**PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY**
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS** (UNAUDITED)
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024**

**PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY**
(A SAUDI JOINT STOCK COMPANY)

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# Independent Auditor's Review Report

**To the Shareholders**

**Perfect Presentation for Commercial Services Company**

(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

## Introduction

We have reviewed the accompanying interim condensed statement of financial position of Perfect Presentation for Commercial Services Company (the "Company") as at March 31, 2024 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting ("IAS 34")', as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**BAKER TILLY MKM & CO.**
*Certified Public Accountants*

**Majid Muneer Alnemer**
License No. 381
Riyadh, on Thul-Qi'dah 5, 1445H
Corresponding to May 13, 2024G



Mixed limited liability company | Head Office – Riyadh | Saudi Arabia | Paid-up Capital SR 200,000 | CR 1010428101.
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Baker Tilly MKM & Co. Certified Public Accountants trading as Baker Tilly is independent member of the global network of Baker Tilly International.

**PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY**
(A SAUDI JOINT STOCK COMPANY)

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
## AS AT MARCH 31, 2024

| | Note | MARCH 31, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|---|---|---|
| | | (Saudi Riyals) | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | | **147,569,991** | 148,543,977 |
| Intangible assets | | **28,178,026** | 26,510,904 |
| | | **175,748,017** | 175,054,881 |
| **Current assets** | | | |
| Inventory | | **4,668,618** | 3,904,140 |
| Due from related parties | **4** | **177,864** | 176,365 |
| Contracts assets | **8-A** | **448,092,264** | 425,045,794 |
| Trade receivables | **5** | **473,541,587** | 494,969,602 |
| Prepayments and other receivables | | **54,472,033** | 27,724,282 |
| Cash and cash equivalents | | **44,670,651** | 51,501,832 |
| | | **1,025,623,017** | 1,003,322,015 |
| **TOTAL ASSETS** | | **1,201,371,034** | 1,178,376,896 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | **6** | **150,000,000** | 150,000,000 |
| Statutory reserve | | **26,074,839** | 26,074,839 |
| Retained earnings | | **234,901,468** | 205,948,980 |
| **Total equity** | | **410,976,307** | 382,023,819 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Employee termination benefits | | **35,432,014** | 34,051,944 |
| Long-term loans | **7-A** | **1,773,233** | 2,581,847 |
| | | **37,205,247** | 36,633,791 |
| **Current liabilities** | | | |
| Trade payables | | **147,636,293** | 172,300,807 |
| Due to related parties | **4** | **10,450,742** | 16,959,752 |
| Short-term loans | **7-B** | **399,316,556** | 307,800,960 |
| Current portion of long-term loans | **7-A** | **2,958,186** | 2,782,919 |
| Contract liabilities | **8-B** | **51,141,902** | 61,343,653 |
| Accrued expenses and other payables | | **133,290,536** | 191,635,931 |
| Zakat payable | | **8,395,265** | 6,895,264 |
| | | **753,189,480** | 759,719,286 |
| **Total liabilities** | | **790,394,727** | 796,353,077 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,201,371,034** | 1,178,376,896 |

| **Chairman of Board of Directors** | **Chief Executive Officer** | **Chief Financial Officer** |
|---|---|---|
| Nasser Al Bassam | Ehsan Doughman | Maher Bawadi |

The accompanying notes form an integral part of these interim condensed financial statements

**PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY**
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHE COMPREHENSIVE INCOME** (UNAUDITED)
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024**

| | | For the three-month period ended March 31 | |
|---|---|---|---|
| | Note | 2024 | 2023 (Restated - Note 13) |
| | | (Saudi Riyals) | |
| Revenue from contracts with customers | 8-1 | **219,491,123** | 225,083,427 |
| Cost of revenue | | **(164,700,936)** | (181,254,649) |
| **Gross profit** | | **54,790,187** | 43,828,778 |
| Selling and marketing expenses | | **(1,871,674)** | (1,122,038) |
| General and administrative expenses | | **(7,172,213)** | (4,990,994) |
| Expected credit loss on contract assets and trade receivables | | **(3,878,677)** | (2,285,680) |
| Other operating income | | **179,398** | 241,873 |
| **Operating income** | | **42,047,021** | 35,671,939 |
| Finance cost | | **(10,866,002)** | (5,561,233) |
| **Profit before zakat** | | **31,181,019** | 30,110,706 |
| Zakat | | **(1,500,000)** | (1,525,989) |
| **Profit for the period** | | **29,681,019** | 28,584,717 |
| **Other comprehensive income** | | | |
| ***Items that will not be reclassified to profit or loss in subsequent periods:*** | | | |
| Remeasurement of employee termination benefits | | **(728,531)** | (1,358,472) |
| Change in fair value of equity instruments at fair value through other comprehensive income | | **-** | 357,953 |
| **Total other comprehensive income for the period** | | **(728,531)** | (1,000,519) |
| **Total comprehensive income for the period** | | **28,952,488** | 27,584,198 |
| **Earnings per share:** | | | |
| Basic and diluted | **9** | **0.20** | 0.19 |

| **Chairman of Board of Directors** | **Chief Executive Officer** | **Chief Financial Officer** |
|---|---|---|
| Nasser Al Bassam | Ehsan Doughman | Maher Bawadi |

The accompanying notes form an integral part of these interim condensed financial statements

**PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY**
(A SAUDI JOINT STOCK COMPANY)
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY** (UNAUDITED)
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024**

| | Share Capital | Statutory Reserve | Fair Value Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| | Saudi Riyals | Saudi Riyals | Saudi Riyals | Saudi Riyals | Saudi Riyals |
| **For the three-month period ended March 31, 2024** | | | | | |
| Balance as at January 1, 2024 | **150,000,000** | **26,074,839** | **-** | **205,948,980** | **382,023,819** |
| Profit for the period | **-** | **-** | **-** | **29,681,019** | **29,681,019** |
| Other comprehensive income for the period | **-** | **-** | **-** | **(728,531)** | **(728,531)** |
| Total comprehensive income for the period | **-** | **-** | **-** | **28,952,488** | **28,952,488** |
| Balance as at March 31, 2024 | **150,000,000** | **26,074,839** | **-** | **234,901,468** | **410,976,307** |
| **For the three-month period ended March 31, 2023** | | | | | |
| Balance as at January 1, 2023 | 150,000,000 | 13,145,523 | 1,535,592 | 88,918,396 | 253,599,511 |
| Profit for the period (Restated - Note 13) | - | - | - | 28,584,717 | 28,584,717 |
| Other comprehensive income for the period | - | - | 357,953 | (1,358,472) | (1,000,519) |
| Total comprehensive income for the period | - | - | 357,953 | 27,226,245 | 27,584,198 |
| Transfer of fair value reserve | - | - | (1,893,545) | 1,893,545 | - |
| Balance as at March 31, 2023 | 150,000,000 | 13,145,523 | - | 118,038,186 | 281,183,709 |

**Chairman of Board of Directors**
Nasser Al Bassam

**Chief Executive Officer**
Ehsan Doughman

**Chief Financial Officer**
Maher Bawadi

The accompanying notes form an integral part of these interim condensed financial statements

**PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY**
(A SAUDI JOINT STOCK COMPANY)
**INTERIM CONDENSED STATEMENT OF CASH FLOWS** (UNAUDITED)
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024**

| | For the three-month period ended March 31 | |
|---|---|---|
| | **2024** | 2023 (Restated - Note 13) |
| | (Saudi Riyals) | |
| **Operating activities** | | |
| Profit before zakat | **31,181,019** | 30,110,706 |
| **Adjustments for non-cash items:** | | |
| Depreciation and amortization | **1,542,000** | 1,214,685 |
| Expected credit loss on contract assets and trade receivables | **3,878,677** | 2,285,680 |
| Employee termination benefits costs | **3,978,420** | 3,519,112 |
| Finance costs | **10,886,002** | 5,561,233 |
| **Changes in working capital:** | | |
| Inventory | **(764,478)** | (62,911) |
| Due from / to related parties | **(6,510,509)** | (6,253,584) |
| Contracts assets | **(23,046,470)** | (49,041,081) |
| Trade receivables | **17,549,338** | (51,456,300) |
| Prepayments and other receivables | **(26,747,751)** | (19,079,156) |
| Trade payables | **(24,664,513)** | 4,422,643 |
| Contract liabilities | **(10,201,751)** | (6,602,545) |
| Accrued expenses and other payables | **(58,345,396)** | (31,673,852) |
| | **(81,285,412)** | (117,055,370) |
| Finance costs paid | **(10,483,659)** | (5,279,655) |
| Employee termination benefits paid | **(3,709,223)** | (2,899,129) |
| **Net cash used in operating activities** | **(95,478,294)** | (125,234,154) |
| **Investing activities** | | |
| Purchases of property and equipment | **(351,239)** | (4,010,139) |
| Purchases of intangible assets | **(1,883,897)** | (6,795,287) |
| Proceed from sale of equity instruments | **-** | 2,410,195 |
| **Net cash used in investing activities** | **(2,235,136)** | (8,395,231) |
| **Financing activities** | | |
| Paid from long term loans | **(633,347)** | (496,068) |
| Net change in short term loans | **91,515,596** | 131,842,365 |
| Dividends paid | **-** | (10,500,000) |
| **Net cash generated from financing activities** | **90,882,249** | 120,846,297 |
| **Net change in cash and cash equivalents** | **(6,831,181)** | (12,783,088) |
| Cash and cash equivalents at beginning of the period | **51,501,832** | 67,212,171 |
| **Cash and cash equivalents at end of the period** | **44,670,651** | 54,429,083 |

| **Chairman of Board of Directors** | **Chief Executive Officer** | **Chief Financial Officer** |
|---|---|---|
| Nasser Al Bassam | Ehsan Doughman | Maher Bawadi |

The accompanying notes form an integral part of these interim condensed financial statements

## 1. Company Information

Perfect Presentation for Commercial Services Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010203693 issued in Riyadh on Shawwal 25, 1425H (corresponding to December 8, 2004G).

The registered address of the Company is Alsheikh Abdullah Bin Gabreen Road, Al Qairawan district, P.O. Box 10552, Riyadh 11651, Kingdom of Saudi Arabia.

These financial statements include assets, liabilities, and the activities of the Company and its following branches:

| CR number | Location | Register date |
|---|---|---|
| 1010290349 | Riyadh | Rajab 8, 1431H (corresponding to June 20, 2010G) |
| 4031218300 | Makkah | Safar 13, 1440H (corresponding to October 22, 2018G) |
| 5900143626 | Jizan | Dhu al-Hijjah 29, 1444H (corresponding to July 17, 2023G) |

The Company's main activity is the installation and extension of computer and communications networks, wholesale of computers and their accessories, including (sale of printers and their inks), wholesale of software including import, provision of fixed communications services, provision of wholesale services for infrastructure, design and programming of special software, provision of SMS services and the provision of call center service, the provision of wired and wireless Internet services, systems analysis, the design and programming of special software, the provision of management and control service of communications and information networks, registration for the provision of cloud computing services, the establishment of infrastructure for hosting websites on the network, data processing services and related activities, research and development in the field of engineering and technology, user interface design and experience, robotics and virtual and augmented reality technology, application development, artificial intelligence techniques, biotechnology solutions, financial technology solutions, big data technologies and data analytics, installation of communication equipment, installation of central computers, repair and maintenance of personal computers and portable of all kinds and sizes, repair and maintenance of printers and optical scanners, repair and maintenance of screens, keyboard, mouse, and other similar accessories, repair and maintenance of engines, systems and fixed and portable information storage devices, repair and maintenance of wireless phones, repair and maintenance of military communication equipment, other activities of network gates, other activities of communications not previously mentioned, other computer programming activities, other activities such as installing and extending television, computer and communications networks, cyber security, incoming call center activities, answering customer calls using operators, distributing calls automatically or through phone and computer integration, using interactive voice answering systems, or other similar methods to receive orders, provide information on products and deal with customer assistance requests and complaints.

## 2. Basis of Preparation and Change in Accounting Policies

### 2.1 Statement of compliance with International Financial Reporting Standards.

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Report" as endorsed in the Kingdom of Saudi Arabia. These interim condensed financial statements do not include all the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed financial statements should be read along with the company's financial statements for the previous year ended on December 31, 2023. The interim condensed financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Riyal (SR), except when otherwise indicated.

The interim period is considered an integral part of the full fiscal year, still, the results of the operations for the interim period may not be a fair indication of the results of operations for the full year.

## 2. Basis of Preparation and Change in Accounting Policies (Continued)

### 2.2 General Consideration

The accounting policies and methods of computation adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2023, except for the adoption of the new standards which became effective as at January 1, 2024.

The Company has not made early application of any other standard, interpretation or amendment issued but not yet effective. Some amendments to the international Financial Reporting Standards are effective as at January 1, 2024 and none of those amendments have an impact on the Company's financial statements.

## 3. Use of Judgments and Estimates

The Company makes certain judgments and estimates regarding the future. Judgments and estimates are continually evaluated based on past experience and other factors, including anticipation of future events that are believed to be reasonable in the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant estimates made by management in applying the Company's accounting policies and the primary sources of estimation of uncertainty were the same as those that were applied in the financial statements for the year ended December 31, 2023.

## 4. Related Parties' Transactions and Balances

Related parties represent major shareholders of the Company, managers and top management, The nature of the relationship is described as follow:

| Related party | Relation |
|---|---|
| Ideal for Business and Commercial Investment Company | Major Shareholder |
| Information Technology Belt Company | Affiliate |
| Perfect Presentation for Commercial Services Company – Egypt | Affiliate |
| Fawran Smart Logistics | Affiliate |
| Wahg Energy Establishment | Related to Shareholder |
| Perfect Presentation for Technology Company – Jordan | Affiliate |
| Cloud Distribution for Communications and Information Technology Company | Affiliate |
| Smart Health for Communications and Information Technology Company | Affiliate |
| Sustainable Technology Energy Company | Affiliate |
| Nasser Abdullah bin Muhammad Al-Bassam | Major Shareholder |
| Saleh Ibrahim bin Hamad Al Mazrou | Major Shareholder |
| Prime Technology Contracting Establishment | Related to Shareholder |

**The transactions with the related party as following:**

The following is a summary of the significant transactions carried out with related parties for the three-month period ended March 31:

| Related party | Natural of Transaction | 2024 | 2023 |
|---|---|---|---|
| | | **Saudi Riyals** | Saudi Riyals |
| Prime Technology Contracting Establishment | **Purchases** | **107,533** | - |
| | **Payment on behalf** | **-** | 37,776 |
| Cloud Distribution for Communications and Information Technology Company | **Purchases** | **529,711** | 90,393 |
| Information Technology Belt Company | **Sales** | **-** | 241,500 |
| Ideal for Business and Commercial Investment Company | **Sales** | **-** | 197,225 |
| | **Payment on behalf** | **1,500** | - |

## 4. Related Parties' Transactions and Balances (Continued)

**The balances due from related parties consist of the following:**

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Ideal for Business and Commercial Investment Company | **100,112** | 98,613 |
| Sustainable Energy Company | **77,752** | 77,752 |
| | **177,864** | 176,365 |

The amounts due from related parties are non-bearing interest.

**The balances due to related parties consists of the following:**

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Information Technology Belt Company | **9,405,733** | 9,405,732 |
| Cloud Distribution for Communications and Information Technology Company | **1,006,321** | 7,514,088 |
| Prime Technical Contracting Establishment | **38,688** | 39,932 |
| | **10,450,742** | 16,959,752 |

The amounts due to related party are non-bearing interest.

**Key managements remunerations and benefits**

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Key managements remunerations and benefits | **1,405,850** | 1,068,143 |

Key management's personal remunerations and benefits consists of salaries, benefits, end of service benefits and other provisions.

## 5. Trade Receivables

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Trade receivables | **491,509,082** | 509,058,420 |
| Less: Expected credit loss provision | **(17,967,495)** | (14,088,818) |
| | **473,541,587** | 494,969,602 |

As at March 31, 2024, the company's trade receivables are mainly concentrated in government agencies with an amount of SR 427,686,690 representing 87% of total trade receivables (December 31, 2023: SR 429,586,860 representing 84,3% of total trade receivables).

The movement in the allowance for expected credit losses on trade receivables as follows:

| | **For the three-month period ended March 31, 2024** | For the year ended December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Balance at the beginning of the period / year | **14,088,818** | 5,068,327 |
| Additions | **3,878,677** | 9,020,491 |
| Balance at the end of the period / year | **17,967,495** | 14,088,818 |

## 6. Share Capital

The company's share capital as at March 31, 2024, consists of 150,000,000 shares with a nominal value of 1 Saudi riyal per share (December 31, 2023: 150,000,000 shares with a nominal value of 1 Saudi riyals per share).

The members of the company's Board of Directors approved at their meeting held on March 30, 2024, to recommend to the Extraordinary General Assembly to vote on increasing the company's capital by 100% by granting bonus shares by capitalizing an amount of SAR 150 million from retained earnings, by granting a bonus share for every share owned by the shareholders.

On Dhu al-Qi'dah 18, 1444H (corresponding to June 7, 2023), the extraordinary general assembly of the company's shareholders approved the recommendation of the Board of Directors to divide the nominal value of the share from 10 Saudi riyals per share to 1 Saudi riyal per share. As a result, the number of shares of the company increased from 15 million shares to 150 million shares. Legal procedures have been completed to reflect the above.

## 7. Bank Facilities

### A. Long term Loans

Long-term loans comprise of the following:

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Non-current portion | **1,773,233** | 2,581,847 |
| Current portion | **2,958,186** | 2,782,919 |
| | **4,731,419** | 5,364,766 |

The Company obtained several loans (Murabaha and Tawrruq) from various commercial banks. These loans generally bear finance costs based on inter-bank offer rates which charge finance fees at the prevailing inter-bank rate in the kingdom of Saudi Arabia ("SIBOR") plus a fixed margin agreed upon between the parties. Certain loans of these loans are secured by a mortgage on property and equipment.

### B. Short-term loans

Those loans represent credit facilities (Murabaha and Tawrruq) obtained from various commercial banks and bear financial charges at prevailing market rates which are based on inter-bank offer rates which charge finance fees at prevailing inter-bank rate in the kingdom of Saudi Arabia ("SIBOR") plus a margin agreed upon between the parties. Certain loans of these loans are secured by promissory notes, and assignment of trade receivables for projects funded through these facilities.

### C. Loan covenants

The covenants of certain short-term and long-term loans require the Company to maintain certain level of financial conditions, require lenders' prior approval for dividends payment above certain amount and limit the amount of annual capital expenditures and certain other requirements.

## 8. Revenue from the contracts with the customers

### 8-1 Disaggregated revenue information

| **Segments** | **March 31, 2024** | March 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| **Products or services type** | | |
| Call Centre services | **74,878,742** | 66,504,187 |
| Operation and maintenance services | **68,663,635** | 80,424,610 |
| Software licenses and development services | **59,067,200** | 78,154,630 |
| Management services | **12,511,320** | - |
| Cyber security services | **4,370,226** | - |
| **Total revenue from contracts with customers** | **219,491,123** | 225,083,427 |

**8. Revenue from the contracts with the customers** (Continued)
**8-1 Disaggregated revenue information** (Continued)

| **Type of customers** | **March 31, 2024** | March 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Government and government-controlled entities | **181,650,950** | 199,875,155 |
| Private sector | **37,840,173** | 25,208,272 |
| **Total revenue from contracts with customers** | **219,491,123** | 225,083,427 |
| **Timing of revenue recognition** | | |
| Products transferred at a point in time | **18,889,252** | 20,884,129 |
| Services transferred over a period of time | **200,601,871** | 204,199,298 |
| **Total revenue from contracts with customers** | **219,491,123** | 225,083,427 |

| **8-2 Contracts Balances** | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Trade receivables (Note 5) | **473,541,587** | 494,969,602 |
| Contract assets (Note 8- A) | **448,092,264** | 425,045,794 |
| Contract liabilities (Note 8- B) | **51,141,902** | 61,343,653 |

**A) Contract assets**

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Total contract assets | **453,110,358** | 430,063,888 |
| Less: Expected credit loss provision | **(5,018,094)** | (5,018,094) |
| | **448,092,264** | 425,045,794 |

Contract assets mainly relate to the company's right to obtain consideration for services provided to customers, which have not yet been billed at the reporting date, and are transferred to trade receivables when the contracts become unconditional, when the company issues the invoice to the customer.

As of March 31, 2024, the Company's contract assets are mainly concentrated from government agencies with an amount of SR 370,595,438 representing 81,8% of total contract assets (December 31, 2023: SR 352,558,123 representing 81,9% of total contract assets).

The movement in the allowance for expected credit losses on trade receivables as follows:

| | **For the three-month period ended March 31, 2024** | For the year ended December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Balance at the beginning of the period / year | **5,018,094** | 1,487,940 |
| Additions | **-** | 3,530,154 |
| Balance at the end of the period / year | **5,018,094** | 5,018,094 |

**B) Contract liabilities**

| Contract liabilities include long-term advances against | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Billing in excess of work performed | 36,042,501 | 45,684,637 |
| Advances from customers | 15,099,401 | 15,659,016 |
| | 51,141,902 | 61,343,653 |

## 9. Earnings Per Share

| | **March 31, 2024** | March 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Profit for the period | **29,681,019** | 28,584,717 |
| Weighted average number of ordinary shares | **150,000,000** | 150,000,000 |
| Earnings per share – basic and diluted | **0,20** | 0,19 |

There is no diluted effect on the Company's basic earnings per share.

Basic earnings per share have been calculated by dividing the profit for the period attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

## 10. Contingent Assets and Liabilities

**Contingent Assets:**

On January 22, 2023, the Company received a notification of estimation for the two properties included in the expropriation decision in favor of a government agency. According to the valuation received from the government agency, it is expected that the expropriation process will result in capital gains of SR 33.8 million, which will be recognized upon transfer of tittle deed ownership in favor of the government agency.

**Contingent Liabilities:**

The Company has contingent liabilities for bank guarantees issued in the normal course of business as follow:

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| | **Saudi Riyals** | Saudi Riyals |
| Letters of guarantees | **315,503,790** | 337,044,179 |

## 11. Fair Value of Financial Instruments

As at 31 March 2024 and 2023, the Company does not have any financial instruments measured at fair value.

There was no change in the risk management policies related to financial instruments during the period from those followed by management during the year ending December 31, 2023.

## 12. Operating Segments

The company operates within one geographical sector in the Kingdom of Saudi Arabia and represented by five operating segments, which are as follows:
Segment 1: Operation and maintenance services.
Segment 2: Call Centre services.
Segment 3: Software licenses and development services (including providing text messaging services and subscriptions and providing internet services).
Segment 4: Managed business services (Management services).
Segment 5: Cyber security services

**The following is a summary of some financial information by operating segments**

| **As at March 31, 2024 And for the three-month period then ended** | **Segment 1** | **Segment 2** | **Segment 3** | **Segment 4** | **Segment 5** | **Shared items** | **Total** |
|---|---|---|---|---|---|---|---|
| | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** |
| Revenue | **68,663,634** | **74,878,743** | **59,067,200** | **12,511,320** | **4,370,226** | - | **219,491,123** |
| Profit before zakat | **13,911,918** | **10,742,159** | **21,317,210** | **4,759,250** | **1,099,462** | **(20,648,980)** | **31,181,019** |
| Contract assets | **171,426,639** | **97,404,969** | **159,738,492** | **20,552,645** | **3,987,613** | **(5,081,094)** | **448,092,264** |
| Trade receivables | **231,831,823** | **96,458,578** | **155,065,069** | **8,153,612** | - | **(17,967,495)** | **473,541,587** |
| Shared assets | - | - | - | - | - | **279,737,183** | **279,737,183** |
| **Total assets** | **403,258,462** | **193,863,547** | **314,803,561** | **28,706,257** | **3,987,613** | **256,751,594** | **1,201,371,034** |
| Contract liabilities | **21,670,286** | **3,876,480** | **25,595,136** | - | - | - | **51,141,902** |
| Shared liabilities | - | - | - | - | - | **739,252,825** | **739,252,825** |
| **Total liabilities** | **21,670,286** | **3,876,480** | **25,595,136** | - | - | **739,252,825** | **790,394,727** |

| **As at December 31, 2023** | **Segment 1** | **Segment 2** | **Segment 3** | **Segment 4** | **Segment 5** | **Shared items** | **Total** |
|---|---|---|---|---|---|---|---|
| | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** |
| Contract assets | 162,037,012 | 79,237,030 | 171,127,312 | 17,662,534 | - | (5,018,094) | 425,045,794 |
| Trade receivables | 231,464,945 | 100,268,910 | 170,821,265 | 6,503,300 | - | (14,088,818) | 494,969,602 |
| Shared assets | - | - | - | - | - | 258,361,500 | 258,361,500 |
| **Total assets** | 393,501,957 | 179,505,940 | 341,948,577 | 24,165,834 | - | 239,254,588 | 1,178,376,896 |
| Contract liabilities | 25,109,860 | 4,927,881 | 31,305,912 | - | | - | 61,343,653 |
| Shared liabilities | - | - | - | - | - | 735,009,424 | 735,009,424 |
| **Total liabilities** | 25,109,860 | 4,927,881 | 31,305,912 | - | - | 735,009,424 | 796,353,077 |

| For the three-month period ended March 31,2024 | Segment 1 | Segment 2 | Segment 3 | Segment 4 | Segment 5 | Shared items | Total |
|---|---|---|---|---|---|---|---|
| | Saudi Riyals | Saudi Riyals | Saudi Riyals | Saudi Riyals | Saudi Riyals | Saudi Riyals | Saudi Riyals |
| Revenue | 80,424,610 | 66,504,187 | 78,154,630 | - | - | - | 225,083,427 |
| Profit before Zakat | 12,221,878 | 14,638,007 | 12,186,448 | - | - | (8,935,627) | 30,011,706 |

## 13. Prior period adjustments

The management has adjusted the comparative figures as at March 31, 2024 and for the three-month period then ended in order to correct some accounting errors. The note below explains the details of the adjustments, reclassifications and the impact on the line items of statement of financial position. statement of profit or loss and other comprehensive income, and statement of cash flows.

A) The management has incurred costs related to research and development of software programs and systems for the purpose of using it or selling it as "Software licenses and development services" products, during this period the management has recognized development costs as cost of sales & general and administration expenses not in line with the requirements of IAS 38 – Intangible assets. Accordingly, the Management has restated its comparative figure to recognize these costs as Intangible assets.

B) The company didn't capitalize accrued costs amounting to S.R 4,4M, related to the development of some programs and systems.

C) Management has reclassified the financing costs included in the cost of sales and selling and distribution expenses to finance costs to be consistent with the current year's presentation.

**The three-month period ended March 31, 2023**

| | Before adjustment and reclassification | Adjustment | Reclassification | After adjustments |
|---|---|---|---|---|
| **Statement of financial position** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** | **Saudi Riyals** |
| Intangible assets (A,B) | 1,085,173 | 6,795,287 | - | **7,880,460** |
| Accrued expenses and other payables (B) | 78,967,026 | 4,414,668 | - | **83,381,694** |
| Retained earnings (A) | 115,657,567 | 2,380,619 | - | **118,038,186** |
| **Statement of profit or loss and other comprehensive income** | | | | |
| Cost of revenue (A, C) | 186,037,095 | (1,702,912) | (3,079,534) | **181,254,649** |
| Selling and marketing expenses (C) | 1,562,320 | - | (440,282) | **1,122,038** |
| General and administrative expenses (A) | 5,668,701 | (677,707) | - | **4,990,994** |
| Finance cost (C) | 2,041,417 | - | 3,519,816 | **5,561,233** |
| **Statement of cash flow** | | | | |
| Cash flow from operating activities (A,B) | (132,029,441) | 6,795,287 | - | **(125,234,154)** |
| Cash flow from investing activities (A,B) | (1,599,944) | (6,795,287) | - | **(8,395,231)** |

## 14. Approval of the Financial Statements

The interim condensed financial statements were approved by the Company's Board of Directors on Thul-Qi'dah 5, 1445H (corresponding to May 13, 2024G).