**
Repayments of short-term borrowings	-	87,115,490	-	**87,115,490**
Net effects of foreign exchange	(96,171)	-	-	**(96,171)**
Cashflows for the period	1,189,138	-	-	**1,189,138**
Net funds / (loans) as at 31 December 2024	**42,072,427**	**(2,615,250)**	**(2,130,286)**	**37,326,891**

Net reconciliation

	Cash and cash equivalents	Short-term loans	Lease liabilities	Total
Net loans as at 1 January 2023	17,634,280	(22,978,975)	(771,665)	**(6,116,360)**
Repayment of lease liabilities	-	-	648,451	**648,451**
Additions to lease liabilities	-	-	(3,090,337)	**(3,090,337)**
Interest expense on short-term borrowings / lease liabilities	-	(2,681,278)	(185,355)	**(2,866,633)**
Termination of leases	-	-	616,828	**616,828**
Proceeds from short-term borrowings	-	(112,352,757)	-	**(112,352,757)**
Interest expense paid on short term borrowings / lease liabilities	-	1,922,949	185,355	**2,108,304**
Repayments of short-term borrowings	-	105,377,835	-	**105,377,835**
Net effects of foreign exchange	224,060	-	-	**224,060**
Net changes in cash and cash equivalents	23,121,120	-	-	**23,121,120**
Net funds / (loans) as at 31 December 2023	**40,979,460**	**(30,712,226)**	**(2,596,723)**	7,670,511

(All amounts are in Saudi Riyals unless otherwise stated)

26 Capital management risk (Continued)

Net debt reconciliation (Continued)

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024, 31 December 2023.

27 Fair value of financial instruments

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

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

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

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

The Group's financial assets consist of trade and other receivables, contract assets, bank balances and other assets. Its financial liabilities consist of lease liabilities, accounts payable, short-term borrowings and other liability.

The fair values of these financial instruments of the Company are not materially different from their carrying values at the reporting date owing to their short-term duration.

28 Discontinued operations

In 2021, the Group announced its intention to exit the SNS Algerian business. Accordingly, the subsidiary is reported as a discontinued operation. Financial information relating to the discontinued operation for the period is set out below.

The financial performance and cashflow information presented are for the year ended 31 December 2024 and the year ended 31 December 2023.

	Year ended 31 December	
	2024	2023
Revenues	**-**	-
Cost of revenues	**-**	-
Gross profit	**-**	-
General, administrative and marketing expenses*	**(4,742,495)**	(437,238)
Loss from operations	**(4,742,495)**	(437,238)
Other income	**-**	7,911
Finance cost	**(3,151)**	(7,285)
Loss before income tax	**(4,745,646)**	(436,612)
Income tax	**-**	-
Loss from discontinued operations	**(4,745,646)**	(436,612)
Other comprehensive income / (loss)		
Items that may be reclassified to profit or loss:		
Movement in foreign currency translation reserve	**(96,171)**	224,060
Remeasurement of defined benefit liabilities	**2,982**	16,925
Total other comprehensive income	**(93,189)**	240,985
Total comprehensive loss from discontinued operations	**(4,838,835)**	(195,627)

* This includes tax based on final notice received for the subsidiary during the year amounting to SAR 4.3 million.

(All amounts are in Saudi Riyals unless otherwise stated)

28 Discontinued operations (Continued)

The cashflow information for the year ended 31 December 2024 and 31 December 2023 were:

	Year ended 31 December	
	2024	**2023**
Net (decrease) / increase in cash generated by the subsidiary	**(454,500)**	152,907

29 Approval of the Consolidated financial statements

The consolidated financial statements for the Group for the year ended 31 December 2024 were authorized for issuance on 25 March 2025.

30 Audit Remuneration

Auditor's remuneration for the statutory audit and interim review of the Group's financial statements for the year ended 31 December 2024 amounted to SAR 525,000 (2023: SAR 400,000).

31 Contingencies and commitments

There are no contingencies and commitments for the year ended 31 December 2023 and 2024.

32 Impact of climate change

In preparing the financial statements, the Group has considered the impact of climate change, particularly in the context of the Kingdom's stated target of net zero carbon emissions by 2060. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year.

33 Subsequent events

The Company's Board of Directors on 25 March 2025, has proposed and approved cash dividends of Saudi Riyals 2.35 per share totaling to Saudi Riyals 14.1 million.