

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyal (ﷲ) unless otherwise stated)

Index	Pages
Independent auditor's report	1 - 5
Consolidated statement of financial position	1
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4
Notes to the consolidated financial statements	5 - 40



KPMG Professional Services Company

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P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Saudi Networkers Services Company Saudi Joint stock Company

Opinion

We have audited the consolidated financial statements of **Saudi Networkers Services Company**, (the "Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.



Independent Auditor's Report

To the Shareholders of Saudi Networkers Services Company Saudi Joint stock Company (continued)

Key audit matters (continued)

Revenue recognition

Refer to Note (7&8) for the accounting policy and accounting judgements related to revenue recognition, and Note (23) for the related disclosures to the consolidated financial statements.

Key audit matter

How the matter was addressed in our audit

The Group's revenue from continuing operations mainly comprises of providing direct, managed hosting and other services on an individual basis to customers, amounting to ~~SR~~ 591.9 million for the year ended 31 December 2025.

As required under IFRS 15 'Revenue from Contracts with Customers', for contracts with customers the management determines the performance obligations that exist under the contract and the transaction price. The revenue is then allocated to the performance obligations under the contract.

IFRS 15 requires management to apply significant 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.

Our audit procedures performed included, among other audit procedures, the following:

- Assessed the Group's revenue recognition policy for compliance with IFRS 15 and relevant regulatory guidance endorsed by the Saudi Organization for Chartered and Professional Accountants.
- Assessed the design and implementation and tested the operational effectiveness of key internal control related to revenue recognition.
- Assessed the management judgment whether it acted as a principal or as an agent;
- Performed test of detail on sample of recorded revenue transactions and compared them with supporting documents to verify the occurrence of recorded revenue.
- Tested on sample basis revenue transactions before and after the reporting date to ensure that the revenue is properly recorded in the correct accounting period.
- Evaluated the adequacy of relevant disclosures presented by the management in the consolidated financial statements.



Independent Auditor's Report

To the Shareholders of Saudi Networkers Services Company Saudi Joint stock Company (continued)

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 and the consolidated statement of financial position as at 1 January 2024, excluding the adjustments described in note (35) to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 25 Ramadan 1446H (Corresponding to 25 March 2025).

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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 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, 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.



Independent auditor's report

To the Shareholders of Saudi Networkers Services Company Saudi Joint stock Company (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing ("ISAs") 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- 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 Saudi Joint stock 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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 group 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 of **Saudi Networkers Services Company and its subsidiary**.

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.

KPMG Professional Services Company

Naif Abdulrahman Edrees
License No. 457




Riyadh, 17 Shawwal 1447 H
Corresponding to: 5 April 2026

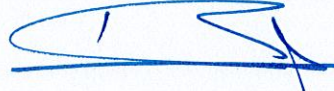
SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	31 December 2025	31 December 2024 (Reclassified note 35)
Assets			
Property and equipment	9	1,689,670	1,943,434
Contract assets	10	5,369,479	3,723,561
Right-of-use assets	11	1,645,548	2,131,571
Non-current assets		<u>8,704,697</u>	<u>7,798,566</u>
Trade and other receivables	12	145,466,469	134,522,959
Prepayments and other assets	14	8,351,762	9,453,557
Cash and cash equivalents	15	39,102,080	42,072,427
Current assets		<u>192,920,311</u>	<u>186,048,943</u>
Total assets		<u>201,625,008</u>	<u>193,847,509</u>
Equity			
Share capital	16	60,000,000	60,000,000
Retained earnings		52,609,660	44,201,664
Equity attributable to owners of the company		<u>112,609,660</u>	<u>104,201,664</u>
Non-controlling interest		<u>33,018</u>	<u>34,204</u>
Total equity		<u>112,642,678</u>	<u>104,235,868</u>
Liabilities			
Defined benefits liabilities	17	29,980,175	32,057,073
Lease liabilities	11	1,124,708	1,650,645
Non-current liabilities		<u>31,104,883</u>	<u>33,707,718</u>
Lease liabilities	11	557,507	479,641
Accounts payable	18	393,381	347,517
Accrued expenses and other liabilities	19	53,772,497	48,971,741
Loans and borrowings	20	-	2,615,250
Provision for zakat	22	3,154,062	3,489,774
Current liabilities		<u>57,877,447</u>	<u>55,903,923</u>
Total liabilities		<u>88,982,330</u>	<u>89,611,641</u>
Total equity and liabilities		<u>201,625,008</u>	<u>193,847,509</u>


 Financial Controller
 Tareq Nasereddin


 Chief Executive Officer
 Ahmad Abu Nemeh


 Chairman of Board of Directors
 Abdulmohsen ALTouq


The accompanying notes from 1 to 39 are integral part of these consolidated financial statements.


SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

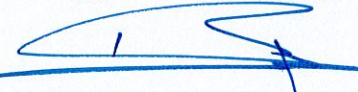
FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	For the year ended 31 December	
		2025	2024 (Reclassified note 35)
Continuing operation			
Revenue	23	591,781,176	571,064,038
Cost of revenue	24	(520,677,180)	(492,834,825)
Gross profit		71,103,996	78,229,213
Expenses			
Selling and marketing expenses	25	(11,913,567)	(11,159,886)
General and administrative expenses	26	(25,732,030)	(21,710,738)
Reversal / (Impairment) loss on trade receivables	10,12	892,389	(5,153,776)
Other income	28	213,603	333,782
Operating profit		34,564,391	40,538,595
Finance cost	27	(681,562)	(2,207,697)
Profit before zakat		33,882,829	38,330,898
Zakat	22	(2,449,922)	(2,700,000)
Profit from continuing operation		31,432,907	35,630,898
Discontinued operation			
Loss from discontinued operation	34	(118,577)	(4,838,835)
Profit for the year		31,314,330	30,792,063
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on remeasurement of defined benefit plan	17	3,192,480	(731,484)
Total other comprehensive income /(loss) for the year		3,192,480	(731,484)
Total comprehensive income for the year		34,506,810	30,060,579
Profit attributable to:			
Owners of the company		31,315,516	30,840,451
Non-controlling interest		(1,186)	(48,388)
		31,314,330	30,792,063
Total comprehensive income attributable to:			
Owners of the company		34,507,996	30,108,967
Non-controlling interest		(1,186)	(48,388)
		34,506,810	30,060,579
Earnings per share for profit attributable to the owners of the company:			
Basic and diluted earnings per share	29	4.18	4.11
Basic and diluted earnings per share - continuing operation	29	4.19	4.75


 Financial Controller
 Tareq Nasereddin


 Chief Executive Officer
 Ahmad Abu Neme



 Chairman of Board of Directors
 Abdulmohsen AlTouq

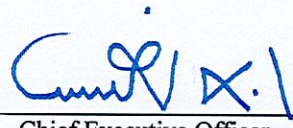
The accompanying notes from 1 to 39 are integral part of these consolidated financial statements.

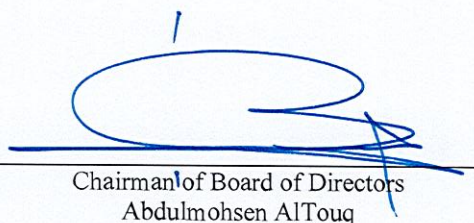
SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
As at 1 January 2024 (As issued)	60,000,000	11,213,169	38,407,362	(9,427,834)	100,192,697	82,592	100,275,289
Reclassification	-	-	(9,427,834)	9,427,834	-	-	-
As at 1 January 2024 (reclassified Note 35)	60,000,000	11,213,169	28,979,528	-	100,192,697	82,592	100,275,289
Profit for the year	-	-	30,840,451	-	30,840,451	(48,388)	30,792,063
Other comprehensive loss	-	-	(731,484)	-	(731,484)	-	(731,484)
Total comprehensive income for the year	-	-	30,108,967	-	30,108,967	(48,388)	30,060,579
Dividend (Note 21)	-	-	(26,100,000)	-	(26,100,000)	-	(26,100,000)
Transfer of statutory reserve	-	(11,213,169)	11,213,169	-	-	-	-
As at 31 December 2024 (reclassified Note 35)	60,000,000	-	44,201,664	-	104,201,664	34,204	104,235,868
Profit for the year	-	-	31,315,516	-	31,315,516	(1,186)	31,314,330
Other comprehensive income	-	-	3,192,480	-	3,192,480	-	3,192,480
Total comprehensive income for the year	-	-	34,507,996	-	34,507,996	(1,186)	34,506,810
Dividend (Note 21)	-	-	(26,100,000)	-	(26,100,000)	-	(26,100,000)
As at 31 December 2025	60,000,000	-	52,609,660	-	112,609,660	33,018	112,642,678


Financial Controller
Tareq Nasereddin



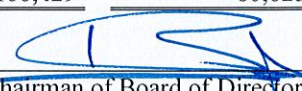

Chief Executive Officer
Ahmad Abu Neme


Chairman of Board of Directors
Abdulmohsen AlTouq

The accompanying notes from 1 to 39 are integral part of these consolidated financial statements.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	2025	2024 (Reclassified note 35)
Operating activities			
Profit before zakat from continuing operation		33,882,829	38,330,898
Loss from discontinued operation before tax	34	(118,577)	(4,838,835)
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	9,11	1,116,291	1,277,123
Gain on termination of lease		(781)	-
Provision for employee's defined benefits liabilities	17	10,143,707	18,882,692
Interest expense	11,20	681,562	2,207,697
(Reversal of) / Impairment loss on trade receivables and contract assets	10,12	(892,389)	5,153,776
Operating cashflows before working capital changes		44,812,642	61,013,351
Changes in operating assets and liabilities:			
Trade and other receivables		(10,042,473)	17,227,921
Contract assets		(1,654,566)	(3,723,561)
Prepayments and other assets		1,101,795	(428,043)
Accounts payables		45,864	297,984
Accrued expenses and other liabilities		4,800,756	(873,324)
Cash generated from operations		39,064,018	73,514,328
Employee end of service benefits paid	17	(9,028,125)	(12,287,029)
Interest expense paid	11,20	(681,562)	(2,966,027)
Zakat paid	22	(2,785,634)	(2,965,629)
Net cash flows from operating activities		26,568,697	55,295,643
Investing activity			
Purchase of property and equipment	9	(282,887)	(216,970)
Net cash used in investing activity		(282,887)	(216,970)
Financing activities			
Proceeds from short-term borrowings	20	27,380,423	59,776,844
Repayments of short-term borrowings	20	(29,995,673)	(87,115,490)
Dividends paid	21	(26,100,000)	(26,100,000)
Repayment of lease liabilities	11	(540,907)	(547,060)
Net cash used in financing activities		(29,256,157)	(53,985,706)
Net (decrease) / increase in cash and cash equivalents		(2,970,347)	1,092,967
Cash and cash equivalents at the beginning of the year		42,072,427	40,979,460
Cash and cash equivalents at the end of the year		39,102,080	42,072,427
Non-Cash transactions:			
Acquisition of right-of-use assets and lease liabilities		166,429	80,623
			
Financial Controller Tareq Nasereddin			
	Chief Executive Officer Ahmad Abu Nemeh		
		Chairman of Board of Directors Abdulmohsen AlTouq	

The accompanying notes from 1 to 39 are integral part of these consolidated financial statements.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

1. General Information

Saudi Networkers Services Company (the “Company”) is a Saudi 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 unified number for the company 7001436612 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 (ﷲ) 60,000,000 divided into 6,000,000 with a nominal value of ﷲ 10 per share (Note 16).

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 0971273 B06 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 2025, 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.

2. Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (“IFRS”) Accounting Standards as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

3. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis and the going concern concept, except for the following:

- Employees’ defined benefits obligations that have been actuarially evaluated and measured at the present value using the projected unit credit method.

4. Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (ﷲ) which is the Company’s functional currency and Group’s presentation currency. All amounts have been rounded to the nearest ﷲ, unless otherwise indicated.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

5. Basis of consolidation

Subsidiaries

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Impairment losses are immediately recognized in profits or losses.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group has rights to the returns, and its involvement in the investee has the ability to affect those returns through its control over the investee. Specifically, the Group controls an investee if, and only if, the Group has all the following:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Non – controlling interest (“NCI”)

NCIs are measured initially at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

The share of profits or losses and the net assets that the Group does not control if they exist is presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost.

Loss of Control

When the Group losing control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

5. Basis of consolidation (continued)

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiary are changed, where necessary, to ensure consistency with the policies adopted by the Group.

6. New accounting standards or amendments for 2025 and forthcoming requirements

Number of accounting standards, amendments to or interpretations of accounting standards have been issued. However, which did not have a material impact on the group financial statements for the year ended 31 December 2025.

- **New currently effective requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied with an annual reporting period beginning on 1 January 2025.

Effective date	New Accounting Standards or Amendments
1 January 2025	<i>Lack of Exchangeability – Amendments to IAS 21</i>

- **Forthcoming requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied for annual reporting periods beginning after 1 January 2025 and that are available for early adoption in annual reporting periods beginning on 1 January 2025.

Effective date	New Accounting Standards or Amendments
1 January 2026	<i>Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7</i>
	<i>Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7</i>
	<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>
1 January 2027	<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>
	<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>
Available for optional adoption/ effective date deferred indefinitely	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28</i>

The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

7. Summary of material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements unless otherwise stated.

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

Revenue from contracts with customers (continued)

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.

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 group are 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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

Foreign currency

A. Foreign currency transactions

Foreign currency transactions are initially recorded by the Group's entities denominated in the functional currency of each of them according to the exchange rate prevailing on the date when the transaction becomes qualified for recognition for the first time. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Conversion of the financial statements of the Group's subsidiary

Foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into ﷲ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ﷲ at the exchange rates at the dates of the transaction.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

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).

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.

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.

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 recognized in the consolidated statement of profit or loss and comprehensive income. 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.

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

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.

Depreciation is calculated using the straight-line method over the estimated lives of the assets as follows:

	Lease period or economic life of improvements
Leasehold improvements	6 to 7 years
Furniture and fixtures	2 to 4 years
Computers	2 to 5 years
Tools and equipment	

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, and 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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

Leases (continued)

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 lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases 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.

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.

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

Financial instruments (continued)

Initial recognition and measurement (continued)

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 flow. 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 assets.

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 include trade and other receivables.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

Financial instruments (continued)

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.

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 10 & 12.

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 when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

Financial instruments (continued)

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 payable, 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.

Derecognition

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

Financial instruments (continued)

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in Note 12.

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

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

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 profit or loss and comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, 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.

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 statements of profit or loss and comprehensive income, 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 profit or loss and comprehensive income (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

Expenses

Selling and marketing expenses and general and administrative expenses are operational 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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

7. Summary of material accounting policies (continued)

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.

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.

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.

8. 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 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 recognized 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.

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

8. Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

- 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).

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.

Provision for expected credit losses of trade and other receivables

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

8. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Provision for expected credit losses of trade and other receivables (continued)

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 12.

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.

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).

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

9. Property and equipment

	<u>Leasehold improvements</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Tools and equipment</u>	<u>Total</u>
Cost					
As at 1 January 2024	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
Additions	-	5,878	272,186	4,823	282,887
As at 31 December 2025	1,933,048	677,080	1,811,591	92,154	4,513,873
Accumulated depreciation					
As at 1 January 2024	247,155	391,129	994,560	42,327	1,675,171
Charge for the year	294,216	48,059	295,904	4,894	643,073
Disposals	-	-	(30,692)	-	(30,692)
As at 31 December 2024	541,371	439,188	1,259,772	47,221	2,287,552
Charge for the year	293,824	49,977	181,481	11,369	536,651
As at 31 December 2025	835,195	489,165	1,441,253	58,590	2,824,203
Netbook value					
As at 31 December 2025	1,097,853	187,915	370,338	33,564	1,689,670
As at 31 December 2024	1,391,677	232,014	279,633	40,110	1,943,434

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

	<u>2025</u>	<u>2024</u>
Cost of revenue (Note 24)	58,264	124,570
Selling and marketing expenses (Note 25)	9,003	11,969
General and administration expenses (Note 26)	469,384	506,534
	536,651	643,073

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

10. Contract assets

	<u>31 December 2025</u>	<u>31 December 2024</u>
Contract assets	5,378,127	3,723,561
Less: Allowance for expected credit losses	<u>(8,648)</u>	<u>-</u>
	<u>5,369,479</u>	<u>3,723,561</u>

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

	<u>31 December 2025</u>		<u>31 December 2024</u>	
	<u>Receivables</u>	<u>Loss rates</u>	<u>Receivables</u>	<u>Loss rates</u>
Current – Not due	<u>5,378,127</u>	0.14%	<u>3,723,561</u>	0.0%
	<u>5,378,127</u>		<u>3,723,561</u>	

Contract assets relate to end-of-service benefits accrued on staff deployed to customers. Under IFRS 15, these amounts are recognized as contract assets because the Company has performed services but does not yet have an unconditional right to bill until the contract ends. The amount is measured based on management's estimate of end of service obligations in accordance with applicable labor laws and contractual terms. Management assesses recoverability under IFRS 9 and concludes no impairment is required.

11. 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	<u>Motor vehicles</u>	<u>Office Building and Warehouse</u>	<u>Total</u>
Cost			
As at 1 January 2024	166,429	4,299,712	4,466,141
Additions	-	80,623	80,623
As at 31 December 2024	<u>166,429</u>	<u>4,380,335</u>	<u>4,546,764</u>
Additions	<u>166,429</u>	-	<u>166,429</u>
Disposals*	<u>(249,643)</u>	-	<u>(249,643)</u>
As at 31 December 2025	<u>83,215</u>	<u>4,380,335</u>	<u>4,463,550</u>
Accumulated Depreciation			
As at 1 January 2024	62,411	1,718,732	1,781,143
Charge for the year	104,018	530,032	634,050
As at 31 December 2024	<u>166,429</u>	<u>2,248,764</u>	<u>2,415,193</u>
Charge for the year	<u>52,009</u>	<u>527,631</u>	<u>579,640</u>
Disposals*	<u>(176,831)</u>	-	<u>(176,831)</u>
As at 31 December 2025	<u>41,607</u>	<u>2,776,395</u>	<u>2,818,002</u>
Net book value			
As at 31 December 2025	<u>41,608</u>	<u>1,603,940</u>	<u>1,645,548</u>
As at 31 December 2024	<u>-</u>	<u>2,131,571</u>	<u>2,131,571</u>

* Disposals/derecognition of the right-of-use assets includes cancelation of two motor vehicles contract.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

11. Leases (continued)

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

	<u>2025</u>	<u>2024</u>
Cost of revenue (Note 24)	55,368	43,993
Selling and marketing expenses (Note 25)	85,876	117,403
General and administration expenses (Note 26)	438,396	472,654
	<u>579,640</u>	<u>634,050</u>

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
As at beginning of the year	2,130,286	2,596,723
Additions	166,429	80,623
Interest expense	159,002	193,495
Principal repayment	(540,907)	(547,060)
Interest expense paid	(159,002)	(193,495)
Lease termination	(73,593)	-
As at end of the year	<u>1,682,215</u>	<u>2,130,286</u>

Lease liabilities are presented as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Current portion of lease liabilities	557,507	479,641
Non-current portion of lease liabilities	1,124,708	1,650,645
	<u>1,682,215</u>	<u>2,130,286</u>

The maturity analysis of lease liabilities is disclosed in Note 31.

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
Depreciation expense of right-of-use assets	579,640	634,050
Interest expense on lease liabilities	159,002	193,495
Total amount recognized in the statement of comprehensive income	<u>738,642</u>	<u>827,545</u>

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

12. Trade and other receivables

	31 December 2025	31 December 2024
Accounts receivables	103,056,488	122,613,470
Unbilled Revenue*	50,746,139	21,146,684
	153,802,627	143,760,154
Less: allowance for expected credit losses	(8,336,158)	(9,237,195)
	145,466,469	134,522,959

* Unbilled receivables represent the amount for which services have been rendered but not yet been 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.

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

	31 December 2025	31 December 2024
As at beginning of the year	9,237,195	4,083,419
(Reversal) / provided during the year	(901,037)	5,153,776
As at end of the year	8,336,158	9,237,195

Refer to Note 31 to the consolidated financial statements for Further details.

13. Related party transactions and balances

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, and vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities. The transactions with related parties are made on terms approved by the Board of Directors of the Group. The Group and its related parties transact with each other in the ordinary course of business. The transactions and the balances between the Company and its subsidiaries and those between the subsidiary have been eliminated in preparing these consolidated financial statements. 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”) AITouq Limited	Subsidiary Entity controlled by KMP

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

13. Related party transactions and balances (continued)

a. Related party transactions

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

<u>Related party</u>	<u>Nature of transactions</u>	<u>For the year ended</u>	
		<u>31 December</u>	<u>31 December</u>
		<u>2025</u>	<u>2024</u>
AlTouq Limited	Consultancy services	-	182,012

b. 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:

	<u>31 December</u>	<u>31 December</u>
	<u>2025</u>	<u>2024</u>
Short term benefits	3,198,008	5,081,556
Termination benefits	234,911	166,776
Board of directors' fee:		
Director's remunerations	521,644	536,986
Committee remunerations	398,017	375,548
Meeting attendance allowances of Directors	174,000	93,000
	<u>4,526,580</u>	<u>6,253,866</u>

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

14. Prepayments and other assets

	<u>31 December</u>	<u>31 December</u>
	<u>2025</u>	<u>2024</u>
Prepaid expenses	7,526,495	7,991,270
Other receivables	825,267	1,462,287
	<u>8,351,762</u>	<u>9,453,557</u>

15. Cash and cash equivalents

	<u>31 December</u>	<u>31 December</u>
	<u>2025</u>	<u>2024</u>
Cash at bank	19,013,379	42,032,975
Cash in hand	88,701	39,452
Term deposits*	20,000,000	-
	<u>39,102,080</u>	<u>42,072,427</u>

* This represents the Term Deposits balances in the bank, having a standard maturity term of less than three months. These carry interest rate of SAIBOR plus market prevalent rates.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

16. Share capital

The Company's share capital as at 31 December 2025 amounted to ﷲ 60 million (2024: ﷲ 60 million), consists of 6 million shares (2024: 6 million shares) of ﷲ 10 each.

During the year the company announced the decision of its Board of Directors recommendation to increase the company's capital by 25%, by granting bonus shares through capitalizing ﷲ 15,000,000 from the retained earnings account. This was decided by granting 1,500,000 bonus shares to shareholders by granting (1) bonus share for every (4) share owned by shareholders.

Subsequent to the reporting date 31 December 2025, the Company obtained the necessary approvals from the relevant authorities and general assembly meeting approval dated 08 March 2026.

17. Defined benefits liabilities

The Group operates a defined benefit plan in line with the Labor 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 Labor 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:

	31 December 2025	31 December 2024
As at beginning of the year	32,057,073	24,732,908
Recognized in P&L:		
Current service cost	8,798,044	17,939,548
Interest cost	1,345,663	943,144
Recognized in OCI:		
Actuarial (gain) / loss on remeasurement of defined benefit plan	(3,192,480)	728,502
Benefits paid	(9,028,125)	(12,287,029)
As at end of the year	29,980,175	32,057,073

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

	31 December 2025	31 December 2024
(Gain) / loss from change in financial assumptions	(116,187)	335,066
(Gain) / loss from change in experience assumptions	(3,076,293)	393,436
	(3,192,480)	728,502

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

17. Defined benefits liabilities (continued)

Break-up of current service cost and interest cost:

	31 December 2025	31 December 2024
Cost of revenue (Note 24)	8,292,446	17,325,089
Selling and marketing expenses (Note 25)	586,578	363,858
General and administration expenses (Note 26)	1,264,683	1,193,745
	10,143,707	18,882,692

Summary of economic assumptions:

	31 December 2025	31 December 2024
Discount rate	5.00%	4.93%
Salary growth rate	2.00%	2.00%

Sensitivity analysis:

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

	31 December 2025	31 December 2024
Discount rate (1% Decrease)	3,084,007	2,381,709
Discount rate (1% Increase)	(3,083,677)	(2,216,336)
Salary growth rate (1% Decrease)	(185,965)	(2,216,702)
Salary growth rate (1% Increase)	185,298	2,380,949

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

17. Defined benefits liabilities (continued)

The weighted average duration of the defined benefit obligation is 6 years (31 December 2024: 8 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

	31 December 2025	31 December 2024
Within the next 12 months	3,509,235	2,403,197
Between 2 to 5 years	22,914,055	19,100,428
Beyond 5 years	37,050,161	35,952,823
Total expected payments	63,473,451	57,456,448

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 expenses. 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 2025, the amount of this contract asset amounted to ﷲ 5.3 million (31 December 2024: ﷲ 3.7 million).

18. Accounts payable

	31 December 2025	31 December 2024
Accounts payables	393,381	347,517
	393,381	347,517

The average credit period taken for trade payables is 45 to 90 days (31 December 2024: 45 to 90 days).

19. Accrued expenses and other liabilities

	31 December 2025	31 December 2024
Accrued expenses	42,509,327	37,492,427
VAT payable, net	7,332,573	7,020,909
Customer advances	213,404	213,404
Accrued bonus	3,717,193	4,245,001
	53,772,497	48,971,741

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

20. Loans and borrowings

Details of loans and borrowings are as follows:

	31 December 2025	31 December 2024
Current		
Re-financing facilities	-	2,615,250
	<u>-</u>	<u>2,615,250</u>

Movement of loans and borrowings are as follows:

	31 December 2025	31 December 2024
Balance at beginning of the year	2,615,250	30,712,226
Interest expense	522,560	2,014,202
Proceeds during the year	27,380,423	59,776,844
Repayments during the year	(29,995,673)	(87,115,490)
Interest expense paid during the year	(522,560)	(2,772,532)
Balance at end of the year	<u>-</u>	<u>2,615,250</u>

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.

21. Dividend payable

Following is the movement of dividend payable:

	31 December 2025	31 December 2024
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	<u>-</u>	<u>-</u>

Following is the dividend per share for the years:

	31 December 2025	31 December 2024
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 dividends of ﷲ 26.1 million during the year (2024: ﷲ 26.1 million).

During the year 2025, the Group announced the final dividend of ﷲ 14.1 million at the rate of ﷲ 2.35 per share for the year 2024 while interim dividend of ﷲ 12 million at the rate of ﷲ 2 per share for the year 2025, hence, a total dividend of ﷲ 26.1 million was paid during the year 2025.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

22. Zakat

For the year ended 31 December 2025, in accordance with the regulations of ZATCA, zakat is payable at 2.578% of the zakat base which is attributable to the Saudi shareholder (2024: 2.585% of the zakat base).

The zakat provision is based on the following:

	<u>2025</u>	<u>2024</u>
Profit before zakat	33,882,829	38,330,898
Adjustments related to provisions, depreciation and others	-	21,000
Adjusted profit for the year	33,882,829	38,351,898
Share capital	60,000,000	60,000,000
Provisions and other adjustments	62,360,334	87,790,689
Zakat base prior to adjusted profit for the year	122,360,334	147,790,689
Zakat charge for the year at 2.578% of zakat base	3,154,062	3,820,013
Zakat charge for the year at 2.5% of adjusted profit	847,071	958,797
Zakat charge for the year	3,154,062	3,820,013
Prior year charge	-	(330,239)
	3,154,062	3,489,774

Zakat is payable at 2.578% 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:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at beginning of the year	3,489,774	3,755,403
Provided during the year	2,449,922	2,700,000
Payments	(2,785,634)	(2,965,629)
Balance at end of the year	3,154,062	3,489,774

Status of assessment

The Company has finalized its zakat status with the Zakat, Tax and Customs Authority ("ZATCA") till 31 December 2018. During the last year, the Company elected to participate in the new Zakat Implementing Regulations ("MR1007") initiative approved by ZATCA in 2024. Accordingly, due to opting of the new regulations the zakat and income tax returns for the financial years 2019 through 2023 remain under review by ZATCA. The zakat return for the year 2024 has been submitted and formally accepted by ZATCA.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

23. Revenue

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

Disaggregation of revenue

In the following table, revenue from contracts with customers 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	
	2025	2024
Types of projects / services		
Direct	160,125,343	162,632,431
Managed-Hosting	431,294,240	408,344,747
Other	361,593	86,860
	591,781,176	571,064,038
Types of customers		
Non-government	550,900,450	531,146,595
Government	40,880,726	39,917,443
	591,781,176	571,064,038
Timing of revenue recognition		
Overtime	591,781,176	571,064,038
	591,781,176	571,064,038

The Group's customer contracts generally require payment within 15 days to 90 days (2024: 15 days to 90 days) from the date on which the related invoice is issued. These payment terms are consistent across the Group's major revenue streams and do not include any financing components.

The Group has assessed its customer contracts and, as at the reporting date, has no obligations related to sales returns, refunds, or customer warranties/guarantees. All revenue recognized in the current period relates to performance obligations satisfied during the period for which consideration was not included in the opening contract liability balance.

24. Cost of revenue

	For the year ended 31 December	
	2025	2024
Employees' cost	506,345,461	485,028,271
Depreciation and amortization (Note 9, 11)	113,632	168,563
Others	14,218,087	7,637,991
	520,677,180	492,834,825

25. Selling and marketing expenses

	For the year ended 31 December	
	2025	2024
Employees' cost	7,343,521	6,330,967
Commission	4,291,098	4,490,906
Printing and advertising	95,059	59,910
Depreciation and amortization (Note 9, 11)	94,879	129,372
Others	89,010	148,731
	11,913,567	11,159,886

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

26. General and administrative expenses

	For the year ended 31 December	
	2025	2024
Employees' cost	19,556,780	15,816,536
Professional services*	2,270,499	2,385,137
Depreciation and amortization (Note 9, 11)	907,780	979,188
Utilities	347,975	353,783
Remuneration & Compensation for the Board Directors	1,093,661	1,005,534
Others	1,555,335	1,170,560
	25,732,030	21,710,738

* Professional services include the below: - Auditor's remuneration for the statutory audit of the Group's financial statements for the year ended 31 December 2025 (including translation and qawaem filing) amounted to ﷲ 400,000 and interim review of the Group's financial statements for the period ended 30 June 2025 amounted to ﷲ119,000.

27. Finance cost

	For the year ended 31 December	
	2025	2024
Bank charges on short term borrowings	522,560	2,014,202
Finance cost on leases	159,002	193,495
	681,562	2,207,697

28. Other income

	For the year ended 31 December	
	2025	2024
Interest income	198,300	-
Other income	15,303	333,782
	213,603	333,782

29. Earnings 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:

	31 December	31 December
	2025	2024
Net income for the year	31,315,516	30,840,451
Net income for the year from continuing operations	31,432,907	35,630,898
Number of ordinary shares outstanding*	7,500,000	7,500,000
Basic and diluted earnings per share	4.18	4.11
Basic and diluted earnings per share from continuing operations	4.19	4.75

During the year the company announced the decision of its Board of Directors recommendation to increase the company's capital by 25%, by granting bonus shares through capitalizing ﷲ 15,000,000 from the retained earnings account. This was decided by granting 1,500,000 bonus shares to shareholders by granting (1) bonus share for every (4) share owned by shareholders.

Subsequent to the reporting date 31 December 2025, the Company obtained the necessary approvals from the relevant authorities and general assembly meeting approval dated 08 March 2026.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

30. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BOD). The BOD assesses the financial performance and position of the Group and makes strategic decisions.

An operating segment is group of assets and operations; engaged in revenue producing activities.

Results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and whose financial information is separately available.

The Group has the following strategic geographical locations 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.

Revenues of approximately ﷲ 169 million (2024: ﷲ 173 million) are derived from three external customers who contribute more than 29% to the total external revenue. These revenues are attributed to the Kingdom of Saudi Arabia segment.

The revenue generated from continuing operations is presented above. No revenue was generated from discontinued operations; refer to Note 34.

Algeria

Provision of services in the geographical region of Algeria.

	Kingdom of Saudi Arabia	Algeria	Total
31 December 2025			
Revenue	591,781,176	-	591,781,176
Cost of revenue	520,677,180	-	520,677,180
Profit/(loss) attributable to owners of the Company	31,432,907	(117,391)	31,315,516
Total assets	195,851,950	5,773,058	201,625,008
Total liabilities	88,786,509	195,821	88,982,330
	Kingdom of Saudi Arabia	Algeria	Total
31 December 2024			
Revenue	571,064,038	-	571,064,038
Cost of revenue	492,834,825	-	492,834,825
Profit/ (loss) attributable to owners of the Company	35,630,898	(4,790,447)	30,840,451
Total assets	184,250,892	9,596,617	193,847,509
Total liabilities	85,202,745	4,408,896	89,611,641

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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

31. Financial instruments

Financial assets consist of trade and other receivables, and cash at bank. Financial liabilities consist of accounts payable, 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 2025	31 December 2024
Trade and other receivables, gross	153,802,627	143,760,154
Cash at bank	19,013,379	42,032,975
Term deposits	20,000,000	-
	<u>192,816,006</u>	<u>185,793,129</u>

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

	31 December 2025		31 December 2024	
	Receivables	Loss rates	Receivables	Loss rates
Current	99,600,592	0.14%	87,716,859	0.33%
Overdue 1 - 90 days	33,593,949	0.31%	41,975,831	0.69%
Overdue 91 - 180 days	7,470,455	1.39%	6,772,926	2.88%
Overdue 181 - 270 days	3,460,383	3.21%	3,032,648	7.50%
Overdue 271 - 365 days	848,191	15.00%	622,952	17.14%
More than one year*	8,829,057	15.00%	3,638,938	17.14%
	<u>153,802,627</u>		<u>143,760,154</u>	

* The management has recorded specific provisions included in the above ECL allowance, against balances of accounts receivable which are considered doubtful. The amount of the specific provision is ﷲ 6.4 million.

The carrying amount of financial assets represents 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 them 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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

31. Financial instruments (continued)

(a) Credit risk (continued)

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 recoverability. The provision rates are based on days past due to groupings of various customer segments at group levels 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-of receivables are not subject to enforcement activity.

At 31 December 2025, 29% of accounts receivable were due from 3 customers (31 December 2024: 31% from 3 customers). Management believes that this concentration of credit risk is mitigated through historical collections from such customers.

Other financial assets at amortized 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 considers 'low credit risk' for other receivables. As at 31 December 2025, the ECL allowance on other financial assets carried at amortized 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 2025				
	Carrying amount	On demand or less than 1 year	1 year to 5 years	More than 5 years	Total
Financial liabilities					
Accounts payable	393,381	393,381	-	-	393,381
Accrued expenses and other liabilities	53,772,497	53,772,497	-	-	53,772,497
Loans and borrowings	-	-	-	-	-
Lease liabilities	1,682,215	852,107	1,124,708	-	1,976,815
	<u>55,848,093</u>	<u>55,017,985</u>	<u>1,124,708</u>	<u>-</u>	<u>56,142,693</u>

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

31. Financial instruments (continued)

(b) Liquidity risk (continued)

	As at 31 December 2024				Total
	Carrying amount	On demand or less than 1 year	1 year to 5 years	More than 5 years	
Financial liabilities					
Accounts payable	347,517	347,517	-	-	347,517
Accrued expenses and other liabilities	48,971,741	48,971,741	-	-	48,971,741
Loans and borrowings	2,615,250	2,615,250	-	-	2,615,250
Lease liabilities	2,130,286	628,413	1,833,360	-	2,461,773
	<u>54,064,794</u>	<u>52,562,921</u>	<u>1,833,360</u>	<u>-</u>	<u>54,396,281</u>

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.

32. 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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

32. Capital management risk (continued)

The Group's net debt to adjusted equity ratio at 31 December 2025 was as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Total liabilities	88,982,330	89,611,641
Less: cash and cash equivalents	(39,102,080)	(42,072,427)
Net debt	49,880,250	47,539,214
Total equity	112,642,678	104,235,868
Net debt to equity ratio	0.44	0.46

Net debt reconciliation

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash and cash equivalents	39,102,080	42,072,427
Short-term borrowings	-	(2,615,250)
Lease liabilities	(1,682,215)	(2,130,286)
Net funds	37,419,865	37,326,891

	<u>Net reconciliation</u>			
	<u>Cash and cash equivalents</u>	<u>Short-term loans</u>	<u>Lease liabilities</u>	<u>Total</u>
Net funds as at 1 January 2025	42,072,427	(2,615,250)	(2,130,286)	37,326,891
Repayment of lease liabilities	-	-	614,500	614,500
Additions to lease liabilities	-	-	(166,429)	(166,429)
Proceeds from short-term borrowings	-	(27,380,423)	-	(27,380,423)
Interest expense on short-term borrowings / lease liabilities	-	(522,560)	-	(522,560)
Interest expense paid on short term borrowings / lease liabilities	-	522,560	-	522,560
Repayments of short-term borrowings	-	29,995,673	-	29,995,673
Cashflows for the period	(2,970,347)	-	-	(2,970,347)
Net funds / (loans) as at 31 December 2025	39,102,080	-	(1,682,215)	37,419,865

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

32. Capital management risk (continued)

Net debt reconciliation (continued)

	Net reconciliation			Total
	Cash and cash equivalents	Short-term loans	Lease liabilities	
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
Cashflows for the period	<u>1,092,967</u>	<u>-</u>	<u>-</u>	<u>1,092,967</u>
Net funds / (loans) as at 31 December 2024	<u>42,072,427</u>	<u>(2,615,250)</u>	<u>(2,130,286)</u>	<u>37,326,891</u>

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 borrowers. 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 2025, 31 December 2024.

33. 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 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.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

34. 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 2025 and the year ended 31 December 2024.

	Year ended 31 December	
	2025	2024
Revenues	-	-
Cost of revenues	-	-
Gross profit	-	-
General, administrative and marketing expenses*	(408,633)	(4,835,684)
Loss from operations	(408,633)	(4,835,684)
Other income	294,033	-
Finance cost	(3,977)	(3,151)
Loss before income tax	(118,577)	(4,838,835)
Income tax	-	-
Loss from discontinued operations	(118,577)	(4,838,835)
Other comprehensive income / (loss)		
Items that may be reclassified to profit or loss:		
Movement in foreign currency translation reserve	-	-
Remeasurement of defined benefit liabilities	-	-
Total other comprehensive income	-	-
Total comprehensive loss from discontinued operations	(118,577)	(4,838,835)

* This includes tax based on final notice received for the subsidiary during the year 2024 amounting to ﷲ 4.3 million.

The cashflow information for the year ended 31 December 2025 and 31 December 2024 were:

	Year ended 31 December	
	2025	2024
Net decrease in cash generated by the subsidiary	(3,347,496)	(454,500)

35. Reclassification

The note below sets out the details of adjustments and the line items impacted in the consolidated statements of financial position:

Reclassification:

In August 2022, the Group appointed a liquidator to manage the dissolution process for the subsidiary (SNS Algerian). However, the liquidation process remains ongoing, and the subsidiary has not been fully dissolved as of the reporting date, such that the operation is no longer active and there is no plan to recommence operations since 2022. The foreign operations have been in substance liquidated and the Group abandoned the foreign operation since that date. The foreign operations were classified as discontinued operations in the statement of comprehensive income and at the same time the Foreign Currency Translation Reserves (FCTR) was presented in equity as a separate line item. However, under IAS 21 the cumulative foreign currency translation reserve should be reclassified to profit or loss in this case, as the operations in Algeria were substantially abandoned.

SAUDI NETWORKERS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts are in Saudi Riyals (ﷲ) unless otherwise stated)

35. Reclassification (continued)

As a result, these consolidated financial statements have been reclassified to reflect the proper presentation.

Impact of adjustments to consolidated statement of financial position as at 31 December 2024:

	31 December 2024		31 December 2024
	(as issued)	Reclassification	(as reclassified)
Retained earnings	53,724,707	(9,523,043)	44,201,664
Foreign currency translation reserve	(9,523,043)	9,523,043	-

36. Contingencies and commitments

There are contingencies and commitments for the year ended 31 December 2025 amounting to ﷲ 569,630.

37. 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.

38. Subsequent events

- The Company's Board of Directors on 30 March 2026, has proposed and approved cash dividends of ﷲ 1.88 per share totaling to ﷲ 14.1 million.
- During the year the company announced the decision of its Board of Directors recommendation to increase the company's capital by 25%, by granting bonus shares through capitalizing ﷲ 15,000,000 from the retained earnings account. This was decided by granting 1,500,000 bonus shares to shareholders by granting (1) bonus share for every (4) share owned by shareholders.

Subsequent to the reporting date 31 December 2025, the Company obtained the necessary approvals from the relevant authorities and general assembly meeting approval dated 08 March 2026.

- The recent regional military escalations have triggered a high-risk conflict environment across the Gulf. The situation is still very fluid, and scenarios can shift very quickly. The escalations have brought about additional uncertainties in the Group's operating environment. With respect to financial statements for the year ended 31 December 2025, the potential financial reporting effects of the conflict are considered to be non-adjusting in nature.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. As a result, depending on how the situation would evolve, the military escalations might result in reduced revenues, increased ECL charge, potential impairment of non-financial assets. As the situation is fast evolving and fluid, the effect of the escalations is subject to significant levels of uncertainty, with the full range of possible effects unknown.

39. Approval of the Consolidated financial statements

The consolidated financial statements for the Group for the year ended 31 December 2025 have been approved by the Board of Directors for issuance on 30 March 2026 (corresponding to 11 Shawwal 1447H).