Prospectus of Saudi Networkers Services Company

Saudi Networkers Services Company (the "Company") is a Saudi closed joint stock company under Commercial Registration No. (1010173733) dated 19/11/1422H (corresponding to 02/02/2002G)

Sale of one million five hundred thousand (1,500,000) ordinary shares representing 25.0% of the Company's total shares in the Parallel Market to Qualified Investors at an Offering Price of (SAR ••) •• Saudi riyals per share.

The Offering period begins on Sunday 25/12/1443H (corresponding to 24/07/2022G) and ends on Thursday 29/12/1443H (corresponding to 28/07/2022G)

Saudi Networkers Services Company ("**the Company**") is as closed joint stock company. It was established as a limited liability company with a capital of (2,000,000) two million Saudi riyals divided into (2,000) two thousand shares of equal value, the value of each of which is (1,000) thousand Saudi riyals, distributed between the Saudi Telecommunication Devices Company Limited by 50% and Networkers International PLC at 50% under the Articles of Association certified by the Notary Public in Riyadh on 16/10/1422H (corresponding to 31/12/2001G), and commercial registration no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G). On 11/02/1424H (corresponding to 13/04/2003G), the Company Articles of Association was amended as the Saudi Telecommunication Devices assigned 333 shares of its entire stake in the Company to Mr. Osama Mohammed Abdulaziz Alsabeg. Networkers International PLC also assigned 333 stocks of its entire stake to Mr. Osama Mohammed Abdulaziz Alsabeg. On 14/02/1428H (corresponding to 04/03/2007G), the Articles of Association was amended as Mr. Osama Alsabeg assigned his entire (666) shares in the Company to the Saudi Telecommunication Devices Limited, and the ownership percentage of the Saudi Telecommunication Devices Limited became 66.5% compared to 33.5% for Networkers International PLC Company. On 06/07/1430H (corresponding to 29/06/2009G), the Articles of Association was amended as Networkers International PLC Company assigned all its shares, which represent 33.5% of the Company capital, to both the Saudi Telecommunication Devices Company Limited (467 shares) and to SNS Holdings OC Ltd. (200 shares). As such, the ownership percentage of the Saudi Telecommunication Devices Company Limited became equivalent to 90% compared to 10% for SNS Holdings OC Ltd. On 12/11/1434H (corresponding to 18/09/2013G), the second article of the Articles of Association, which is related to the Company objectives, was amended. On 02/06/1439H (corresponding to 18/02/2018G) the Company was converted to a single shareholder company (limited liability), where SNS Holdings OC Ltd. assigned its entire share in the Company to Saudi Telecommunication Devices Company On 04/11/1442H (corresponding to 14/06/2021G), the Saudi Telecommunication Systems Company. assigned its entire share in the Company on equal basis at 50% in favor of Mr. Abdulmohsen Ibrahim Abdulaziz Altouq and Mr. Osama Mohammed Abdulaziz Alsabeg. The capital was increased from two million (2,000,000) Saudi Riyals to sixty million (60,000,000) Saudi Riyals following adjustment of the share value from (1,000) thousand Saudi Riyals to (10) Riyals and adjustment of the number of shares from two thousand (2,000) shares to six million (6,000,000) shares. The Company capital became sixty million (60,000,000) Saudi Riyals divided into six million (6,000,000) shares of equal value of ten (10) Saudi Riyals per share. The increase in the amount of fifty million (58,000,000) Saudi Riyals was covered via the transfer of the full amount from the retained earnings account. In accordance with the Ministry of Commerce resolution no. (620), dated 12/03/1443H (corresponding to 18/10/2021G), the Company was converted to a closed joint stock company with a capital of sixty million (60,000,000) Saudi Riyals divided to six million (6,000,000) ordinary shares paid in full, with a nominal value of ten (10) Saudi Riyals per share. All of the shares are ordinary shares of one category. The Company was registered in the joint stock companies register under the commercial registration certificate no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G).

The Company's current capital is (SAR 60,000,000) sixty million Saudi riyals, divided into (6,000,000) six million ordinary shares, paid in full, at a nominal value of (SAR 10) ten Saudi riyals per share. Each shareholder (the "**Shareholder**"), regardless of the number of his shares, has the right to attend and vote at the meetings of the general assembly of shareholders ("**General Assembly**"), and for this he may delegate another person other than members of the Board of Directors or the Company's employees to attend the General Assembly. The Offered Shares under this Prospectus are entitled to any dividends announced by the Company as of the date of this Prospectus and in the following fiscal years (for more details, please refer to section (5) "**Dividends Policy**" in this Prospectus).

The Offering will be directed to categories of Qualified Investors (the "**Offering**"), for (1,500,000) one million five hundred thousand ordinary shares (collectively referred to as "**Offer Shares**" at a nominal value of (SAR 10) ten Saudi Riyal per share. All Company shares are ordinary shares of one class, and the share does not give any shareholder any preferential rights. The Offerring Price will be (SAR ••) •••••••••••••• Saudi riyal, and the offerred shares in total represent 25.0% of the Company's capital.

As on the date of this Prospectus, the Substantial Shareholders in the Company who own (5%) five percent or more of the Company's total shares are: Abdulmohsen Ibrahim Abdulaziz Altouq, and Osama Mohammed Abdulaziz Alsabeg, each of whom owns 50% of the Company's shares. (For more details, please refer to the Offering Summary "page vi" of this Prospectus).

Subscription to the Offer Shares shall be limited to the following categories of Qualified Investors:

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Non-resident foreigners permitted to invest in the parallel market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market.
8. Qualified foreign financial institutions.
9. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depositary Center.
10. Natural persons allowed to open an investment account in the Kingdom and an account at the Depositary Center, and fulfil any of the following criteria:
    a. Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.
    b. His net assets is not less than 5 million Saudi Riyals.
    c. works or has worked for at least three years in the financial sector.
    d. Holds the General Securities Qualification Certificate which is recognised by the Authority.
    e. holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.
11. Any other persons prescribed by the Authority.

The Offer Shares will be sold by the Shareholders of the Company whose names appear on page (vii) (referred to collectively as "**Selling Shareholders**") who, prior to the Offering, owned 100.0% of the Company's shares. After completion of the Offering, the Selling Shareholders will own 74.5% of the Company's shares, and therefore they will retain a controlling stake in the Company. The Offering Proceeds, after deducting the Offering Expenses, will be paid to the Selling Shareholders according to their ownership percentage of the Offered Shares, and the Company will not receive any amount from the Offering Proceeds (see Section. (6) "**Using Offering Proceeds**" of this Prospectus).

The Offering Period begins on Sunday 25/12/1443H (corresponding to 24/07/2022G) and lasts for a period of five (5) days, including the last day of closing the subscription, which is the end of Thursday 29/12/1443H (corresponding to 28/07/2022G) ("**Offering Period**"). Applications to subscribe to the Offer Shares can be submitted through the investmeent account of the Lead Manager "**Derayah Financial Company**" during the Offering Period (for more details, please refer to Section (9) "**Information Related to Shares and Offering Terms and Conditions**" of this Prospectus). The Offering will be directed to the Qualified investors during the Offering Period, and each of them will have the opportunity to study the investment opportunity and view any additional information available through a data room in which all documents referred to in section (12) "**Documents Available for Inspection**" of this Prospectus are displayed. The maximum limit for subscription by qualified investors is (294,000) two hundred and ninety-four thousand shares, while the minimum subscription is (10) ten shares. Subscription to the Offer Shares will be through submitting the Subscription Application, and the entire value of the subscribed shares will be deducted from the subscriber's investment account with the Lead Manager and the funds will be transferred directly to the Escrow Account of the Offering process. The final allocation of the Offer Shares will be announced no later than Thursday 04/01/1444H (corresponding to 02/08/2022GG) and the surplus will be refunded within the next two working days after the Allocation process. There will be no commissions or deductions by the Receiving Agents of of the Offering Proceeds, the Lead Manager or the Company (for more details, please refer to Section (9) "**Information related to the Shares and Offering Terms and Conditions**" of this Prospectus).

Prior to the Offering, there has been no public market for the Company Shares in Saudi Arabia or elsewhere. The Company has filed an application to register and offer its shares in the Parallel Market in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA, and also submitted an application to list the shares by Saudi Tadawul Group "**Tadawul**" in accordance with the Listing Rules. All required documents were submitted to the relevant authorities and all requirements were met. All approvals relating to the Offering, including approval of this Prospectus, have been obtained. It is expected that shares will be traded in the Parallel Market soon completion of the shares allocation process, refund of the surplus amounts and completion of all relevant regulatory requirements (for more details, please refer to the "**Important Dates and Subscription Procedures**" Section of this Prospectus). After the shares are registered in the Parallel Market, Qualified Investors who meet the conditions, whether inside or outside the Kingdom, will be allowed to trade in the Company's shares. The "**Important Notice**" and "**Risk Factors**" sections of this Prospectus should be carefully studied by potential investors before they make a decision to subscribe to the Offer Shares.

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Authority**"). The directors, whose names appear on page (iii) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Tadawul Group do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Investors wishing to purchase the shares offered under this Prospectus must investigate the correctness of the information related to the shares subject of the Offering. If he does not understand the contents of this Prospectus, he should consult a licensed financial advisor

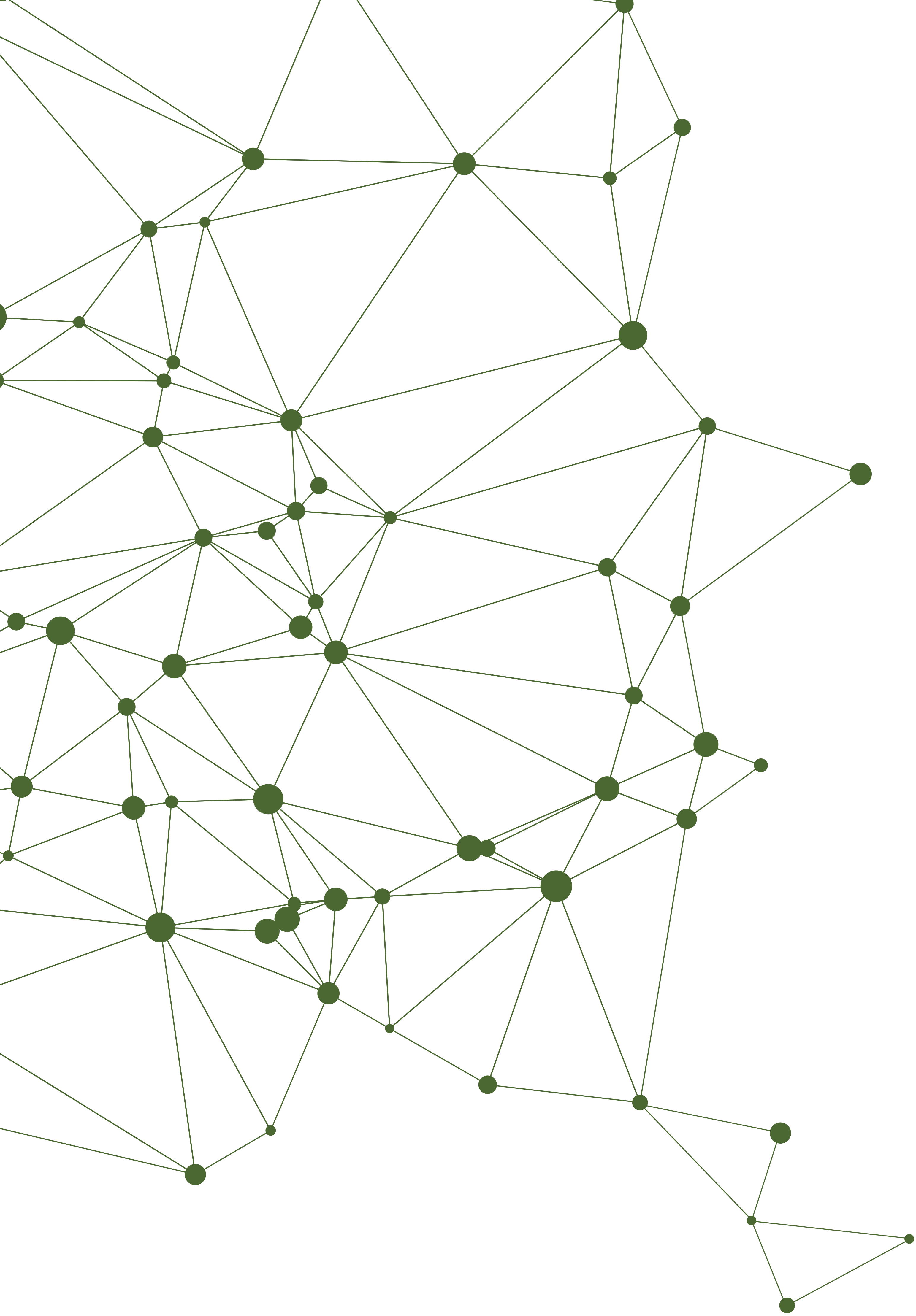
This Prospectus is dated 08/11/1443H (corresponding to 07/06/2022G)

Financial Manager

مجموعة الدخيل المالية
AFG ALDUKHEIL FINANCIAL GROUP

Lead Manager

دراية
derayah



Our Services

Information Technology

We have the expert experience that delivers and make your most exciting projects happen.

Healthcare

Our Healthcare and life science consultants specialize aim is to ensure greater value.

Telecommunication

Working in partnership with telecommunication operators, vendors and consultancies from projects conception to it's delivery.

Banking & Finance

We are committed to hire, develop, motivate and retain the best people in the Financial industry.

Oil & Energy

Providing consultancy services for all segments of Oil & Energy industry sector.

Consultancy

We have built a consultancy and talent management business that is renowned for quality and exceptional service delivery.

Important Notice

This Prospectus provides complete detailed information about Saudi Networkers Services Company and the shares offered for subscription in the Parallel Market. Investors who apply to subscribe to the offered shares will be treated on the basis that their applications are based on the information contained in this Prospectus, copies of which can be obtained from the Company, the Financial Advisor, the Lead Manager, or from websites of the Company (www. saudinetworkers.com), Aldukheil Financial Group (www.aldukheil.com.sa), Capital Market Authority (www.cma.org.sa), or Saudi Tadawul Group "**Tadawul**" (www.saudiexchange.sa). The Financial Advisor, "**Aldukheil Financial Group Company**" will also announce on the Saudi Tadawul Group website "**Tadawul**" about publishing the Prospectus and making it available to Qualified Investors during the period specified in accordance with the Rules on the Offer of Securities and Continuing Obligations (within a period of no less than (14) days before the listing) and any other developments.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority in the Kingdom Saudi Arabia. The Directors whose names appear on page (iii) collectively and individually assume full responsibility for the accuracy of the information contained in this Prospectus, and confirm, to the best of their knowledge and belief, after conducting the possible studies and to the reasonable extent, there are no other facts that, not including them in the Prospectus, would make any statement contained therein misleading. The Authority and the Saudi Stock Exchange Group (Tadawul) take no responsibility for the contents of this Prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the information mentioned in the Prospectus or from depending on any part thereof.

The Company has appointed (Aldukheil Financial Group) as a Financial Advisor to the Offering ("**Financial Advisor**") and Derayah Financial Company as the Lead Manager ("**Lead Manager**") in relation to the Offering of shares indicated in this Prospectus.

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

This Prospectus is not to be regarded as a recommendation on the part of the Company, its directors, the Selling Shareholders, or any of its advisors to participate in the Offering. The information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor who is licensed by CMA in relation to the Offering and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs.

Subscription to the Offer Shares shall be limited to the following categories of Qualified Investors according to the requirements of the Rules on the Offer of Securities and Continuing Obligations: (1) Capital Market Institutions acting for their own account. (2) Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client. (3) The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center. (4) Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities. (5) Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf. (6) Investment Funds. (7) Non-resident foreigners permitted to invest in the parallel market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market. (8) Qualified foreign financial institutions. (9) Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depositary Center. (10) Natural persons allowed to open an investment account in the Kingdom and an account at the Depositary Center, and fulfil any of the following criteria: (a) Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months. (b) His net assets is not less than 5 million Saudi Riyals. (c) works or has worked for at least three years in the financial sector. (d) Holds the General Securities Qualification Certificate which is recognised by the Authority. (e) holds a professional certificate that is related to securities business and accredited by an internationally recognised entity. (11) Any other persons prescribed by the Authority.

The Offering will be during the period from Sunday 25/12/1443H (corresponding to 24/07/2022G) to Thursday 29/12/1443H (corresponding to 28/07/2022G). The Company, the Selling Shareholders and the Financial Advisor require the recipient of this Prospectus to view all legal restrictions related to the Offering or sale of offered shares and to observe compliance with them.

Financial Information

The audited financial statements of the Company for the fiscal year ending on 31 December 2020G and the audited financial statements of the Company for the fiscal year ending on 31 December 2021G, which have been included in this Prospectus, have been prepared in accordance with the international accounting standards adopted in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Certified Public Accountants. The financial statements for the year 2020G were audited by Ernst & Young & Co., certified public accountants, while the consolidated financial statements for the fiscal year ending on December 31, 2021G were audited by PricewaterhouseCoopers, certified public accountants. The Company issues its financial statements in Saudi riyals.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of specific and announced assumptions. The Company's future conditions may differ from the assumptions used currently, and therefore no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute forward-looking statements. Such statements can generally be identified by their use of forward-looking words such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail.in other sections thereof. (For further details, see Section 2 "**Risk Factors**" of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, The Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company will submit a Supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, The Company becomes aware that: (1) There has been a significant change in any material information contained in this Prospectus; or (2) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except in the circumstances mentioned above, the Company does not intend to update or otherwise revise any information contained in this Prospectus, whether as a result of new information, future events or otherwise relating to the Company, industry or risk factors. As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and conditions set out in this Prospectus may not occur as expected by the Company or may not occur at all. Accordingly, potential investors should examine all forward-looking statements in the light of these interpretations and not rely primarily on such statements.

Company's Directory

Board of Directors

Name	Position	Nationality	Age	Type of membership	Independence	Direct ownership percentage		Indirect ownership percentage		Date of membership
						Before the Offering	After the Offering	Before the Offering	After the Offering	
Abdulmohsen Ibrahim Abdulaziz Altouq	Chairman	Saudi	47	Non-executive	Non-independent	50.00%	37.25%	-	-	14/10/2021G
Osama Mohammed Abdulaziz Alsabeg	Deputy Chairman and Managing Director	Saudi	48	Executive	Non-independent	50.00%	37.25%	-	-	14/10/2021G
Alwaleed Abdulrazzaq Saleh Aldereyaan	Member	Saudi	62	Non-executive	Independent	-	-	-	-	14/10/2021G
Asher Noor Nisar Akhtar	Member	Pakistani	45	Non-executive	Non-independent	-	-	-	-	14/10/2021G
Adel Moahammed Ali Ali Mallawi	Member	Saudi	52	Non-executive	Non-independent	-	-	-	-	14/10/2021G
Abdullah Saghaier Mohammed AlShehri	Member	Saudi	55	Non-executive	Independent	-	-	-	-	14/10/2021G
Board Secretary										
Muhammad Imran Malik Ghulam Sarwar	Board Secretary	Pakistani	44	Executive	Non-independent	-	-	-	-	02/11/2021G

Source: Company Management

Company's Address
Saudi Networkers Services Company Riyadh - Al-Orouba Main Road - Sulaymaniyah District P.O. Box 25141, Riyadh 11466 Kingdom of Saudi Arabia Tel: +966 11 2939595 Fax: +966 11 2937273 Email: info@saudinetworkers.com Website: www.saudinetworkers.com

Company's First Representatives	Company's Second Representatives
Osama Mohammed Abdulaziz Alsabeg Deputy Chairman and Managing Director Saudi Networkers Services Company P.O. Box 25141 Riyadh 11466 Kingdom of Saudi Arabia Tel: +966 11 2939595 Fax: +966 11 2937273 Email: osabeg@saudinetworkers.com Website: www.saudinetworkers.com	**Raid Abdulaziz Arafeh** Chief Executive Officer Saudi Networkers Services Company P.O. Box 25141 Riyadh 11466 Kingdom of Saudi Arabia Tel: +966 11 2939595 Fax: +966 11 2937273 Email: raid@saudinetworkers.com Website: www.saudinetworkers.com

Stock Exchange
Saudi Tadawul Group (Tadawul) Unit No: 15 King Fahd Road - Olaya 6897 Riyadh 12211 – 3388 Kingdom of Saudi Arabia Tel: +966 920001919 Fax: +966 11 2189133 Website: www.saudiexchange.sa Email: csc@saudiexchange.sa

Financial Advisor
Aldukheil Financial Group Riyadh, Wazarat District P.O. Box 2462 Riyadh 11451 Kingdom of Saudi Arabia Tel: + 966 (11) 4309800 Fax: + 966 (11) 4787795 Website: www.aldukheil.com.sa E-mail: info@aldukheil.com.sa

Auditors for the year 2020G
Ernst & Young & Co., Certified Public Accountants Al Faisaliah Tower, 14th Floor King Fahd Road P.O. Box 2732 Riyadh 11461 Kingdom of Saudi Arabia Tel: + 966 -11- 2159898 Fax: + 966 -11- 2734730 Website: www.ey.com/mena E-mail: riyadh@sa.ey.com
Auditors for the year 2021G
PricewaterhouseCoopers, Certified Public Accountants Kingdom Tower King Fahd Road P.O. Box 8282 Riyadh 11482 Kingdom of Saudi Arabia Tel: + 966 -11- 2110400 Fax: + 966 -11- 2110401 Website: www.pwc.com E-mail: pwc@pwc.com

Lead Manager
Derayah Financial Company Olaya Main Street, Riyadh P.O. Box 286546 Riyadh 11323 Kingdom Saudi Arabia Tel: +966 11 2998000 Fax: +966 11 2998071 Website: www.derayah.com E-mail: support@derayah

Notice:

All of the above advisors have given and not withdrawn their written consent to the publication of their names and logos in the form indicated in the Prospectus; and none of them has withdrawn its approval up to the date of this Prospectus.

Offering Summary

This Summary is intended to provide a brief overview of the information contained in this Prospectus. Hence, this summary does not contain all information that are significant to the prospective investors. Therefore, this summary should be read as an introduction to this Prospectus. Prospective investors should read and review this prospectus in its entirety. Any decision related to investing in the offered shares by potential investors should be based on all information mentioned in this Prospectus as a whole, especially the "**Important Notice**" section and Section (2) "**Risk Factors**" before making any decision to invest in the shares under this Prospectus. Following is a summary of the Offering:

The Company	Saudi Networkers Services Company (hereinafter referred to as "**the Company**" or "**the Issuer**" is a closed joint stock company pursuant to Ministry of Commerce Resolution No. (620) dated 12/03/1443H (corresponding to 18/10/2021G) and pursuant to Commercial Registration No. (1010173733) dated 19/11/1422H (corresponding to 02/02/2002) issued in Riyadh. The Company's current capital is sixty million (60,000,000) Saudi riyals fully paid divided into six million (6,000,000) ordinary shares paid in full, at a nominal value of ten (10) Saudi riyals per share. The Company's head office, as mentioned in the commercial registry, is located in the city of Riyadh, Al-Orouba General Road, Sulaymaniyah District. • The Company was established as a limited liability company with a capital of SAR (2,000,000) million divided into (2,000) shares of equal value of SAR (1000) per share and distributed between the Saudi Telecommunication Systems Company. at 50% and Networkers International PLC at 50% under the Articles of Association certified by the Notary Public in Riyadh on 16/10/1422H (corresponding to 31/12/2001G), and commercial registration no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G). • On 11/02/1424H (corresponding to 13/04/2003G), the Company Articles of Association was amended as the Saudi Telecommunication Devices assigned 333 shares of its entire share in the Company to Mr. Osama Mohammed Abdulaziz Alsabeg. Networkers International PLC also assigned 333 stocks of its entire share to Mr. Osama Mohammed Abdulaziz Alsabeg. Thus, the number of shares owned by the Saudi Telecommunication Devices Company Limited and Networkers International Company became (667) six hundred and seventy-six shares, while Mr. Osama Alsabeg became the owner of (666) six hundred and sixty-six shares. The Company's capital has been modified to become (SAR 2,000,000) two million Saudi riyals divided into (2,000) two thousand shares of equal value, at (SAR 1,000) thousand Saudi riyals perf share. • On 14/02/1428H (corresponding to 04/03/2007G), pursuant to the partners' resolution, Mr. Osama Alsabeg assigned his entire (666) shares in the Company to the Saudi Telecommunication Devices Limited, and the ownership percentage of the Saudi Telecommunication Devices Limited became 66.5% compared to 33.5% for Networkers International PLC Company. • On 06/07/1430H (corresponding to 29/06/2009G), the Articles of Association was amended as Networkers International PLC Company assigned all its shares, which represent 33.5% of the Company capital, to both the Saudi Telecommunication Devices Company Limited (467 shares) and to SNS Holdings OC Ltd. (200 shares). As such, the ownership percentage of the Saudi Telecommunication Devices Company Limited became equivalent to 90% compared to 10% for SNS Holdings OC Ltd. • On 12/11/1434H (corresponding to 18 September 2013G), the second article of the Articles of Association, which is related to the Company objectives, was amended. • On 02/06/1439H (corresponding to 18/02/2018G) the Company was converted to a single shareholder company (limited liability), SNS Holdings OC Ltd. assigned its entire share in the Company to Saudi Telecommunication Devices Company so that the Company owns 100% according to the amended Articles of Association registered with the Notary Public in charge of working at the Ministry of Commerce, under No. (39865385), dated 06/06/1439H. • According to the amended Articles of Association amended by the Ministry of Commerce resolution No. (88801) dated 04/11/1442H corresponding to 14/06/2021G, the Saudi Telecommunication Systems Company. assigned its entire share in the Company on equal basis at 50% in favor of Mr. Abdulmohsen Ibrahim Abdulaziz Altouq and Mr. Osama Mohammed Abdulaziz Alsabeg. The capital was increased from two million (2,000,000) Saudi Riyals to sixty million (60,000,000) Saudi Riyals following adjustment of the share value from (1,000) thousand Saudi Riyals to (10) Riyals and adjustment of the number of shares from two thousand (2,000) shares to six million (6,000,000) shares. The Company capital became sixty million (60,000,000) Saudi Riyals divided into six million (6,000,000) shares of equal value of ten (10) Saudi Riyals per share. The increase in the amount of fifty million (58,000,000) Saudi Riyals was covered via the transfer of the full amount from the retained earnings account. • In accordance with the Ministry of Commerce resolution no. (620), dated 12/03/1443H (corresponding to 18/10/2021G), the Company was converted to a closed joint stock company with a capital of sixty million (60,000,000) Saudi Riyals divided to six million (6,000,000) ordinary shares paid in full, with a nominal value of ten (10) Saudi Riyals per share. All of the shares are ordinary shares of one category. The Company was registered in the joint stock companies register under the commercial registration certificate no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G).

<table>
<tr><td>Company Activities</td><td>
The Company exercises its activities under commercial registration no. (1010173733) issued on 19/12/1422H (corresponding to 02/02/2002G), and commercial registration no. (1010709300) issued on 22/09/1442H (corresponding to 04/05/2021G), commercial registration no. (101709469), issued on 22/09/1442H (corresponding to 04/05/2021G) and commercial registration no. (1010716467), issued on 24/09/1442H (corresponding to 06/05/2021G). As stated in its commercial registrations, the company activities are as follows:
1- Repair and maintenance of telecommunications and radar stations and towers.
2- Constructing, building, and repairing of telecommunications and radar stations, towers.
3- Laying of Electrical wiring.
4- Laying of telecommunication wiring
5- Networking
6- Building maintenance services activities.
7- Installation and extension of computer and communication networks.
8- Mediating on the employment of Saudi nationals
9- Online recruitment agencies.
The purposes for which the company was established as stated in its Articles of Association are as follows:
1- Consulting expertise activities in the management field.
2- Providing senior management consulting services.
3- Energy efficiency project management activities.
4- Administrative and support services.
5- Mediating on the employment of Saudi nationals
6- Online recruitment agencies.
7- Computer consulting expertise activities.
8- Construction.
9- Repair and maintenance of telecommunications and radar stations and towers
10- Electrical wiring.
11- Networking
12- Installation and extension of computer and communication networks.
13- Building maintenance services activities.
14- Installation, maintenance, and repair of solar energy networks.
15- Constructing, building, and repairing of telecommunications stations, towers, and radar.
16- Extension of communication wiring.
The company operates in accordance with the applicable laws and after obtaining the necessary licenses from the competent authorities.
</td></tr>
<tr><td>Substantial Shareholders (who own 5% or more of the Company shares)</td><td>
As on the date of this Prospectus, there are two Substantial Shareholders in the Company. The following table shows the number of their shares and their ownership percentage before and after the offering.
<table>
<tr><th rowspan="2">Name</th><th colspan="2">Before the Offering</th><th colspan="2">After the Offering</th></tr>
<tr><th>No. of Shares</th><th>%</th><th>No. of Shares</th><th>%</th></tr>
<tr><td>Abdulmohsen Ibrahim Abdulaziz Altouq</td><td>3,000,000</td><td>50.00%</td><td>2,235,000</td><td>37.25%</td></tr>
<tr><td>Osama Mohammed Abdulaziz Alsabeg</td><td>3,000,000</td><td>50.00%</td><td>2,235,000</td><td>37.25%</td></tr>
<tr><td>Total</td><td>6,000,000</td><td>100,0%</td><td>4,470,000</td><td>74,5%</td></tr>
</table>
</td></tr>
<tr><td>Company's Capital</td><td>(SAR 60,000,000) Sixty Million Saudi Riyals.</td></tr>
<tr><td>Total number of shares</td><td>(SAR 6,000,000) Six Million ordinary shares, fully paid in value.</td></tr>
<tr><td>Nominal Value of the share</td><td>(SAR 10) Ten Saudi riyals per share.</td></tr>
<tr><td>Total Number of the Offered Shares</td><td>(1,500,000) One Million five hundred thousand ordinary shares, fully paid in value.</td></tr>
<tr><td>Percentage of Offer Shares to The Company's Capital</td><td>Twenty five Percent (25.0%)</td></tr>
<tr><td>Offering Price</td><td>•••• (••) Saudi Riyal per share.</td></tr>
</table>

Total Offering Amount	(•••••••) ••••••••••••••• Saudi Riyal
Use of the Offering Proceeds	The net Offering Proceeds amounting to (SAR •••••••) ••••••••••••••••• Saudi Riyals will be distributed, after deducting the Offering Expenses estimated at two million (2,000,000 Saudi Riyal, to the Selling Shareholders according to the number of shares owned by each selling shareholder of the offered shares. The Company will not receive any part of the Offering Proceeds (see Section (6) "**Using the Offering Proceeds**" of this Prospectus).
Categories of Targeted Investors	The Offering shall be limited to the following categories of Qualified Investors according to the requirements of the Rules on the Offer of Securities and Continuing Obligations: 1- Capital Market Institutions acting for their own account. 2- Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client. 3- The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center. 4- Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities. 5- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf. 6- Investment Funds. 7- Non-resident foreigners permitted to invest in the parallel market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market. 8- Qualified foreign financial institutions. 9- Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depositary Center. 10- Natural persons allowed to open an investment account in the Kingdom and an account at the Depositary Center, and fulfil any of the following criteria: a- Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months. b- His net assets is not less than 5 million Saudi Riyals. c- works or has worked for at least three years in the financial sector. d- Holds the General Securities Qualification Certificate which is recognised by the Authority. e- holds a professional certificate that is related to securities business and accredited by an internationally recognised entity. 11- Any other persons prescribed by the Authority.
Method of Subscription to the Offer Shares	The subscription will be available to Qualified Investors electronically via the subscriber's investment account with the Lead Manager during the Offering Period (for more details, please refer to Section (9) "**Information related to the Shares and Offering Terms and Conditions**").
Minimum number of shares that can be subscribed to	(10) Ten shares.
Value of the minimum number of shares that can be subscribed to	(••) ••••••••••• Saudi Riyal
Maximum number of shares that can be subscribed to	(294,000) two hundred ninety-four thousand ordinary shares.
Value of the maximum number of shares that can be subscribed to	(••) •••••••••• Saudi Riyal
Method of Allocation and Refund of the Surplus	The Lead Manager will open an Escrow Account to receive the subscription amounts. Upon submitting the Subscription Application, the entire value of the subscribed shares will be deducted from the subscriber's investment account with the Lead Manager and the funds will be transferred directly to the Escrow Account of the Offering process. After the end of the Offering Period, the allocation will be announced by notification to the investors, no later than Thursday 04/01/1444H (corresponding to 02/08/2022GG). The shares offered for subscription will be allocated according to the Financial Advisor's proposal in consultation with the Issuer. The surplus amounts will be refunded within the two working days following the allocation process without commissions or deductions by the Receiving Agent of the Offering Proceeds (For more information, see Section (9) "**Information related to the Shares and Offering Terms and Conditions**" of this Prospectus).
Offering Period	Offering Period begins on Sunday 25/12/1443H (corresponding to 24/07/2022G) and continues until Thursday 29/12/1443H (corresponding to 28/07/2022G).
Entitlement to Dividends	The Offer Shares will be entitled to receive dividends declared by the Company for the period following the end of the Offering Period and for subsequent fiscal years. (Refer to Section (5) "**Dividend Distribution Policy**" of this Prospectus).

Voting Rights	Each shareholder shall have a vote for each share in the general assemblies of shareholders. No share shall give its holder preferential rights. Each shareholder, regardless of the number of his/her shares, has the right to attend and vote at the General Assembly.
Restrictions relating to the Shares	The Existing Substantial Shareholders who own 5% or more of the Company's shares (whose names are mentioned on page No (vii) may not dispose of any shares during a period of 12 months from the date on which trading of the Offer Shares commences on the Parallel Market ("**Lock-up Period**"). Also, the Company's Financial Advisor, whose ownership percentage in the Company's shares will be 0.5% upon listing, must not dispose of its shares for a period of (12) twelve months from the date of listing. The Securities Depository Center will lift the restrictions on those shares directly after the imposed Lock-up Period ends. .
Company's previously listed shares	Prior to the Offering, there has been no public market for the Company Shares in Saudi Arabia or elsewhere. The Company has filed an application with the Authority to register and offer its shares in the Parallel Market according to the Rules on the Offer of Securities and Continuing Obligations. The Company also submitted an application to the Saudi Tadawul Group (Tadawul) for listing in accordance with the Listing Rules. All relevant approvals necessary to complete the Offering process have been obtained. All supporting documents requested by the Authority have been fulfilled.

Key Dates and Subscription Procedures

Expected Timeline of the Offering

Event	Date
Offering Period	Begins on Sunday 25/12/1443H (corresponding to 24/07/2022G) and continues until Thursday 29/12/1443H (corresponding to 28/07/2022G).
Last date for submission Subscription Applications and payment of the full value of the subscribed shares	On Thursday 29/12/1443H (corresponding to 28/07/2022G)
Announcement of final Allocation of the Offer Shares and notifying Investors	On Tuesday 04/01/1444H (corresponding to 02/08/2022G)
Refund of Surplus Amounts (if any)	On Thursday 06/01/1444H (corresponding to 04/08/2022G)
Expected starting date of trading of the Shares	It is expected that The Company's shares will start trading in the Parallel Market after all the requirements are met and all related regulatory procedures are completed. The start of trading in the shares will be announced in the local newspapers and on Tadawul's website (www.saudiexchange.sa).

Note: All dates mentioned in the above Timetable are approximate, and the actual dates will be announced in the local newspapers, and on Tadawul's website (www.saudiexchange.sa), the Financial Advisor's website (www.aldukheil.com.sa) and the Company's website (www. saudinetworkers.com).

How to apply for subscription

Subscription to the Offer Shares shall be limited to the following categories of Qualified Investors according to the requirements of the Rules on the Offer of Securities and Continuing Obligations:

1- Capital Market Institutions acting for their own account.

2- Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.

3- The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.

4- Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.

5- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.

6- Investment Funds.

7- Non-resident foreigners permitted to invest in the parallel market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market.

8- Qualified foreign financial institutions.

9- Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depositary Center.

10- Natural persons allowed to open an investment account in the Kingdom and an account at the Depositary Center, and fulfil any of the following criteria:

   a- Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.

   b- His net assets is not less than 5 million Saudi Riyals.

   c- works or has worked for at least three years in the financial sector.

   d- Holds the General Securities Qualification Certificate which is recognised by the Authority.

   e- holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.

11- Any other persons prescribed by the Authority.

Qualified Investors must subscribe electronically through their investment account with the Lead Manager, no later than 4:00 pm of the closing day. By completing the Subscription Application Form, each investor acknowledges that he has received and read this Prospectus, and accordingly wishes to subscribe to the offered shares as indicated in the Subscription Application.

Subscription will be available during the Offering Period, and the subscriber must fulfill the subscription requirements and submit subscription applications in accordance with the instructions contained in section (9) "**Information relating to the Shares and Offering Terms and Conditions**" of this Prospectus. Each investor must agree to all items mentioned in the Subscription Application. The Company reserves the right to reject any subscription application, in part or in whole, if any of the subscription conditions are not met. It is not allowed to revise or withdraw the subscription application after it has been submitted to the Lead Manager, and the Subscription Application once submitted is considered a binding legal agreement between the Subscriber and the Company (for more details please refer to Section (9) "**Information relating to the Shares and Offering Terms and Conditions**" of this prospectus).

Summary of Key Information

Note to Investors

This summary aims to provide an overview of the information contained in this Prospectus, but it does not include all the information that may be important to Qualified Investors. Accordingly, this summary is considered a summary of the basic information contained in this Prospectus, and recipients of this Prospectus must read it in full, in particular the "**Important Notice**" section on page (i) and section (2) "**Risk Factors**" contained in this Prospectus, before making any decision to invest in the Company. Certain terms and abbreviations used in this Prospectus are defined in Section 1 "**Terms and Definitions**" and elsewhere in this Prospectus.

Company Overview

Saudi Networkers Services Company (referred to hereinafter as "**the Company**" or "**Saudi Networkers**") is a Saudi closed joint stock company that was transformed by virtue of the Ministry of Commerce Resolution No. (620) dated 12/03/1443H (corresponding to 18/10/2021G) from a limited liability company to a closed joint stock company, and it was registered in the joint stock companies registry in Riyadh according to Commercial Registration Certificate No. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G). The certificate expires on 17/11/1444H (corresponding to 06/06/2023G).

The Company headquarters is located in Riyadh with its address as follows:

Saudi Networkers Services Company

Riyadh - Orouba Road, Sulaimaniyah District

Post Office 25141, Riyadh 11466

Kingdom of Saudi Arabia

Tel: +966 11 2939595

Fax: +966 11 2937273

Email info@saudinetworkers.com

Website: www. saudinetworkers.com

Incorporation Milestones and Capital Developments

Saudi Networkers Services Company was established as a limited liability company with a capital of SAR (2,000,000) two million divided into (2,000) shares of equal value of SAR (1000) per share and distributed between the Saudi Telecommunication Systems Company. at 50% and Networkers International PLC at 50% under the Articles of Association certified by the Notary Public in Riyadh on 16/10/1422H (corresponding to 31/12/2001G), sheet no. 162-161, issue 5726, volume 76 for the year 1422H, and commercial registration no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G).

Partners	Number of Shares	Share Value (SAR)	Total	Ownership Percentage
Saudi Telecommunication Systems Company.	1,000	1,000	1,000,000	50%
Networkers International PLC	1,000	1,000	1,000,000	50%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Company Articles of Association

On 11/02/1424H (corresponding to 13/04/2003G), the Company Articles of Association was amended as the Saudi Telecommunication Devices assigned 333 shares of its entire share in the Company to Mr. Osama Mohammed Abdulaziz Alsabeg. Networkers International PLC also assigned 333 stocks of its entire share to Mr. Osama Mohammed Abdulaziz Alsabeg. Therefore, the ownership structure of the Company has changed to the following:

Partners	Number of shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company.	667	1,000	667,000	33.5%
Networkers International PLC	667	1,000	667,000	33.5%
Osama Mohammed Abdulaziz Alsabeg	666	1,000	666,000	33%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Partners' resolution to amend the Company Articles of Association

On 14/02/1428H (corresponding to 04/03/2007G), the Articles of Association was amended as Mr. Osama Alsabeg assigned his entire (666) shares in the Company to the Saudi Telecommunication Devices Limited, and the ownership percentage of the Saudi Telecommunication Devices Limited became 66.5% compared to 33.5% for Networkers International PLC Company. Therefore, the ownership structure of the Company has become as shown in the following table:

Partners	Number of shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company	1,333	1,000	1,333,000	66.5%
Saudi Networkers International PLC	667	1,000	667,000	33.5%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Partners' resolution to amend the Company Articles of Association

On 06/07/1430H (corresponding to 29/06/2009G), the Articles of Association was amended as Networkers International PLC Company assigned all its shares, which represent 33.5% of the Company capital, to both the Saudi Telecommunication Devices Company Limited (467 shares) and to SNS Holdings OC Ltd. (200 shares). As such, the ownership percentage of the Saudi Telecommunication Devices Company Limited became equivalent to 90% compared to 10% for SNS Holdings OC Ltd. Therefore, the ownership structure of the Company has become as shown in the following table:

Partners	Number of Shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company	1,800	1,000	1,800,000	90%
SNS Holdings O C Ltd.	200	1,000	200,000	10%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Articles of Association

On 12/11/1434H (corresponding to 18 September 2013G), the second article of the Articles of Association, which is related to the Company objectives, was amended.

On 02/06/1439H (corresponding to 18/02/2018G) the Company was converted to a single shareholder company (limited liability), where SNS Holdings OC Ltd. assigned its entire share in the Company to Saudi Telecommunication Devices Company Therefore, the Company ownership structure became as shown in the following table:

Capital owner	Number of shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company	2,000	1,000	2,000,000	100%
Total	**2,000**	**1,000**	**2,000,000**	**100%**

Source: The amended Articles of Association

On 04/11/1442H (corresponding to 14/06/2021G), the Saudi Telecommunication Systems Company. assigned its entire share in the Company on equal basis at 50% in favor of Mr. Abdulmohsen Ibrahim Abdulaziz Altouq and Mr. Osama Mohammed Abdulaziz Alsabeg. The capital was increased from two million (2,000,000) Saudi Riyals to sixty million (60,000,000) Saudi Riyals following adjustment of the share value from (1,000) thousand Saudi Riyals to (10) Riyals and adjustment of the number of shares from two thousand (2,000) shares to six million (6,000,000) shares. The Company capital became sixty million (60,000,000) Saudi Riyals divided into six million (6,000,000) shares of equal value of ten (10) Saudi Riyals per share. The increase in the amount of fifty million (58,000,000) Saudi Riyals was covered via the transfer of the full amount from the retained earnings account. As such, the Company ownership structure has become as shown in the following table:

Partners	Number of shares	Share value (SR)	Total	Ownership percentage
Abdulmohsen Ibrahim Abdulaziz Altouq	3,000,000	10	30,000,000	50%
Osama Mohammed Abdulaziz Alsabeg	3,000,000	10	30,000,000	50%
Total	**6,000,000**	**--**	**60,000,000**	**100%**

Source: The Company amended Articles of Association

In accordance with the Ministry of Commerce resolution no. (620), dated 12/03/1443H (corresponding to 18/10/2021G), the Company was converted to a closed joint stock company with a capital of sixty million (60,000,000) Saudi Riyals divided to six million (6,000,000) ordinary shares paid in full, with a nominal value of ten (10) Saudi Riyals per share. All of the shares are ordinary shares of one category. The Company was registered in the joint stock companies register under the commercial registration certificate no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G). As such, the Company ownership structure has become as shown in the following table:

S	Shareholders**	Number of shares	Share value (SR)	Total	Ownership percentage
1	Abddul Mohsen Ibrahim Abdulaziz Al -Touq	3,000,000	10	30,000,000	50%
2	Osama Mohammed Abdulaziz Alsabeg	3,000,000	10	30,000,000	50%
Total		**6,000,000**	**--**	**60,000,000**	**100%**

Source: The partners resolution to covert the Company to a joint stock company

** The word (shareholder/shareholders) is used instead of the word (partner/partners) in joint stock companies.

The following table shows the current ownership structure of company shares before and after the Offering:

Current shareholders	Before the Offering				After the Offering			
	Number of shares	Nominal value (SAR)	Direct ownership percentage	Indirect ownership percentage	Number of shares	Nominal value (SAR)	Direct ownership percentage	Indirect ownership percentage
Abdulmohsen Ibrahim Abdulaziz Altouq	3,000,000	30,000,000	50.0%	-	2,235,000	22,350,000	37.25%	-
Osama Mohammed Abdulaziz Alsabeg	3,000,000	30,000,000	50.0%	-	2,235,000	22,350,000	37.25%	-
Aldukheil Financial Group	-	-	-	-	30,000	300,000	0.5%	-
The Public	-	-	-	-	1,500,000	15,000,000	25.0%	-
Total	**6,000,000**	**60,000,000**	**100.0%**	**-**	**6,000,000**	**60,000,000**	**100.0%**	**-**

Source: Company Management

Company Main Activities

The Company exercises its activities under commercial registration no. (1010173733) issued on 19/12/1422H (corresponding to 02/02/2002G), and commercial registration no. (1010709300) issued on 22/09/1442H (corresponding to 04/05/2021G), commercial registration no. (101709469), issued on 22/09/1442H (corresponding to 04/05/2021G) and commercial registration no. (1010716467), issued on 24/09/1442H (corresponding to 06/05/2021G). As stated in its commercial registrations, the company activities are as follows:

1- Repair and maintenance of telecommunications and radar stations and towers.
2- Constructing, building, and repairing of telecommunications and radar stations, towers.
3- Laying of Electrical wiring.
4- Laying of telecommunication wiring
5- Networking
6- Building maintenance services activities.
7- Installation and extension of computer and communication networks.
8- Mediating on the employment of Saudi nationals
9- Online recruitment agencies.

The Company's current main activity is to provide technical and technological consulting services in the fields of communications, information technology and several other fields, human resources services, construction project management, sales and call centers.

Company Vision

To be the leading and distinguished company in providing its services. Its vision is focused on the continuous innovation and application of the overall quality management business model.

Company Mission

The Company provides its customers with the best high quality standards, the best services and solutions in providing technical and technological consulting in the fields of telecommunications and information technology, several other areas, responding to the evolving market trends in achieving customers satisfaction, and using the best in class technologies to build its capabilities utilizing the Company experiences and strategic alliances with the customers, suppliers, employees and shareholders, thus ensuring continuity and professional development.

Company Strategy

1- Permanent Business and Excellence

The Company believes that permanent business and organization are the guide to providing the best services and solutions that it applies in its business efficiently and distinctively.

2- Professionalism and Ethics

The Company applies the highest standards of honesty and transparency in dealing with employees and customers.

3- Quality

The Company's strength lies in mixing between quality and depth in its services and solutions, and on the ground, its success reflects the high efforts employed to apply the best results.

Company Strength and Competitive Advantages

1- The Company has a network of managers and engineers who have experiences that exceed twenty years of successful performance in the Kingdom of Saudi Arabia. The Company has implemented many projects with various customer sectors over the years.

2- The Company focuses on sustainability by providing high criteria for corporate governance, policies, procedures, code of conduct and ethics. The senior management also presents successful plans to preserve the environment and manage risks on sound basis. It also develops the annual internal audit plan that is reviewed by the board of directors.

3- The Company adheres to a high degree of compliance with the requirements and regulations in accordance with the relevant laws and regulations.

4- Availability of a technical staff qualified to provide the technical advice in the fields of information technology, to name but a few: information networks, information security, servers, information saving, storage and retrieval systems - applications and databases.

5- The ability to meet the needs and aspirations of many customer sectors, via more than 2,000 employees working for the Company.

6- The Company obtained the ISO9001 certificate specialized in the quality management system.

7- The Company obtained the ISO14001 certificate specialized in the environmental management and protection system.

8- The Company obtained the OH SAS18001 certificate specialized in the health and safety management system.

9- The Company obtained the ISO22301 certificate specialized in business continuity system.

Summary of Financial Information

The summary of the financial statements below should be read along with the audited consolidated financial statements, including the accompanying notes for the financial year ending on December 31, 2020G and the audited consolidated financial statements for the financial year ending on December 31, 2021G.

Consolidated statement of comprehensive income (SAR)	31 December 2020G (Audited)	31 December 2021G (Audited)
Revenues	468,166,403	473,251,037
Cost of revenue	(399,040,423)	(415,514,799)
Gross profit	69,125,980	57,736,238
Operational Profit	44,033,780	31,357,579
Net profit for the year	39,123,260	28,354,621
Total comprehensive income	37,656,218	26,033,158

Source: The Company's audited consolidated financial statements for the fiscal years ending on December 31, 2020 and December 31, 2021.

Consolidated Statement of Financial Position (SAR)	31 December 2020G (Audited)	31 December 2021G (Audited)
Total current assets	149,572,914	168,830,991
Total Non-current assets	1,823,829	2,100,689
Total assets	151,396,743	170,931,680
Total Current liabilities	84,679,808	93,368,144
Total Non-current liabilities	16,244,075	20,157,517
Total Liabilities	100,923,883	113,525,661
Total Equity	50,472,860	57,406,019
Total Equity and Liabilities	151,396,743	170,931,680

Source: The Company's audited consolidated financial statements for the fiscal years ending on December 31, 2020 and December 31, 2021.

Statement of Cash Flows (SAR)	31 December 2020G (Audited)	31 December 2021G (Audited)
Net cash flow from operating activities	38,003,467	15,572,993
Net cash generated from investing activities	(260,765)	(205,700)
Net cash flows used in financing activities	(33,263,133)	(14,282,259)
Cash and cash equivalents at the end of the year	21,809,981	22,029,309

Source: The Company's audited consolidated financial statements for the fiscal years ending on December 31, 2020 and December 31, 2021.

Financial Indicators	31 December 2020G	31 December 2021G
Revenue growth rate	13.37%	1.09%
Gross profit margin	14.77%	12.20%
Margin of net income from operating activities	9.41%	6.63%
Net comprehensive income margin	8.04%	5.50%
Trading Ratio (times)	1.77	1.81
Revenues to total Assets	309.23%	276.87%
Total liabilities to total equity	199.96%	197.76%
Total liabilities to total assets	66.66%	66.42%
Total assets to total equity	299.96%	297.76%
Return on assets	25.82%	16.59%
Return on Equity	77.47%	49.39%

Source: Extracted from the Company's audited consolidated financial statements for the fiscal years ending on December 31, 2020 and December 31, 2021.

Table of Contents

List of Tables

1. Terms and definitions

The following table provides a list of definitions and abbreviations for terms used in this Prospectus:

Table (1): Terms and Definitions

Term or Abbreviation	Definition
The Company or the Issuer	Saudi Networkers Services Company.
Management or Senior Management or Executive Management	The executive management of Saudi Networkers Services Company.
Board or Board of Directors	The Company's Board of Directors whose names appear on page No. (iii) of this Prospectus.
Bylaws	Bylaws of the Company.
Ministry of Commerce	Ministry of Commerce (formerly Ministry of Investment) in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development.	Ministry of Human Resources and Social Development (formerly Ministry of Labor and Social Development) in the Kingdom of Saudi Arabia
Offering	The Initial Public Offering of (1,500,000) one million five hundred thousand ordinary shares representing 25.0% of the Company's capital for the purpose of listing in the Parallel Market.
Offering Shares	(1,500,000) one million five hundred thousand ordinary shares of the Company.
Shareholders' Shares before the Offering	100.0% of the Company's total capital shares, totaling to (6,000,000) six million thousand ordinary shares of equal value.
Shareholders' shares after the Offering	74.5.0% of the Company's total shares, totaling to (4,470,000) four million four hundred and seventy thousand ordinary shares of equal value.
Escrow Account	An account with a Receiving Agent licensed to operate in the Kingdom in which to deposit the proceeds of the Offering. After the Offering process is completed, it is transferred to the accounts of the Selling Shareholders after deducting the Offering Expenses.
General Assembly	The General Assembly of the shareholders of the Company.
Ordinary General Assembly	The Ordinary General Assembly of the shareholders of the Company.
Extraordinary General Assembly	The Extraordinary General Assembly of the shareholders of the Company.
Qualified Investor or Qualified Investors	Categories of the Qualified Investors are: 1- Capital Market Institutions acting for their own account. 2- Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client. 3- The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center. 4- Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities. 5- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf. 6- Investment Funds. 7- Non-resident foreigners permitted to invest in the parallel market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market. 8- Qualified foreign financial institutions. 9- Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depositary Center. 10- Natural persons allowed to open an investment account in the Kingdom and an account at the Depositary Center, and fulfil any of the following criteria: a- Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months. b- His net assets is not less than 5 million Saudi Riyals. c- works or has worked for at least three years in the financial sector. d- Holds the General Securities Qualification Certificate which is recognised by the Authority. e- holds a professional certificate that is related to securities business and accredited by an internationally recognised entity. 11- Any other persons prescribed by the Authority.
Non-Resident Foreign Investor Guide in the Saudi Securities of Parallel Market	The Investment Guide of Non-Resident Foreigners in the Parallel Market issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-95-2017), dated 26/01/1439H (corresponding to 16/10/2017G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) as amended by CMA Board's Decision No. (3-65-2019) dated 14/10/1440H (corresponding to 17/06/2019G).

Term or Abbreviation	Definition
Non-resident foreigners allowed to invest in the Parallel Market	The following categories of foreigners who do not reside in the kingdom are allowed to invest in the Parallel Market: 1- Qualified foreign investor according to the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. 2- Ultimate beneficiary in Swap agreement with an authorized person. 3- Legal person allowed to open an investment account in the Kingdom and an account at the Depositary Center and are licensed or incorporated in a jurisdiction that applies regulatory and monitoring standards equivalent to those of the Authority or acceptable to it in accordance with the list of jurisdictions issued by the Authority as required in sub-paragraph (2), and sub-paragraph (3) of paragraph (a) of article 6 of the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. 4- Natural person holding the nationality of a country that applies regulatory and monitoring standards equivalent to those of the Authority or acceptable to it in accordance with the list of jurisdictions issued by the Authority as required in sub-paragraph (2), and subparagraph (3) of paragraph (a) of article 6 of the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, and resides in such countries, and fulfil any of the following criteria: a- Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months. b- His net assets is not less than 5 million Saudi Riyals. c- Works or has worked for at least three years in the financial sector. d- Holds the General Securities Qualification Certificate which is recognized by the Authority. e- Holds a professional certificate that is related to securities business and accredited by an internationally recognized entity.
Selling Shareholders	The Company's Shareholders whose names appear on page No. (vii) of this Prospectus.
Offering Price	(••) ••••••••• Saudi Riyals per share.
Fiscal year/Financial year	It is the period of time for presenting the results of the entity's activity the beginning and end of which are specified in the Articles of Association or Bylaws of the concerned company. Noting that the Company's financial year ends on December 31 of each Gregorian year.
Financial Advisor	Aldukheil Financial Group Company.
Share	An ordinary share with a nominal value of ten (10) Saudi Riyals of the Company shares.
Nitaqat / Saudization Program	Labor regulations in the Kingdom of Saudi Arabia require companies operating in the Kingdom to employ a certain percentage of Saudis. The Saudization (Nitaqat) program was approved under the Ministry of Human Resources and Social Development's resolution No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G) based on Cabinet Resolution No. (50) dated 12/05/1415H (corresponding to 27/10/1994G). The Ministry of Labor in the Kingdom launched the Nitaqat Program to provide incentives to organizations in order to hire Saudi nationals. This program evaluates the performance of any organization on the basis of specific bands of platinum, green, yellow and red.
Parallel Market	The market in which the Company's shares are traded after being registered and accepted for listing under the "**Rules of the Offer of Securities and Continuing Obligations**" in the Kingdom of Saudi Arabia.
Companies Law or Companies Regulations	The Companies Law in the Kingdom of Saudi Arabia, issued under royal decree no. (m/3), dated 28/01/1437H (corresponding to 10/11/2015G and amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
Labor Law	The Saudi Labor Law issued under royal decree no. m/51, dated 23/08/1426H (corresponding to 27/09/2005H).
H	Hijri calendar.
G	Gregorian calendar.
Financial Statements	The audited financial statements of The Company for the fiscal year ending on 31 December 2020G and 31 December 2021H.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no, 3-123-2017, dated 09/4/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. M/30, dated 02/06/1424H, and amended under the Capital Market Authority Board resolution no. 5-5-2022, dated 02/06/1443H (corresponding to 05/01/2022G).
Listing Rules	The listing rules issued by the Saudi Stock Exchange Company (Tadawul), approved by the Capital Market Authority, Board resolution no. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), and amended by the Board resolution no. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G), and amended by Resolution No (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), as amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), and amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G).
Nominal Value	(SAR 10) ten Saudi Riyals per share.
Offering Proceeds	The total value of the subscribed shares
Net Offering Proceeds	The net Offering Proceeds after deducting the Offering expenses.
Offering Period	The period starting from Sunday 25/12/1443H (corresponding to 24/07/2022G) and continuing until Thursday 29/12/1443H (corresponding to 28/07/2022G).
Lead Manager	Derayah Financial Company.

Term or Abbreviation	Definition
Auditors	PricewaterhouseCoopers, Certified Public Accountants for the fiscal year ending on December 31, 2021, and Ernst & Young & Co., Certified Public Accountants for the fiscal year ending December 31, 2020.
Voting Rights	The Company has only one class of shares, which is the ordinary shares. No shareholder has preferential voting rights. Each share gives its holder one vote, and each shareholder, regardless of the number of shares he owns, has the right to attend and vote at the General Assembly.
Lock-up Period	The Substantial Shareholders who own shares in the Company as per the Prospectus (whose names appear on page No. (vii) of this Prospectus) must not dispose of any of those shares for a period of (12) twelve months from the starting date of trading the shares in the Parallel Market. Also, the Financial Advisor, whose ownership percentage in the Company's shares will be 0.5% upon listing, must not dispose of its shares for a period of (12) twelve months from the date of listing. Such Substantial Shareholders may dispose of such shares after the expiry of the twelve-month period without the need to obtain prior approval from the Authority.
Shareholder or Shareholders	Holder of shares or shareholders of the Company at any time.
Advisors or Company Advisors	Company's Advisors regarding the Offering of The Company's shares in the Parallel Market, whose names appear on pages No. (iv) and (v) of this Prospectus.
Investor	Each person invests in the Offer Shares.
Subscriber	Each eligible investor submits an application for subscription in accordance with the subscription terms and conditions.
Kingdom or Saudi Arabia	Kingdom Saudi Arabia.
Algeria	People's Democratic Republic of Algeria.
Government	Government of the Kingdom of Saudi Arabia.
Capital Market Authority or the Authority or CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
Saudi Stock Exchange Company	The Saudi Stock Exchange Company (Tadawul), which was established in accordance with a Cabinet Resolution on 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law. It is a Saudi closed joint stock company, and the only entity authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, where it lists and trades securities.
Saudi Exchange / Exchange / stock market / The Market	The Saudi Stock Exchange.
Tadawul	The automated system for trading shares in the Saudi Stock Exchange.
Capital Market Law	The Capital Market Law in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and any amendment thereto.
Subscription Application Form	The application that should be submitted electronically via the investment account of the subscriber with the lead manager upon intention to subscribe.
Prospectus	This Prospectus prepared by the Company in relation to the to the Offering, which is the document required to offer the Company's shares in accordance with the Rules on the Offer of Securities and Continuing Obligations.
Listing	Listing The Company's shares in the parallel market and approving the trading of its shares.
Risk Factors	Set of potential influences that must be known and hedged before deciding to subscribe to the offered shares.
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the Board of the Capital Market Authority under resolution no. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under Royal Decree No. M/3, dated 28/01/1437H (corresponding to 10/11/2015G) and amended by the Capital Market Authority resolution of No. 1-7-2021, dated 01/06/1442H (corresponding to 14/01/2021G).
Related Parties	They are: 1- Affiliates of The Company. 2- Substantial Shareholders of The Company. 3- Directors and senior executives of The Company. 4- Directors and senior executives of the affiliates of The Company. 5- Directors and senior executives of Substantial Shareholders of The Company. 6- Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7- Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above.
Riyal or SR or SAR	Saudi Arabian Riyal, the official currency of Saudi Arabia
Dinar	Algerian Dinar - the currency of the People's Democratic Republic of Algeria.
Saudi Organization for Certified Public Accountants (SOCPA)	Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia.
Substantial Shareholders	Shareholders who own 5.0% or more of the Company's Shares, and whose names appear on page No. (vii) of this Prospectus.

Term or Abbreviation	Definition
Control	According to the list of Authority's terms and regulations and rules as issued by the Authority, control is the ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively closely or remotely, through any of the following: 1- Owning 30% or more of the voting rights in a company. 2- The right to appoint 30% or more of the members of the management body.
Subsidiary	According to the list of terms used in the regulations and rules of the Capital Market Authority issued by the Authority, a subsidiary is any company controlled by The Company. It is meant by the subsidiary company in this Prospectus is SNS ALG Limited Liability Company.
ISO	International Standards Organization
OHSAS	Occupational health and safety management systems
ISO 9001	Quality Management System.
ISO 14001	Environmental management and protection system.
ISO 22301	Business Continuity Management System.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other publications approved by the Saudi Organization for Auditors and Accountants.
International Financial Reporting Standards (IFRS) for SMEs	International Financial Reporting Standards and their interpretations issued by the Board of International Accounting Standards adopted in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Auditors and Accountants. (International Financial Reporting Standards for Small and medium-sized enterprises). These standards depend on fewer disclosure requirements, and easier measurement requirements than those required by the full version of the International Financial Reporting Standards (Full IFRS). These standards are applied by small and medium-sized enterprises, which are defined for the purpose of applying accounting standards as those enterprises that are not subject to public accountability regardless of their size or legal form. (The companies that are subject to public accountability are meant to be entities such as financial companies and companies listed in the Exchange).
Vision 2030	The national strategic economic program that aims at reducing dependence on oil and petrochemicals, diversifying the Saudi economy, and developing public services.
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia which is the agency entrusted with the work of Zakat and Tax collection.
Value Added Tax (VAT)	It is an indirect tax that is imposed on all goods and services that are bought and sold by entities, with some exceptions. The Kingdom of Saudi Arabia has committed to applying a value-added tax at 5% starting from 14/04/1439H (corresponding to 01/01/2018G). Th Value added tax was imposed at every stage of the supply chain, from production, through distribution, to the final sale of the good or service. VAT is applied in more than 160 countries around the world. It is a primary source of income that contributes to strengthening countries' budgets. The consumer pays the cost of value-added tax on the goods and services he/she purchases. As for businesses, they pay the Government the value-added tax collected from consumer purchases, and businesses recover the value-added tax they paid to their suppliers.
Pandemic or Coronavirus (Covid 19)	A viral infectious disease known as (Corona Virus) and referred to in brief as "**Covid-19**" that has started to spread in most of the countries worldwide, including the Kingdom of Saudi Arabia in the beginning of the 2020G. It has been classified as pandemic by the World Health Organization
Closing Date	It is the end date of the Offering Period, which ends on 29/12/1443H (corresponding to 28/07/2022G).
Working Day	Any business day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions close their doors from business in the Kingdom in accordance with the applicable regulations and other government procedures.

2. Risk Factors

Investment in the offered shares under this prospectus involves high risks and is only suitable for investors who are able to assess the benefits and risks of this investment and bear any loss that may result from such investment.

Anyone wishing to invest in the offered shares should carefully study all of the information contained in this prospectus, including the risk factors described below before making the investment decision. The risk factors described below are not inclusive of all the risks that the Company may encounter, as there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations.

The Company's business, financial conditions, future prospects, results of operations and cash flows, may be adversely affected in the event that any of the risks contained in this section that the Company currently believes to be material do occur, or if any other risks that the Company has not identified or believes that they are immaterial. do occur or become material.

Investment in the shares is only suitable for investors who are able to assess the risks and benefits of that investment and who have sufficient resources to bear any loss that may result from that investment. Potential investors (who are eligible to subscribe to the offered shares) who have any doubts regarding the decision to invest in the Company should seek the assistance of a licensed financial advisor to obtain appropriate advice on investing in the offered shares.

In the event that any of the risks that the Company's management currently believes to be material do occur, or if any other risks that the Company does not currently consider to be material do occur, the share price in the market and the Company's ability to distribute dividends could decrease, and prospective investors could lose all or part of their investment in the Company's shares.

Members of the Board of Directors further declare that, to the best of their knowledge and belief, as of the date of this Prospectus, there are no significant risks, other than what is mentioned in this section, that can affect decisions taken by investors to invest in the offer shares.

The risks set out below are listed in an order that does not reflect their importance. Also, additional risks, including risks not currently known or considered immaterial at the present time, may have the effects described in this Prospectus.

2.1 Risks related to the Company's Activity and Operations

2.1.1 Risks related to Non-issuance or Non-renewal of Licenses, Permits and Regulatory Certificates

The Company currently conducts its business according to a number of licenses, certificates and permits related to its activity, and obtained from the competent regulatory authorities in the Kingdom. They include, but not limited to, commercial registration certificates for the Company and its branches issued by the Ministry of Commerce, trademark registration certificate, Chamber of Commerce membership certificate, Municipal licenses, environmental permits, civil defense permits, Saudization certificate, Zakat and Social Insurance certificates, industrial licenses, and others. The main certificates and licenses for the Company include:

- Commercial Register of Saudi Networkers Services Company No. (1010173733) issued by the Commercial Registry Office in Riyadh on 19/11/1422H (corresponding to 02/02/2002G), and ends on 17/11/1444H (corresponding to 06/06/2023G).
- Sub-commercial Register No. (1010709300) issued by the Commercial Registry Office in Riyadh on 22/09/1442H (corresponding to 04/05/2021G), and ends on 22/09/1448H (corresponding to 01/03/2027G).
- Sub-commercial Register No. (1010709469) issued by the Commercial Registry Office in Riyadh on 22/09/1442H (corresponding to 04/05/2021G), and ends on 22/09/1448H (corresponding to 01/03/2027G).
- Sub-commercial Register No. (1010716467) issued by the Commercial Registry Office in Riyadh on 24/09/1442H (corresponding to 06/05/2021G), and ends on 24/09/1448H (corresponding to 03/03/2027G).

These licenses shall remain in effect on an ongoing basis through the Company's compliance with the laws and regulations related to such licenses. In the event that the Company fails to comply with this, the Company may not be able to renew the existing licenses or obtain new licenses that it may need for other purposes such as expansion, which will lead to the suspension or interruption of the Company's business, and accordingly will have negative and material impacts on the Company's business results, financial condition and future prospects.

2.1.2 Risks related to the Company's Inability to Attract and Preserve Customers

All Company's revenues consist of payments made by customers against services provided by the Company. The Company's revenues may decrease due to several factors, including the change of general economic conditions, the maturity or saturation of the market, the increase in services prices as a result of inflation, value-added tax, other governmental taxes and fees, the change in the general policy related to Saudization, direct or indirect competition, decline in the Company's reputation, poor quality of services provided by the Company, and lack of adherence to agreements with customers. If the Company is not able to attract and preserve customers, this will adversely and substantially affect the Company's business, financial condition, results of operations, and future prospects.

2.1.3 Risks of the Recent Formation of the Board of Directors and Failure of Application of the Governance Rules

The Company recently took some measures related to the application of some items of the Corporate Governance Regulation issued by the Capital Market Authority. The Company's board of directors has been formed and its appointment was approved by the Transformational General Assembly held on 08/03/1443H (corresponding to 14/10/2021G). A review committee was appointed based on the recommendation of the Board of Directors and approved by the General Assembly held on 29/03/1443H (corresponding to 04/11/2021G). Given that the Regulation is a guideline for all companies listed in the parallel financial market, the Company may not abide by all the provisions contained therein. In the event that the application of the Corporate Governance Regulation becomes compulsory, the board members and the committees members may not be able to carry out the responsibilities specified for them in order to ensure the protection of the Company's and Shareholders' interests. This will affect their ability to adhere to the Company's governance system, which will expose the Company to the possibility of not adhering to the requirements of continuous disclosure the after listing on the one hand, and to operational, administrative and financial risks on the other hand. Such a thing will adversely affect the Company's future business, financial condition and operational results.

2.1.4 Risks related to Unexpected Suspension of its Operations

The Company depends on its continued operations on the functioning and effectiveness of its work systems. The Company is vulnerable to great operational risks as a result of several factors, including natural disasters that lead to stopping the need for getting the employees provided by the Company to customers, sudden breakdowns in the main equipment, failure or interruption of the computer systems, or interruption of energy and electricity supply. This risk may disrupt the Company's operations and ability to provide its services, and as such will adversely and materially affect the Company's business, results of operations, financial condition, and future prospectus.

2.1.5 Risks related to Lack of Experience in Management of Listed Joint Stock Companies

The success of the Company's business depends mainly on the ability of its management to take appropriate and correct decisions in relation to its business and activities. Since the senior management staff do not have experience in managing public joint stock companies and how to comply with the bylaws and regulations of joint stock companies listed in the Saudi stock market, such as adhering to the requirements of continuous disclosure and preparing various reports according to what is required under these bylaws and regulations, the Company's senior management must make additional efforts to ensure their compliance with the rules and regulations imposed on listed companies. In the event that the Company does not comply with these rules, it may be exposed to legal penalties and fines, which in turn will negatively and materially affect its business, prospects and financial condition.

2.1.6 Risks related to the Company's Dependence on the Workforce recruited from Certain Countries

To provide its services, the Company depends on recruiting foreign workforce from thirty-five (35) different countries. However, as on December 31, 2021G, the Company recruited 72.83 % of the foreign workforce from three (3) countries, namely India, Pakistan and Egypt, by 33.4 %, 28.8 % and 10.6 % of the Company's workforce, respectively. The Company's inability to recruit foreign workforce from these countries, for any reason, such as negative changes in diplomatic relations between the Kingdom and those countries or stopping and preventing travel between the Kingdom and any of the countries mentioned due to the precautionary measures of Corona's epidemic or otherwise, will adversely affect the Company's ability to recruit and provide workforce, and accordingly will negatively affect the Company's operations, and thus will affect the Company's business, financial condition, results of operations and future prospects.

2.1.7 Risks of the Company's Inability to Keep Pace with the Sector Developments

The information and communication technology sector is characterized by rapid technological changes. The Company's future success depends on its ability to introduce these developments and improve its current technological and technical services or obtain new services to fulfill the requirements of the customers with the required efficiency and effectiveness. There is no guarantee that the Company will achieve success in providing or responding to these updates within an effective time frame and at reasonable costs. The Company may not succeed in providing new or developed services as a result of lack of request by its customers for these services or if the Company cannot provide or make these new services in an effective way.

The Company's inability to meet the requirements of the continuously developing sector of information and communications technology, especially with regard to emerging or old technologies, will have a negative and significant impact on the Company's business, financial condition, results of operations and future prospects.

2.1.8 Risks of the Company's Inability to Adapt to the Customer Requirements

The information and communication technology sector is sensitive to changes in customer desires and market direction. Any change in customer desires and their requirements may affect the Company's products and services by making them less effective and demanded, such as, concerns about fraud, information privacy or other similar issues that may reduce customer desire to request products and services provided or introduced in the future by the Company.

The Company may be unable to adapt to changes in customer desires within an appropriate time or at an acceptable cost, or the Company's competitors may provide better options for customers. Any change in customer desires may lead to a decrease in demand for the products and services provided by the company, and this will have a negative and significant impact on the Company's business, financial condition and results of operations.

2.1.9 Risks related to Customer Concentration

The Company's sales depend on a number of major customers, as the contribution rates of five (5) major customers of the Company have reached (50.0%) of its total sales as on 31 December 2021G, and (53.6%) as on 31 December 2020G (for more details, please refer to the subsection (3.11) "**Key Customers**"). Accordingly, in the event of bankruptcy, stoppage or disconnection of relationship with one or a group of major customers, and the Company's failure to make necessary relationships with new customers, this will adversely affect the Company's business, results of operations, financial performance and future prospects.

2.1.10 Risks of Concentration of the Company's Revenues according to Customer Sectors

The Company's revenues are largely dependent on three major sectors of clients: 1) Telecommunications Sector 2) Banking Sector 3) Information Technology (IT) Sector. The Company's revenues from these sectors are concentrated in the revenues resulting from the provision of managed human resources services, where the telecommunications sector constituted 53.7%, the banking sector 27.7% and the IT sector 14.0% of the Company's total revenues as in 31 December 2021G. In 2020G, the telecommunications sector accounted for 53.9%, the banking sector accounted for 23.5%, and the IT sector accounted for 14.9% of the Company's total revenues. Consequently, in the event of decrease of the Company's revenues from the managed human resources services provided to these sectors, this will adversely and materially affect the Company's revenues and thus the results of the operational and financial operations.

2.1.11 Risks related to Protection of Trademarks and Proprietary Rights

In marketing its products and managing its operational activities, the Company relies on its trademark reputation, which gives it a distinguished position among its clients in the market. The Company registered its trademark with the Saudi Authority for Intellectual Property, to protect its trademark reputation (please refer to section (3.16) "**Trademarks**" of this Prospectus).

Any illegal use of the trademark will affect the Company's reputation, and may lead to filing lawsuits against the Company or claims before the competent courts to protect these rights. If the Company fails to effectively protect its trademark, this will adversely affect the value of that trademark, which will adversely affect the Company's business, financial results and performance in the future.

2.1.12 Risks related to Natural Disasters

The Company may be exposed to any of the natural disasters such as floods, fires, earthquakes and other natural events that may cause significant damage to the Company's facilities and factory. In the event that a sufficient insurance coverage is not available, this may result in high and huge costs for the Company, which will greatly affect the Company's ability to perform and carry out its activities, and thus adversely affect its operations. Also, the occurrence of any of these natural disasters will have a negative and material impact on the Company's financial performance, financial condition and future prospects.

2.1.13 Risks related to the Inability to Implement the Company's Strategic Plan

The Company's ability to increase its revenues and improve its profit depends on its ability to successfully implement its strategic plan. The ability of the Company to expand in its work in the future is based on its ability to continue implementing and improving the operational, financial and administrative information systems, efficiently and in the appropriate time, as well as its ability to increase, train, and motivate its workforces. In addition to that, any business expansion plans decided by the Company to be carried out in the future, will be subjected to the estimated costs and the implementation timetable, and the Company may need to obtain additional financing to complete any expansion plans. If the Company fails to implement the expansion plans as per the specified timetable, and according to the estimated costs of the expansion projects, or in the event that the desired profit is not realized from these projects due to different reasons including change of the market condition at the time of implementation of these projects or in case of faults in the feasibility study, this will adversely affect the competitive position of the Company, and accordingly its business results, profitability, and future prospects.

2.1.14 Risks of Relying on Key Personnel

The Company and its future success plans depend on the expertise and competencies of its executive management and the key employees. The Company aims to attract and employ qualified persons to ensure business efficiency and quality through effective management and proper operation. Also, the Company will need to increase its employees' salaries in order to ensure their stay or to attract new cadres with appropriate qualifications and experiences. If the Company loses any of the senior executives or qualified employees, and fails to replace them by new personnel with the same level of expertise and qualifications and appropriate cost for the Company, this will have a significant adverse impact on the Company's business, results of operations and future prospects.

2.1.15 Risks related to the Company's Inability to Recruit Qualified Workforce

The Company's success depends on its ability to attract, recruit and retain the workforce with sufficient skills and experience to meet the needs of its customers. However, such workforce may not be available in adequate numbers or may be available at employment conditions unfavorable to the Company. In addition, the Company's clients may seek to employ a workforce with a variety of experiences. However, this need for experiences may change for reasons related to the business needs or responding to changes in the technological field. Therefore, the Company may not be able to provide the workforce with the required specifications, or it may not be able to provide them at the right time. If the Company is not able to attract and preserve the qualified workforce, or if it is unable to constantly recruit the foreign workforce, this will adversely and materially affect the Company's business, results of operations and future prospects.

2.1.16 Risks related to the Transfer of the Workforce

The foreign workforce recruited by the Company usually arrives at the Kingdom via airlines, and the Company incurs all costs related to that, including air travel costs. Therefore, any increase in the costs of air travel or any decrease in the number of flights available from and to the Kingdom due to the increase in the airlines operating costs, or the decreases of supply or demand for flights in the Kingdom for any reason or any other political or economic factors, will affect the ability of the Company to employ foreign workforce from their countries in time or at a reasonable cost, which will adversely affect the Company's business, financial condition, results of operations and future prospects.

2.1.17 Risks related to the Company's Inability to Obtain New Labor Visas

In its business, the Company depends on the regular work visas that are issued by the Ministry of Human Resources and Social Development. Currently, there is no higher limit for visas allowed to be issued to companies that provide human resources services if these companies are committed to the bylaws, regulations and instructions issued on this regard. However, it is possible for the Ministry of Human Resources and Social Development to reduce the number of new visas or suspend their issuance at any time. If this happens, it will adversely affect the Company's business, financial condition, results of operations and future prospects.

2.1.18 Risks related to Potential Zakat Dues and Additional Claims

The Company submitted its zakat and tax returns to the Zakat, Tax and Customs Authority for all years since its foundation until the end of the financial year ending on 31 December 2021G. The Company finalized its zakat and tax position with the Zakat, Tax and Customs Authority for the period from its foundation until 31 December 2015G, according to the final zakat assessments for the years from 2007G to 2015G and the exemptions granted to the Company. For the period from 2007G to 2015G, the Company paid an amount of (7,717,467) Saudi Riyals, but a final zakat assessment was issued by the Zakat, Tax and Customs Authority for the mentioned period and resulted in zakat differences in the amount of (2,710,520) Saudi Riyals. The Company has paid an additional amount of (860,056) Saudi Riyals on 17/04/2018G to cover a portion of zakat differences. After that, the Company took advantage of the exemption program submitted by the Zakat, Tax and Customs Authority and paid (1,375,304) Saudi Riyals on 30/12/2020G. Accordingly, the Company obtained an official statement from the Zakat, Tax and Customs Authority on February 14, 2021G that there are no amounts due from the Company until the year 2015G. The Company also obtained the last Zakat certificate on 07/10/1443H (corresponding to 08/05/2022G) and ends on 10/10/1444H (corresponding to 30/04/2023G). The Company submitted its zakat and tax returns for the years 2016G to 2021G, and these returns are still under examination of the Zakat, Tax and Customs Authority until the date of this prospectus. In the current time, there are no allocations related to zakat differences, and there are no disputes or claims of zakat differences at Zakat, Tax and Customs Authority. It is possible that Zakat, Tax and Customs Authority may demand the Company to pay additional amounts other than the returns submitted by the Company, and that will adversely affect the Company's business, results of operations and future prospects in the event that the selling shareholders are not committed to pay the additional amounts resulting from the zakat differences for previous years prior to the offering. It is worth noting that the selling shareholders submitted a pledge on 19/05/2022G to bear any additional zakat amounts imposed by the Zakat, Tax and Customs Authority on the Company and its subsidiaries in the future, regarding previous years until the date of the listing. Accordingly, in the event that the Zakat, Tax and Customs Authority imposed zakat assessments on the Company and demanded it to pay the additional zakat amounts for which that the Company did not obtain the final zakat assessment, and the selling shareholders failed to pay the additional zakat amounts according to the pledge issued by them in this regard, the Company's business and financial condition would be adversely and materially affected.

2.1.19 Risks related to Transactions with Related Parties

The Company obtained the approval of the Ordinary General Assembly held on 29/03/1443H (corresponding to 04/11/2021G) on all transactions that were made with the related parties. During the first half of the year 2021G, there were transactions with related parties with Bayader Al -Aryaf Telecom Systems Co. (BATCO) (which is indirectly owned by the Chairman and the Managing Director). The nature of these transactions is that they are sums related to recharging the cost between companies, which means that they are sums due for the benefit of the BATCO. The value of these transactions is (SR 366,432) three hundred and sixty -six thousand four hundred and thirty-two Saudi Riyals. The auditor did not include this amount in the audited consolidated financial statements for the fiscal year ending December 31, 2021G, as it is a small and immaterial amount compared to the size of the Company's operations, revenues and total liabilities, and it constitutes only 0.32% of the total liabilities, as on December 31, 2021G.

As on December 31, 2021G, short-term benefits and end-of-service benefits for senior management amounted to (3,630,420) Saudi Riyals, while they amounted (3,715,027) Saudi Riyals on December 31, 2020G. These sums are exclusively due to the CEO, and there are no amounts related to the company's chairman, board members or the CFO.

In the event that there are any transactions or agreements with future related parties, these transactions or agreements will be subject to the approval of the Company's general assembly. According to paragraph (1) of Article (71) of the Companies Law, it is not permissible for a member of the Board of Directors to have any interest, directly or indirectly, in the works and contracts that take place for the Company except with a permission from the ordinary general assembly. In the event that the Company's general assembly votes not to agree to transactions and agreements with the related parties for any reason, this will adversely affect the Company's business, results of operations and future prospects.

Other than what was mentioned above, the Company acknowledges that upon submission of this prospectus, there are no contracts or arrangements in effect in which there is an interest for any shareholders, the chairman of the board of directors, a member of the board, the CEO, or the CFO, or other related parties.

2.1.20 Risks of Management Decisions

The Company's business results depend mainly on the ability of its management to make the right and appropriate decisions regarding its business and activities in time. In the event that the management of the Company takes wrong decisions regarding its business, this will adversely affect the Company's performance, results of operations, financial condition and future prospects.

2.1.21 Risks related to the Prices of the Company's Products and Services

- **Competition between information and communication technology service providers**

The Company's customers may demand lower prices for the services provided by the Company. The entry of new companies and suppliers to the information and communications technology sector or the expansion of the current competitors' businesses, development or integration of their business, may increase competition and thus decrease the prices of products and services provided by the Company to its customers. Reducing prices for one of the above reasons will result in low percentage of the profit margin achieved by the Company from services provided to customers, and thus reduce the Company's profits from its business in general. The above factors will have a negative and significant impact on the Company's business, financial condition, results of processes and future prospects

- **Operations costs**

There is an increase in the Company's operating costs during the past years. One of the reasons leading to this increase is the increase in the salaries of employees and the increase in the costs of renewing residency permits. The Company expects increase of the operating costs during the coming years. The Company's inability to manage and monitor these increases in the costs of its operations and maintain profit margins (by increasing the prices of services provided in proportion to the costs of operating operations) will have a negative and significant impact on the Company's business, financial condition, results of operations and future prospects.

2.1.22 Risks related to Occurrence of Breakdowns of the Company's Facilities

Currently, the Company operates and manages its operations through its main office in Riyadh. Given the concentration of the Company's staff and other sources in these facilities, Company's business, results of operations will be precluded if one of these facilities is damaged as a result of natural disasters, including earthquakes, floods, fires or other natural disasters that would leave or cause severe damage to the facilities and properties. This will have a negative and significant impact on the Company's business, financial condition and future prospects.

2.1.23 Risks related to not Maintaining the Confidentiality and Safety of Customers and Employees' Data

In the course of its usual work process, the Company collects and transmits a large number of customers and employees' data, including personal identity numbers, birth dates and other personal data, in the information systems that the Company maintains. This data may be sensitive and confidential. It may be disclosed without authorization, or the sensitive or confidential data may be lost through various methods. These methods include, but not limited to, the disruption of systems, neglect of employees, fraud, illegal ownership, or unauthorized access to the Company's information systems, whether by its employees or other parties, including electronic attacks by computer programmers and infiltrators, which may develop and spread viruses or other harmful programs. The Company's systems may be exposed to security penetration, terrorist acts, electronic sabotage, theft, computer viruses, loss or damage of data, programming, human errors, or other similar incidents. Given that such attacks are increasing in terms of development and change repeatedly by nature, the Company may not be able to anticipate these attacks or take the appropriate preventive measures to address them. Any security breach, terrorism, electronic sabotage, theft, computer viruses, loss of data, programming, or human errors caused by the Company's employees, which may lead to breaching the privacy and security of customers and employees' data or other similar cases may lead to the change the behavior of current and potential consumers in a way that affects the Company's ability to maintain the existing customers and attract new customers. This is in addition to bearing the responsibility under the Company's contracts and laws that protect sensitive or personal data and secret information, which will adversely affect the Company's business, financial condition, results of operations and future prospects. Compliance with the advanced privacy and security systems, requirements and regulations may lead to an increase in the cost due to the necessary changes in new systems or restrictions that are imposed on the Company's business models and the development of new administrative operations. Also, more restrictions may be imposed on the Company's process of collecting data, disclosure and using sensitive personal information in one or more databases. The lack of adherence to the privacy systems and requirements of the sector on a wide range, or the security penetration (which includes stealing personal, sensitive or confidential information or its loss or any unauthorized disclosure) will significantly affect the Company's ability to maintain its current customers and attract new customers, which will lead to low revenues and incurring fines and penalties, which will adversely and significantly affect the Company's business, financial condition and future prospects.

2.1.24 Risks related to Employee Mistakes or Misconduct

The Company may face misconduct or mistakes from its employees such as fraud, intentional errors, embezzlement, fraud, theft and forgery, misuse of the Company's property and acting on its behalf without obtaining the required administrative authorizations. These actions may result in consequences and responsibilities borne by the Company, or legal penalties, or financial liability, which will adversely and materially affect the Company's reputation, financial condition, results of operations and future prospects.

2.1.25 Risks of Not Providing Insurance Coverage

The Company maintains different types of insurance contracts to cover its business and assets. It maintains five insurance policies, which are insurance against technical damage, fire and hazards, trust guarantee insurance, medical insurance, and money insurance (for more details, please refer to section "3- 19 "Insurance Contracts). However, the Company may not have sufficient insurance coverage for all incidents. Also, it is possible that future incidents may occur and the Company may not have insurance against them in a way that covers possible losses, or they may not be insured at all. There is no guarantee that the insurance contracts for the Company will remain available at commercially accepted conditions, or will remain available at all. Any of these events, conditions, or the occurrence of an incident not insured by the Company will adversely and materially affect the Company's business and assets, its financial conditions, results of operations and future prospects.

2.1.26 Risks related to Lawsuits and Fines

As of the date of this prospectus, the Company was found to be a party to a number of cases against it, which are still considered by the competent courts. They are (7) seven cases representing claims for financial (labor) rights. The total amounts related to these cases are (2,253,580) two million two hundred and fifty three thousand five hundred and eighty Saudi Riyals. The Company has not formed a provision to these lawsuits. The Company does not guarantee that there would be no conflicts in the future between it and internal parties (such as employees or managers) or external parties that deal with them such as customers, suppliers and others, which may lead to filing cases (such as labor claims, financial claims or cases for cancellation of existing contracts due to breaching by one of the contractors of his obligations or pledges or regarding zakat and tax issues) with the competent judicial authorities. As a result, the Company may be vulnerable to judicial claims from government agencies and departments and investigations. Of course, the Company cannot expect the results of these claims in the event of their occurrence, nor does it guarantee that these claims will not have a significant impact on its work, financial condition and results of operations. Also, the Company cannot accurately expect the size of the costs of cases or judicial procedures that would be filed by or against it, or the final results of these cases or the rulings in which they are issued and the compensation and rewards they contain. Therefore, any negative consequences for such cases (as a claimant or as a defendant) will adversely affect the Company business, results of operations, financial condition and future prospects.

2.1.27 Risks of Revenues Concentration According to the Company's activities

The company provides its services through three main activities: direct services, managed services, and permanent services (please refer to section (3.9) "**Company Services**" and section (3.10) "**Company Revenues**" of this prospectus). Among these three activities, the Company's revenues are largely concentrated in the activity of managed services, followed by direct services activity. The revenues of the managed services activity accounted for (66.73%) of the Company's total revenues during the year 2021G, and (62.41%) of the total revenues for the year 2020G. While the revenues of the direct services activity accounted for (33.16%) of the Company's total revenues during the year 2021G, and (37.38%) of the total revenues for the year 2020G. Therefore, if the demand for these services decreases for any reason, such as, for example, the issuance of new regulatory requirements, this will have a negative impact on the results of the Company's business, financial performance and future prospects.

2.1.28 Risks related to Commitment to the Quality Standards and Specifications Required by Customers

The Company seeks to continue providing the same level of quality of its products and adhere to the quality standards and specifications required by its customers. However, in the event that the Company is unable to continue to provide its products at the same quality level, this will negatively affect its reputation with its customers who may refrain from dealing with it, and thus will adversely affects the Company's sales, results of operations, financial condition and future prospects.

2.1.29 Risks of Having Some of the Company's Assets on Rented Real Estates

All Company headquarters (the main headquarters, the branch and the subsidiary) are established on leased sites according to rental contracts and not owned by the Company. In the event that the owners of these real estate require the Company to evacuate them, or it failed to reach a suitable agreement with them, this may lead to disruption of the Company's operations and result in additional costs to the Company, which will affect the Company's business, results of operations, financial condition and future prospects.

2.1.30 Risks related to Low Level of the Operating Services of the Company

The Company's ability to keep its current customers and gain new customers depends on its ability to provide appropriate services that keep pace with customer aspirations. There is no guarantee that the Company will be able to maintain levels of the operating services provided in the future. In the event that the Company's performance decreases in providing its services to customers, this will have a significant impact on the Company's business scale, especially if the size and number of customers decreases or if that affected the Company's ability to attract new customers, which will have a negative and significant impact on the Company's business, results of operations, financial condition and future prospects.

2.1.31 Risks of Non-adherence to the Capital Market Law and its Implementing Regulations

After listing in the parallel market, the Company will be subject to the capital market law and the regulations, bylaws and circulars issued by the Capital Market Authority. In the event that the Company is unable to adhere to any of the applicable regulations and bylaws, it will be subject to penalties and financial fines or suspension or cancellation of listing its shares in the market. This will negatively and significantly affect the Company's business, results of operations, financial condition and future prospects.

2.1.32 Risks related to Reliance on non-Saudi Employees

Non-Saudi employees constitutes about 73.84% of the total employees in the Company, totaling (1,785) employees, as on 09/05/2022G. Therefore, the results of the Company's business, financial condition and results of operation will be adversely affected if it could not maintain qualified cadres of non-Saudis or find alternatives to them with the same required skills and expertise, or in the event of a change in the policies, regulations and bylaws of the Ministry of Human Resources and Social Development increasing the Saudization rate, which will make it difficult for the Company to keep its non-Saudi cadres, and will increase the financial costs on the Company and thus will adversely impact the Company's business, results of operations, financial condition and future prospects.

2.1.33 Risks of Non-compliance with the Saudization Requirements

Saudization is a government trend that requires all companies and institutions operating in the Kingdom of Saudi Arabia to employ a specific percentage of Saudi employees. The Nitaqat program classifies the facilities to the platinum, high green, green, low green and red ranges, and the entities shall adhere to the minimum rate of Saudization. The commitment to the Saudization is considered a regular requirement of the Kingdom, according to which all the companies working in the Kingdom, including the Company, shall adhere to and maintain a certain proportion of the Saudi employees among its employees. The number of employees in the Company, as on 09/05/2022, reached (1,785) employees, of them (467) Saudi employees and (1,318) non-Saudi employees. The percentage of Saudization achieved in the Company reached about 26.16%, and therefore the Company was classified within the high green. However, in the event that the Company fails to continue keeping this percentage or in the event that the Ministry of Human Resources and Social Development decided to impose more stricter localization policies in the future, and the Company has not been able to adhere to the requirements of these policies, the Company will be subject to penalties imposed by government agencies, such as the suspension of work visa applications and transfer of sponsorships for the non-Saudi employees, which will have a negative and material impact on the Company's business, financial condition, results of operations and prospects. (For more details, please refer to subsection (3.20) "**Employees and Saudization**" of this prospectus).

2.1.34 Risks related to the Operating Systems and Information Technology

The Company depends on information technology systems to manage its business and facilities. The Company may be exposed to the risk of the disruption of these systems, such as crash of systems, failure of protection systems, infiltration of the Company's systems or infection by electronic viruses, natural disasters, fire, communication errors, lack of skillful personnel to operate and manage these systems, leakage of secret data and information of the Company and its customers or employees, or poor security of those data and information. If the Company fails to preserve its information technology systems and develop them or in case of any disfunctions or occurrence of any major defects and recurrence of failures or occurrence of any the events mentioned above, this will adversely and material affect the Company's financial condition, operation and financial and operational results.

2.1.35 Risks related to Changing the Mechanism for Calculating Zakat and Income

The Zakat, Tax and Customs Authority (ZTCA) issued the circular number 1438/16/6768 dated 05/03/1438H (corresponding 05 December 2016G), which obliges the Saudi companies listed in the financial market to calculate income and zakat based on the nationality of the shareholders and actual ownership among the Saudi and Gulf citizens and others, as set out in "**Tadawulati System**" at the end of the year. Before the issuance of this circular, the Companies listed in the financial market were generally subject to payment of zakat or tax on the basis of its founders' ownership according to their Articles of Association, and the effect of the listed shares was not taken into consideration in determining the zakat base. This circular was decided to be applied on the year ending December 31, 2016G and subsequent years. However, the Zakat, Tax and Customs Authority issued its letter No. 1438/16/12097 dated 19/04/1438H (corresponding to 17 January 2017G), postponing the implementation of the circular for the fiscal year ending December 31, 2017G and the years after. Until the Zakat, Tax and Customs Authority issues its directives, regarding the mechanisms and procedures for the implementation of this circular, such implementation of this circular, including the final requirements that should be fulfilled, is still under view, as well as the rules that impose income tax on all non-Gulf residents subscribed in listed Saudi Companies which apply deduction tax on dividends distributions for non-resident shareholders regardless of their nationalities. The Company did not evaluate the financial impact of this circular, nor did take adequate steps to ensure commitment to it, because it is a closed joint stock Company, wholly owned by Saudi shareholders. In the event that the financial impact of this circular in case of its application is significant, or in case the Company incurred additional costs to take necessary steps to ensure compliance with it, this will adversely impact its business, results of operations, financial condition and future prospects.

2.1.36 Risks related to Government Fees Applied to non-Saudi Employees

The Government of the Kingdom adopted a number of resolutions aimed at sweeping reforms of the labor market in the Kingdom of Saudi Arabia, which included the adoption of an additional fee for each non-Saudi employee working for a Saudi entity as of 01/01/2018 by (400) four hundred Saudi Riyals a month for each non-Saudi employee, to increase to (600) six hundred Saudi Riyals per month for the year 2019G, and then to (800) eight hundred Saudi Riyals per month for the year 2020. This leads to the increase of governmental fees that must be paid by the Company for its non-Saudi employees, and increases the Company costs in general, and accordingly will adversely and material affect the Company's financial condition, business, financial performance and results of operations. In addition to that, the government has also approved fees for issuing and renewing residency for dependents and companions of non-Saudi employees (dependent fees), which became effective as of 01/07/2017G, and gradually increased from (100) one hundred Saudi Riyal per month for each dependent to reach (400) four hundred Saudi Riyals per month for each dependent from July 2020G.. Accordingly, the increase in Iqama issuance and renewal fees that the non-Saudi employee will incur for his family may lead to an increase the cost of living for him, which will make him look for work in other countries with less living costs. If this happens, the Company will face difficulty in keeping its non-Saudi employees, which may force it to bear these costs for non-Saudi employees directly, or indirectly by increasing their wages, which will increase the costs for the Company and accordingly will adversely and materially affect its business, financial performance, results of operations and future prospects. It is worth noting that on 18/03/1442H (Corresponding to 04/11/2020G), the Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia launched the initiative to improve the contractual relationship, which aims to support the vision of the Ministry of Human Resources and Social Development in structuring an attractive business market, and developing human competencies and development of the work environment. The initiative provides three main services, which are: the job transfer service, development of exit-reentry and final exit mechanisms, the initiative services include all the expatriate workers in the private sector facilities, under specific controls considering the rights of both contractual relationship parties and contractual conditions between the employer and the expatriate worker. The initiative entered into effect on 14 March 2021G. The job transfer service allows the expatriate worker to transfer to another work upon completion of his work contract without the need for the employer's approval. The initiative specifies the transfer mechanism during the contract validity provided compliance with the notice period and specified controls. Accordingly, the Company does not guarantee that it will maintain its cadres of non-Saudi workers and renew their contracts at satisfactory conditions for them, which will lead them to move to another work according to the mechanisms referred to above. If the Company is not able to maintain its non-Saudi cadres or find alternatives to them with the same required skills and experiences, this will lead to an increase in the financial cost on the Company, which would adversely affect the Company's business, financial results and future prospects.

2.1.37 Risks related to the Coronavirus (COVID-19) Pandemic

The spread of the new Corona virus (COVID-19) began in December 2019, and the World Health Organization announced the classification of the virus as a global pandemic in March 2020. Then the virus spread widely and quickly to affect more than 194 countries around the world which faced unprecedented health and economic crisis. In the second half of February 2020, when the virus spread and reached many countries around the world, many countries began imposing public health containment measures to delay its spread and enhance the capacity of the health sector. The development of the situation in this way led to a sudden stop in economic activities and a sharp decline in economic prospects. As a result, the spread of the virus had a significant impact on the global economy and put pressure on individuals, companies and governments.

The government of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing spread of the virus, such as many other countries of the world and the region. The health measures included imposition of a partial or complete curfew in some cities and governorates of the Kingdom, the complete and partial closure of economic and governmental activities, the closure of shopping centers, retail stores, commercial complexes and all commercial activities therein, with exception to shops selling food and pharmacies. Also, it reduced the number of working hours for some sectors or bind some of them to work remotely, etc., and suspended all domestic flights and trips of buses, taxis and trains, and the suspension of entry for the purposes of Umrah and visiting the Prophet's mosque from outside the Kingdom, and quarantine. The economic measures included financial support for citizens and those affected by the Corona pandemic, family and sick leave paid by the state, expansion of unemployment compensation, delaying tax payments, and other measures to support businesses.

Although the Company is committed to the instructions issued by the Ministry of Health and the Ministry of Human Resources and Social Development to implement preventive measures and precautions from applying social distancing in the workplace and measuring the temperature of each employee when entering the Company's headquarters and wearing a mask when entering and being present at the Company's headquarters or one of its facilities. The Company does not guarantee that no one of its employees is infected with the virus, which may lead to him being unable to work or transmitting the infection to his colleagues, which will cause disruption of the operation process, and thus negatively affect the Company's business, results of operations, financial condition and future prospects.

On 03/09/1441H (corresponding to 26/04/2020G), the Royal order was issued to return life to normal and partially lift the curfew in all regions of the Kingdom, with an emphasis on adhering to the precautionary measures of physical distancing and limiting the number of people in the workplace and service delivery place. The current health situation in the Kingdom is subject to the daily follow-up by the Ministry of Health by issuing the daily statistical report to follow up the numbers of infections, recoveries and deaths cases. All regions and cities of the Kingdom of Saudi Arabia are subject to continuous evaluation by the Ministry of Health.

Since there is no expected date for the end of this epidemic as of the date of this prospectus, the Company cannot guarantee that its operations will not be affected nor it can estimate the size of losses resulting from this pandemic and its consequences in the future. This will adversely and significantly affect the Company's business, financial condition and results of its future operations.

2.1.38 Risks of Failure to Adhere to the Conditions and Undertakings of the Existing Credit Facilities

The Company has concluded a Shariah compliant credit facilities agreement with the Saudi Fransi Bank, at a value of 55.2 million Saudi Riyals. As on May 31, 2022G, the existing balance of these credit facilities amounted to (35,898,883) thirty-five million eight hundred and ninety-eight thousand eight hundred and eighty-three Saudi Riyals. That is, the additional balance available to the Company in these facilities is (19,301,117) nineteen million, three hundred and one thousand, one hundred and seventeen Saudi Riyals. Note that the Company uses the facilities and pays them continuously due to the nature of these facilities and the primary purpose of them, which is to finance the working capital. From January 01, 2022G until May 31, 2022G, the total amounts withdrawn from the facilities reached (134,383,961) one hundred and thirty-four million, three hundred and eighty-three thousand nine hundred and sixty-one Saudi Riyals, while the total amounts paid for the same period reached (139,786,327) one hundred thirty-nine million, seven hundred and eighty-six thousand three hundred and twenty-seven Saudi Riyals.

To this end, the Company has committed to a set of pledges and conditions that it should fulfill. In the event that the Company is not able to adhere to these pledges, including the commitment to pay the installments on the due dates and obtain prior approval from the bank in the event that the it decides to change its legal form, the Company will be vulnerable to penalties, including the bank's cancellation or termination of credit facilities and requesting the Company to pay the entire debt immediately, which will negatively affect the company's business, financial performance and its ability to implement its future plans. The Company confirms that there are no other credit facilities except those mentioned in this prospectus.

On 26/02/1443H (corresponding to 03/10/2021G), the Company obtained a letter of no-objection from the Saudi Fransi Bank regarding the Company's desire to offer and register its shares in the parallel market.

2.1.39 Risks related to Changes in Important Accounting Standards and New Standards

The consolidated financial statements of the Company for the fiscal year ending on 31/12/2020G and the fiscal year ending on 31/12/2021G, were prepared in accordance with the International Accounting Standards for Financial Reporting (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization of Chartered and Professional Accountants (SOCPA). The Company is obligated to apply the amendments or changes that occur to these standards from time to time. There is no guarantee that no changes will occur in the mandatory application of some accounting standards in subsequent years. If such changes occur, the financial results of the Company, its financial condition and future prospects will be adversely affected.

2.1.40 Risks Associated with Providing Financing in the Future

The Company may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial condition, cash flows, guarantees and credit record. The Company does not give any confirmation or guarantee of its ability to obtain appropriate financing if it is required in the future. Accordingly, in the event that the Company is unable to obtain the financing it needs from the financing bodies, or it is unable to obtain financing on acceptable preferential conditions commensurate with the Company, this will have a negative and material impact on the Company's performance, operational activities, future plans and financial condition.

2.1.41 Risks related to Credit

Credit risks arise when one party is unable to fulfill a specific financial obligation to the other party. The Company may face credit risks in several temporary or long-lasting cases, such as existence of unpaid receivable balances from clients, failure of other debtor parties to meet their obligations towards the Company, or others. Total trade receivables of the Company's as on December 31, 2021G and December 31, 2020G amounted (SR131,601,750) and (SR119,279,008), respectively. The trade receivables are sums due from customers for the services provided in the context of normal business. The trade receivables accounted for 76.99% of the total assets for the fiscal year ending December 31, 2021G, and 78.79% of the total assets for the fiscal year ending December 31, 2020G. The trade receivables are generally due within 90 days from the date of the bill. The trade receivables are divided into account receivables and unbilled account receivables. The unbilled account receivables represent the amount for which the services were provided, but their bills have not been issued to the customers. Below are the details of the trade receivables:

Table (2): Details of the Trade Receivables

	December 31, 2021G	December 31, 2020G
Accounts Receivables	97,182,140	110,566,095
Unbilled Accounts Receivables	34,419,610	8,712,913
Total	**131,601,750**	**119,279,008**

Source: Audited Consolidated Financial Statements for the fiscal year ending December 31, 2021G

The following table shows the details of the ages of the trade receivables, including the unbilled accounts receivables:

Table (3): Details of the ages of the accounts receivables

	December 31, 2021G		December 31, 2020G	
	Trade Receivables	Late Payment Rates	Trade Receivables	Late Payment Rates
Current	65,532,911	0.39%	83,581,385	0.27%
Late payment 1-90 days	48,422,806	0.88%	27,233,024	0.33%
Late payment 91-180 days	6,916,399	5.84%	5,738,100	3.95%
Late payment 181-270 days	4,668,431	12.26%	1,406,023	11.54%
Late payment 271-365 days	2,550,876	21.88%	328,561	23.54%
More than one year	3,510,327	21.88%	991,915	23.54%
Total	**131,601,750**	**-**	**119,279,008**	**-**

Source: Audited Consolidated Financial Statements for the fiscal year ending December 31, 2021G

The Company has created a provision for expected credit losses, as the following table shows the details of this provision:

Table (4): Details of the expected credit losses

	December 31, 2021G	December 31, 2020G
Balance at the Beginning of the Year	1,015,148	506,533
Provision During the Year	1,950,922	508,595
Write-off During the Year	-	-
Balance at the End of the Year	**2,966,070**	**1,015,148**

Source: Audited Consolidated Financial Statements for the fiscal year ending December 31, 2021G

The delay in collecting the accounts receivables will have a negative impact on the availability of liquidity to meet the Company's needs, expenses and cash flows. In the event that the debtors are not obligated to pay the Company's dues on their dates or they are not committed to pay partially or completely, and the guarantees provided by the debtors were not sufficient to pay all the Company dues, this will adversely and materially affect the Company's business results, financial condition, results of operations, cash flows and future prospects.

2.1.42 Risks related to Management of the Working Capital

The risks of the working capital management are the inability of the Company to meet its obligations related to financial liabilities upon maturity. Trading rate has reached (1.81) times and (1.77) times as on December 31, 2021G and December 31, 2020G, respectively. The net working capital reached around (75.5) million Saudi Riyals and (64.9) million Saudi Riyals, as on December 31, 2021G and December 31, 2020G, respectively. The financial liabilities of the Company consist of loans, accounts payables and zakat dues, and the Company may not be able to fulfill its obligations at the due dates. The risks of the working capital management can also result from the inability to sell financial assets quickly and with an amount of approximately the fair value of them. Occurrence of any emergency or sudden events may require immediate liquidity, and that may adversely and materially affect the Company's business, financial and operational results and future prospects.

2.1.43 The risks related to the company's investment in its subsidiary in the Democratic Republic of Algeria

The Company has a subsidiary company owned by 99% that was established in the Democratic Republic of Algeria and it is registered in the name of SNS ALG, (for more details, please refer to the 3.12 sub-section "**the subsidiary**"). The Company may face many challenges, risks and obstacles in its investment in the Democratic Republic of Algeria- which mainly relates to the operational activities of its subsidiary, "**SNS ALG**", including, but not limited to, the risks of the Company not achieving the desired economic feasibility of its investment in the Democratic Republic of Algeria and the dangers of foreign currency exchange when the revenues are determined for the transactions of its subsidiary company, " **SNS ALG,**", or expenses in the Algerian dinar. All the challenges and risks referred to above do not give any guarantee that the Company's investment in its subsidiary, " **SNS ALG,**" in the Democratic Republic of Algeria will achieve success and will have the ability to realize revenues and cover operational expenses and other costs, and thus will negatively and significantly affect the Company's business, results of operations, financial performance and future prospects.

2.1.44 Risks Related to Account Payables

The total trade payables of the Company reached (825,435) Saudi Riyals and (710,888) Saudi Riyals, as on December 31, 2021G, and December 31, 2020G. The Company may not be able to pay all its trade payables or payment in the agreed period. This may make it difficult for the Company to obtain credit purchase agreements in on appropriate conditions in the future, which will adversely and materially affect its operational activities, financial results and future prospects.

2.1.45 Risks related to Currency Exchange Rate Fluctuations

The Company is exposed to the risks of being affected by the change in the exchange rate of the Algerian Dinar against the Saudi Riyal, as it owns a subsidiary company in the Democratic Republic of Algeria. The Company's subsidiary transactions are registered in Saudi Riyal at the prevailing exchange rate in the date of the transaction. As for the cash assets and liabilities, they are converted to Saudi Riyal according to the exchange rate prevailing in the date of the balance sheet, and the exchange differences resulting from the conversion are reflected in the income statement. During the previous years, the exchange rate of the Algerian Dinar decreased significantly, so the reserves of the foreign currencies conversion as of December 31, 2021G reached (9.9) million Saudi Riyals. There is no guarantee that the decrease of the Algerian Dinar value will not continue against the Saudi Riyal, which will lead to a decrease in the value of the investment in Algeria and the profits realized from it. This will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

2.2 Risks related to the Market and the Sector

2.2.1 Risks related to the Competitive Environment

The Company works in a competitive environment and faces strong competition and there is no guarantee that the Company will constantly be able to compete effectively with other companies in the market. This competition is characterized as fast changing, technically, and as for user requirements, sector standards, development and modernization of products recently provided to the market and their updates. The Company expects to face competition in the product or in the prices. Strong competition in products and prices may result in an increase in costs and expenses, for example the costs of ads, marketing, future sales, researches, developments, product discounts and marketing support. In addition, the current and main competing companies may work to create partnerships between them or with other parties which would improve and develop their sources. As a result of such conglomerates, mergers, or acquisitions, the current and main competing companies may need to develop new technologies and user or customer requirements and allocate greater sources to sell or offer their solutions, start or stop competition in prices, and benefit from other existing opportunities more quickly or develop and expand their offers quickly and wider than the Company. Competitors may work to double their products and services offered, which would reduce the Company's current shares in the market. All the above-mentioned will have a significant negative impact on the Company's business, financial condition, results of operations and future prospects.

2.2.2 Risks of Fluctuations in Supply and Demand in the Local and Regional Markets

The Company depends on information technology and software that is subject to supply and demand, whether in local or regional markets. The Company's future depends on several factors such as population growth, employment, corporate growth and customer sectors, gross domestic product growth, and any change in any of these factors may have a negative impact on the Company's revenues and profit.

2.2.3 Risks related to the Nature of the Information Technology Sector

The information technology sector in the Kingdom of Saudi Arabia recently witnessed an increasing demand and remarkable importance at various levels. Accordingly, if the Company is not able to keep pace with the speed of change in this sector as well as keeping pace with the volume of growth and responding to it quickly, this will lead to a decrease in the Company's share in the market, and thus in its sales, operational profits and future prospects.

2.2.4 Risks related to the Increased Costs

The Company's performance depends on its ability to maintain the level and profit rates by preparing and providing reasonable prices for its products and services, and its ability to charge any increase in the costs of production or services to its customers by increasing the prices of those products or services.

The Company cannot completely control the prices of its products or services, given that these prices depend on the percentage of its availability and demand in the market. Accordingly, if the costs of operation, production or services provided increased and the Company has not been able to raise the prices of its products and services to compensate for these costs, the Company's profitability will be greatly and significantly affected, which will materially affect the Company's business, results of operations, financial condition and future prospects.

2.2.5 Risks related to the Economic Performance of the Kingdom and Algeria

The expected future performance of the Company depends on a number of factors that relate to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, domestic product growth, average per capita income, and so on. The Kingdom's economy depends mainly on oil and oil industries, which still control a large share of gross domestic product, and therefore any unfavorable fluctuations in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which will negatively affect the Company's financial performance, given its work within the Kingdom's economy and being affected by government spending rates. In addition, the economy of the Republic of Algeria also depends on the oil and gas sector, and in the event of any fluctuations or instability in oil prices there will be an impact on the economy of the Republic of Algeria, which would negatively affect the financial performance of SNS ALJ Co. (subsidiary). Thus, it will negatively and materially impact the Company's performance, results of operations and future prospects.

The continued growth of the Kingdom's economy and the Republic of Algeria's economy also depends on several other factors, including the continued population growth and the investments of the governmental and private sectors in the infrastructure. So, any negative change in any of these factors will have a significant impact on the economy, and thus will negatively and substantially affect the Company's business, financial results and future prospects.

2.2.6 Risks related to Political and Economic instability in the Middle East Region

Many countries in the Middle East suffer from political or security instability at the present time. There are no guarantees that these economic, political and security conditions in those countries or any other countries will not have a negative impact on the Company's business, results of operations, financial condition and future prospects.

2.2.7 Risks of Non-compliance with the Companies Law and the Company's Articles of Association

The Companies Law imposes some regular requirements that the Company must adhere to. This will require that the Company take measures and procedures to adhere to such requirements, which can affect its business plan or take a long time. Also, the current Companies Law has imposed more severe penalties on violating its provisions and its compulsory rules, as according to the current Companies Law, Article (213) they reach (500,000) Saudi Riyals. Article (214) of the Companies Law stipulates doubling the penalties in the event of repeated violations, and therefore the affect Company will be vulnerable to such penalties in the event that it does not adhere to these rules and provisions, which would adversely affect the Company's business, financial condition and results of operations.

2.2.8 Risks Related to the Application of the Corporate Governance Regulations

The Board of the Capital Market Authority issued a new Corporate Governance Regulation in accordance with Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/11/2015G), as amended by CMA Board Resolution No. (1-7-2021) dated 01/06/1442H (corresponding to 14/01/2021G) and its amendments. Although the corporate governance regulation is a guideline for companies listed on the parallel market as of this date of prospectus, but if applied mandatory, the Company's success to properly comply with it depends on how the Board of Directors and its committees, management and employees of the Company accommodate and understand these rules and procedures. Therefore, in case the application of the corporate governance regulation becomes mandatory for companies listed in the parallel market, the Company will be obliged to apply all the mandatory articles therein, including commitment to the number of independent board members. In case of lack of commitment to do so, the Company will be expose to violation penalties by the Capital Market Authority. If the Company has appointed independent new members who lack experience and knowledge of how to manage a listed company, these matters will have a significant negative impact on the Company's business, financial condition and results of operations. The Company's violation of any of the requirements of the corporate governance regulations or the failure to implement them will expose the Company to criminal violations by the Capital Market Authority, which will have a significant negative impact on the Company's business, financial condition, results of operations and future prospects.

2.2.9 Risks related to Non-compliance with Current Regulations and Laws and/or Issuance of New Regulations and Laws

The Company is subject to the supervision of a number of government agencies in the Kingdom, including, but not limited to the Capital Market Authority and the Ministry of Commerce. Therefore, the Company is subject to the risk of changes in systems, regulations, circulars and policies in the Kingdom. The legislative and organizational environment in the Kingdom is witnessing the issuance of a number of laws and regulations, that is, it is more likely to change and develop. The costs of adherence to these laws are high, as that any changes to the current laws and regulations or issuance of new laws or regulations, this will lead to the Company to incur unexpected additional financial expenses for purpose of adhering to these regulations and meeting the requirements of these laws. Also, the Company may be subject to the penalties and fines imposed by the competent supervisory authorities if it does not adhere, continuously, to these laws and regulations which will adversely affect its work, results of operations, financial condition and future prospects.

2.2.10 Risks related to Value-Added Tax (VAT)

The Kingdom issued the (VAT) system, which entered into force on January 1, 2018G. This system has imposed an added value of 5% on a number of products and services, according to what is stated in the system. The Kingdom's government decided to increase the value-added tax rate from 5% to 15%, starting from July 2020G. Therefore, the respective firms shall know the nature of the value-added tax, the way it is applied and how it is calculated. Also, they have to submit their own reports to the relevant government agencies. Accordingly, the Company must adapt to the changes resulting from the application of value-added tax, which include collecting and delivering it, and the impact of the application of VAT system on the Company's business. The impacts of raising the tax on the Company's sales have not yet appeared as the application of the tax increase began from the month of July 2020G. Based on the audit of the Zakat, Tax and Customs Authority of the Company VAT for the years 2018 to 2020G, the Company received on June 15, 2021G, the Zakat, Tax and Customs Authority decision to impose an additional value obligation of VAT (including fines) on the Company in the amount of 6.8 million Saudi Riyals regarding external services (bills subject to zero ratio). The Company submitted an appeal on August 11, 2021G and was rejected. As of the date of this prospectus, the Company is working to submit an appeal to the Supreme Appeal Committee. In the event that the appeal is not accepted, or if this continues in the coming years, this will have a negative and material impact on the Company, its financial condition, results of operations and future prospects. It should be noted that the Company did not form any provision for the amount mentioned in the decision of the Zakat, Tax and Customs Authority, as on December 31, 2021G.

2.2.11 Risks of Natural Disasters such as Floods, Earthquakes and Other Events

The Company may be exposed to any of the natural disasters beyond its controls, such as floods, earthquakes, storms, fires, and other catastrophic events that may cause damage to the Company's facilities or project, and thus negatively affect the progress of the Company's projects and operations, which will adversely affect its operational results. Also, the occurrence of any of these disasters will lead to incurring additional costs by the Company in order to rectify these damages, which leads to high expenses and the inevitable decrease in the Company's profitability.

2.2.12 Risks of Interest Rates Fluctuation

Interest rates may change depending on the economic, political or regulatory variables, locally or globally, whether fixed or variable, that will be due to the Company's financiers. Therefore, this will lead to an increase in the costs of financing that the Company needs, which will have a negative impact on the Company's business, results of operations, financial performance and profitability.

2.3 Risks related to the Offered Shares

2.3.1 Risks related to Potential Fluctuations in the Share price

The market price of the Company's shares may not be stable after the offering, and it may be greatly affected by many factors including, but not limited to: stock market conditions, poor performance of the Company, inability to implement the Company's future plans, new competitors entering the market, change in the vision or estimates of experts and analysts of the stock market, and any advertisement for the Company or any of its competitors related to integration, acquisitions or strategic alliances.

2.3.2 Risks related to Future Data

The future results and the Company's performance data cannot actually be expected and may differ from what is included in the prospectus. The Company's achievements and ability to develop are the factors that determine the actual results that cannot be expected or identified. The inaccuracy of data and results is one of the risks that the shareholder must recognize in order not to affect his investment decision.

2.3.3 Risks associated with Actual Control by Current Shareholders after the Listing

After completing the listing, current shareholders may be able together or with other shareholders to control the decisions and actions that require the approval of the shareholders- including but not limited to- merger, acquisition and asset sale operations, election members of the board of directors, increase or reduce capital, issue or not to issue additional shares, dividend distribution, or any change in the Company. In the event that circumstances arise in which the interests of current shareholders contradict with the interests of the minority shareholders, this may put of the minority shareholders in a situation that is not in their interest. Current shareholders may exercise their control over the Company in a way that negatively and materially affect the Company's business, financial condition or results of operations and future prospects.

2.3.4 Risks of Liquidity of the Offering Shares

Previously and currently, there is no financial market for trading the Company's shares. There are no assurances about the existence of an effective and continuous market for trading the Company's shares after the end of the offering period, and if the market is not an active and high liquidity market for trading the company's shares, then the liquidity and the Company's shares trading will be adversely and materially affected.

2.3.5 Risks of Limiting Trading to Eligible Investors

The Company intends to list its shares in the parallel market, in which trading is limited to the category of eligible investors only, and not others, which reduces the number of traders and thus the volume of the share trading, which will adversely affect the liquidity and price of the Company's share trading.

2.3.6 Risks related to Distribution of Dividends to Shareholders

The future profits of the share depend on several factors, including the Company's profits, maintaining good financial condition, capital requirements, distributable reserves, credit power available to the Company and the general economic conditions. The Company's capital increase may lead to a decrease in the profitability of the share in the future due to the fact that the Company's profits will be distributed to a greater number of shares as a result of increasing its capital. The Company does not guarantee that any profits on the shares will actually be distributed, nor do not guarantee the amount that will be distributed in any specific year. The distribution of profits is subject to certain restrictions and conditions stipulated in the Company's Articles of Association. (For more details, please refer to section (5) " Profits Distribution Policy ") in this prospectus.

2.3.7 Risks of Selling or Offering Additional Shares in the Future

In the event that the Company decides to increase its capital by issuing new shares in the future for the purpose of expanding the its activities or to extinguish losses, this will probably affect the share price in the market or decrease the ownership rate of the shareholders in the Company in the event that they do not invest in new shares at that time.

Also, the company may not be able to increase its capital at the time it needs or in a way that serves its interest or its shareholders, which will adversely affect the Company's prospects, results of operations and financial condition.

2.3.8 Risks of Selling a Large Number of Shares in the Market after the Offering Process

The Company has two major shareholders: Abdulmohsen Ibrahim Abdulaziz Altouq and Osama Alsabeg, who both own more than 5% of the Company's shares after the offering. These two shareholders will be subject to a lock-up period starting from the starting date of trading the Company's shares in the parallel market and will continue for a period of twelve months, as they will not be able to dispose any of the shares they possess. However, after the end of the lock-up period that the major shareholders will be subjected to, as well as the financial advisor, there is no guarantee that these two major shareholders will sell a large part of their shares, and if a large number of shares are sold on the market or such an order is expected, then this will adversely affect the Company's share price.

2.3.9 Risks of inability of the Company to fulfill the Requirements for Transferring to the Current Main Market or any Future Regulatory Requirements

The Company may want after the elapse of the regular period according to the listing rules to transfer to the main market. In order for the Company to transfer it must fulfill all the regular requirements issued by the Capital Market Authority and the Saudi Trading Group (Tadawul) based on the listing rules related to the transfer of the companies listed in the parallel market to the main market. Therefore, if the Company is unable to meet these requirements or any additional future regulatory requirements that the supervisory authorities may impose on the Company or the market, the Company will not be able to transfer to the main market. Since the parallel market until the history of this prospectus is a market in which trading is limited to eligible investors only, the daily trading volume and liquidity will be less than in the main market and thus will adversely affect the Company's share liquidity and market value.

2.3.10 Risks of the Company's Desire to Continue in the Parallel Market

After listing in the parallel market, and after the elapse of the regular period as per the listing rules, the Company may be fulfilling the conditions for moving to the main market, but it may desire to continue listed in the parallel market and not to move to the main market. Since the trading in the parallel market until the date of this prospectus is limited to eligible investors only, the daily trading volume and liquidity will be less than in the main market and thus will adversely affect the Company's share liquidity and market value.

3. The Company

3.1 Company Overview

Saudi Networkers Services Company (referred to hereinafter as "**the Company**" or "**the Issuer**") was initially established as a limited liability company under the Articles of Association certified by the Notary Public in Riyadh on 16/10/1422H (corresponding to 31/12/2001G) and commercial registration no. (1010173733), dated 19/11/1422H, corresponding to 02/02/2002G. The Company capital is (2,000,000) Saudi Riyals divided into (2,000) shares of equal value of SAR 1,000 per share.

Under the Ministerial resolution no. (620) issued on 01/03/1443H (corresponding to 07/10/2021G), the Company was converted from a limited liability company to a closed joint stock company and was registered under the commercial registration certificate no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G).

The Company current capital is sixty million (60,000,000) Saudi Riyals divided into six million (6,000,000) ordinary shares paid in full of a nominal value of SAR (10) per share.

The Company headquarters is located in Riyadh with its address as follows:

Saudi Networkers Services Company

Riyadh - Orouba Road, Sulaimaniyah District

Post Office 25141, Riyadh 11466

Kingdom of Saudi Arabia

Tel: +966 11 2939595

Fax: +966 11 2937273

Email info@saudinetworkers.com

Website: www. saudinetworkers.com

3.2 Company Vision

To be the leading and distinguished company in providing its services. Its vision is focused on the continuous innovation and application of the overall quality management business model.

3.3 Company Mission

The Company provides its customers with the best high quality standards, the best services and solutions in providing technical and technological consulting in the fields of telecommunications and information technology, several other areas, responding to the evolving market trends in achieving customers satisfaction, and using the best in class technologies to build its capabilities utilizing the Company experiences and strategic alliances with the customers, suppliers, employees and shareholders, thus ensuring continuity and professional development.

3.4 Company Strategy

1- Permanent Business and Excellence

The Company believes that permanent business and organization are the guide to providing the best services and solutions that it applies in its business efficiently and distinctively.

2- Professionalism and Ethics

The Company applies the highest standards of honesty and transparency in dealing with employees and customers.

3- Quality

The Company's strength lies in mixing between quality and depth in its services and solutions, and on the ground, its success reflects the high efforts employed to apply the best results.

3.5 The Company strengths and competitive advantages

1- The Company has a network of managers and engineers who have experiences that exceed twenty years of successful performance in the Kingdom of Saudi Arabia. The Company has implemented many projects with various customer sectors over the years.

2- The Company focuses on sustainability by providing high criteria for corporate governance, policies, procedures, code of conduct and ethics. The senior management also presents successful plans to preserve the environment and manage risks on sound basis. It also develops the annual internal audit plan that is reviewed by the board of directors.

3- The Company adheres to a high degree of compliance with the requirements and regulations in accordance with the relevant laws and regulations.

4- Availability of a technical staff qualified to provide the technical advice in the fields of information technology, to name but a few: information networks, information security, servers, information saving, storage and retrieval systems - applications and databases.

5- The ability to meet the needs and aspirations of many customer sectors, via more than 2,000 employees working for the Company.

6- The Company obtained the ISO9001 certificate specialized in the quality management system.

7- The Company obtained the ISO14001 certificate specialized in the environmental management and protection system.

8- The Company obtained the OH SAS18001 certificate specialized in the health and safety management system.

9- The Company obtained the ISO22301 certificate specialized in business continuity system.

3.6 Incorporation Milestones and Capital Development

Following is an overview of the changes in the ownership structure and capital since the Company inception date.:

Saudi Networkers Services Company was established as a limited liability company with a capital of SAR (2,000,000) million divided into (2,000) shares of equal value of SAR (1000) per share and distributed between the Saudi Telecommunication Systems Company. at 50% and Networkers International PLC at 50% under the Articles of Association certified by the Notary Public in Riyadh on 16/10/1422H (corresponding to 31/12/2001G), sheet no. 162-161, issue 5726, volume 76 for the year 1422H, and commercial registration no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G).

Table (5): Shareholders of the Company upon establishment

Partners	Number of Shares	Share Value (SAR)	Total	Ownership Percentage
Saudi Telecommunication Systems Company.	1,000	1,000	1,000,000	50%
Networkers International PLC	1,000	1,000	1,000,000	50%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Company Articles of Association

On 11/02/1424H (corresponding to 13/04/2003G), the Company Articles of Association was amended as the Saudi Telecommunication Devices assigned 333 shares of its entire share in the Company to Mr. Osama Mohammed Abdulaziz Alsabeg. Networkers International PLC also assigned 333 stocks of its entire share to Mr. Osama Mohammed Abdulaziz Alsabeg. Therefore, the ownership structure of the Company has changed to the following:

Table (6): The Company ownership structure as on 11/02/1424H (corresponding to 13/04/2003G)

Partners	Number of shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company.	667	1,000	667,000	33.5%
Networkers International PLC	667	1,000	667,000	33.5%
Osama Mohammed Abdulaziz Alsabeg	666	1,000	666,000	33%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Partners' resolution to amend the Company Articles of Association

On 14/02/1428H (corresponding to 04/03/2007G), the Articles of Association was amended as Mr. Osama Alsabeg assigned his entire (666) shares in the Company to the Saudi Telecommunication Devices Limited, and the ownership percentage of the Saudi Telecommunication Devices Limited became 66.5% compared to 33.5% for Networkers International PLC Company. Therefore, the ownership structure of the Company has become as shown in the following table:

Table (7): The Company ownership structure as on 14/02/1428H (corresponding to 04/03/2007G)

Partners	Number of shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company	1,333	1,000	1,333,000	66.5%
Networkers International PLC	667	1,000	667,000	33.5%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Partners' resolution to amend the Company Articles of Association

On 06/07/1430H (corresponding to 29/06/2009G), the Articles of Association was amended as Networkers International PLC Company assigned all its shares, which represent 33.5% of the Company capital, to both the Saudi Telecommunication Devices Company Limited (467 shares) and to SNS Holdings OC Ltd. (200 shares). As such, the ownership percentage of the Saudi Telecommunication Devices Company Limited became equivalent to 90% compared to 10% for SNS Holdings OC Ltd. Therefore, the ownership structure of the Company has become as shown in the following table:

Table (8): The Company ownership structure as on 06/07/1430H (corresponding to 29/06/2009G)

Partners	Number of Shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company	1,800	1,000	1,800,000	90%
SNS Holdings O C Ltd.	200	1,000	200,000	10%
Total	**2,000**	**----**	**2,000,000**	**100%**

Source: Company Articles of Association

On 12/11/1434H (corresponding to 18 September 2013G), the second article of the Articles of Association, which is related to the Company objectives, was amended.

On 02/06/1439H (corresponding to 18/02/2018G) the Company was converted to a single shareholder company (limited liability), where SNS Holdings OC Ltd. assigned its entire share in the Company to Saudi Telecommunication Devices Company Therefore, the Company ownership structure became as shown in the following table:

Table (9): The Company ownership structure as on 02/06/1439H (corresponding to 18/02/2018G)

Capital owner	Number of shares	Share value (SAR)	Total	Ownership percentage
Saudi Telecommunication Systems Company	2,000	1,000	2,000,000	100%
Total	**2,000**	**1,000**	**2,000,000**	**100%**

Source: The amended Articles of Association

On 04/11/1442H (corresponding to 14/06/2021G), the Saudi Telecommunication Systems Company. assigned its entire share in the Company on equal basis at 50% in favor of Mr. Abdulmohsen Ibrahim Abdulaziz Altouq and Mr. Osama Mohammed Abdulaziz Alsabeg. The capital was increased from two million (2,000,000) Saudi Riyals to sixty million (60,000,000) Saudi Riyals following adjustment of the share value from (1,000) thousand Saudi Riyals to (10) Riyals and adjustment of the number of shares from two thousand (2,000) shares to six million (6,000,000) shares. The Company capital became sixty million (60,000,000) Saudi Riyals divided into six million (6,000,000) shares of equal value of ten (10) Saudi Riyals per share. The increase in the amount of fifty million (58,000,000) Saudi Riyals was covered via the transfer of the full amount from the retained earnings account. As such, the Company ownership structure has become as shown in the following table:

Table (10): The Company ownership structure as on 04/11/1442H corresponding to (14/06/2021G)

Partners	Number of shares	Share value (SR)	Total	Ownership percentage
Abdulmohsen Ibrahim Abdulaziz Al -Touq	3,000,000	10	30,000,000	50%
Osama Mohammed Abdulaziz Alsabeg	3,000,000	10	30,000,000	50%
Total	**6,000,000**	**--**	**60,000,000**	**100%**

Source: The Company amended Articles of Association

In accordance with the Ministry of Commerce resolution no. (620), dated 12/03/1443H (corresponding to 18/10/2021G), the Company was converted to a closed joint stock company with a capital of sixty million (60.000.00) Saudi Riyals divided to six million (6,000,000) ordinary shares paid in full, with a nominal value of ten (10) Saudi Riyals per share. All of the shares are ordinary shares of one category. The Company was registered in the joint stock companies register under the commercial registration certificate no. (1010173733), dated 19/11/1422H (corresponding to 02/02/2002G). As such, the Company ownership structure has become as shown in the following table:

Table (11): The Company ownership structure as on 12/03/1443H (corresponding to 18/10/2021G)

S	Shareholders**	Ownership percentage	Nationality	Number of shares	Share value (SAR)
1	Abddul Mohsen Ibrahim Abdulaziz Al -Touq	50%	Saudi	3,000,000	30,000,000
2	Osama Mohammed Abdulaziz Alsabeg	50%	Saudi	3,000,000	30,000,000
Total		**100%**	____	**6,000,000**	**60,000,000**

Source: The partners resolution to covert the Company to a joint stock company

** The word (shareholder/shareholders) is used instead of the word (partner/partners) in joint stock companies.

The following table shows the current ownership structure of company shares before and after the Offering:

Table (12): the Company current structure of ownership before and after the Offering

Current shareholders	Before the Offering				After the Offering			
	Number of shares	Nominal value (SAR)	Direct ownership percentage	Indirect ownership percentage	Number of shares	Nominal value (SAR)	Direct ownership percentage	Indirect ownership percentage
Abdulmohsen Ibrahim Abdulaziz Altouq	3,000,000	30,000,000	50.0%	-	2,235,000	22,350,000	37.25%	-
Osama Mohammed Abdulaziz Alsabeg	3,000,000	30,000,000	50.0%	-	2,235,000	22,350,000	37.25%	-
Aldukheil Financial Group	-	-	-	-	30,000	300,000	0.5%	-
The Public	-	-	-	-	1,500,000	15,000,000	25.0%	-
Total	**6,000,000**	**60,000,000**	**100.0%**	**-**	**6,000,000**	**60,000,000**	**100.0%**	**-**

Source: Company Management

3.7 Major shareholders who own 5% or more of the Company's shares

The following table shows the names and ownership of the Company's major shareholders before and after the Offering:

Table (13): Major shareholders in the Company before and after the Offering

Shareholder	Before the Offering		After the Offering	
	Number of shares	percentage	Number of shares	percentage
Abdulmohsen Ibrahim Abdulaziz Al -Touq	3,000,000	50.0%	2,235,000	37.25%
Osama Mohammed Abdulaziz Alsabeg	3,000,000	50.0%	2,235,000	37.25%
Total	**6,000,000**	**100.0%**	**4,470,000**	**74.50%**

Source: Company Management

3.8 Company Activities

The purposes for which the Company was established as stated in its Articles of Association are as follows:

1- Consulting expertise activities in the management field.
2- Providing senior management consulting services.
3- Energy efficiency project management activities.
4- Administrative and support services.
5- Mediating on the employment of Saudi nationals
6- Online recruitment agencies.
7- Computer consulting expertise activities.
8- Construction.
9- Repair and maintenance of telecommunications and radar stations and towers
10- Electrical wiring.
11- Networking
12- Installation and extension of computer and communication networks.
13- Building maintenance services activities.
14- Installation, maintenance, and repair of solar energy networks.
15- Constructing, building, and repairing of telecommunications stations, towers, and radar.
16- Extension of communication wiring.

The Company operates in accordance with the applicable laws and after obtaining the necessary licenses from the competent authorities.

The Company exercises its activities via its headquarters in Riyadh, and it has recently obtained commercial registrations for its three all-in-Riyadh branches. Save as otherwise stated in the subsection (3.12), “**the subsidiary**”, the Company does neither exercise any activity outside the Kingdom, nor it has any assets or properties outside the Kingdom. The Company also has no new important products or activities until the date of this prospectus.

The Company exercises its activities under commercial registration no. (1010173733) issued on 19/11/1422H (corresponding to 02/02/2002G), and commercial registration no. (1010709300) issued on 22/09/1442H (corresponding to 04/05/2021G), commercial registration no. (101709469), issued on 22/09/1442H (corresponding to 04/05/2021G) and commercial registration no. (1010716467), issued on 24/09/1442H (corresponding to 06/05/2021G). As stated in its commercial registrations, the Company activities are as follows:

1- Repair and maintenance of telecommunications and radar stations and towers.
2- Constructing, building, and repairing of telecommunications and radar stations, towers.
3- Laying of Electrical wiring.
4- Laying of telecommunication wiring
5- Networking
6- Building maintenance services activities.
7- Installation and extension of computer and communication networks.
8- Mediating on the employment of Saudi nationals
9- Online recruitment agencies.

The Company has obtained all the regulatory licenses required for the current activities. All of these licenses are still in force until the date of this prospectus. (For more details, please refer to section (3.17) “**Government Approvals and Licenses.**”

The Company management acknowledges that there are no specific or written policies in relation to research and development.

3.9 Company Services

The Company provides technical and technological consulting services in the fields of telecommunications, information technology and human resources services required for these fields, management of construction projects, sales, and call centers. In particular, the Company provides the customer needs of personnel in the telecommunication and information technology fields in accordance with the following:

- **Direct Services:**

In this type of service, the Company receives client's requirements for a project and then it assesses the needs based on the expertise and knowledge of the Company's management team. Then, the Company agrees with the client on the planned talents for the project.

- **Managed Services:**

In these types of services, the Company provides qualified IT consultants to a specific ongoing project that a client has, and the Company manages and executes the project directly with the client's resources. The Company may also replace the talents with its own, if needed.

- **Permanent Services:**

This is an exceptional service provided by the Company when the customer needs additional talents to work with him on a permanent basis.

3.10 Company Revenues

The following is a distribution of the Company revenues in Saudi Riyals per the type of service provided by the Company, as on 31 December 2020G and 2021G:

Table (14): Details of the Company revenues in Saudi Riyals by type of service provided

Service	As on 31 December 2020G		As on 31 December 2021G	
	Revenues	Percentage from revenues	Revenues	Percentage from revenue
Direct services	175,005,521	37.4%	156,920,629	33.2%
Managed services	292,174,877	62.4%	315,790,117	66.7%
Permanent Services	986,005	0.2%	540,291	0.1%
Total	**468,166,403**	**100%**	**473,251,037**	**100%**

Source: Company Management

The Company provides its services to many sectors, the most important of which are the telecommunications sector, the banking sector, and the IT sector. It also provides its services to some other sectors. The following table shows the details of the Company revenues in Saudi Riyals per customers' sectors as on 31 December 2020G and 2021G.

Table (15): Details of company revenues in Saudi Riyals by customer sectors

Item	As on 31 December 2020G		As on 31 December 2021G	
	Revenue	Percentage from revenues	Revenue	Percentage of revenue
Telecommunications Sector	258,508,966	55.2%	245,226,532	51.8%
Banking sector	106,926,878	22.8%	128,393,000	27.1%
Information Technology Sector	68,135,349	14.6%	64,690,808	13.7%
Other Sectors*	34,595,210	7.4%	34,940,697	7.4%
Total	**468,166,403**	**100%**	**473,251,037**	**100%**

Source: Company Management

*Other customers' sectors include the public utilities sector, healthcare sector, government and semi-governmental enterprises sector, insurance sector, and contracting sector.

3.11 Major Customers

The following table shows the Company five major customers as on 31 December 2020G and 2021G. All of these customers are independent parties:

Table (16): List of the Company five major customers

number	As on 31 December 2020G			As on 31 December 2021G		
	Customer*	Revenues (SAR)	Percentage from total revenues	Customer*	Revenues (SAR)	Percentage from total revenues
1	Customer (a)	92,562,037	19.8%	Customer (a)	75,973,869	16.1%
2	Customer (b)	60,184,594	12,9%	Customer (c)	54,522,149	11. 5%
3	customer (c)	43,664,779	9,3%	Customer (b)	46,617,392	9.9%
4	customer (d)	28,593,670	6,1%	Customer (e)	39,328,594	8.3%
5	Customer (e)	26,050,896	5,6%	Customer (f)	20,227,316	4.3%
Total	**-**	**251,055,975**	**53,6%**	**-**	**236,669,320**	**50. 0%**

* Customers are referred to in different letters and every letter represents a specific customer.

3.12 The Subsidiary

The Company owns a subsidiary, namely SNS ALG, a limited liability company established under commercial registration no. (09712738B06), issued on 26/06/1427H (corresponding to 22/07/2006G) with a capital of one million (1,000,000) Algerian dinars (around twenty-five thousand and eight hundred and fifty (25,850) Saudi Riyals, divided into one thousand shares, with a value of 1,000 Algerian dinars per share (around twenty-five Saudi Riyals and eighty-five halalas (SAR25.85). The subsidiary was established in the Democratic Republic of Algeria and is headquartered in the capital city of Algiers.

SNS ALG is 99% owned by the Saudi Networkers Services and is 1% owned by Mr. Osama bin Mohammed bin Abdulaziz Alsabeg as shown in the table below:

Table (17): SNS ALG ownership structure

S	Shareholders	Ownership percentage	Number of shares	Value of shares (Algerian Dinars)
1	Saudi Networkers Services Company	99%	990	990,000
2	Osama bin Mohammed bin Abdulaziz Alsabeg	1%	10	10,000
Total		**100%**	**1,000**	**1,000,000**

Source: SNS ALG Articles of Association

Per the consolidated audited financial statements for the fiscal year which ended 31 December 2021G, the value of SNS ALG assets is (12,068,904) Saudi Riyals. The Company was licensed to take part in providing technical consultants on an individual basis to the telecommunication companies, oil and gas suppliers, information technology, operators, and subcontractors.

As stated in the commercial registration and Articles of Association, the Company activities are as follows:

1- Installation of electrical and telephone networks and centers.
2- Studies and consultations in automated notification.
3- Networking and data processing.
4- Engineering in the industrial and productive automated notification.
5- Planning, and facilitating the exploitation and monitoring of the use of electrical oscillations and radio communications.
6- Installation and repair of electrical and electronic equipment.
7- Studies in organization and market studies.

The Company is not materially dependent on its subsidiary, as the subsidiary revenues accounted only for (2.21%) of the Company's total revenues as on 31 December 2021G and accounted only for (2.93%) of the Company's total revenues as on 31 December 2020G. The following table shows the details of the revenues generated from the provision of services in the geographical area of the Kingdom of Saudi Arabia, as well as the revenues of the subsidiary:

Table (18): Revenue details by source

Revenues (SAR)	As on 31 December 2020G	As on 31 December 20211G
Revenues generated from the services provided inside the Kingdom of Saudi Arabia	454,440,777	462,792,369
Revenue generated by SNS ALG.	13,725,626	10,458,668
Total	**468,166,403**	**473,251,037**

Source: Consolidated audited financial statements for the fiscal year ended 31 December 2021G

3.13 Commercial Registrations

As of the date of this prospectus, the Company has a head office and three branches. Independent commercial registrations were obtained to exercise the activities. The details of commercial registrations are as follows:

Table (19): Commercial Registrations

Registration Type	Site	Commercial Registration No.	Activity	Date of Issue	Date of Expiry
Main registration	Riyadh	1010173733	• Repair and maintenance of telecommunications and radar stations and towers. • Construction and building of telecommunication and radar stations and towers. • Electrical wiring • Extension of communication wires • Networking • Building maintenance services activities	19/11/1422H (corresponding to 02/02/2002G)	17/11/1444H (corresponding to 06/06/2023G)
Subsidiary registration	Riyadh	1010709300	Repair and maintenance of telecommunications and radar stations and towers	22/09/1442H (corresponding to 04/05/2021G	22/09/1448H (corresponding to 01/03/2027G)
Subsidiary registration	Riyadh	1010709469	Extension of electrical wiring, networks extension, installation and extension of computer and communication networks	22/09/1442H (corresponding to 04/05/2021G	22/09/1448H (corresponding to 01/03/2027G)
Subsidiary registration	Riyadh	1010716467	Mediating for the employment of Saudi nationals and online recruitment agencies	24/09/1442H (corresponding to 06/05/2021G)	24/09/1448H (corresponding to 03/03/2027 pm)

Source: Company Management

It is worth mentioning that the branches are new branches, and therefore have not contributed to the Company revenues until the date of this prospectus.

3.14 Contracts with Related Parties

The Company acknowledges that there are no valid contracts or arrangements with related parties in regards the Company business at the time this prospectus has been submitted, and in which the board chairman, a board member, the Chief Executive Officer, or CFO has a substantial interest other than stated below. These contracts and arrangements neither in any way adversely affect the Company business and revenues, nor do they include any preferential terms or transactions.

As on 31 December 2021G, the short-term and end-of-service benefits for the senior management reached SAR (3,630,420), compared to SAR (3,715,027) on 31 December 2020G. These amounts are exclusively related to the Chief Executive Officer, and there are no portions of these amounts that are related to the board chairman, board members or the CFO.

3.15 Business Disruption

The Company confirms that there has been no disruption in its business that may affect or have significantly affected the Company financial position in the last twelve months.

3.16 Trademarks

The Company protected its intellectual property by registering its trademark with the Ministry of Commerce, under category (37). The trademark combines three Latin letters (SNS) written in black color with overlapping brackets in light green color as described below.

Table (20): Trademarks

Trademark	Owner name	registration number	Trademark category	Registration country	Start of protection date	End of protection date
sns®	Saudi Networkers Services Company	1442037441	37	Kingdom of Saudi Arabia	01/12/1442H (corresponding to 11/07/2021G)	29/11/1452H (corresponding to 21/04/2031G)

Source: Company Management

It is worth mentioning that the Saudi Networkers Services Company trademark has been officially registered only in the Kingdom of Saudi Arabia. The Company does not have any trademark other than the one mentioned above. In addition, the Company has not concluded any agreement authorizing the use of its aforementioned trademark by any third party whether inside or outside the Kingdom.

3.17 Government Approvals and Licenses

The following table shows the government approvals, licenses and certificates obtained by the Company and its branches:

Table (21): Government Approvals and Licenses

#	Issuer	License Number	Type of license	Date of issue	Date of expiry
1	Ministry of Municipal and Rural Affairs	40102432937	Municipal License	20/03/1433H (corresponding to 12/02/2012G)	20/03/1444H (corresponding to 16/10/2022G
2	Civil Defense (Safety)	100075001	Safety Certificate	06/11/1442H (corresponding to 16/06/2021G)	-
3	Chamber of Commerce and Industry - Riyadh	118970	Chamber of Commerce and Industry Membership Certificate	20/11/1422H (corresponding to 03/02/2002G)	17/11/1444H (corresponding to 06/06/2023G)
4	General Organization for Social Insurance- Riyadh	46099823	Social Insurance Certificate	08/10/1443H (corresponding to 09/05/2022G)	08/11/1443H (corresponding to 07/06/2022G)
5	Ministry of Human Resources and Social Development	20002203020479	Saudization Certificate	17/08/1443H (corresponding to 20/03/2022G)	21/11/1443H (corresponding to 20/06/2022G)
6	Ministry of Human Resources and Social Development	20012204005033	Wage protection system compliance certificate	26/09/1443H (corresponding to 27/04/2022G)	25/11/1443H (corresponding to 26/06/2022G)
7	Zakat, Tax and Customs Authority	3000553657	VAT registration certificate	16/05/1440H (corresponding to 22/01/2019G)	-
8	Saudi Contractors Authority	100006699	Authority membership certificate in accordance with the followed procedures	08/03/1432H (corresponding to 11/02/2011G)	22/02/1444 H (corresponding to 18/09/2022G)
9	QMS International	14133774	ISO Certificate (2015: 14001) (environmental management systems)	11/04/1438H (corresponding to 09/01/2017G)	15/06/1444H (corresponding to 08/01/2023G)
10	QMS International	GQS-21-0434	ISO Certificate (2015: 9001) (Quality management)	20/12/1442H (corresponding to 30/07/2021G)	23/01/1446H (corresponding to 29/07/2024G)
11	QMS International	14133775	Osas Certificate (18001) (Safety and Occupational Health Management System)	11/04/1438 H (corresponding to 09/01/2017G)	15/06/1444H (corresponding to 08/01/2023G)

Source: Company Management

3.18 Properties owned or leased by the Company

The Company entered into a number of lease contracts in its capacity as a lessee. Following is an overview of the lease contracts:

Table (22): List of properties leased by the Company

#	Lessor	Purpose	Use	Contract starting date	Contract duration	Total value (Saudi riyals)	Contract status
1	Oswa International Establishment	Lease of offices	Administrative offices	29/06/1443H (corresponding to 01/02/2022G)	One Gregorian year	75,000	Valid
2	Oswa International Establishment	Lease of offices	Administrative offices	19/06/1442H (corresponding to 01/02/2021G)	Two Gregorian years	320,000	Valid
3	Beit Al-Menhaj - a closed joint stock company	Lease of offices	Administrative offices	22/12/1442H (corresponding to 01/08/2021G)	(3) Three Gregorian years	147,000	Valid

Source: Company Management

3.19 Insurance Contracts

The Company signed several insurance contracts covering different types of insurance. These contracts are as follows:

Table (23): Insurance Contracts

First party (the insured)	Second party (insurer)	Type of insurance	Contract duration	Contract status
Saudi Networkers Services Company	Allianz Saudi Fransi Cooperative Insurance Company	Money insurance	20/10/2021G to 19/10/2022G	Valid
Saudi Networkers Services Company	Allianz Saudi Fransi Cooperative Insurance Company	Fire and related risks insurance	20/10/2021G to 19/10/2022G	Valid
Saudi Networkers Services Company	Allianz Saudi Fransi Cooperative Insurance Company	Fidelity guarantee insurance	20/10/2021G to 19/10/2022G	Valid
Saudi Networkers Services Company	Tawuniya	Technical damages insurance	01/05/2022G to 30/04/2023G	Valid
Saudi Networkers Services Company	Tawuniya	Medical insurance	01/01/2022G to 31/12/2022G	Valid

Source: Company Management

3.20 Employees and Saudization

As of May 09, 2022G, the Company employees who are working in its various departments reached (1,785) employees, including (467) Saudi employees and (1,318) non-Saudi employees, indicating a Saudization percentage of around 26.16%. The Company is currently classified in the "**high green**" Saudization Nitaqat threshold. The following table shows the Company number of employees, Saudization percentage and employees distribution to the Company departments during the years 2020G, 2021G, as on May 09, 2022G.

Table (24): Number of company employees

Statement	2020G		2021G		As on May 09, 2022G	
	Number	Number	Number	Percentage	Number	Percentage
Saudis	425	425	498	26.0%	467	26. 16%
Non-Saudis	1,583	1,583	1,430	74.0%	1,318	73. 84%
Total	**2,008**	**2,008**	**1,941**	**100%**	**1,785**	**100%**

Source: Company Management

Table (25): Company employees per department

Administration	2020 G			2021G			As on May 09, 2022G		
	Saudis	Non-Saudis	Total	Saudis	Non-Saudis	Total	Saudis	Non-Saudis	Total
CEO Office	-	1	1	-	1	1	-	1	1
Information Technology	-	4	4	-	4	4	-	4	4
Human Resources	10	14	24	11	14	25	11	14	25
Finance	1	17	18	1	15	16	1	17	18
Customer Accounts (a)	160	966	1,126	219	873	1,092	209	830	1,039
Customer Accounts (b)	254	576	830	267	531	798	246	447	693
Recruitment	-	5	5	-	5	5	-	5	5
Total	**425**	**1,583**	**2,008**	**498**	**1,430**	**1,941**	**467**	**1,318**	**1,785**

Source: Company Management

Save as mentioned in the subsection (3.12), "**The subsidiary**" in this prospectus, the Company has neither a commercial activity nor does it have any assets outside the Kingdom. The Company has no specific or written policies in respect of research and development of new products.

The board members acknowledge that there has been no disruption in the Company business that may affect or could have a material impact on the financial position of the Company during the last twelve (12) months from the date of this prospectus save as mentioned in risks (2.1.25), "**Risks related to the Corona virus pandemic (Covid-19) in section (2) "Risk Factors**" of this prospectus.

The board members further acknowledge that there is no intention to make a substantial change in the nature of company business.

4. Ownership structure and organizational structure

4.1 Ownership Structure of the Company before and after the Offering

The Company current capital is sixty million (60,000,000) Saudi Riyals, divided into six million (6,000,000) fully paid ordinary shares with a nominal value of ten (10) Saudi Riyals per share. The following table shows the structure of shares ownership before and after the Offering:

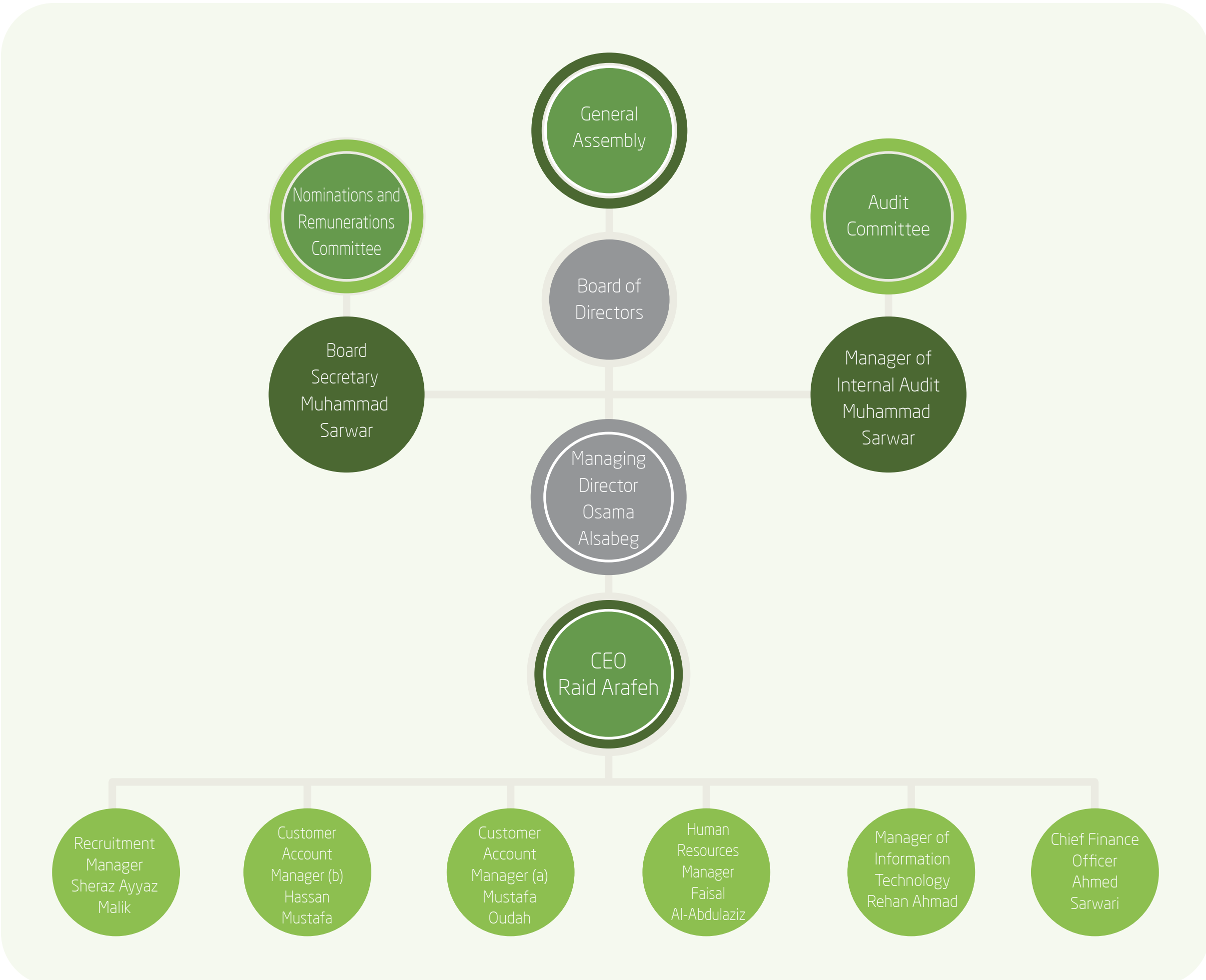
Table (26): Current company structure before and after the Offering

Current Shareholders	Before the Offering				After the Offering			
	No. of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect Ownership percentage	No. of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect ownership percentage
Abdulmohsen Ibrahim Abdulaziz Altouq	3,000,000	30,000,000	50.00%	-	2,235,000	22,350,000	37.25%	-
Osama Mohammed Abdulaziz Alsabeg	3,000,000	30,000,000	50.00%	-	2,235,000	22,350,000	37.25%	-
Al-Dhukheil Financial Group	-	-	-	-	30,000	300,000	0.50%	-
The Public	-	-	-	-	1,500,000	15,000,000	25.00%	-
Total	**6,000,000**	**60,000,000**	**100.00%**	**-**	**6,000,000**	**60,000,000**	**100.00%**	**-**

Source: company management

4.2 Organization Structure

The figure below shows the Company organizational structure:



4.3 Board Members and Secretary

The Company is managed by a Board of Directors composed of six (6) members elected by the General Assembly of Shareholders for a period not to exceed five (5) years. The board members were appointed by the Ordinary General Assembly held on 08/03/1443H (corresponding to 14/10/2021G), for a five-year term.

Table (27): Company Board Members and Secretary

Name	Post	Nationality	Age	Type of membership	Independence	Direct ownership percentage		Indirect ownership percentage		Date of membership
						Before the Offering	After the Offering	Before the Offering	After the Offering	
Abdulmohsen Ibrahim Abdulaziz Altouq	Chairman	Saudi	47	Non-executive	Non-independent	50.00%	37.25%	-	-	14/10/2021G
Osama Mohammed Abdulaziz Alsabeg	Vice Chairman and Managing Director	Saudi	48	Executive	Non-independent	50.00%	37.25%	-	-	14/10/2021G
Alwaleed Abdulrazzaq Saleh Aldereyaan	Member	Saudi	62	Non-executive	Independent	-	-	-	-	14/10/2021G
Asher Noor Nisar Akhtar	Member	Pakistani	45	Non-executive	Non-independent	-	-	-	-	14/10/2021G
Adel Moahammed Ali Ali Mallawi	Member	Saudi	52	Non-executive	Non-independent	-	-	-	-	
Abdullah Saghaier Mohammed AlShehri	Member	Saudi	55	Non-executive	Independent	-	-	-	-	14/10/2021G
Board Secretary										
Muhammad Imran Malik Ghulam Sarwar	Board Secretary	Pakistani	44	Executive	Non-independent	-	-	-	-	02/11/2021G

Source: Company Management

* The conversional general assembly held on 08/03/1443H, (corresponding to 14/10/2021G) approved the election of the above-mentioned board members for five years term as from the assembly date.

** As on 26/03/1443H (corresponding to 01/11/2021G), the board of directors decided to appoint Mr. Osama Alsabeg as the vice chairman of the board and the managing director. On 27/03/1443H (corresponding to 02/11/2021G), the board decided to appoint Mr. Muhammad Imran Malik Ghulam as the board secretary for the current term of the board that will continue for five (5) years as from the board appointment date.

*** The corporate governance regulations issued by the Capital Market Authority has been relied on in determining the independence conditions for the board members. These conditions include the following:

- The member should be an owner or have interest of five percent or more in the Company shares or the shares of another company in its group or he is a relative to the party who owns such percentage.
- The member should work or have worked as an employee of the Company in the past two years.

The following is a summary of the responsibilities of the board chairman, other members, and the secretary:

Chairman responsibilities

- Ensuring the clarity of board 's functions, its scope of work and the basis for the distribution of roles among members.
- Ensuring clarity of the board's action plan and the integrity of prioritizing the topics presented to the board in its meetings.
- Ensuring that the board fulfills its duties in respect of achieving the Company mission and strategic objectives.
- Leading the board in selecting the chief executive officer mandated with managing the Company responsibility.
- Supporting the board committees via providing administrative directions and evaluating performance.
- Conducting voting on the appointment of senior management and executives officers.
- Evaluating the performance of board members.

Board members responsibilities

- Approving the Company tasks and vision.
- Contributing to the development of the Company general trends and its future strategic plans.
- Supervising board committees and verifying the implementation of the Company's policies and achieving its objectives efficiently.
- Approving of the appointment of the CEO, senior management members and executive officers.
- Documenting discussions and decisions issued by the board through the minutes of meeting signed by the members.
- Including any transactions with the related parties in the agenda of the board and the general assemblies for approval.
- Approving of the annual budget of the Company.

Secretary responsibilities

- Signing the board minutes and decisions together with the board chairman and members.
- Together with the board chairman, signing the special record in which the board minutes are documented.
- Providing board members with the board's agenda, worksheets and the documents and information related to the topics included in the meeting schedule.
- Coordinating between board members.

The following is an overview of the current board members and secretary

Table (28): Biography of Abdulmohsen Ibrahim Abdulaziz Altouq

Name	Abdulmohsen Ibrahim Abdulaziz Al -Touq
Nationality	Saudi
Age	47 years old
Post	Chairman
Education	Bachelor of Business Administration, with specialty in Finance - King Saud University, Riyadh, Saudi Arabia, 1995G.
Experiences	• Board chairman of Dar Al-Tamlik Company since 2019G to date. • Vice board chairman, Arab National Bank since 2017G to date. • Board chairman, Steel Products Company (STEPCO) since 2014G to date. • CEO, Al-Touq Group since 2013G to date. • Board Chairman, Al-Touq Company Ltd. since 2013G to date.

Table (29): Biography of Osama Mohammed Abdulaziz Alsabeg

Name	Osama Mohammed Abdulaziz Alsabeg
Nationality	Saudi
Age	48 years old
Post	Vice Chairman and Managing Director
Education	Bachelor of Science in Electrical Engineering - King Fahd University of Petroleum and Minerals, Dhahran, Kingdom of Saudi Arabia, 1995G.
Experiences	• Vice Chairman and Managing Director of Saudi Networkers Company since 2021G to date. • Member of the Board of Directors of the National Finance Company and the member of the Executive Committee since 2020G to date. • Member of the National Committee for the Financial Sector and Insurance in the Council of Saudi Chambers since 2020G to date. • Vice Chairman of the Contractors Committee in Riyadh Chamber of Commerce since 2020G to date. • Board member of Bayader Al Aryaf Telecommunication Systems in the Kingdom of Saudi Arabia since 2006G to date. • Owner of SNS ALG in Algeria since 2006G to date. • CEO of Saudi Telecommunications Devices Company in the Kingdom of Saudi Arabia since 1998G to date. • Chief Engineer at Noor Consult Telematics from 1998G to 2001G. • Radio Frequency Team Leader in the Central and Eastern Provinces (Global System for Mobile Communications System Division) at Lucent Technologies from 1995G to 1998G.

Table (30): Biography of Alwaleed Abdulrazzaq Saleh Aldereyaan

Name	Alwaleed Abdulrazzaq Saleh Aldereyaan
Nationality	Saudi
Age	62 years old
Post	Board member
Education	• Bachelor of Electronic Engineering, University of Wisconsin, USA, 1982G. • Master of Electronic Engineering - University of Wisconsin, USA, 1984G.
Experiences	• Managing Director and CEO, Gulf Training and Education Company, Riyadh, Kingdom of Saudi Arabia. from 1993G to date. • Board Member of Medical Care Company, Riyadh, Kingdom of Saudi Arabia, since 2000G to date. • Managing Director, the Express Line, Dubai, United Arab Emirates since 2004G to date. • Board Member, Gulf Training and Technology Company, Cairo - Arab Republic of Egypt, since 2003G to date. • Board Member, New Horizons Computer Training Company, USA, since 2005G to date. • Board Chairman, Online Academy for Trade, Dubai, United Arab Emirates, since 2005G to date. • Board Chairman, Franklin Coffey Management Development Company, Dubai, United Arab Emirates, since 2006G to date. • Board Chairman of Linguaphone (Direct English), London – United Kingdom, since 2011G to date. • Board Chairman, Allianz Saudi Insurance Company since 2019G to date. • Board Member, Al-Malaz Holding Company, since 2014G to date. • Board Member, Arab Cement Company, since 2015G to the date. • General Manager, Research and Development Center of the National Information Center, from 1984G to 1991G. • General Manager, Gulf Computer Company, from 1991G to 1992G.

Table (31): Biography of Asher Noor Nisar Akhtar

Name	Asher Noor Nisar Akhtar
Nationality	Pakistani
Age	45 years old
Post	Board Member.
Education	• Bachelor of Commerce, University of Karachi, Karachi, Islamic Republic of Pakistan, 1996G. • Certified Public Accountant - Institute of Certified Public Accountants of Pakistan, Karachi, Islamic Republic of Pakistan, 2001G.
Experiences	• Board Chairman, Ajeej Capital, since 2012G to date. • Manger in 360 Fuse Company since 2020G to date. • Senior Investment Officer, Al-Touq Company, Ltd. since 2009G to date. • Chief Finance Officer, Morgan Stanley Saudi Arabia, from 2008G to 2009G. • Senior Manager, Saudi Fransi Bank, from 2002G to 2008G.

Table (32): Biography of Abdullah Saghir Mohammed Al-Husseini Al-Shehri

Name	Abdullah Saghir Mohammed Al-Husseini Al-Shehri
Nationality	Saudi
Age	55 years old
Post	Board Member
Education	• Bachelor of Accounting, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, 1990G • Master of Science in Accounting - King Saud University, Riyadh - Kingdom of Saudi Arabia, 1997G. • Ph.D. in Financial Accounting and Audit - University of Kent, Canterbury, United Kingdom – 2005G
Experiences	• Board Member, of Allianz Saudi Fransi Cooperative Insurance Company, since 2016G to date. • Board Member, Gulf Training and Education Company, since 2021G to date. • Board Member, Al-Babtain Energy and Telecommunications Company, since 2021G to date. • Board Member, Deutsche Gulf Finance Company, from 2017G to 2020G. • Professor of Financial Accounting and Auditing, Prince Sultan National University, since 2010G to date.

Table (33): Biography of Adel Moahammed Ali Ali Mallawi

Name	Adel Moahammed Ali Ali Mallawi
Nationality	Saudi
Age	52 years old
Post	Board member.
Education	• Bachelor of Chemistry - King Saud University, Riyadh, Kingdom of Saudi Arabia, 1993G. • Diploma in Board Membership from the GCC Board of Directors Institute, 2021G. • Certificate of Board Membership from the GCC Board of Directors Institute, 2020G. • Certificate of the High Performance of the Boards of Directors from the International Institute for Administrative Development (IMD), Republic of Switzerland, 2019G. • Certificate of Strategic Management in Banks Business from Insead Institute of Graduate Studies in the Republic of France, 2015G.
Experiences	• Member, Audit Committee, Saudi Fransi Capital since 2017G to date. • Member, Executive Committee, Saudi Fransi Capital since 2017G to date. • Executive President for Investment, Saudi Fransi Bank, since 2019G to date. • Member, Investment Committee of Allianz Saudi Fransi Cooperative Insurance Company since 2019G to date. • Member, Risk Committee, Allianz Saudi Fransi Cooperative Insurance Company since 2019G to date. • Board member, Allianz Saudi Fransi Cooperative Insurance Company from 2017G to 2019G. • Member, Executive Committee of Allianz Saudi Fransi Cooperative Insurance Company from 2017G to 2019G. • CFO, Saudi Fransi Bank from 2017G to 2019G. • President of Global Markets Group, Saudi Fransi Bank from 2011G to 2017G. • Chief of Money Market and Finance, Saudi Fransi Bank from 2004G to 2011G. • Capital market and its Derivatives Trader, Saudi Fransi Bank from 1994G to 2004G.

Table (34): Biography of Muhammad Imran Malik Ghulam Sarwar

Name	Muhammad Imran Malik Ghulam Sarwar
Nationality	Pakistani
Age	44 years old
Post	Board Secretary and Manager of Internal Audit
Education	• Fellow of the Association of Chartered Certified Accountants (FCCA) – Association of British Chartered Accountants, Glasgow, UK, 2003G. • Certified Financial Accountant (ACCA) Certificate - Association of British Chartered Accountants, Glasgow, UK, 2003G.
Experiences	• Secretary of the Board of Directors of Bayader Al-Aryaf Telecommunications Systems in the Kingdom of Saudi Arabia since 2019G to date. • General Manager of Finance, MTN Group from 2008G to 2018G. • Assistant Manager, Ernest & Young from 2007G to 2008G. • Senior Accountant, Ooredoo Group from 2005G to 2006G.

4.4 Board Committees

The Company in its policy adopts advanced criteria in corporate governance, including the segregation of the responsibilities and functions of the board of directors, executive management and the policies that ensure that the Company board of directors works to achieve the interests of shareholders. Although the Corporate Governance Regulations is a guide and not mandatory for the Company until present, the Company will work to comply gradually in the coming period with all the provisions stated in the Corporate Governance Regulations issued by the Capital Market Authority. The Company has also prepared its own governance system that conforms with the Corporate Governance Regulations issued by the Capital Market Authority in order to ensure that the Company complies with all the provisions of this Regulations.

4.4.1 Audit Committee

The functions and responsibilities of the Audit Committee are summarized as follows:

1- Supervising the internal audit department of Saudi Networkers Services, to verify its efficiency in carrying out the work and tasks determined by the board of directors.
2- Studying the internal control system and developing a written report on its opinion and recommendations in that regard.
3- Studying the internal audit reports and following up the implementation of the corrective actions of the remarks stated in the reports.
4- Submitting recommendations to the Board of Directors with respect to the appointment of certified accountants after ensuring their independence, their dismissal and determining their fees.
5- Following-up the work of certified accountants and approving any work outside the scope of the audit work assigned to them in the course of the audit work performed by them.
6- Studying the audit plan with the certified accountant and making appertaining remarks.
7- Studying the remarks of the certified accountant on the financial statements and following up appertaining actions thereon.
8- Studying the interim and annual financial statements before submitting them to the board of directors and expressing opinion and making recommendation thereon.
9- Studying the applicable accounting policies and expressing opinion and making recommendation thereon to the board of directors.

The following table shows the members of the Audit Committee:

Table (35): Audit Committee Members

Name	Capacity
Adel Moahammed Ali Ali Mallawi	Chairman of the Audit Committee
Osama Ahmad Ishaq bin Saleh	Member
Asher Noor Nisar Akhtar	Member

Source: Company Management

The biographies of Adel Mallawi and Asher Noor are stated in page (34) and (35) as part of the biographies of board members. The biography of Osama Saleh is as follows:

Table (36): Osama Ahmed Isaac Bin Saleh Biography

Name	Osama Ahmad Ishaq bin Saleh
Nationality	Saudi
Age	51 years old
Post	Audit Committee Member
Education	• Bachelor of Computer Science - King Saud University, Riyadh, Kingdom of Saudi Arabia, 1995G.
Experiences	• Chief Executive Officer, Al-Faris International Group since 2004G until the date of this prospectus. • Chairman of the Banking Committee in the International Chamber of Commerce since 2012G until the date of this prospectus • Vice President of Cash and Trade Finance in the Corporate Banking Sector, Arab National Bank from 2012G to 2014G. • Assistant General Manager - Head of Corporate Banking Solutions, Arab National Bank from 2006G to 2012G. • Manager of Corporate Electronic Services – Electronic Business Department, Banque Saudi Fransi, from 2003G to 2006G. • Head of Internal Network Services Unit (e-SIS), Samba Financial Group from 1996G to 2003G.

4.4.2 Nominations and Remunerations Committee

The functions and responsibilities of the Nominations and Remunerations Committee include the following:

a- Making recommendation to the Board of Directors with respect to the board membership nomination, in accordance with the approved policies and criteria, taking into account that any person convicted of a crime affecting dignity and honesty should not be nominated.

b- Reviewing annually the appropriate skills requirements needed for board membership and preparing a description of the capabilities and qualifications required for board membership, including determining the time a member needs to dedicate to the board work.

c- Reviewing the board structure and making recommendations on the changes that can be made.

d- Identifying weaknesses and strengths of the board and proposing addressing them in accordance with the Company interest.

e- Annually ensuring the independence of independent members and that there is no conflict of interest if the member is a member of the board of another company.

f- Developing clear policies for the compensations and remunerations of board members and senior executives, taking into account the use of performance-related criteria upon the development of such policies.

Table (37): The Nominations and Remunerations Committee Members

Name	Capacity
Al-Walid Abdulrazzaq Saleh Al- Deraiaan	Chairman
Osama Mohammed Abdulaziz Alsabeg	Member
Abdullah Saghir Mohammed Al-Husseini Al-Shehri	Member

Source: Company Management

The biographies of members of the Nominations and Remunerations Committee are stated in pages (34) as part of the biographies of board members.

4.5 Senior Management

Table (38): Company Senior Management

S	Name	Nationality	Age	Post	Appoint-ment date	Direct ownership		Indirect ownership	
						Before the Offering	After the Offering	Before the Offering	After the Offering
1	Osama Mohammed Abdulaziz Alsabeg	Saudi	48	Vice Chairman and Managing Director	01/11/2021	50.0%	37.25%	-	-
2	Raid Abdulaziz Arafeh	British	53	CEO	01/02/2005	-	-	-	-
3	Ahmed Sarwari	Indian	40	CFO	21/09/2011	-	-	-	-
4	Rehan Ahmed Bashir Ahmed	Pakistani	40	It Manager	01/09/2009	-	-	-	-
5	Faisal Salem Taweel Alabdulaziz	Saudi	39	Human Resources Manager	16/11/2021	-	-	-	-
6	Mustafa Oudah	Jordanian	58	Customers' Accounts Manager (a)	01/02/2006	-	-	-	-
7	Hassan Mustafa	Jordanian	52	Customers' Accounts Manager (2)	05/05/2015	-	-	-	-
8	Sheraz Ayyaz Malik	Pakistani	40	Recruitment Manager	01/11/2008	-	-	-	-
9	Muhammad Imran Malik Ghulam Sarwar	Pakistani	44	Internal Audit Manager	02/11/2021	-	-	-	-

Source: Company Management

The biography of Mr. Osama Alsabeg is stated in page (34) and the biography of Mr. Muhammad Imran Malik Ghulam Sarwar is stated in page no. (35) of this prospectus. Following is an overview of the senior management members:

Table (39): Biography of Raid Abdulaziz Arafeh

Name	Raid Abdulaziz Arafeh
Nationality	British
Age	53 years old.
Post	CEO
Education	• Bachelor of Electrical and Electronic Engineering, Coventry University, UK, 1992G.
Experiences	• CEO of Saudi Networkers Services Company, since 2005G until the date of this prospectus • Manager of MSE Company Branch in the Kingdom of Saudi Arabia from 2000G to 2005G.

Table (40): Biography of Faisal Salem Taweel Al-Abdulaziz

Name	Faisal Salem Taweel Alabdulaziz
Nationality	Saudi.
Age	39 years old.
Post	Human Resources Manager
Education	• Bachelor of Human Resources - King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, 2018G.
Experiences	• Executive Advisor for Human Resources and Joint Services, National Privatization Center from 2018G to 2019G. • Head of Human Resources Operations, the Real Estate Development Fund - Riyadh from 2018G to 2019G. • Head of Human Resources Operations, Al-Nahdi Medical Company, Jeddah from 2015G to 2018G. • Manager of Human Resources Division, Acwa Holding- Riyadh from 2013G to 2015G. • Senior Manager of Talent and Salary Services, Saudi Telecommunications Call Centers Company Riyadh from 2011G to 2013G. • Assistant General Manager of Human Resources, Saudi Hollandi Bank - Riyadh from 2009G to 2011G. • Senior Supervisor of Human Resources and Compliance, Samba Financial Group - Riyadh from 2003G to 2009G.

Table (41): Biography of Ahmed Sayed Sarwari

Name	Ahmed Sayed Sarwari
Nationality	Indian
Age	40 years.
Post	CFO
Education	• Bachelor of Commerce -SRT University, Nandi City, State of Maharashtra, India, 2002G.
Experiences	• CFO, Saudi Networkers Services since 2014G until the date of this prospectus. • Financial Comptroller, Saudi Telecommunications Devices Company from September 2011G to June 2014G. • Senior Assistant Manager, Ernst & Young, Riyadh from 2010G Until 2011G. • Senior Audit Assistant (partner), Hondiwala and Partners Certified Accountants, India from 2009G to 2010G. • Assistant Senior Manager, Branch Operations, Citibank-India from 2007G to 2009G.

Table (42): Biography of Rehan Ahmed Bashir Ahmed

Name	Rehan Ahmed Bashir Ahmed
Nationality	Pakistani
Age	40 years.
Post	Information Technology Manager.
Education	• Bachelor of Business Administration - Newport Institute of Communications and Economics, Karachi - Islamic Republic of Pakistan, 2004G.
Experiences	• Information Technology Manager, Saudi Networkers Services Company, since 2009G until the date of this prospectus. • System Officer, Television Media Networks (News Express) from 2007G to 2009G. • System Officer, Ministry of Municipal, Rural and Housing Affairs in Riyadh from 2005G to 2007G. • Corporate Officer, Nexlinx ISP, Islamic Republic of Pakistan from 2003G to 2004G.

Table (43): Biography of Mustafa Oudah Mustafa Oudah

Name	Mustafa Oudah Mustafa Oudah
Nationality	Jordanian
Age	58 years
Post	Customers' Accounts Manager (a)
Education	• Bachelor of Electrical Engineering, College of Engineering and Technology, University of Jordan, Amman, 1987G
Experiences	• Customers Accounts Manager (a), Saudi Networkers Services, since 2006G until the date of this prospectus. • General Manager, Sharaeh Al Taqnia Establishment from 2003G to 2006G. • Business Development Manager, Al Basheer Trading Establishment – General Contracting from 1994G to 2003G, • Electronic Engineer, Bassam Trading Establishment – Biomedical Equipment from 1989G to 1994G.

Table (44): Biography of Hasan Tahseen Hassan Mustafa

Name	Hasan Tahseen Hassan Mustafa
Nationality	Jordanian
Age	51 years
Post	Customers' Accounts Manager (b)
Education	• High Diploma in Computers and Digital Systems – Al-Balqa Applied University - Amman, Jordan, 1989G
Experiences	• Customers' Accounts Manager (b), Saudi Networkers Services Ltd., since 2014G until the date of this prospectus. • Sales Manager, Central Province, Hardware Solutions Builders – Hasoub, from 2012G to 2013G. • Sales Manager, CISCO Systems from 2010G to 2012G. • Sales Manager, Getronics Saudi Arabia Ltd, from 2002G 2010G, • Senior Sales Representative, Jordan Data Systems from 1996G to 2002G. • Supervisor, Maintenance Division, Technical Systems Company, 1990G to 1996G.

Table (45): Biography of Sheraz Ayyaz Mahmoud Malik

Name	Sheraz Ayyaz Mahmoud Malik
Nationality	Pakistani
Age	40 years
Post	Recruitment Manager
Education	• Bachelor of Business Administration, University of Pakistan, Islamic Republic of Pakistan, 2001G.
Experiences	• Recruitment Manager, Saudi Networkers Services since 2008G until the date of this prospectus. • Head of Operations, Employment Business Group, United Kingdom, from 2005G to 2008G. • Assistant Manager, Unilever Company, Islamic Republic of Pakistan, from 2003G to 2005G. • Administrative Trainee, Imperial Chemical Industries Company, Islamic Republic of Pakistan from 2001G to 2002G.

It is worth mentioning that the Company has no agreement signed with the above-mentioned senior management members, board members or any of the Company shareholders that prohibits any of them from engaging in any business that would compete with the current activity of the Company. In the event any of them is engaged in a competing business, then they have to obtain the approval of the General Assembly.

5. Dividends Policy

The Shares grant their holders the right to receive the dividends declared by the Company. According to the Company's Articles of Association, any decision to distribute cash dividends must be issued by the ordinary general assembly based on a recommendation from the Board of Directors, which takes into account upon issuing this recommendation the various factors prevailing at the time, including the Company's profits, the financial conditions, and the restrictions that the process of distributing profits is subject to in accordance with financing and debt agreements, the results of the Company's activities, the Company's cash needs now and in the future, and the expansion plans and investment requirements of the Company.

The Company does not provide any guarantees that it will distribute dividends for any year, nor does it guarantee the value of those dividends that can be distributed in any specific year. The profit distribution process is subject to certain restrictions in accordance with the Company's Articles of Association. Article (48) forty-eighth of the Company's Articles of Association stipulates that net annual profits shall be distributed after deducting all other expenses and costs as follows:

a- Ten percent (10%) of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may discontinue this deduction when the said reserve reaches (30%) thirty percent of The Company's capital.

b- The Ordinary General Assembly may, based on a proposal by the Board of Directors, set aside a maximum of 20% of the net profits to form a consensual reserve and allocate it for a specific purpose or purposes.

c- The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits to the shareholders to the extent possible. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the Company's employees or to assist the existing such institutions.

d- The remainder is then distributed to the shareholders as an additional share in the profits.

e- Subject to the provisions stipulated in Article (20) of the Company's Articles of Association and Article (76) of the Companies Law, after the above, a percentage not exceeding (10%) ten percent of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement to such remuneration is commensurate with the number of sessions the member attends.

The table below shows the dividends distribution during the years 2019, 2020G and 2021G:

Table (46): Dividends for the years 2019, 2020 and 2021

Description	2019G	2020G	2021G
Total comprehensive income for the year	31,290,014	37,656,218	26,033,158
Dividends declared during the year	25,925,000	31,087,607	19,099,999
Dividends paid during the year	25,925,000	31,749,188*	19,987,606**
Ratio of declared dividends to net income	82.85%	82.56%	73.37%

Source: The Company's audited consolidated financial statements for the fiscal year ending on December 31, 2020, and December 31, 2021.

- With reference to the partners' decision No. 19/1, the Company announced the distribution of profits resulting from its activities in the amount of (25,925,000) Saudi riyals for the fiscal year ending on December 31, 2019G from the balance of retained earnings.
- With reference to the partners' decision No. 20/1, the Company announced the distribution of profits resulting from its activities in the amount of (31,087,607) Saudi riyals for the fiscal year ending on December 31, 2020G from the balance of retained earnings.
- With reference to the partners' decision No. 21/1, the Company announced the distribution of profits resulting from its activities in the amount of (19,099,999) Saudi riyals for the fiscal year ending on December 31, 2021G from the balance of retained earnings.

* The Company distributed an amount of (31,749,188) Saudi riyals during the year 2020G, which exceeds the amount of dividends declared during the year by (661,581) Saudi riyals, in order to settle part of the declared and unpaid dividends amounts (credit dividends) related to the year 2018G, which was announced under Partners Decision No. 18/1 in the amount of (22,381,000) Saudi riyals, of which the Company paid an amount of (20,831,812) Saudi riyals, leading to accumulation of a balance of (1,549,188) Saudi riyals as a credit dividends. The amounts of credit dividends were paid in cash.

** The Company distributed an amount of (19,987,606) Saudi riyals during the year 2021G, which exceeds the amount of dividends declared during the year by (887,607) Saudi riyals, in order to fully settle the remaining balance of the announced and unpaid dividends related to the year 2018G, which was announced pursuant to Partners Resolution No. 18/1 for an amount of (22,381,000) Saudi riyals. The amounts of credit dividends were paid in cash

6. Use of the Offering Proceeds

The total Offering Proceeds are expected to amount •••• million Sudi riyals, of which approximately (SAR 2,000,000) two million Saudi riyals will be paid as Offering expenses, which include the fees of the Financial Advisor, Lead Manager, and Auditor, as well as the expenses of opening an Escrow Account, marketing and printing costs, and other Offering expenses and costs.

The net Offering Proceeds, estimated at about •••• million Saudi riyals, will be distributed to the Selling Shareholders, each according to his ownership percentage in the Company's capital. The Company will not receive any amount of the net Offering Proceeds.

7. Directors Declarations

The members of the Company's Board of Directors declare that:

- There was no interruption in the Issuer's or the Subsidiary business that could affect or have had a noticeable impact on its financial condition during the past (12) months.
- Other than what was stated in Section (8) "**Offering Expenses**" of this Prospectus, no commissions, discounts, brokerage fees or any non-cash compensation were granted by the Issuer or its Subsidiary during the year immediately preceding the date of the application for registration and offering of shares in connection with the issuance or offering of any shares.
- There was no major negative change in the financial and commercial position of the Issuer or its Subsidiary during the year immediately preceding the date of submitting the registration application and offering the shares.
- Other than what is stated in Section No. (3.4) "**Members of the Board of Directors and Board Secretary**" of this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Issuer or its Subsidiary.
- None of the Directors is involved in business that competes with the Company or its Subsidiary.
- The Company is compliant with all provisions of the Companies Law up to the date of this Prospectus.
- Other than what is stated in Section No. (2.1.25) "**Risks Related to Lawsuits and Fines**" of this Prospectus, the Company is not subject to any lawsuits or legal procedures.
- There is no authority that gives a member of the Board of Directors or the CEO the right to vote on remunerations granted to them.
- There is no authority that permits members of the Board of Directors or senior executives the right to borrow from the Issuer.
- Except for what is mentioned in Section No. (2) "**Risk Factors**" of this Prospectus, the members of the Board of Directors are not aware of any other fundamental risks that may affect the decision of prospective investors to invest in the Company's shares.
- As on the date of this Prospectus, members of the Board of Directors are not subject to any lawsuits or legal procedures that may materially affect the Company's business or its financial position.
- The Company has obtained all the basic licenses and approvals required to conduct its business.
- The Company has obtained all necessary approvals to list its shares in the Parallel Market.
- There are no other facts that could affect the application for registration of securities that were not included in this Prospectus.
- The Company has obtained approval of the General Assembly on all transactions with related parties, and other than what was mentioned in Section (14.3) "**Transactions with Related Parties**" of this Prospectus, the Company declares that it does not have any valid contracts or arrangements upon submitting this Prospectus that would be of interest to the Chairman of the Board, a member of the Board of Directors, the CEO, CFO, or other related parties.
- None of the members of the Company's Board of Directors or its executive management or the Board Secretary has never been declared bankrupt, and they have never been subject to any bankruptcy procedures until the date of this Prospectus.

8. Offering Expenses

The Selling Shareholders will bear all costs related to the Offering, which amount to about (SAR 2,000,000) two million Saudi riyals to be paid in cash, in addition to allocating (30,000) thirty thousand ordinary shares at the Offering Price from the Selling Shareholders' shares to the Financial Advisor, other than the offering shares. These shares will become due to the Financial Advisor upon listing, as they will be allocated to it by the Selling Shareholders, each according to his ownership percentage in the Company's capital. The shares granted to the Financial Advisor will be subject to a restriction (Lock-up) period of (12) twelve months from the date of listing. All of cash costs will be deducted from the total subscription proceeds amounting to (••) Saudi riyals.

The Offering Expenses include the fees of the Financial Advisor, Lead Manager, and Auditor, as well as the expenses relating to opening an Escrow Account, marketing and printing, and other Offering expenses.

The Company will not bear any of the expenses related to the Offering as they all will be deducted from the total Offering Proceeds. The Selling Shareholders will pay all the offering expenses incurred by the Company on their behalf once the Offering process is completed.

9. Information relating to the Shares and Offering Terms and Conditions

The Company applied to the Capital Market Authority to register and offer the Shares in the Parallel Market in accordance with the requirements of the Rules on the Offer of Securities and Continued Obligations issued by the Capital Market Authority. All required documents were submitted to the relevant authorities and all requirements were met. This Prospectus has been approved, and all necessary official approvals have been obtained for the process of Offering the Shares in the Parallel Market.

All Qualified Investors wishing to participate in this Offering must read the Offering terms and conditions very carefully before filing the Subscription Application Form. Submission of the Subscription Application to the Lead Manager constitutes an acknowledgment of acceptance and approval of the mentioned terms and conditions of the Offering.

9.1 The Subscription

(1,500,000) one million five hundred thousand ordinary shares at a nominal value of ten (10) Saudi riyals per share, representing 25.0% of the Company's capital, will be offered for subscription in the Parallel Market at a price (••) •••• Saudi riyal per share, with a total value of (SAR ••) •••••• Saudi riyals. The Offering is limited to the following categories of Qualified Investors:

1- Capital Market Institutions acting for their own account.
2- Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.
3- The Government of the Kingdom, any government body, any supranational authority recognised by the Authority or the Exchange, and any other stock exchange recognised by the Authority or the Securities Depository Center.
4- Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorised to carry out managing activities.
5- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6- Investment Funds.
7- Non-resident foreigners permitted to invest in the parallel market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market.
8- Qualified foreign financial institutions.
9- Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depositary Center.
10- Natural persons allowed to open an investment account in the Kingdom and an account at the Depositary Center, and fulfil any of the following criteria:
    a- Has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.
    b- His net assets is not less than 5 million Saudi Riyals.
    c- works or has worked for at least three years in the financial sector.
    d- Holds the General Securities Qualification Certificate which is recognised by the Authority.
    e- holds a professional certificate that is related to securities business and accredited by an internationally recognised entity.
11- Any other persons prescribed by the Authority.

9.2 How to Apply for Subscription to Shares

The subscription will be available to the Qualified Investors electronically through their investment account with the Lead Manager during the Offering Period. The Subscriber must fulfill the subscription requirements in accordance with the subscription instructions set out in the Subscription Application Form and in this Prospectus. The Subscriber must agree to all terms and conditions and complete all relevant sections of the Subscription Application. The Company and the Lead Manager reserve the right to reject any subscription application, in part or in whole, if any of the subscription conditions are not met or the necessary instructions not followed. The subscription application, once submitted, represents a legally binding agreement between the Company and the Subscriber. Selling shareholders before the Offering own 100.0% of the Company's capital, and they will own 74.5% of the Company's capital after the Offering. Investors can obtain an electronic copy of this Prospectus on the websites of the Financial Advisor or the Lead Manager or through contact information Clarified below:

Financial Advisor	**Lead Manager**
Aldukheil Financial Group	**Derayah Financial Company**
Riyadh, Wazarat District	Olaya Main Street, Riyadh
P.O. Box 2462 Riyadh 11451	P.O. Box 286546 Riyadh 11323
Kingdom of Saudi Arabia	Kingdom Saudi Arabia
Tel: + 966 (11) 4309800	Tel: +966 11 2998000
Fax: + 966 (11) 4787795	Fax: +966 11 2998071
Website: www.aldukheil.com.sa	Website: www.derayah.com
E-mail: info@aldukheil.com.sa	E-mail: support@derayah. @derayah.com

9.3 Offering Period and Conditions

Subscription will be available to the Qualified Investors starting from Sunday 25/12/1443H (corresponding to 24/07/2022G) until Thursday 29/12/1443H (corresponding to 28/07/2022G. Upon completion of the Subscription Application, the Lead Manager will notify the Subscriber of this by means of a text message. In the event that the Subscription Application is incomplete, or the information provided therein is incorrect, the Subscription Application will be considered void.

The investor must indicate in the Subscription Application the number of shares he wishes to subscribe to, so that the total subscription amount is the product of multiplying the number of shares he wishes to subscribe to by the Offering Price of (••••) •••• Saudi riyals per share. Note that the minimum subscription is (10) ten shares, while the maximum subscription is (294,000) two hundred and ninety-four thousand shares for each subscriber.

Qualified Investors must subscribe electronically through their investment account with the Lead Manager

Upon submitting the Subscription Application, the entire value of the subscribed shares will be deducted from the subscriber's investment account with the Lead Manager and the funds will be transferred directly to the Escrow Account of the Offering process. The Subscriber shall accept the number of shares allotted to him, unless these shares exceed the shares he requested for subscription.

9.4 Notice of Allocation and Refund

The Lead Manager will open an Escrow Account under the name of: "**Initial Public Offering in the Parallel Market of Saudi Networkers Services Company**". The entire amount of the subscribed shares will be deducted from the subscriber's investment account with the Lead Manager and the funds will be transferred directly to the Escrow Account of the Offering process.

Each Subscriber shall acknowledge that he has received and read this Prospectus, and accordingly declares his desire to subscribe to the offered shares as indicated in the Subscription Application. The shares offered for subscription will be allocated in accordance with the proposal of the Financial Advisor in consultation with the Issuer, and the final allocation of the Offering shares will be announced no later than on Tuesday 04/01/1444H (corresponding to 02/08/2022G), and the surplus amounts will be refunded within the two working days following the allotment process, without deducting any commissions or making any deductions by the recipient of the Offering Proceeds, the Lead Manager or the Company.

The Financial Advisor will send notices to the subscribers stating the final number of shares allotted to each of them and the surplus amounts that will be refunded to them, if any. For more information, subscribers should contact the Financial Advisor or the Lead Manager.

Miscellaneous Terms

1- The Subscription Application and all related terms, conditions and covenants are binding and for the benefit of the subscription parties, their successors, assigns, will executors, estate managers and heirs. The Subscription Application or any rights, interests or obligations arising therefrom may not be assigned or delegated by the parties to the subscription without the prior written consent of the other party.

2- These instructions and clauses and any receipt of Subscription Application forms or contracts resulting therefrom shall be subject to the Kingdom's laws and shall be interpreted and implemented in accordance with them.

3- This Prospectus will be published in Arabic after approval by the Capital Market Authority.

9.5 Times and Circumstances where Offering may be Suspended

9.5.1 Suspension of Trading or cancelation of Listing

a- CMA may suspend trading in listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:

   1- CMA considers it necessary for the protection of investors or maintenance of an orderly market.

   2- The Issuer fails, in a manner which CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Listing Rules.

   3- The Issuer fails to pay on time any fees due to CMA or the Exchange or any fines due to CMA.

   4- If it considers that the Issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange.

   5- When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Issuer announces sufficient information regarding the target and CMA is satisfied, following the Issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, CMA may decide not to suspend trading at this stage.

   6- Upon leakage of information about the proposed transaction of reverse takeover and the Issuer cannot accurately assess its financial condition and the Exchange cannot be informed accordingly.

   7- When an application for financial restructuring of the Issuer in case of its accumulated losses reaching 50% or more of its capital is registered with a court under the Bankruptcy Law.

   8- When the request for liquidation procedure or the administrative liquidation of the issuer is registered with the court under the Bankruptcy Law.

   9- Upon issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the Issuer in the court under the Bankruptcy Law.

   10- Upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law.

b- Lifting of trading suspension under paragraph (A) above is subject to the following:

   1- The issuer adequately addressing the conditions that led to the suspension and the lack of a need to continue the suspension for the protection of investors.
   2- That lifting the suspension is unlikely to affect the normal activity of the Exchange
   3- The issuer complies with any other conditions that the CMA may require.
   4- Upon issuance of a final judgment initiating financial restructuring for the issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) (8) above.
   5- Upon issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) (9) above.

c- The Exchange shall suspend the trading of securities of the Issuer in any of the following cases:

   1- When the issuer does not comply with the deadlines for disclosure of its periodic financial information within the periods specified in accordance with applicable implementing regulations.
   2- When the external auditor's report on the financial statements of the issuer contains an adverse opinion or an abstention from expressing opinion.
   3- If the liquidity requirements in parts two and eight of the Listing Rules are not satisfied after elapse of the time limit set forth by the Exchange for the issuer to rectify its conditions unless CMA agrees otherwise.
   4- Upon issuance of a resolution by issuer's Extraordinary General Assembly to reduce its capital for the two trading days following the issuance of such a resolution.

d- The Exchange removes the suspension referred to in subparagraphs 1, 2 and 3 of paragraph (C) above, after one trading session has passed after the cause of suspension ceases to exist. In case that the issuer's shares are available for trading outside the platform, the Exchange removes the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist.

e- The Exchange may at any time propose to CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (a) above are to occur.

f- The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its Implementing Regulations and the Listing Rules.

g- If listing suspension continues for six (6) months with no appropriate procedure taken by the issuer to correct such a suspension, CMA may cancel the listing of issuer.

h- Upon the issuer's completion of a reverse takeover, the issuer's shares are de-listed. If the issuer wishes to relist its shares, it shall submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

i- These clauses shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the issuer pursuant to the relevant implementing regulations of the Exchange Rules.

9.5.2 Voluntary Cancellation or Suspension of Listing

a- An issuer whose securities have been listed on the Exchange may not cancel the listing without a prior approval from the Authority. To obtain the Authority's approval, the issuer must submit a cancellation request to the Authority with simultaneous notification to the Exchange, and the application must include the following information:

   1- Specific reasons for the request for cancellation.
   2- Copy of the disclosure described in paragraph (D) below.
   3- Copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the issuer.
   4- Names and contact information of the Financial Advisor and Legal Advisor appointed according to the Rules on the Offer of Securities and Continuing Obligations.

b- CMA may, at its discretion, approve or reject the cancellation request.

c- The issuer must obtain the consent of the Extraordinary General Assembly on the cancellation of the listing after obtaining CMA's approval.

d- Where cancellation is made at the issuer's request, it must disclose this to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the issuer's activities.

9.5.3 Temporary Suspension

a- An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CML, its Implementing Regulations or the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange suspends trading of the securities of that issuer immediately upon receiving such request.

b- When trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the issuer's activities.

c- CMA may impose a temporary trading suspension without a request from the issuer where CMA becomes aware of information or circumstances affecting the issuer's activities which CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the issuer must continue to comply with Capital Market law, its Implementing Regulations and Listing Rules.

d- The Exchange may propose to CMA to exercise its powers in accordance with paragraph (C) above, if it becomes aware of information or circumstances affecting the issuer's activities which would be likely to interrupt the operation of the Exchange or the protection of investors.

e- A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (B) above in this Section, unless CMA or the Exchange decided otherwise.

9.5.4 Removing the Suspension

Removing the suspension of trading imposed in accordance with Paragraph (A) of Section (9.5.1) "**Suspension of Trading or Cancelation of Listing**" above is subject to the following conditions:

a- Sufficiently addressing the situations that led to the suspension, and there is no need for the continuation of the suspension for protection of investors.

b- Removing the suspension is likely not to affect the normal activity of the Exchange.

c- The Issuer's compliance with any other conditions deemed by the Authority.

If the suspension of trading in securities continues for a period of six months without the Company taking appropriate measures to correct that suspension, the Authority may cancel the listing of the Company's securities.

9.5.5 Re-Registering and Admission of Listing of Previously evocated Securities

If the Issuer wishes to re-register its shares after their cancellation, the Issuer is required to submit a new application in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations.

9.6 Resolutions and Approvals under which the Shares will be Offered

The decisions and approvals under which the shares will be offered are as follows:

9.6.1 The Company's Board of Directors' recommendation to offer shares for subscription in the Parallel Market

The Company's Board of Directors, in its meeting held on 26/03/1443H (corresponding to 01/11/2021G), recommended to the Ordinary General Assembly of the Company's shareholders to offer a number of (1,500,000) one million five hundred thousand shares representing 25.0% of the Company's capital in the Parallel Market, after obtaining necessary statutory approvals.

9.6.2 Approval of the Company's Shareholders Ordinary General Assembly on the listing

The approval of the Ordinary General Assembly of the Company's shareholders was obtained on 29/03/1443H (corresponding to 04/11/2021G), on the conventional listing of the Company's shares in the Parallel Market by offering (1,500,000) one million five hundred thousand shares representing 25.0% of the Company's capital after obtaining all necessary regulatory approvals.

9.6.3 Approval of the Capital Market Authority

The Authority's approval was obtained on this Prospectus as well as all supporting documents requested by the Authority on the date of its announcement on its official website on Tuesday 08/11/1443H (corresponding to 07/06/2022G).

9.6.4 Approval of the Saudi Tadawul Group "Tadawul" on the listing

An approval was obtained from the Saudi Tadawul Group "**Tadawul**" for the listing on 07/06/1443H (corresponding to 10/01/2022G), and this approval is conditional on obtaining approval of the Capital Market Authority.

9.7 A statement of any arrangements in place to prevent disposal of certain shares (Lock-up Period)

The Substantial Shareholders listed on page (vii) of this Prospectus are prohibited from disposing of their shares for a period of twelve (12) months from the date of registration and listing of the Company's shares in the parallel market (Lock-up Period). Also, the shares granted to the Financial Advisor will be subject to a lock-up period of (12) twelve months from the date of listing. The Substantial Shareholders and the Financial Advisor may dispose of their shares after the expiry of the Lock-up Period without obtaining a prior approval of the Authority. Other than what was stated in this Prospectus, there are no other existing arrangements that prevent disposal of certain shares.

10. Covenants relating to the Subscription

10.1 Subscribers Declarations

By completing and submitting the Subscription Application Form, the Subscriber:

- Agrees to subscribe to the number of shares mentioned in the Subscription Application he/she submitted.
- Acknowledges that he has carefully reviewed, studied and understood this prospectus and all its contents.
- Accepts the By-Laws of the Company and the Offering terms and conditions mentioned in the Prospectus and the Subscription Application Form and subscribe to the shares accordingly.
- Confirms not to waive his/her right to claim from the Company and recourse to it for any damage resulting from this Prospectus containing incorrect or insufficient material information, or as a result of omission of material information that directly affects the subscriber's acceptance of the subscription if it was added in the Prospectus.
- Declares that he and any member of his family included in the Subscription Application Form has never submitted an application to subscribe to the Company's shares, and that the Company has the right to reject any or all of his applications in the event of a duplicate application.
- Accepts the number of the Offer Shares allocated to him/her (within the maximum amount he subscribed to) in accordance with the Subscription Application, and he also accepts all the subscription terms and instructions contained in the Subscription Application and in this Prospectus.
- Warrants not to cancel or amend the Subscription Application Form after submission to the Lead Manager.

10.2 Share Register and Dealing Arrangements

Tadawul maintains a register of shareholders containing their names, nationalities, residence addresses, occupations, shares they own, and the amounts paid from these shares.

10.3 Saudi Tadawul Group (Tadawul)

Saudi Tadawul is a wholly owned subsidiary of the Saudi Tadawul Group, which was incorporated in March 2021G after the Saudi Stock Exchange Company (Tadawul) was transformed into a holding company under the name of Saudi Tadawul Group.

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading is conducted on each business day at one go from 10 a.m. until 3:00 p.m., during which orders are executed. Beyond such times, orders are permitted to be inserted, amended, and cancelled from 9:30 a.m. until 10 a.m. Such times is changed during the month of Ramadan, and the new timed are announced through Tadawul.

The transactions are executed through automatic order matching, and orders are received and prioritized according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the entry time.

Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website on the Internet, which provides up-to-date market information for major information providers such as Reuters. Transactions are automatically settled within two business days (T + 2).

The Issuer must disclose all decisions, material and important information to investors through Tadawul, which is responsible for monitoring the market in order to ensure fair trading and efficient market operations.

10.4 Trading of Shares on the Parallel Market

An application has been submitted to CMA to register and list the Company's Shares on the Parallel Market and a request has been submitted to the Saudi Tadawul Company for their listing on the Parallel Market.

It is expected to start trading of the Company's shares after the final allocation of such shares and fulfilling all relevant statutory procedures. Tadawul will announce the trading date of the shares in due course. The dates and times mentioned in this Prospectus are considered tentative dates mentioned for guidance only, and they can be changed or extended with the approval of the Capital Market Authority.

Trading in the Offered Shares can only be made after approving the allocation of the shares in the shareholders' accounts in Saudi Tadawul, registering the Company in the official list, and listing its shares in Saudi Tadawul. Trading in shares is strictly prohibited before the official trading. The investors who deal in such prohibited trading activities shall be held responsible for them, and the Company will not bear any legal responsibility in such a case.

Trading in shares listed in the Parallel Market is restricted to Qualified Investors (for more information, refer to Section (1) "**Terms and Definitions**" of this Prospectus).

11. Procedures for Incomplete Offering

If the Offering is not completed on the date specified for the end of the Offering process indicated in this Prospectus (for further details, refer to the "**Important Dates and Offering Procedures**" section on page (x) of this Prospectus), the Financial Advisor shall notify the Authority in writing within (10) ten days from the end of the Offering Period, that the Offering has not been completed. Then, the Financial Advisor shall notify the subscribers, and in coordination with the receiving bank of the Offering Proceeds, the amounts collected from the subscribers (if any) shall be returned without deducting any commissions or fees.

The Company confirms its commitment to any decisions, instructions, or procedures issued by the Capital Market Authority in the event that the Offering is not completed.

12. Documents Available for Inspection

The following documents will be available for inspection through a virtual data room. The Financial Advisor "Aldukheil Financial Group" will send the electronic link of the virtual room to the Qualified Investors upon request via Email "info@aldukheil.com.sa", during working days from Monday 05/12/1443H (corresponding to 04/07/2022G) to Thursday 29/12/1443H (corresponding to 28/07/2022G) within a period of no less than (14) days before the Offering:

1- The main Commercial Registration of The Company.
2- The Company's Bylaws.
3- The Company's Articles of Association and all amendments thereto.
4- The partners' decision to convert the Company from a limited liability company to a joint stock company.
5- Approval of the Ordinary General Assembly held on 29/03/1443H (corresponding to 04/11/2021G) on the conventional listing of the Company's shares in the Parallel Market by offering (1,500,000) one million five hundred thousand shares representing 25.0% of the Company's capital.
6- Approval of the Company's Board of Directors on the application for registration, Offering and listing of The Company's shares in the Parallel Market.
7- Copy of the announcement of the Capital Market Authority's approval of the application for registration and offering of shares in the Parallel Market.
8- Approval of the Saudi Tadawul Group "Tadawul" to list the Company's shares in the Parallel Market.
9- The audited financial statements of the Company for the financial year ending on 31/12/2020G and the consolidated financial statements of the Company for the financial year ending on 31/12/2021G.
10- Letters of consent to include the name, logo and statement in the Prospectus for:
    - Financial Advisor to The Company " Aldukheil Financial Group".
    - Lead Manager "Derayah Financial Company".
    - Sharia Advisor "Shariah Review House Company LLC".
11- Consent letter from the Company's Auditors "Ernest and Young, Certified Public Accountant" to include their name and logo and to publish the audited financial statements of the Company for the financial year ending on 31/12/2020G in the Prospectus.
12- A consent letter from the Company's Auditor "PricewaterhouseCoopers, Certified Public Accountants" to include their name and logo and to publish the Company's audited consolidated financial statements for the fiscal year ending on 31/12/2021G.
13- The certificate of the Shariah Advisor.

13. Auditor's Report

13.1 The Audited financial statements for the fiscal year ending on 31/12/2020G

Saudi Networkers Services Company Limited and its Subsidiary - One Person Company (A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

Saudi Networkers Services Company Limited and its Subsidiary - One Person Company (A Limited Liability Company)
Consolidated Financial Statements
For the year ended 31 December 2020

Building a better working world

Ernst & Young & Co. (Certified Public Accountants)
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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF SAUDI NETWORKERS SERVICES COMPANY LIMITED – ONE PERSON COMPANY (A LIMITED LIABILITY COMPANY)

Opinion

We have audited the consolidated financial statements of Saudi Networkers Services Company Limited - One Person Company (A Limited Liability Company) (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed 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 professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF
SAUDI NETWORKERS SERVICES COMPANY LIMITED – ONE PERSON COMPANY
(A LIMITED LIABILITY COMPANY) (continued)

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF
SAUDI NETWORKERS SERVICES COMPANY LIMITED - ONE PERSON COMPANY
(A LIMITED LIABILITY COMPANY) (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

for Ernst & Young

Rashid S. Al-Rashoud
Certified Public Accountant
License No. 366

شركة ارنست ويونغ وشركاهم (محاسبون قانونيون)
EY
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENSE No. 45
ERNST & YOUNG & Co.(CERTIFIED PUBLIC ACCOUNTANTS)

Riyadh: 3 Dhual-Hijja 1442H
(13 July 2021)

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	**31 December 2020 SR**	*31 December 2019 (Restated - note 6) SR*	*1 January 2019 (Restated - note 6) SR*
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	7	**443,352**	378,750	422,792
Right-of-use assets	8	**1,380,477**	3,599,921	4,325,981
TOTAL NON-CURRENT ASSETS		**1,823,829**	3,978,671	4,748,773
CURRENT ASSETS				
Trade receivables	9	**118,263,860**	108,037,104	94,355,480
Prepayments and other assets	11	**9,499,073**	11,922,663	11,647,937
Bank balance and cash	12	**21,809,981**	18,852,069	8,056,757
TOTAL CURRENT ASSETS		**149,572,914**	138,811,836	114,060,174
TOTAL ASSETS		**151,396,743**	142,790,507	118,808,947
EQUITY AND LIABILITIES				
EQUITY				
Capital	13	**2,000,000**	2,000,000	2,000,000
Statutory reserve	14	**1,000,000**	1,000,000	1,000,000
Retained earnings		**56,391,494**	48,323,562	42,845,739
Foreign currency translation reserve		**(9,002,972)**	(7,496,532)	(7,349,814)
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT COMPANY		**50,388,522**	43,827,030	38,495,925
NON-CONTROLLING INTEREST		**84,338**	77,219	155,183
TOTAL EQUITY		**50,472,860**	43,904,249	38,651,108
NON-CURRENT LIABILITIES				
Defined benefits liabilities	15	**15,191,338**	13,171,094	10,932,790
Lease liabilities	8	**1,052,737**	1,395,687	2,478,399
TOTAL NON-CURRENT LIABILITIES		**16,244,075**	14,566,781	13,411,189
CURRENT LIABILITIES				
Lease liabilities	8	**381,879**	2,286,943	1,847,582
Accounts payables	16	**710,888**	1,849,568	1,414,885
Accrued expenses	17	**46,266,581**	42,061,320	31,703,030
Short term borrowings	18	**34,399,319**	34,830,551	28,636,142
Dividend payable	19	**887,607**	1,549,188	1,549,188
Provision for zakat	20	**2,006,260**	1,706,800	1,586,741
Income tax	21	**27,274**	35,107	9,082
TOTAL CURRENT LIABILITIES		**84,679,808**	84,319,477	66,746,650
TOTAL LIABILITIES		**100,923,883**	98,886,258	80,157,839
TOTAL EQUITY AND LIABILITIES		**151,396,743**	142,790,507	118,808,947

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	*2020* SR	*2019 (Restated - note 6)* SR
Revenue	23	**468,166,403**	412,950,389
Cost of revenue	24	**(399,040,423)**	(354,203,043)
GROSS PROFIT		**69,125,980**	58,747,346
EXPENSES			
Selling and marketing expenses	25	**(9,911,680)**	(8,324,311)
General and administration expenses	26	**(15,180,520)**	(15,299,916)
INCOME FROM MAIN OPERATIONS		**44,033,780**	35,123,119
Financial charges		**(1,504,002)**	(2,073,450)
Other income		**60,441**	121,478
INCOME BEFORE ZAKAT AND INCOME TAX		**42,590,219**	33,171,147
Zakat charge for the year	20	**(3,383,343)**	(1,637,796)
Income tax charge for the year	21	**(83,616)**	(96,305)
NET INCOME FOR THE YEAR		**39,123,260**	31,437,046
Net income attributable to:			
Owner of the parent company		**39,101,470**	31,401,667
Non-controlling interest		**21,790**	35,379
		39,123,260	31,437,046
OTHER COMPREHENSIVE LOSS:			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gain on remeasurement of defined benefit liabilities	15	**54,615**	1,168
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Movement in foreign currency translation reserve		**(1,521,657)**	(148,200)
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(1,467,042)**	(147,032)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**37,656,218**	31,290,014
Total comprehensive income attributable to:			
Owner of the parent company		**37,649,099**	31,256,105
Non-controlling interest		**7,119**	33,909
		37,656,218	31,290,014
EARNINGS PER SHARE			
Basic and diluted earnings per share from net income for the year	27	**19,562**	15,719

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Equity attributable to the owner of the parent company						
	Capital	*Statutory reserve*	*Retained earnings*	*Foreign currency translation reserve*	*Total*	*Non-controlling interest*	*Total equity*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
Balance at 1 January 2019 (Restated - note 6)	2,000,000	1,000,000	42,845,739	(7,349,814)	38,495,925	155,183	38,651,108
Net income for the year	-	-	31,401,667	-	31,401,667	35,379	31,437,046
Other comprehensive loss	-	-	1,156	(146,718)	(145,562)	(1,470)	(147,032)
Total comprehensive income	-	-	31,402,823	(146,718)	31,256,105	33,909	31,290,014
Dividend (note 19)	-	-	(25,925,000)	-	(25,925,000)	(111,873)	(26,036,873)
Balance at 31 December 2019 (Restated - note 6)	2,000,000	1,000,000	48,323,562	(7,496,532)	43,827,030	77,219	43,904,249
Net income for the year	-	-	39,101,470	-	39,101,470	21,790	39,123,260
Other comprehensive loss	-	-	54,069	(1,506,440)	(1,452,371)	(14,671)	(1,467,042)
Total comprehensive income	-	-	39,155,539	(1,506,440)	37,649,099	7,119	37,656,218
Dividend (note 19)	-	-	(31,087,607)	-	(31,087,607)	-	(31,087,607)
Balance at 31 December 2020	**2,000,000**	**1,000,000**	**56,391,494**	**(9,002,972)**	**50,388,522**	**84,338**	**50,472,860**

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

6

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	**2020 SR**	*2019 SR*
OPERATING ACTIVITIES			
Income before zakat and income tax		**42,590,219**	33,171,147
Adjustments for:			
Depreciation of property and equipment	7	**203,132**	174,683
Depreciation of right-of-use assets	8	**1,096,590**	1,930,290
Interest expense on lease liabilities	8	**116,085**	224,594
Provision for defined benefits liabilities	15	**4,573,808**	3,663,066
Allowance (reversal) for expected credit losses	9	**508,595**	(378,716)
Gain on termination of lease	8	**(42,447)**	-
Operating cash flows before working capital changes		**49,045,982**	38,785,064
Changes in operating assets and liabilities:			
Trade receivables	9	**(10,735,351)**	(13,302,908)
Prepayments and other assets	11	**2,423,591**	(274,729)
Accounts payables	16	**(1,138,680)**	434,683
Accrued expenses	17	**4,205,261**	10,358,290
Cash generated from operations		**43,800,803**	36,000,400
Defined benefits liabilities paid	15	**(2,498,949)**	(1,423,594)
Zakat paid	20	**(3,083,883)**	(1,517,737)
Income tax paid	21	**(91,180)**	(70,262)
Net cash from operating activities		**38,126,791**	32,988,807
INVESTING ACTIVITY			
Purchase of property and equipment	7	**(268,004)**	(130,656)
Net cash used in investing activity		**(268,004)**	(130,656)
FINANCING ACTIVITIES			
Proceeds from short term borrowings	18	**(431,232)**	6,194,409
Dividends paid to the owner of the parent company	19	**(31,749,188)**	(25,925,000)
Dividends paid to non-controlling interest		**-**	(111,873)
Repayment of lease liabilities	8	**(1,082,713)**	(1,847,581)
Interest paid on lease liabilities	8	**(116,085)**	(224,594)
Net cash used in financing activities		**(33,379,218)**	(21,914,639)
NET INCREASE IN BANK BALANCES AND CASH		**4,479,569**	10,943,512
Adjustment for foreign exchange translation		**(1,521,657)**	(148,200)
Bank balances and cash at the beginning of the year	12	**18,852,069**	8,056,757
BANK BALANCES AND CASH AT THE END OF THE YEAR		**21,809,981**	18,852,069

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

7

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2020

1. CORPORATE INFORMATION

Saudi Networkers Services Company (the "Company") is a limited liability 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) with a branch in Khobar city registered under commercial registration number 2051032929 dated 7 Rajab 1427H (Corresponding to 1 August 2006). The Company's registered address is PO Box: 25141 Riyadh 11466, Kingdom of Saudi Arabia.

The principal activities of the Company are implementing contracting contracts of establishing, maintaining, operating, installing and managing of telecommunication networks, computer, electrical & electronic works, providing consulting, technical and administrative services, providing supporting at field of consulting, technical, administrative and consulting services, operating, managing, marketing and providing technical support for sales centers and customer care services.

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

2. BASIS OF PREPARATION

These consolidated financial statements are the statutory financial statements of the Group for the year ended 31 December 2020.

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

These consolidated financial statements for the year ended 31 December 2020 are the first annual financial statements of the Group prepared in accordance with IFRS as endorsed in KSA. The preparation of these consolidated financial statements resulted in changes to the significant accounting policies as compared to those presented in the consolidated financial statements for the year ended 31 December 2018 and 31 December 2019, which were prepared in accordance with accounting standards as stated by International Financial Reporting Standards for Small and Medium Sized Companies that are endorsed in the KSA and other standards and pronouncements that are endorsed by the SOCPA ("IFRS for SMEs"). Refer to Note 6 for information on how the Group adopted IFRS as endorsed in KSA.

The consolidated financial statements have been prepared on a historical cost basis expect for employee defined benefit liability, which has been actuarially valued. The consolidated financial statements are presented in Saudi Riyals ("SR").

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to from its involvement with the investee and has the ability to affect those returns through the investee.

2. BASIS OF PREPARATION (continued)

2.2 Basis of consolidation (continued)

Specifically, the Group controls an investee if, and only if, the Group has:

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

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

The contractual arrangement(s) with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Comprehensive income and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied in the preparation of these consolidated financial statements:

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures its financial instruments at fair value at each balance sheet date.

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

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

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.

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

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

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

The Group is in the business of Direct, Managed-Hosting and Permanent services. 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 generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

The Group has applied the following accounting policy for revenue recognition:

The Group recognizes revenue from contracts with customers based on a five-step model as set in IFRS 15:

- **Identify the contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- **Identify the performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- **Determine the transaction price:** The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties (if any).
- **Allocate the transaction price to the performance obligations in the contract**: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performance.
- The Group performance creates or enhances an asset that customer controls as the asset is created or enhanced; or
- The Group performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for the performance completed to date.

For performance obligation where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue is recognized in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and revenue and costs, if applicable, can be measured reliably.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration and consideration payable to the customer (if any).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Contract balances

Contract assets

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases and liabilities and their carrying amounts for the financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised on all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which these assets can be utilised.

The carrying amount of deferred tax assets/liabilities is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset/liability to be utilised. Unrecognised deferred tax assets/liabilities are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered and deferred tax liability to be settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and Income tax (continued)

Deferred tax (continued)

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

Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyal at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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.

3. SIGNIFICANT 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 recognised 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 recognised in profit or loss as incurred. Refer to significant accounting judgements, estimates and assumptions (note 5)

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 recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. 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 derecognised.

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.

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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

Lease liabilities (continued)

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

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

Short-term leases and leases of low-value assets

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

Financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment

Further disclosures relating to impairment of financial assets are also provided in note 5.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payables, dividend payable, lease liabilities and short term borrowings.

Subsequent measurement

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

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

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

Financial liabilities at amortised 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 amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of comprehensive income.

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

Derecognition

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

Offsetting of financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in note 5.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, which requires contributions to be made to a separately administered fund. 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 recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

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

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

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

Statutory Reserve

In accordance with Saudi Arabian Regulations for Companies and the Company's Articles of Association, the Group is required to transfer 10% of the net income for the year to the statutory reserve. The Group may resolve to discontinue such transfers when the reserve totals 30% (previously 50%) of the capital. The Group has achieved this limit and hence no transfer is made during the current year and last year. This reserve is not available for distribution to the shareholders of the Group.

Expenses

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

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.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

4. NEW STANDARDS, AMENDMENTS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards, amendment to standards and interpretations

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

4. NEW STANDARDS, AMENDMENTS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE - (continued)

Standards issued but not yet effective (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

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

Judgements (continued)

Revenue from contracts with customers

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group has assessed that performance obligation relating to the rendering of services is satisfied when the services are rendered to the customer. Accordingly, revenue is recognized over the time.

Principal versus agent consideration

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. 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.

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 customisation 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 receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (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 analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 9.

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

Estimates and assumptions (continued)

Defined benefit liabilities

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management has considered the market environment. Around the effective date of the valuation, the applicable Government Bond yield is approximately 1.7587% as per the EOSB liability duration. However, as this yield rate applies to Government bonds whereas, for IAS 19 purposes, the discount rate is determined by reference to the market yields on high quality Corporate bonds, management has expected a discount rate of 2.4% to be reasonable in this case, implying a credit spread between Government bonds and Corporate bonds. Management has assumed a credit spread of 0.64% to be appropriate keeping in view the Rating-based Default Spread of Kingdom of Saudi Arabia.

The mortality rates used for active employees are based on latest mortality table issued by Institute of Actuaries of India for assured lives (IALM 2012-14) to represent the mortality during the active lifetime of employees.

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).

6. FIRST-TIME ADOPTION OF IFRS

For the year ended 31 December 2018 and 31 December 2019, the Group prepared its consolidated financial statements in accordance with IFRS for SMEs. Effective from 1st January 2020, the Group prepared its consolidated financial statements in accordance with the IFRS as endorsed in KSA.

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2020, together with the comparative information for the year ended 31 December 2019. In preparing the consolidated financial statements, the Group's opening consolidated statement of financial position was also prepared as at 1 January 2019 based on IFRS, the Group's date of transition to IFRS as endorsed in KSA. This note explains the principal adjustments made by the Group in restating its historical consolidated financial statements prepared in accordance with IFRS for SMEs, including the consolidated statement of financial position as at 1 January 2019 and the consolidated financial statements for the year ended 31 December 2019.

IFRS 1 endorsed in KSA allows first-time adopters certain optional exemptions and mandatory exceptions from retrospective application of certain requirements under IFRSs as endorsed in KSA. However, the Group has applied the no exemptions and exceptions.

6. FIRST-TIME ADOPTION OF IFRS (continued)

6.1 Group's reconciliation for consolidated statement of financial position as at 1 January 2019 (date of transition to IFRS):

	Notes	*As per IFRS for SMEs SR*	*Remeasurement / reclassification SR*	*IFRS SR*
ASSETS				
NON-CURRENT ASSETS				
Property and equipment		422,792	-	422,792
Right-of-use assets	6.4	-	4,325,981	4,325,981
TOTAL NON-CURRENT ASSETS		422,792	4,325,981	4,748,773
CURRENT ASSETS				
Trade receivables	6.6	94,528,900	(173,420)	94,355,480
Prepayments and other assets		11,647,937	-	11,647,937
Bank balance and cash		8,056,757	-	8,056,757
TOTAL CURRENT ASSETS		114,233,594	(173,420)	114,060,174
TOTAL ASSETS		114,656,386	4,152,561	118,808,947
EQUITY AND LIABILITIES				
EQUITY				
Capital		2,000,000	-	2,000,000
Statutory reserve		1,000,000	-	1,000,000
Retained earnings	6.1.1	43,506,320	(660,581)	42,845,739
Foreign currency translation reserve		(7,349,814)	-	(7,349,814)
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT COMPANY		39,156,506	(660,581)	38,495,925
NON-CONTROLLING INTEREST		161,855	(6,672)	155,183
TOTAL EQUITY		39,318,361	(667,253)	38,651,108
NON-CURRENT LIABILITIES				
Defined benefits liabilities	6.5	10,438,957	493,833	10,932,790
Lease liabilities	6.4	-	2,478,399	2,478,399
TOTAL NON-CURRENT LIABILITIES		10,438,957	2,972,232	13,411,189

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

6. FIRST-TIME ADOPTION OF IFRS (continued)

***6.1 Group's reconciliation for consolidated statement of financial position as at 1 January 2019 (date of transition to IFRS)** (continued):*

	Notes	*As per IFRS for SMEs SR*	*Remeasurement / reclassification SR*	*IFRS SR*
CURRENT LIABILITIES				
Lease liabilities	6.4	-	1,847,582	1,847,582
Accounts payables		1,414,885	-	1,414,885
Accrued expenses		31,703,030	-	31,703,030
Short term borrowings		28,636,142	-	28,636,142
Dividend payable		1,549,188	-	1,549,188
Provision for zakat		1,586,741	-	1,586,741
Income tax		9,082	-	9,082
TOTAL CURRENT LIABILITIES		64,899,068	1,847,582	66,746,650
TOTAL LIABILITIES		75,338,025	4,819,814	80,157,839
TOTAL EQUITY AND LIABILITIES		114,656,386	4,152,561	118,808,947

6.1.1 Reconciliation of retained earnings as at 1 January 2019 (date of transition to IFRS) due to the impact of IFRS remeasurements:

	Notes	*Impact on retained earnings as at 1 January 2019 SR*
As per IFRS for SMEs		43,506,320
Adjustments:		
- Remeasurement of defined benefit liabilities	6.5	(488,895)
- Remeasurement of trade and other receivables	6.6	(171,686)
Adjusted balance as per IFRS		42,845,739

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

6. FIRST-TIME ADOPTION OF IFRS (continued)

6.2 Group's reconciliation for consolidated statement of financial position as at 31 December 2019:

	Notes	*As per IFRS for SMEs SR*	*Remeasurement / reclassification SR*	*IFRS SR*
ASSETS				
NON-CURRENT ASSETS				
Property and equipment		378,750	-	378,750
Right-of-use assets	6.4	-	3,599,921	3,599,921
TOTAL NON-CURRENT ASSETS		378,750	3,599,921	3,978,671
CURRENT ASSETS				
Trade receivables	6.6	107,696,201	340,903	108,037,104
Prepayments and other assets		11,922,663	-	11,922,663
Bank balance and cash		18,852,069	-	18,852,069
TOTAL CURRENT ASSETS		138,470,933	340,903	138,811,836
TOTAL ASSETS		138,849,683	3,940,824	142,790,507
EQUITY AND LIABILITIES				
EQUITY				
Share capital		2,000,000	-	2,000,000
Statutory reserve		1,000,000	-	1,000,000
Retained earnings	6.2.1	48,778,225	(454,663)	48,323,562
Foreign currency translation reserve		(7,496,532)	-	(7,496,532)
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT COMPANY		44,281,693	(454,663)	43,827,030
NON-CONTROLLING INTEREST		82,909	(5,690)	77,219
TOTAL EQUITY		44,364,602	(460,353)	43,904,249
NON-CURRENT LIABILITIES				
Defined benefits liabilities	6.5	12,452,546	718,548	13,171,094
Lease liabilities	6.4	-	1,395,687	1,395,687
TOTAL NON-CURRENT LIABILITIES		12,452,546	2,114,235	14,566,781
CURRENT LIABILITIES				
Lease liabilities	6.4	-	2,286,943	2,286,943
Accounts payables		1,849,568	-	1,849,568
Accrued expenses		42,061,320	-	42,061,320
Short term borrowings		34,830,551	-	34,830,551
Dividend payable		1,549,188	-	1,549,188
Provision for zakat		1,706,800	-	1,706,800
Income tax		35,107	-	35,107
TOTAL CURRENT LIABILITIES		82,032,534	2,286,943	84,319,477
TOTAL LIABILITIES		94,485,080	4,401,178	98,886,258
TOTAL EQUITY AND LIABILITIES		138,849,682	3,940,825	142,790,507

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

6. FIRST-TIME ADOPTION OF IFRS (continued)

6.2.1 Reconciliation of retained earnings as at 31 December 2019 due to the impact of IFRS re-measurements:

	Notes	*Impact on retained earnings as at 31 December 2019 SR*
As per IFRS for SMEs		48,778,225
Adjustments:		
- Remeasurement of defined benefit liabilities	6.5	(713,634)
- Remeasurement of trade and other receivables	6.6	342,637
- Recognition of right-of-use and lease liabilities	6.4	(83,666)
Adjusted balance as per IFRS		48,323,562

6.3 Group's reconciliation of consolidated statement of comprehensive income for the year ended 31 December 2019:

	Notes	*As per IFRS for SMEs SR*	*Remeasurement / reclassification SR*	*IFRS SR*
Revenue		412,950,389	-	412,950,389
Cost of revenue	6.5	(354,116,414)	(86,629)	(354,203,043)
GROSS PROFIT		58,833,975	(86,629)	58,747,346
EXPENSES				
Selling and marketing expenses	6.5	(8,839,877)	515,566	(8,324,311)
General and administration expenses	6.4,6.5	(15,301,305)	1,389	(15,299,916)
INCOME FROM MAIN OPERATIONS		34,692,793	430,326	35,123,119
Financial charges	6.4	(1,848,856)	(224,594)	(2,073,450)
Other income		121,478	-	121,478
INCOME BEFORE ZAKAT AND INCOME TAX		32,965,415	205,732	33,171,147
Zakat charge for the year		(1,637,796)	-	(1,637,796)
Income tax charge for the year		(96,305)	-	(96,305)
NET INCOME FOR THE YEAR		31,231,314	205,732	31,437,046

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

6. FIRST-TIME ADOPTION OF IFRS (continued)

6.3.1 Group's reconciliation of consolidated statement of comprehensive income for the year ended 31 December 2019:

	Notes	*As per IFRS for SMEs SR*	*Remeasurement / reclassification SR*	*IFRS SR*
NET INCOME FOR THE YEAR		31,231,314	205,732	31,437,046
OTHER COMPREHENSIVE LOSS:				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Actuarial gain on remeasurement of defined benefit plan	6.5	-	1,168	1,168
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:				
Movement in foreign currency translation reserve		(148,200)	-	(148,200)
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		(148,200)	1,168	(147,032)
TOTAL COMPREHENSIVE INCOME		31,083,114	206,900	31,290,014

6.4 Recognition of right-of-use assets and lease liabilities

Under the IFRS for SMEs, a lessee shall recognize lease payments under the operating leases as an expense over the lease terms on the most suitable systematic basis which is the best representative of the time pattern of the Group's benefit. While adopting IFRS as endorsed in KSA, the Group is required to treat the operating leases in the same way as a finance lease and correspondingly recognize a right-of-use asset and a lease liability for each operating lease. The Group adopted the full retrospective method in the application of IFRS 16 and restated its balances presented as at 1 January 2019 and 31 December 2019 respectively.

6.5 Actuarial valuation of defined benefit liabilities

Under Section 28 of IFRS for SMEs, the Group is required to recognize an amount of a liability that equals to the net amount of present value of the defined benefit obligation, deferred actuarial gains and losses and deferred past service costs at consolidated statement of financial position. However, under IAS 19, the Group is required to recognize an amount of a liability that equals to the net amount of present value of the defined benefit obligation, deferred actuarial gains and losses and deferred past service cost. Accordingly, the Group has restated defined benefit liabilities as at 1 January 2019 and 31 December 2019. The impact of restatement which pertains to 2018 and periods prior to 2018, has been charged to opening retained earnings as at 1 January 2019.

6.6 Remeasurement of provision for trade receivables

The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing incurred loss model with a forward-looking expected credit loss (ECL) model. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

For trade and other receivables, the Group has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

7 PROPERTY AND EQUIPMENT

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

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

	Leasehold improvement	*Furniture and fixture*	*Computer*	*Tools and equipment*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Cost					
As at 1 January 2019	1,149,261	386,479	2,070,059	147,113	3,752,912
Additions	-	2,490	125,549	2,617	130,656
Foreign exchange translation difference	-	(99)	(54)	-	(153)
As at 31 December 2019	1,149,261	388,870	2,195,554	149,730	3,883,415
Additions	-	-	265,570	2,434	268,004
Foreign exchange translation difference	-	(4,701)	(2,538)	-	(7,239)
As at 31 December 2020	**1,149,261**	**384,169**	**2,458,586**	**152,164**	**4,144,180**
Accumulated depreciation					
As at 1 January 2019	1,112,234	385,342	1,708,936	123,608	3,330,120
Charge for the year	14,333	2,998	149,086	8,266	174,683
Foreign exchange translation difference	-	(97)	(41)	-	(138)
As at 31 December 2019	1,126,567	388,243	1,857,981	131,874	3,504,665
Charge for the year	14,333	356	181,338	7,105	203,132
Foreign exchange translation difference	-	(4,659)	(2,310)	-	(6,969)
At 31 December 2020	**1,140,900**	**383,940**	**2,037,009**	**138,979**	**3,700,828**
Net book value					
At 31 December 2020	**8,361**	**229**	**421,577**	**13,185**	**443,352**
At 31 December 2019	22,694	627	337,573	17,856	378,750
At 1 January 2019	37,027	1,137	361,123	23,505	422,792

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

7 PROPERTY AND EQUIPMENT (continued)

The allocation of the depreciation charge for the year ended 31 December 2020 and 2019 is as follows:

	***2020* SR**	*2019* SR
Cost of revenue (note 24)	**54,474**	45,329
Selling and marketing expense (note 25)	**21,376**	17,149
General and administration expense (note 26)	**127,282**	112,205
	203,132	174,683

8 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. Generally, the Group is restricted from assigning and sub-leasing the leased assets.

Right-of-use assets

The lease contract is renewable annually and from 1 January 2019 the management had intention to continue the lease for 2 years for motor vehicles and 6 years for office building leases.

Management remaining intended lease period	
Motor vehicle	Less than a year
Office building	4 years

	***Motor vehicles* SR**	***Office building* SR**	***Total* SR**
Cost			
As at 1 January 2019	2,339,724	1,986,257	4,325,981
Additions	1,204,230	-	1,204,230
As at 31 December 2019	3,543,954	1,986,257	5,530,211
Disposals	(2,960,463)	-	(2,960,463)
As at 31 December 2020	**583,491**	**1,986,257**	**2,569,748**
Accumulated Depreciation			
As at 1 January 2019		-	-
Charge for the year	1,591,035	339,255	1,930,290
As at 31 December 2019	1,591,035	339,255	1,930,290
Charge for the year	763,904	332,686	1,096,590
Charge on disposals	(1,837,609)	-	(1,837,609)
As at 31 December 2020	**517,330**	**671,941**	**1,189,271**
Net book value			
At 31 December 2020	**66,161**	**1,314,316**	**1,380,477**
At 31 December 2019	1,952,919	1,647,002	3,599,921
At 1 January 2019	2,339,724	1,986,257	4,325,981

8 LEASES (continued)

Right-of-use assets (continued)

Depreciation allocated to expense is as follows:

	2020 SR	*2019 SR*
Cost of revenue (note 24)	**1,023,026**	1,894,484
Selling and marketing expense (note 25)	**45,840**	16,904
General and administration expense (note 26)	**27,724**	18,902
	1,096,590	1,930,290

Lease liabilities

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

	2020 SR	*2019 SR*
Balance at beginning of the year	**3,682,630**	4,325,981
Additions	-	1,204,230
Interest expense	**116,085**	224,594
Payments	**(1,198,798)**	(2,072,175)
Lease termination	**(1,165,301)**	-
Balance at end of the year	**1,434,616**	3,682,630

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Current portion of lease liabilities	**381,879**	2,286,943	1,847,582
Non-current portion of lease liabilities	**1,052,737**	1,395,687	2,478,399
	1,434,616	3,682,630	4,325,981

The maturity analysis of lease liabilities are disclosed in Note 29.

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

	2020 SR	*2019 SR*
Depreciation expense of right-of-use assets	**1,096,590**	1,930,290
Interest expense on lease liabilities	**116,085**	224,594
Expense relating to short-term leases	**361,864**	413,138
Total amount recognized in the statement of comprehensive income	**1,574,539**	2,568,022

9 TRADE RECEIVABLES

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Accounts receivables	**110,566,095**	97,985,891	86,747,859
Contract assets*	**8,712,913**	10,557,766	8,492,890
	119,279,008	108,543,657	95,240,749
Less: allowance for expected credit losses	**(1,015,148)**	(506,553)	(885,269)
	118,263,860	108,037,104	94,355,480

*Contract assets represents the amount for which services have been rendered but not yet invoiced to customers.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

9 TRADE RECEIVABLES (continued)

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

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Current	**83,581,385**	53,300,413	41,568,421
Overdue 1-90 days	**27,233,024**	51,609,173	46,094,178
Overdue 91-180 days	**5,738,100**	2,360,514	4,883,115
Overdue 181-270 days	**1,406,023**	464,247	1,151,196
Overdue 271-365 days	**328,561**	203,401	485,911
More than one year	**991,915**	605,909	1,057,928
	119,279,008	108,543,657	95,240,749

The expected credit loss for the above-mentioned carrying amounts at default are as follows;

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Current	**0.27%**	0.22%	0.32%
Overdue 1-90 days	**0.33%**	0.22%	0.33%
Overdue 91-180 days	**3.95%**	1.83%	2.23%
Overdue 181-270 days	**11.54%**	9.55%	12.22%
Overdue 271-365 days	**23.54%**	23.54%	22.53%
More than one year	**23.54%**	23.54%	22.53%

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

	2020 SR	*2019 SR*
Balance at beginning of the year	**506,553**	885,269
Provided (reversal) during the year	**508,595**	(344,858)
Written-off during the year	**-**	(33,858)
Balance at end of the year	**1,015,148**	506,553

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Bad debt allowances are recorded as part of selling and marketing expenses. For more information on credit risk management, please refer to Note 29 details of treasury and other financial risks."

Trade 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 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 receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Group's impairment policies and the calculation of the allowance for expected credit losses are provided in note 3.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include owner, affiliate companies and the Group key management personnel. The Company does not have any transaction with the Owner or affiliates companies during the year.

Transactions with key management personnel
Key management personnel compensation comprised the following:

	31 December 2020 SR	*31 December 2019 SR*
Short term benefits	**3,634,306**	3,046,713
Terminal benefits	**80,721**	80,498

Compensation to key management personnel includes salaries, allowances, provision for defined benefits liabilities and contribution to GOSI.

11 PREPAYMENTS AND OTHER ASSETS

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Prepaid expenses	**8,771,333**	11,271,431	7,999,811
Other receivables	**727,740**	651,232	3,648,126
	9,499,073	11,922,663	11,647,937

12 BANK BALANCES AND CASH

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Cash at bank	**21,748,063**	18,612,787	7,790,524
Cash in hand	**61,918**	239,282	266,233
	21,809,981	18,852,069	8,056,757

13 CAPITAL

The Group's capital consists of following:

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Authorized shares	**2,000**	2,000	2,000
Ordinary shares of SR 1,000 each, fully paid and issued	**2,000**	2,000	2,000
Capital	**2,000,000**	2,000,000	2,000,000

Details of percentage of shareholding is as follows:

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
<u>*Name of shareholder*</u>			
Saudi Telecommunication Systems Company	**100%**	100%	100%
	100%	100%	100%

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

13 CAPITAL (continued)

Details of number of shares held is as follows:

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Name of shareholder			
Saudi Telecommunication Systems Company	**2,000**	2,000	2,000
	2,000	2,000	2,000

14 STATUTORY RESERVES

In accordance with the Saudi Arabian Regulations for Companies, the group is required to transfer 10% of net profits to a statutory reserve until such reserve equals 30% (previously 50%) of the paid-up capital. The statutory reserve requirement has been fulfilled and, accordingly, the group has not transferred any additional amount towards this reserve.

15 DEFINED BENEFITS LIABILITIES

The Group has a defined benefit pension plan (unfunded), which is a final salary plan in Saudi Arabia and requires the recognition of the provision for defined benefits liabilities for the amounts payable at the reporting date in accordance with the employee contracts of employment applicable to employee accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations as at 31 December 2020, 31 December 2019 and 1 January 2019 in respect of defined benefits liabilities payable under relevant local regulations and contractual arrangements.
The break up of net defined benefit costs charged to statement of comprehensive income is as follows:

	2020 ***SR***	*2019* *SR*
Current service cost	**4,287,690**	3,417,762
Interest cost on defined benefit obligation	**286,118**	245,304
Net defined benefit expense	**4,573,808**	3,663,066

Movement in the present value of defined benefits liabilities obligation is as follows:

	2020 ***SR***	*2019* *SR*
Balance at beginning of the year	**13,171,094**	10,932,790
Current service cost and interest cost	**4,573,808**	3,663,066
Actuarial gain on remeasurement of defined benefit plan	**(54,615)**	(1,168)
Benefits paid	**(2,498,949)**	(1,423,594)
Balance at end of the year	**15,191,338**	13,171,094

The actuarial gain consists of the following:

	2020 ***SR***	*2019* *SR*
Actuarial gain arising from experience adjustments	**(54,615)**	(1,168)
	(54,615)	(1,168)

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

15 DEFINED BENEFITS LIABILITIES (continued)

Break-up of current service cost and interest cost:

	2020 ***SR***	*2019* *SR*
Cost of revenue (note 24)	**3,764,808**	2,705,548
Selling and distribution expenses (note 25)	**312,986**	343,738
General and administrative expenses (note 26)	**496,014**	613,780
	4,573,808	3,663,066

The weighted average duration of the defined benefit obligation is 6.75 years (31 December 2019: 6.80 years, 1 January 2019: 6.15 years)

The main actuarial assumptions used to calculate the defined benefit obligation (unfunded) are as follows:

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Demographic Assumptions			
Membership data			
Number of employees	**767**	656	472
Average monthly eligible pay	**9,125**	11,252	9,692
Average age of employees (years)	**40**	39.8	38.4
Average years of past service	**5.56**	5.4	4.9

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Summary of economic assumptions			
Rate			
Discount rate	**2.40%**	2.40%	2.40%
Mortality rate	**2.00%**	2.00%	2.00%
Salary growth rate	**2.00%**	2.00%	2.00%
Withdrawal rate	**25%KSA/40% ALG**	25%KSA/40% ALG	25%KSA/40% ALG

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

	2020 ***SR***	*2019* *SR*
Discount rate (1% Decrease)	**1,189,237**	1,011,488
Discount rate (1% Increase)	**(1,113,336)**	(948,187)
Mortality rate (10% Decrease)	**(17,951)**	(609)
Mortality rate (10% Increase)	**17,753**	14,009
Salary inflation rate (1% Decrease)	**(1,113,208)**	(948,077)
Salary inflation rate (1% Increase)	**1,189,281**	1,011,500
Withdrawal rate (10% Decrease)	**278,024**	198,715
Withdrawal rate (10% Increase)	**(250,129)**	(179,566)

15 DEFINED BENEFITS LIABILITIES (continued)

The above sensitivity analysis has been prepared based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognized pension liability.

The following payments are expected against the defined benefit liability in future years:

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Within the next 12 months	**1,784,202**	1,535,640	1,276,356
Between 2 to 5 years	**10,417,345**	9,034,288	7,498,651
Beyond 5 years	**15,760,441**	13,726,149	11,384,320
Total expected payments	**27,961,988**	24,296,077	20,159,327

16 ACCOUNTS PAYABLES

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Accounts payables	**710,888**	1,849,568	1,414,885
	710,888	1,849,568	1,414,885

The average credit period taken for trade purchases is 45 to 90 days (31 December 2019: 45 to 90 days, 1 January 2019: 45 to 90 days).

17 ACCRUED EXPENSES

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Accrued expenses	**36,916,273**	37,081,058	27,222,435
VAT payable, net	**5,874,664**	1,832,010	1,567,103
Accrued bonus	**3,475,644**	3,148,252	2,913,492
	46,266,581	42,061,320	31,703,030

18 SHORT TERM BORROWINGS

Details of short term borrowings are as follows:

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Re-financing facilities	**34,399,319**	34,830,551	28,636,142
	34,399,319	34,830,551	28,636,142

18 SHORT TERM BORROWINGS (continued)

Movement of short term borrowing is as follows:

	2020	*2019*
	SR	*SR*
Balance at beginning of the year	**34,830,551**	28,636,142
Additions during the year	**290,202,898**	282,985,451
Payments made during the year	**(290,634,130)**	(276,791,042)
Balance at end of the year	**34,399,319**	34,830,551

The Group had bank facilities in the form of short terms loans, overdraft and progress payment finance facility from a commercial bank to finance its working capital requirements aggregating to SR 55.20 million (2019: SR 55.20 million). As at 31 December 2020 the Company has availed short term loan and progress payment finance facility of SR 12 million (2019: 12 million) and SR 22.39 (2019: SR 22.83) million respectively. The short-term loans and progress payment finance facility was subject to an interest rate of SIBOR plus 2.25% margin. These facilities were secured by an order notes, joint and several guarantee and corporate guarantee provided by the parent company.

19 DIVIDEND PAYABLE

Following is the movement of dividend payable:

	2020	*2019*
	SR	*SR*
Balance at beginning of the year	**1,549,188**	1,549,188
Dividend declared	**31,087,607**	25,925,000
Payments	**(31,749,188)**	(25,925,000)
Balance at end of the year	**887,607**	1,549,188

Following is the dividend per share for the year 31 December 2020 and 31 December 2019:

	2020	*2019*
	SR	*SR*
Dividend declared for the year	**31,087,607**	25,925,000
Number of ordinary shares outstanding	**2,000**	2,000
Dividend per share	**15,544**	12,963

The Partners have approved to distribute dividend of SR 31,087,607 dated 31 December 2020

20 ZAKAT

The significant components of the Group's zakat base for the years ended 31 December comprise of following:

	31 December 2020	*31 December 2019*	*1 January 2019*
	SR	*SR*	*SR*
Shareholders' equity	**21,578,227**	20,581,320	21,005,773
Opening provisions and other adjustments	**10,616,351**	10,823,921	8,910,110
Adjusted net income	**47,509,539**	36,276,206	30,894,492
	79,704,117	67,681,447	60,810,375

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

20 ZAKAT (continued)

The significant components of the Group's zakat base for the years ended 31 December comprise of following (continued):

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Deductions:			
Carrying value of non-current assets	**(440,826)**	(373,719)	(414,319)
Approximate zakat base (A)	**79,263,291**	67,307,728	60,396,056
Adjusted net profit (B)	**47,509,539**	36,276,206	30,894,492
Zakat base - higher of (A) or (B)	**79,263,291**	67,307,728	60,396,056
Zakat charge for the year	**2,006,260**	1,706,800	1,509,901
Prior years adjustments	**1,377,083**	(69,004)	860,057
	3,383,343	1,637,796	2,369,958

The movement in provision for zakat is as follows:

	2020 ***SR***	*2019* *SR*
Balance at beginning of the year	**1,706,800**	1,586,741
Provided during the year	**3,383,343**	1,637,796
Payments	**(3,083,883)**	(1,517,737)
Balance at end of the year	**2,006,260**	1,706,800

Status of assessment

The Company has finalized its zakat and income tax status with the General Authority of Zakat and Tax (the "GAZT") up to 31 December 2015 in amnesty scheme of GAZT and paid SR 1,377,083 to clear the assessment till 2015. The zakat and income tax declarations for the years 2016 to 2020 have been filed with GAZT and are still under their review.

21 INCOME TAX

The movement in provision for income tax is as follows:

	2020 ***SR***	*2019* *SR*
Balance at beginning of the year	**35,107**	9,082
Provided during the year	**83,616**	96,305
Payments	**(91,180)**	(70,262)
Translation difference	**(269)**	(18)
Balance at end of the year	**27,274**	35,107

Status of assessment

The tax declaration of the Subsidiary until the year 2020 has been filed with the tax authorities in Democratic Republic of Algeria. No assessments have been yet raised, since inception to date.

22 CONTINGENT LIABILITY

The Group bankers have issued, on its behalf, guarantees limited to SR 499,900 (2019: 499,900) is respect of contracts performance.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

23 REVENUE

The Group's revenue is derived from three types of projects namely Direct, Managed-Hosting and Permanent. The nature and effect of initially applying IFRS 15 on the Group's consolidated financial statements is disclosed in note 3 and 6 respectively.

Disaggregation of revenue

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

	2020 SR	*2019 SR*
Types of projects / services		
Direct	**175,005,521**	191,225,053
Managed-Hosting	**292,174,877**	221,002,517
Permanent	**986,005**	722,819
	468,166,403	412,950,389
Types of customers		
Non-government	**468,166,403**	412,950,389
	468,166,403	412,950,389
Timing of revenue recognition		
Over the time	**468,166,403**	412,950,389
	468,166,403	412,950,389

Contract balances

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Trade receivables (note 9)	**110,566,095**	97,985,891	86,747,859
Contract assets (note 9)	**8,712,913**	10,557,766	8,492,890
	119,279,008	108,543,657	95,240,749

Trade receivables are non-interest bearing and are generally on terms of 90 days. As of 31 December 2020, SR 1,015,148 (31 December 2019: SR 506,553, 1 January 2019: SR 885,269) was recognized as provision for expected credit losses on trade receivables.

24 COST OF REVENUE

	2020 SR	*2019 SR*
Direct labour cost	**292,920,000**	254,475,710
Defined benefit liabilities (note 15)	**3,764,808**	2,705,548
Depreciation (note 7)	**54,474**	45,329
Depreciation on right of use assets (note 8)	**1,023,026**	1,894,484
Other direct operating cost	**101,278,115**	95,081,972
	399,040,423	354,203,043

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

25 SELLING AND MARKETING EXPENSES

	2020 *SR*	*2019* *SR*
Salaries, wages and other benefits	**5,387,369**	5,304,847
Sales commission	**3,467,252**	2,583,368
Allowance for (reversal of) expected credit losses (note 9)	**508,595**	(344,858)
Defined benefit liabilities (note 15)	**312,986**	343,738
Printing and advertising	**87,551**	75,510
Depreciation on right of use assets (note 8)	**45,840**	16,904
Depreciation (note 7)	**21,376**	17,149
Other selling and marketing expenses	**80,711**	327,653
	9,911,680	8,324,311

26 GENERAL AND ADMINISTRATIVE EXPENSES

	2020 *SR*	*2019* *SR*
Salaries and employees related benefits	**11,904,527**	10,693,205
Indirect taxes	**871,157**	1,618,037
Professional services	**704,400**	797,864
End of service benefits	**496,014**	613,780
Rent	**361,864**	413,138
Supplies and services	**158,940**	113,655
Depreciation (note 7)	**127,282**	112,205
Utility expenses	**141,294**	211,489
Depreciation on right of use assets (note 8)	**27,724**	18,902
Travelling	**570**	64,360
Other expenses	**386,751**	643,280
	15,180,523	15,299,915

27 EARNINGS PER SHARE (EPS)

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

	2020 *SR*	*2019* *SR*
Net income for the year	**39,123,260**	31,437,046
Number of ordinary shares outstanding	**2,000**	2,000
Basic and diluted earnings per share from net income for the year	**19,562**	15,719

28 SEGMENTAL REPORTING

The principal activities of the Group are implementing contracting contracts of establishing, maintaining, operating, installing and managing of telecommunication networks, computer, electrical & electronic works, providing consulting, technical and administrative services, providing supporting at field of consulting, technical, administrative and consulting services, operating, managing, marketing and providing technical support for sales centers and customer care services.

Selected financial information as at 31 December 2020 and 31 December 2019, and for the years then ended, categorized by these business segments, is as follows:

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

Algeria
Provision of services in the geographical region of Algeria.

31 December 2020	***Kingdom of Saudi Arabia SR***	***Algeria SR***	***Total SR***
Revenue	**454,440,777**	**13,725,626**	**468,166,403**
Depreciation	**1,267,411**	**60,035**	**1,327,446**
Profit attributable to shareholders of the company	**36,944,283**	**2,157,184**	**39,123,257**
Total assets	**136,036,015**	**15,360,728**	**151,396,743**
Total liabilities	**94,433,271**	**6,490,612**	**100,923,883**

31 December 2019	*Kingdom of Saudi Arabia SR*	*Algeria SR*	*Total SR*
Revenue	393,156,039	19,794,350	412,950,389
Depreciation	2,062,648	61,227	2,123,875
Profit attributable to shareholders of the company	27,899,146	3,502,523	31,437,048
Total assets	132,112,896	10,677,611	142,790,507
Total liabilities	96,477,526	2,408,732	98,886,258

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.

29 FINANCIAL INSTRUMENTS

Financial assets consist of trade receivables and bank balances and cash. Financial liabilities consist of accounts payables, short term borrowings, dividend payable 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 financial risks, credit risk, liquidity risk and market price risk.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

29 FINANCIAL INSTRUMENTS (continued)

Risk management and financial instruments (continued)

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 bank balances and cash, trade receivables and contract assets as follows.

	31 December 2020 SR	*31 December 2019 SR*	*1 January 2019 SR*
Trade receivables	**119,279,008**	108,543,657	95,240,749
Cash at bank	**21,748,063**	18,612,787	7,790,524
	141,027,071	127,156,444	103,031,273

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

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

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

Impairment analysis is performed at each reporting date. Collective assessment is made using provision matrix to measure expected credit losses unless objective evidence is available for the recoverability. The provision rates are based on days past due for groupings of various customer segments at group level with similar loss patterns (i.e., by geographical region, product type, customer type, and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

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 2020			
	Carrying amount SR	***On demand or less than 1 year SR***	***1 year to 5 years SR***	***More than 5 years SR***
Financial liabilities				
Accounts payables	**710,888**	**710,888**	-	-
Accrued expenses	**46,266,581**	**46,266,581**	-	-
Short term borrowings	**34,399,319**	**34,399,319**	-	-
Dividend payable	**887,607**	**887,607**	-	-
Lease liabilities	**1,434,616**	**381,879**	**1,052,737**	-

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

29 FINANCIAL INSTRUMENTS (continued)

Risk management and financial instruments (continued)

Liquidity risk (continued)

	As at 31 December 2019			
	Carrying amount SR	*On demand or less than 1 year SR*	*1 year to 5 years SR*	*More than 5 years SR*
Financial liabilities				
Accounts payables	1,849,568	1,849,568	-	-
Accrued expenses	42,061,320	42,061,320	-	-
Short term borrowings	34,830,551	34,830,551	-	-
Dividend payable	1,549,188	1,549,188	-	-
Lease liabilities	3,682,630	2,286,943	1,395,687	-

	As at 1 January 2019			
	Carrying amount SR	*On demand or less than 1 year SR*	*1 year to 5 years SR*	*More than 5 years SR*
Financial liabilities				
Accounts payables	1,414,885	1,414,885	-	-
Accrued expenses	31,703,030	31,703,030	-	-
Short term borrowings	28,636,142	28,636,142	-	-
Dividend payable	1,549,188	1,549,188	-	-
Lease liabilities	4,325,981	1,847,582	2,478,399	-

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.

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, during the period under review. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the Group's currency. The Group has a subsidiary in Algeria whose functional currency Algerian Dinar (DZD) is not the same as of the Group. For this purpose, the Group purchases the foreign currency in advance and has contract with the bank to provide the favorable rates to minimize this risk. The following tables demonstrate the sensitivity to a reasonably possible change in DZD exchange:

	Change in DZD rate	***Effect on equity (In SR)***
2020	**+5%**	**(454,695)**
	-5%	**454,695**
2019	+5%	(7,410)
	-5%	7,410

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

30 CAPITAL MANAGEMENT RISK

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 65% and 85%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash.

	31 December 2020 ***SR***	*31 December 2019* *SR*	*1 January 2019* *SR*
Short term borrowings	**34,399,319**	34,830,551	28,636,142
Total debt	**34,399,319**	34,830,551	28,636,142
Total capital	**50,472,860**	43,904,249	38,651,108
Gearing ratio	**68.15%**	79.33%	74.09%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020, 31 December 2019 and 1 January 2019.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The principal or the most advantageous market must be accessible to 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 receivables and bank balances. Its financial liabilities consist of lease liabilities, accounts payable and short term borrowing.

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 and these are all classified within level 2 of the fair value hierarchy.

Saudi Networkers Services Company Limited and its Subsidiary
- One Person Company (A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 31 December 2020

32 IMPACT OF COVID-19

A novel strain of coronavirus ("COVID-19") was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization ("WHO"). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Group's business, operations, and financial results, is uncertain and depends on many factors and future developments, that the Group's may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact to the businesses of the Group's customers and partners and other factors.

As far and as of the date of preparation of the consolidated financial statements for the period ended 31 December 2020, the Group's operations have not incurred significant impact from the COVID-19 outbreak. The Group's management will continue to evaluate the nature and extent of the impact of COVID-19 on the Group's business and financial results.

33 SUBSEQUENT EVENTS

Subsequent to the year end the Company has increased its capital from SR 2,000,000 to SR 60,000,000 by capitalizing the retained earnings. Also subsequent to the year end the owner has transferred its 100% shareholding to two individual shareholders. The revised shareholding is as follows:

	Number of shares	*Ownership percentage*
Mr. Osama M AlSabeg	3,000,000	50%
Mr. AbdulMohsen I. AlTouq	3,000,000	50%
	6,000,000	100%

The legal formalities for amending the Articles of Association and commercial registration, for the change in Company capital and shareholding, were completed on 6 Dhul' Qa'dah 1442 (corresponding to 16 June 2021).

No other events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure, in these consolidated financial statements.

34 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2020 were authorized for issuance on 13 July 2021 (corresponding to 3 Dhual-Hijja 1442 H).

13.2 The Audited financial statements for the fiscal year ending on 31/12/2021G

SAUDI NETWORKERS SERVICES COMPANY LIMITED AND ITS SUBSIDIARY
(A CLOSED JOINT STOCK COMPANY)

THE CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

SAUDI NETWORKERS SERVICES COMPANY LIMITED AND ITS SUBSIDIARY
(A CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Report on the audit of consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saudi Networkers Services Company (the "Company") and its subsidiary (together the "Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- consolidated statement of financial position as at 31 December 2021;
- consolidated statement of profit or loss for the year then ended;
- consolidated statement of comprehensive income for the year then ended;
- consolidated statement of changes in equity for the year then ended;
- consolidated statement of cash flows for the year then ended;
- notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the (Auditor's Responsibilities for the audit of the consolidated financial Statements section of our report).

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

Independence

We are independent of the Group in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

We communicate with Audit Committee 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.

PricewaterhouseCoopers

Omar M. Al Sagga
License Number 369
27 April 2022

برايس وترهاوس كوبرز
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LICENSE NO 25

2

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)

Consolidated statement of financial position
As at 31 December 2021
(All amounts are in SAR unless otherwise stated)

	Notes	As at 31 December 2021	2020
Assets			
Non-current assets			
Property and equipment	5	**437,909**	443,352
Right-of-use assets	6	**1,662,780**	1,380,477
Total non-current assets		**2,100,689**	1,823,829
Current assets			
Trade receivables	7	**128,635,680**	118,263,860
Prepayments and other assets	9	**18,166,002**	9,499,073
Cash and cash equivalents	10	**22,029,309**	21,809,981
Total current assets		**168,830,991**	149,572,914
Total assets		**170,931,680**	151,396,743
Equity and liabilities			
Equity			
Share capital	11	**60,000,000**	2,000,000
Statutory reserve	12	**3,833,696**	1,000,000
Retained earnings		**3,339,399**	56,391,494
Foreign currency translation reserve		**(9,860,021)**	(9,002,972)
Net equity attributable to owner of the Parent Company		**57,313,074**	50,388,522
Non-controlling interest		**92,945**	84,338
Total equity		**57,406,019**	50,472,860
Liabilities			
Non-current liabilities			
Defined benefits liabilities	13	**18,943,553**	15,191,338
Lease liabilities	6	**1,213,964**	1,052,737
Total non-current liabilities		**20,157,517**	16,244,075
Current liabilities			
Lease liabilities	6	**522,400**	381,879
Accounts payable	14	**825,435**	710,888
Accrued expenses and other liabilities	15	**48,588,077**	46,266,581
Short-term borrowings	16	**40,801,349**	34,399,319
Dividend payable	17	**-**	887,607
Provision for zakat	18	**2,545,695**	2,006,260
Income tax		**85,188**	27,274
Total current liabilities		**93,368,144**	84,679,808
Total liabilities		**113,525,661**	100,923,883
Total equity and liabilities		**170,931,680**	151,396,743

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

3

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)

Consolidated statement of comprehensive income
For the year ended 31 December 2021
(All amounts are in SAR unless otherwise stated)

	Notes	Year ended December 31, 2021	2020
Revenue	19	**473,251,037**	468,166,403
Cost of revenue	20	**(415,514,799)**	(399,040,423)
Gross profit		**57,736,238**	69,125,980
Expenses			
Selling and marketing expenses	21	**(8,561,324)**	(9,487,869)
General and administrative expenses	22	**(15,866,413)**	(15,095,736)
Impairment loss on financial assets		**(1,950,922)**	(508,595)
Operating profit		**31,357,579**	44,033,780
Finance cost		**(1,289,434)**	(1,504,002)
Other income		**1,012,373**	60,441
Profit before zakat and income tax		**31,080,518**	42,590,219
Zakat	18	**(2,568,910)**	(3,383,343)
Income tax		**(156,987)**	(83,616)
Profit for the year		**28,354,621**	39,123,260
Profit is attributable to:			
Owner of the parent company		**28,336,965**	39,101,470
Non-controlling interest		**17,656**	21,790
		28,354,621	39,123,260
Other comprehensive (loss) income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit liabilities	13	**(1,455,757)**	54,615
Items that may be reclassified to profit or loss:			
Movement in foreign currency translation reserve		**(865,706)**	(1,521,657)
Total other comprehensive loss for the year		**(2,321,463)**	(1,467,042)
Total comprehensive income for the year		**26,033,158**	37,656,218
Total comprehensive income attributable to:			
Owner of the parent company		**26,024,551**	37,649,099
Non-controlling interest		**8,607**	7,119
		26,033,158	37,656,218
Earnings per share for profit attributable to the shareholders of the company:			
Basic and diluted earnings per share	23	**4.7**	6.5

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

4

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)

Consolidated statement of changes in equity
For the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

	Equity attributable to the owner of the parent company						
	Share capital	**Statutory reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Non-controlling interest**	**Total equity**
As at 1 January 2020	2,000,000	1,000,000	48,323,562	(7,496,532)	43,827,030	77,219	43,904,249
Profit for the year	-	-	39,101,470	-	39,101,470	21,790	39,123,260
Other comprehensive (loss) income	-	-	54,069	(1,506,440)	(1,452,371)	(14,671)	(1,467,042)
Total comprehensive income (loss) for the year	-	-	39,155,539	(1,506,440)	37,649,099	7,119	37,656,218
Dividend (Note 17)	-	-	(31,087,607)	-	(31,087,607)	-	(31,087,607)
As at 31 December 2020	2,000,000	1,000,000	56,391,494	(9,002,972)	50,388,522	84,338	50,472,860
Profit for the year	-	-	28,336,965	-	28,336,965	17,656	**28,354,621**
Other comprehensive loss	-	-	(1,455,365)	(857,049)	(2,312,414)	(9,049)	**(2,321,463)**
Total comprehensive income (loss) for the year	**-**	**-**	**26,881,600**	**(857,049)**	**26,024,551**	**8,607**	**26,033,158**
Capital enhancement (Note 11)	58,000,000	-	(58,000,000)	-	-	-	**-**
Dividend (Note 17)	-	-	(19,099,999)	-	(19,099,999)	-	**(19,099,999)**
Transfer to statutory reserve	-	2,833,696	(2,833,696)	-	-	-	**-**
As at 31 December 2021	**60,000,000**	**3,833,696**	**3,339,399**	**(9,860,021)**	**57,313,074**	**92,945**	**57,406,019**

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

5

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)

Consolidated statement of cash flows
For the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

	Notes	Year ended December 31, 2021	2020
Profit before zakat and income tax		**31,080,518**	42,590,219
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	5,6	**922,994**	1,292,753
Loss on sale of property and equipment		**4,277**	-
Gain on termination of lease		**-**	(42,447)
Provision for employees' defined benefits liabilities	13	**6,409,709**	4,573,808
Expected credit loss on trade receivables	7	**1,950,922**	508,595
Operating cashflows before working capital changes		**40,368,420**	48,922,928
Changes in operating assets and liabilities:			
Trade receivables, prepayments and other assets		**(20,989,671)**	(8,311,760)
Accounts payable, accrued expenses and other liabilities		**2,436,043**	3,066,581
Cash generated from operations		**21,814,792**	43,677,749
Employees' defined benefit paid	13	**(4,113,251)**	(2,498,949)
Zakat and income tax paid		**(2,128,548)**	(3,175,333)
Net cash flows from operating activities		**15,572,993**	38,003,467
Investing activities			
Purchase of property and equipment	5	**(205,700)**	(260,765)
Proceeds from the sale of property and equipment	5	**-**	-
Net cash used in investing activities		**(205,700)**	(260,765)
Financing activities			
Proceeds from short-term borrowings	16	**6,402,030**	-
Repayment of short-term borrowings	16	**-**	(431,232)
Dividends paid	17	**(19,987,606)**	(31,749,188)
Repayment of lease liabilities		**(696,683)**	(1,082,713)
Net cash flows used in financing activities		**(14,282,259)**	(33,263,133)
Net decrease in cash and cash equivalents		**1,085,034**	4,479,569
Cash and cash equivalents at the beginning of the year	10	**21,809,981**	18,852,069
Effects of exchange rate changes on cash and cash equivalents		**(865,706)**	(1,521,657)
Cash and cash equivalents at the end of the year	10	**22,029,309**	21,809,981

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

6

1. General information

Saudi Networkers Services Company (the "Company") is a closed joint stock company. Registered in Riyadh city, Kingdom of Saudi Arabia ("KSA") under commercial registration number 1010173733 dated 19 Dhul-Qadah 1422H (corresponding to 2 February 2002). The Company's registered address is PO Box: 25141 Riyadh 11466, Kingdom of Saudi Arabia.

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

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

On 20 December 2021, the Group announced its intention to close the subsidiary. As at 31 December 2021, the subsidiary is still a continuing operation as its still generating revenue, accordingly the subsidiary is not considered a discontinued operation. The subsidiary will be phased out during 2022 after completing the legal formalities in compliance with the local regulations of Algeria.

2. Basis of preparation

These consolidated financial statements are the statutory financial statements of the Group for the year ended 31 December 2021.

2.1 Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after refer to as "IFRS as endorsed in Saudi Arabia").

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

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2021. Control is achieved when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through the investee.

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

2. Basis of preparation (Continued)

2.2 Basis of consolidation (continued)

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

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

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

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

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

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

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

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

2 Significant accounting policies (continued)

2.2 Basis of consolidation (continued)

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

2.3 Revenue from contracts with customers

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

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

- Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties (if any).
- Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2 Significant accounting policies (continued)

(b) Transactions and balances (continued)

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

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

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in the consolidated statement of comprehensive income.

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

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

Contract balances

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 consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

2.5 Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

2.6 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

2.7 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 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.

2 Significant accounting policies (continued)

2.7 Zakat and Income tax (continued)

Income Tax

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

Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised on all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that future taxable amounts will be available against which these assets can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

2.8 Foreign currencies

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

2.9 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2 Significant accounting policies (continued)

2.10 Group Subsidiary

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

2.11 Cash dividend

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

2.12 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 recognised 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 recognised 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 recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. 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 derecognised.

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

2.13 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

2 Significant accounting policies (continued)

2.13 Leases (continued)

Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.14 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 recognised as expense on a straight-line basis over the lease term.

2.15 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.

Financial assets

<u>Initial recognition and measurement</u>

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

2 Significant accounting policies (continued)

2.15 Financial instruments (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

2 Significant accounting policies (continued)

2.15 Financial instruments (continued)

Impairment

Further disclosures relating to impairment of financial assets are also provided in Note 5.

For trade 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 recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payables, dividend payable, lease liabilities and short-term borrowings.

Subsequent measurement

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

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

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

2 Significant accounting policies (continued)

2.15 Financial instruments (continued)

Financial liabilities at amortised 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 amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of comprehensive income.

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

Derecognition

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

Offsetting of financial instruments

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

2.16 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in Note 5.

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.

2 Significant accounting policies (continued)

2.16 Impairment of non-financial assets (continued)

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2 Significant accounting policies (continued)

2.17 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 recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

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

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

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

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

2.18 Statutory Reserve

In accordance with Saudi Arabian Regulations for Companies and the Company's Articles of Association, the Group is required to transfer 10% of the net income for the year to the statutory reserve. The Group may resolve to discontinue such transfers when the reserve totals 30% (previously 50%) of the capital. The Group has achieved this limit and hence no transfer is made during the current year and last year. This reserve is not available for distribution to the shareholders of the Group.

2.19 Expenses

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

2.20 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.

3 New standards, amendments and standards issued but not yet effective

New standards, amendment to standards and interpretations

(a) The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021:

COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2021; and

Interest rate benchmark (IBOR) reform - phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted by the Group

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Company has not early adopted. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

2. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

3. Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

4. Classification of liabilities as current or non-current - Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).

5. Classification of liabilities as current or non-current, deferral of effective date - Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).

6. Proceeds before intended use, Onerous contracts - cost of fulfilling a contract, Reference to the Conceptual Framework - narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 - amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

7. Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

8. Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

9. Covid-19-Related Rent Concessions - Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

10. Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12(issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

Revenue from contracts with customers

Satisfaction of performance obligation
The Group has assessed that the performance obligation relating to the rendering of services is satisfied as the services are rendered to the customer. Accordingly, revenue is recognized over time during the contractual term of the service contract with the customer.

Principal versus agent consideration

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

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

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

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

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

4 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

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 analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 7.

Defined benefit liabilities

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

Leases - Estimating the incremental borrowing rate

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

5 Property and equipment

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

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

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

5 Property and equipment (continued)

	Leasehold improvements	Furniture and fixtures	Computers	Tools and equipment	Total
Cost					
Balance as at 1 January 2020	1,149,261	388,870	2,195,554	149,730	3,883,415
Additions	-	-	258,331	2,434	260,765
Balance as at 31 December 2020	1,149,261	388,870	2,453,885	152,164	4,144,180
Additions	14,110	26,345	153,942	11,303	205,700
Disposals	-	-	(5,750)	-	(5,750)
Balance as at 31 December 2021	**1,163,371**	**415,215**	**2,602,077**	**163,467**	**4,344,130**
Accumulated depreciation					
Balance as at 1 January 2020	1,126,567	388,243	1,857,981	131,874	3,504,665
Charge for the year	14,333	356	174,369	7,105	196,163
Balance as at 31 December 2020	1,140,900	388,599	2,032,350	138,979	3,700,828
Charge for the year	12,672	6,392	186,005	1,797	206,866
Disposals	-	-	(1,473)	-	(1,473)
Balance as at 31 December 2021	**1,153,572**	**394,991**	**2,216,882**	**140,776**	**3,906,221**
Net book value					
As at 31 December 2021	**9,799**	**20,224**	**385,195**	**22,691**	**437,909**
As at 31 December 2020	8,361	271	421,535	13,185	443,352

The allocation of the depreciation charge for the year ended 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Cost of revenue (Note 20)	**36,177**	54,474
Selling and marketing expense (Note 21)	**26,907**	21,376
General and administration expense (Note 22)	**143,782**	120,313
	206,866	196,163

22

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)

Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

6 Leases

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

Right-of-use assets

	Motor vehicles	Office building	Total
Cost			
As at 1 January 2020	3,543,954	1,986,257	5,530,211
Disposals	(2,960,463)	-	(2,960,463)
As at 31 December 2020	583,491	1,986,257	2,569,748
Additions	543,845	454,586	998,431
As at 31 December 2021	**1,127,336**	**2,440,843**	**3,568,179**
Accumulated Depreciation			
As at 1 January 2020	1,591,035	339,255	1,930,290
Charge for the year	763,904	332,686	1,096,590
Charge on disposals	(1,837,609)	-	(1,837,609)
As at 31 December 2020	517,330	671,941	1,189,271
Charge for the year	274,917	441,211	716,128
As at 31 December 2021	**792,247**	**1,113,152**	**1,905,399**
Net book value			
At 31 December 2021	**335,089**	**1,327,691**	**1,662,780**
At 31 December 2020	66,161	1,314,316	1,380,477

Depreciation allocated to expense is as follows:

	31 December 2021	31 December 2020
Cost of revenue (Note 20)	**244,468**	1,023,026
Selling and marketing expense	**-**	45,840
General and administration expense (Note 22)	**471,660**	27,724
	716,128	1,096,590

6 Leases (continued)

Lease liabilities

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

	31 December 2021	**31 December 2020**
Balance at beginning of the year	**1,434,616**	3,682,630
Additions	**998,431**	-
Interest expense	**99,575**	116,085
Payments	**(796,258)**	(1,198,798)
Lease termination	**-**	(1,165,301)
Balance at end of the year	**1,736,364**	1,434,616

Lease liabilities are presented as follows:

	31 December 2021	**31 December 2020**
Current portion of lease liabilities	**522,400**	381,879
Non-current portion of lease liabilities	**1,213,964**	1,052,737
	1,736,364	1,434,616

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

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

	31 December 2021	**31 December 2020**
Depreciation expense of right-of-use assets	**716,128**	1,096,590
Interest expense on lease liabilities	**99,575**	116,085
Expense relating to short-term leases	**-**	361,864
Total amount recognized in the statement of comprehensive income	**815,703**	1,574,539

7 Trade receivables

	31 December 2021	**31 December 2020**
Accounts receivables	**97,182,140**	110,566,095
Unbilled receivables	**34,419,610**	8,712,913
	131,601,750	119,279,008
Less: allowance for expected credit losses	**(2,966,070)**	(1,015,148)
	128,635,680	118,263,860

* Unbilled receivables represents the amount for which services have been rendered but not yet invoiced to customers.

7 Trade receivables (continued)

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

	31 December 2021		31 December 2020	
	Receivables	**Default rates**	**Receivables**	**Default rates**
Current	**65,532,911**	0.39%	83,581,385	0.27%
Overdue 1-90 days	**48,422,806**	0.88%	27,233,024	0.33%
Overdue 91-180 days	**6,916,399**	5.84%	5,738,100	3.95%
Overdue 181-270 days	**4,668,431**	12.26%	1,406,023	11.54%
Overdue 271-365 days	**2,550,876**	21.88%	328,561	23.54%
More than one year	**3,510,327**	21.88%	991,915	23.54%
	131,601,750		119,279,008	

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

	31 December 2021	**31 December 2020**
Balance at beginning of the year	**1,015,148**	506,553
Provided during the year	**1,950,922**	508,595
Written-off during the year	**-**	-
Balance at end of the year	**2,966,070**	1,015,148

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. For more information on credit risk management, please refer to Note 26 details of treasury and other financial risks."

Trade 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 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 receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Group's impairment policies and the calculation of the allowance for expected credit losses are provided in Note 3.

8 Related transactions and balances

Related parties include owner, affiliate companies and the Group key management personnel. The Company does not have significant transactions with the Owners or affiliates companies during the year. The Company is jointly controlled by Mr. Osama M AlSabeg and Mr. AbdulMohsen I. AlTouq who owns 50% each, shares of the Company.

Key management personnel compensation comprised the following:

	31 December 2021	**31 December 2020**
Short term benefits	**3,502,050**	3,634,306
Termination benefits	**128,370**	80,721
	3,630,420	3,715,027

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

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

9 Prepayments and other assets

	31 December 2021	31 December 2020
Prepaid expenses	**13,365,220**	8,771,333
Other receivables	**4,800,782**	727,740
	18,166,002	9,499,073

10 Cash and cash equivalents

	31 December 2021	31 December 2020
Cash at bank	**21,965,789**	21,748,063
Cash in hand	**63,520**	61,918
	22,029,309	21,809,981

11 Share capital

The Group's capital consists of following:

	31 December 2021	31 December 2020
Authorized shares	**6,000,000**	2,000
Ordinary shares of SAR 10 each (from SAR 1,000 per share), fully paid and issued	**6,000,000**	2,000
Share capital	**60,000,000**	2,000,000

Details of percentage of shareholding is as follows:

	31 December 2021	31 December 2020
Name of shareholders		
Saudi Telecommunication Systems Company	-	100%
Mr. Abdul Mohsen AlTouq	**50%**	-
Mr. Osama M Alsabeg	**50%**	-
	100%	100%

Details of number of shares held is as follows

	Nationality/ incorporation	Number of shares 2021	Number of shares 2020
Mr. Abdul Mohsen AlTouq	Saudi	**3,000,000**	-
Mr. Osama M Alsabeg	Saudi	**3,000,000**	-
Saudi Telecommunication Systems Company	Saudi Arabia	-	2,000
		6,000,000	2,000

During 2021, The Company has increased its capital from SAR 2,000,000 to SAR 60,000,000 by capitalizing the retained earnings and amended value of shares to SAR 10 per share (from SAR 1,000 per share) and the total number of shares has become 6,000,000. Also, the erstwhile holding company has transferred its 100% shareholding to two individual shareholders.

26

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

11 Share capital (continued)

The revised shareholding is as follows:

	2021	%
Mr. Osama M AlSabeg	3,000,000	50%
Mr. AbdulMohsen I. AlTouq	3,000,000	50%
	6,000,000	100%

The legal formalities for amending the Articles of Association and commercial registration, for the change in Company's capital and shareholding, were completed on 6 Dhul' Qa'dah 1442 (corresponding to 16 June 2021).

12 Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Group is required to transfer 10% of net profits to a statutory reserve until such reserve equals 30% of the paid-up capital. This reserve is currently not available for distribution to the shareholders of the Company.

13 Defined benefits liabilities

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

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

	31 December 2021	31 December 2020
Balance at beginning of the year	**15,191,338**	13,171,094
Recognised in P&L:		
Current service cost	**6,094,476**	4,267,918
Interest cost	**315,233**	305,890
Recognised in OCI:		
Actuarial loss / (gain) on remeasurement of defined benefit plan	**1,455,757**	(54,615)
Benefits paid	**(4,113,251)**	(2,498,949)
Balance at end of the year	**18,943,553**	15,191,338

The actuarial loss (gain) consists of the following:

	31 December 2021	31 December 2020
Gain from change in financial assumptions	**(638,090)**	-
Loss (gain) from change in experience assumptions	**2,093,847**	(54,615)
	1,455,757	(54,615)

Break-up of current service cost and interest cost:

	31 December 2021	31 December 2020
Cost of revenue (Note 20)	**5,470,688**	3,764,809
Selling and distribution expenses	**390,126**	312,986
General and administrative expenses (Note 22)	**682,171**	496,014
	6,542,985	4,573,809

27

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

13 Defined benefits liabilities (continued)

	31 December 2021	31 December 2020
Summary of economic assumptions		
Discount rate	**2.70%**	2.40%
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 2021	31 December 2020
Discount rate (1% Decrease)	**(1,056,906)**	1,189,237
Discount rate (1% Increase)	**1,543,851**	(1,113,336)
Salary growth rate (1% Decrease)	**(1,544,065)**	(1,113,208)
Salary growth rate (1% Increase)	**1,056,464**	1,189,281

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

The weighted average duration of the defined benefit obligation is 7 years (31 December 2020: 6.75 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

	31 December 2021	31 December 2020
Within the next 12 months	**1,070,905**	1,784,202
Between 2 to 5 years	**10,028,490**	10,417,345
Beyond 5 years	**22,081,365**	15,760,441
Total expected payments	**33,180,760**	27,961,988

14 Accounts payable

	31 December 2021	31 December 2020
Accounts payables	**825,435**	710,888
	825,435	710,888

The average credit period taken for trade payables is 45 to 90 days (31 December 2020: 45 to 90 days).

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)

Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

15 Accrued expenses and other liabilities

	31 December 2021	31 December 2020
Accrued expenses	**36,288,717**	36,916,273
VAT payable, net	**9,455,511**	5,874,664
Customer advances	**423,632**	-
Accrued bonus	**2,420,217**	3,475,644
	48,588,077	46,266,581

16 Short-term borrowing

Details of short-term borrowings are as follows:

	31 December 2021	31 December 2020
Re-financing facilities	**40,801,349**	34,399,319
	40,801,349	34,399,319

Movement of short-term borrowing is as follows:

	31 December 2021	31 December 2020
Balance at beginning of the year	**34,399,319**	34,830,551
Additions (proceeds) during the year – net	**6,402,030**	(431,232)
Balance at end of the year	**40,801,349**	34,399,319

The Group had bank facilities in the form of short terms loans, overdraft and progress payment finance facility from a commercial bank to finance its working capital requirements aggregating to SAR 55.2 million (2020: SR 55.2 million). As at 31 December 2021 the Company has availed short term loan and progress payment finance facility of SAR 20.0 million (2020: SAR 12 million) and SAR 20.8 million (2020: SAR 22.39) million respectively. The short-term loans and progress payment finance facility was subject to an interest rate of SIBOR plus 2.25% margin. These facilities were secured by an order notes, joint and several guarantee and corporate guarantee provided by the owners.

17 Dividend payable

Following is the movement of dividend payable:

	31 December 2021	31 December 2020
Balance at beginning of the year	**887,607**	1,549,188
Dividend declared	**19,099,999**	31,087,607
Payments	**(19,987,606)**	(31,749,188)
Balance at end of the year	**-**	887,607

Following is the dividend per share for the year 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Dividend declared for the year	**19,099,999**	31,087,607
Number of ordinary shares outstanding	**6,000,000**	2,000
Dividend per share	**3.2**	15,543.8

The shareholders have approved to distribute dividend of SAR 19.1 million (2020: SAR 31.1 million) dated 31 December 2021.

18 Zakat

The significant components of the Group's zakat base for the years ended 31 December comprise of following:

	31 December 2021	31 December 2020
Shareholders' equity	**40,100,600**	21,578,227
Opening provisions and other adjustments	**49,586,416**	10,616,351
Adjusted net profit	**48,816,561**	47,509,539
	138,503,577	79,704,117

The computation of the zakat comprise the following:

	31 December 2021	31 December 2020
Approximate zakat base	**52,314,252**	31,753,752
Zakat on zakat base (A)	**1,348,496**	818,522
Adjusted net profit	**48,816,561**	47,509,539
Zakat on adjusted net profit (B)	**1,220,414**	1,187,738
Zakat charge for the year (A)+(B)	**2,568,910**	2,006,260
Prior years adjustments	**-**	1,377,083
	2,568,910	3,383,343

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%.

18 Zakat (continued)

The movement in provision for zakat is as follows:

	31 December 2021	31 December 2020
Balance at beginning of the year	**2,006,260**	1,706,800
Provided during the year	**2,568,910**	3,383,343
Payments	**(2,029,475)**	(3,083,883)
Balance at end of the year	**2,545,695**	2,006,260

Status of assessment
The Company has finalized its zakat and income tax status with the Zakat, Tax and Customs Authority ("ZATCA") up to 31 December 2015 in amnesty scheme of ZATCA and paid SAR 1,377,083 to clear the assessment till 2015. The zakat and income tax declarations for the years 2016 to 2020 have been filed with ZATCA and are still under their review.

19 Revenue

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

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

	31 December 2021	31 December 2020
Types of projects / services		
Direct	**156,920,629**	175,005,521
Managed-Hosting	**315,790,117**	292,174,877
Other	**540,291**	986,005
	473,251,037	468,166,403
Types of customers		
Non-government	**473,251,037**	468,166,403
	473,251,037	468,166,403
Timing of revenue recognition		
Overtime	**473,251,037**	468,166,403
	473,251,037	468,166,403

Contract balances

	31 December 2021	31 December 2020
Trade receivables (Note 7)	**97,182,140**	110,566,095
Unbilled receivables (Note 7)	**34,419,610**	8,712,913
	131,601,750	119,279,008

Revenues of approximately SAR 170.7 million (2020: SAR 184.0 million) are derived from three external customers who contribute more than 10% each to the total external revenue. These revenues are attributed to the Kingdom of Saudi Arabia segment.

Trade receivables are non-interest bearing and are generally on terms of 90 days. As of 31 December 2021, SAR 2.9 million (31 December 2020: SAR 1.0 million) was recognized as provision for expected credit losses on trade receivable.

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

20 Cost of Revenue

	31 December 2021	31 December 2020
Employees' cost	**398,980,556**	385,166,579
Defined benefits liabilities	**5,470,688**	3,764,809
Depreciation and amortization	**36,177**	54,474
Depreciation on leased assets	**244,468**	1,023,026
Others	**10,782,910**	9,031,535
	415,514,799	399,040,423

21 Selling and marketing expenses

	31 December 2021	31 December 2020
Employees' cost	**5,478,510**	5,587,084
Bonus	**2,756,004**	3,467,252
Printing and advertising	**75,226**	87,551
Depreciation and amortisation	**26,907**	67,216
Others	**224,677**	278,766
	8,561,324	9,487,869

22 General and administrative expenses

	31 December 2021	31 December 2020
Employees' cost	**11,459,609**	11,904,527
Indirect taxes	**1,386,681**	871,157
End of service benefits	**682,171**	496,014
Professional services	**624,446**	704,400
Rent	**155,131**	361,864
Supplies and services	**7,255**	158,940
Depreciation and amortisation	**615,442**	148,037
Utilities	**427,821**	141,294
Others	**507,857**	309,503
	15,866,413	15,095,736

23 Earning per share (EPS)

Basic EPS is calculated by dividing the net income 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 2021	31 December 2020
Net income for the year	**28,336,965**	39,101,470
Number of ordinary shares outstanding*	**6,000,000**	6,000,000
Basic and diluted earnings per share from net income for the year	**4.7**	6.5

* The number of shares for the year ended 31 December 2020 has been restated retrospectively to reflect the capitalization effect of retained earnings (Note 11). Since this represents a change in the number of basic shares, without a corresponding change in resources, the weighted average number of basic shares outstanding during all reported periods is adjusted retrospectively.

32

Saudi Networkers Services Company Limited and its Subsidiary
(A Closed Joint Stock Company)

Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

24 Segment reporting

The principal activities of the Group are implementing contracting contracts of establishing, maintaining, operating, installing and managing of telecommunication networks, computer, electrical & electronic works, providing consulting, technical and administrative services, providing supporting at field of consulting, technical, administrative and consulting services, operating, managing, marketing and providing technical support for sales centers and customer care services.

Segment information as at 31 December 2021 and 31 December 2020, and for the years then ended, categorized by these segments, is as follows:

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

Algeria
Provision of services in the geographical region of Algeria.

	Kingdom of Saudi Arabia	**Algeria**	**Total**
31 December 2021			
Revenue	462,792,369	10,458,668	**473,251,037**
Depreciation and amortisation	866,780	56,214	**922,994**
Profit attributable to shareholders of the Company	26,203,735	1,747,676	**27,951,411**
Total assets	158,862,776	12,068,904	**170,931,680**
Total liabilities	111,220,744	2,708,127	**113,928,871**

	Kingdom of Saudi Arabia	**Algeria**	**Total**
31 December 2020			
Revenue	454,440,777	13,725,626	468,166,403
Depreciation and amortisation	1,267,411	32,311	1,299,722
Profit attributable to shareholders of the Company	37,649,100	1,474,160	39,123,260
Total assets	136,036,015	15,360,728	151,396,743
Total liabilities	94,433,271	6,490,612	100,923,883

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.

25 Financial instruments

Financial assets consist of trade receivables, other asset and bank balances and cash. Financial liabilities consist of accounts payables, short term borrowings, dividend payable 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 financial risks, credit risk, liquidity risk and market price 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 bank balances and cash, trade receivables including unbilled receivables is as follows.

	31 December 2021	**31 December 2020**
Trade receivables, gross	**131,601,750**	119,279,008
Cash and cash equivalents	**22,029,309**	21,809,981
	153,631,059	141,088,989

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

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

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

Impairment analysis is performed at each reporting date. Collective assessment is made using provision matrix to measure expected credit losses unless objective evidence is available for the recoverability. The provision rates are based on days past due for groupings of various customer segments at group level with similar loss patterns (i.e., by geographical region, product type, customer type, and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

At 31 December 2021, 48% of accounts receivable were due from 3 customers (2020: 41% from 3 customers). Management believes that this concentration of credit risk is mitigated through historical collections from such customers.

Other financial assets at amortised cost include, other receivables. The instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Management consider 'low credit risk' for other receivables. As at 31 December 2021, the ECL allowance on other financial assets carried at amortised cost is immaterial.

25 Financial instruments (continued)

(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 2021				
	Carrying amount	**On demand or less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Financial liabilities					
Accounts payables	825,435	825,435	-	-	**825,435**
Accrued expenses and other liabilities	48,588,077	48,588,077	-	-	**48,588,077**
Short-term borrowings	40,801,349	41,125,888	-	-	**41,125,888**
Lease liabilities	1,736,364	595,753	1,267,249	-	**1,863,002**
	91,951,225	**91,135,153**	**1,267,249**	**-**	**92,402,402**

	As at 31 December 2020				
	Carrying amount	**On demand or less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Financial liabilities					
Accounts payables	710,888	710,888	-	-	710,888
Accrued expenses and other liabilities	46,266,581	46,266,581	-	-	46,266,581
Short-term borrowings	34,399,319	34,672,935	-	-	34,672,935
Dividend payable	887,607	887,607	-	-	887,607
Lease liabilities	1,434,616	440,531	1,150,159	-	1,590,690
	83,699,011	82,978,542	1,150,159	-	84,128,701

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.

25 Financial instruments (continued)

(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.

26 Capital management risk

The Group's objectives when managing capital are to:

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

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

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain a gearing ratio within 65% to 85%. The gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021	**31 December 2020**
Total debt	**40,801,349**	34,399,319
Total equity	**57,002,809**	50,472,860
Gearing ratio	**71.58%**	68.15%

26 Capital management risk (continued)

Net debt reconciliation

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

	31 December 2021	**31 December 2020**
Cash and cash equivalents	**22,029,309**	21,809,981
Short-term borrowings	**(40,801,349)**	(34,399,319)
Lease liabilities	**(1,736,364)**	(1,434,616)
Net loans	**(20,508,404)**	(14,023,954)

		Net loan reconciliation		
	Cash and cash equivalents	**Short-term loans**	**Lease liabilities**	**Total**
Net loans as at 1 January 2021	21,809,981	(34,399,319)	(1,434,616)	(14,023,954)
Repayment of lease liabilities	-	-	696,683	696,683
Additions to lease liabilities	-	-	(998,431)	(998,431)
Proceeds from short-term borrowings	-	(6,402,030)	-	(6,402,030)
Cashflows for the period	219,328	-	-	219,328
Total cash flows	**22,029,309**	**(40,801,349)**	**(1,736,364)**	**(20,508,404)**

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021, 31 December 2020.

27 Fair value of financial instruments

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

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

The principal or the most advantageous market must be accessible to 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 receivables, bank balances and other assets. Its financial liabilities consist of lease liabilities, accounts payable, short-term borrowing 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 Limited and its Subsidiary
(A Closed Joint Stock Company)

Notes to the financial statements for the year ended 31 December 2021
(All amounts in SAR unless otherwise stated)

28 Impact of COVID-19

In response to the spread of the COVID-19 pandemic and its consequential disruption to the social and economic activities, the Group's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures to:

- ensure the health and safety of its employees; and
- minimize the impact of the pandemic on its operations and rendering training to the customers.

Notwithstanding these challenges, the Group was successful in maintaining stable operations throughout the pandemic and business activity is improving as the impact of the pandemic recedes. The Group's management believes that the COVID-19 pandemic, by itself, has had limited direct material effects on the Group's reported results for the year ended 31 December 2021. However, the Group's management continues to monitor the situation closely.

29 Approval of the Consolidated financial statements

The consolidated financial statements of the Group for the year ended 31 December 2021 were authorized for issuance on 24 Ramadan 1443 H (corresponding to 25 April 2022).

30 Subsequent events

The management believes that there are no subsequent events since the end of the year that require disclosure or adjustment in these consolidated financial statements.

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