PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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Independent Auditor's Report

To the Shareholders
Perfect Presentation for Commercial Services Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of Perfect Presentation for Commercial Services Company, (the "Company"), which comprise the statement of financial position as at December 31, 2024, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including the material accounting policies' information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and its financial performance, and its 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").

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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with International Code of Ethics for Professional Accountants adopted in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Below is a description of the key audit matter and how we addressed it.

Key audit matter: Revenue recognition	
The key audit matter	**How the matter was addressed in our audit**
The Company's contracts with customers include multiple services which include maintenance and operation services, call center services, licensing, and development services and managed services. Revenues amounted to SAR 1,071,028,069 for the year ended December 31, 2024 (December 31, 2023: SAR 1,129,673,140).	Our audit procedures performed included, among other matters, the following: • Assessed the design and implementation of relevant controls in relation to revenue recognition, • Verified the revenue recognition policy applied by the Company to ensure compliance with IFRS 15 requirements.

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Independent Auditor's Report (Continued)

To the Shareholders
Perfect Presentation for Commercial Services Company

Key audit matters (Continued)

Key audit matter: Revenue recognition	
The key audit matter	**How the matter was addressed in our audit**
In accordance with IFRS 15 "Revenue from Contracts with Customers", Management identifies customers' contracts relating to services provided, and for each type of contract identified, Management determines the performance obligations that exist under the contract. Revenue is then allocated to the performance obligations under the contract using observable market prices for each separate service provided. Management recognizes revenue either at a point of time or over time depending on the assessment made in accordance with the requirements of IFRS 15. Due to the variety of contractual arrangements with the customers, which affected by management estimates concerning the determination of the appropriate measurement and timing of recognition of different elements of revenue, accordingly revenue recognition was identified as a key audit matter.	• Perform the following procedures on a sample of customer contracts: - Traced the transaction price to the underlying contract executed with the customer. - Assessed whether the transaction price allocated to the financial performance obligations is in line with IFRS 15. - Assessed the timing of revenue recognition at a point in time or over period is in line with requirements of IFRS 15. • Evaluate the adequacy of revenue disclosures in the company's financial statements.
Refer to note (5) on accounting policies for revenue, and note (19) on revenues' details	

Other information

Other information consists of the information included in the Company's 2024 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's annual report for 2024 is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Company's annual report for 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report (Continued)

To the Shareholders
Perfect Presentation for Commercial Services Company

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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 Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 are also:

- Identify and assess the risks of material misstatement of the 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report (Continued)

To the Shareholders
Perfect Presentation for Commercial Services Company

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

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

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

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

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

BAKER TILLY Professional Services

Majid Muneer Alnemer
(Certified Public Accountant - License No. 381)
Riyadh on Ramadan 27, 1446H
Corresponding to March 27, 2025G

بيكر تيلي للإستشارات المهنية
C.R: 1010428101 :س.ت
BAKER TILLY
Professional Services

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

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(All amounts are presented in Saudi Riyals unless otherwise stated)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Non-current assets			
Property and equipment	6	130,608,062	148,543,977
Intangible assets	7	34,200,559	26,510,904
		164,808,621	175,054,881
Current assets			
Inventory	8	4,060,332	3,904,140
Due from related parties	9	45,657,583	176,365
Contract assets	19	486,906,749	425,045,794
Trade receivables	10	580,972,663	494,969,602
Prepayments and other receivables	11	51,744,138	27,724,282
Cash and cash equivalents	12	100,433,079	51,501,832
		1,269,774,544	1,003,322,015
TOTAL ASSETS		1,434,583,165	1,178,376,896
EQUITY AND LIABILITIES			
Equity			
Share capital	13	300,000,000	150,000,000
Statutory reserve	13	42,408,433	26,074,839
Retained earnings		202,603,395	205,948,980
Total equity		545,011,828	382,023,819
Liabilities			
Non-current liabilities			
Employee termination benefits	16	41,085,832	34,051,944
Long-term borrowings	15	-	2,581,847
		41,085,832	36,633,791
Current liabilities			
Trade payables		185,219,528	197,480,900
Due to related parties	9	2,093,417	16,959,752
Short-term borrowings	15	429,161,853	307,800,960
Current portion of long-term borrowings	15	2,322,501	2,782,919
Contract liabilities	19	44,311,592	65,638,100
Other payables and accruals	17	177,658,634	162,161,391
Zakat payable	18	7,717,980	6,895,264
		848,485,505	759,719,286
Total liabilities		889,571,337	796,353,077
TOTAL EQUITY AND LIABILITIES		1,434,583,165	1,178,376,896

Nasser AL Bassam	Ehsan Doughman	Maher Bawadi
Chairman of Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are presented in Saudi Riyals unless otherwise stated)

	Note	2024	2023
Revenue from contracts with customers	19	**1,071,028,069**	1,129,673,140
Cost of revenue from contracts with customers	20	**(820,104,403)**	(919,267,605)
Gross profit		**250,923,666**	210,405,535
Selling and marketing expenses	21	**(7,442,433)**	(6,928,998)
General and administrative expenses	22	**(43,546,147)**	(25,905,488)
Expected credit losses on contract assets, trade receivables, and other receivables	19, 11, 10	**(30,758,001)**	(12,550,645)
Other operating income	23	**11,969,689**	8,707,344
Gain on disposal of property and equipment	6	**31,754,668**	-
Operating profit		**212,901,442**	173,727,748
Finance costs	24	**(41,859,389)**	(38,414,249)
Profit before zakat		**171,042,053**	135,313,499
Zakat	18	**(7,706,116)**	(6,020,342)
Profit for the year		**163,335,937**	129,293,157
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Change in fair value of equity instruments at fair value through other comprehensive income		**-**	357,953
Remeasurement of employee termination benefits	16	**(347,928)**	(1,226,802)
Other comprehensive loss for the year		**(347,928)**	(868,849)
Total comprehensive income for the year		**162,988,009**	128,424,308
Earnings per share:			
Basic and diluted	25	**0.54**	0.43

Nasser AL Bassam
Chairman of Board of Directors

Ehsan Doughman
Chief Executive Officer

Maher Bawadi
Chief Financial Officer

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are presented in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair Value reserve	Total equity
For the year ended December 31, 2024:						
As at January 1, 2024		**150,000,000**	**26,074,839**	**205,948,980**	**-**	**382,023,819**
Profit for the year		**-**	**-**	**163,335,937**	**-**	**163,335,937**
Other comprehensive loss		**-**	**-**	**(347,928)**	**-**	**(347,928)**
Total comprehensive income		**-**	**-**	**162,988,009**	**-**	**162,988,009**
Transfer to statutory reserve		**-**	**16,333,594**	**(16,333,594)**	**-**	**-**
Share capital increase	**13-1**	**150,000,000**	**-**	**(150,000,000)**	**-**	**-**
As at December 31, 2024		**300,000,000**	**42,408,433**	**202,603,395**	**-**	**545,011,828**
For the year ended December 31, 2023:						
As at January 1, 2023		150,000,000	13,145,523	88,918,396	1,535,592	253,599,511
Profit for the year		-	-	129,293,157	-	129,293,157
Other comprehensive loss		-	-	(1,226,802)	357,953	(868,849)
Total comprehensive income		-	-	128,066,355	357,953	128,424,308
Transfer to statutory reserve		-	12,929,316	(12,929,316)	-	-
Transfer of fair value reserve	**13-2**	-	-	1,893,545	(1,893,545)	-
As at December 31, 2023		150,000,000	26,074,839	205,948,980	-	382,023,819

Nasser AL Bassam	Ehsan Doughman	Maher Bawadi
Chairman of Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are presented in Saudi Riyals unless otherwise stated)

	Note	2024	2023
OPERATING ACTIVITIES			
Profit for the year before zakat		**171,042,053**	135,313,499
Adjustments for non-cash items			
Depreciation and amortization	6, 7	**7,303,081**	4,695,401
Expected credit losses on contract assets, trade receivables, and other receivables	19, 11, 10	**30,758,001**	12,550,645
(Gain) / loses on disposal of property and equipment	6	**(31,754,668)**	12,860
Employee termination benefits incurred	16	**15,913,679**	13,372,626
Finance cost related to employee termination benefits	16	**1,365,870**	987,507
Finance cost incurred	24	**40,493,519**	37,426,742
		235,121,535	204,359,280
CHANGES IN WORKING CAPITAL:			
Inventory		**(156,192)**	(3,609,403)
Due from/to related parties		**(60,347,553)**	(2,533,136)
Contract assets		**(70,251,334)**	(128,582,931)
Trade receivables		**(105,572,040)**	(217,500,278)
Prepayments and other receivables		**(26,818,499)**	(11,227,995)
Contract liabilities		**(17,032,061)**	(9,350,093)
Trade payables		**12,918,721**	27,850,368
Other payables and accruals		**(13,977,297)**	76,580,385
		(46,114,720)	(64,013,803)
Employee termination benefits paid	16	**(10,593,589)**	(7,956,645)
Zakat paid	18	**(6,883,400)**	(4,390,479)
Net cash used in operating activities		**(63,591,709)**	(76,360,927)
INVESTING ACTIVITIES			
Purchases of property and equipment	6	**(9,504,734)**	(21,500,808)
Purchases of intangible assets	7	**(9,649,878)**	(25,936,426)
Proceed from disposal of property and equipment		**53,852,459**	2,410,195
Net cash generated from/(used in) investing activities		**34,697,847**	(45,027,039)
FINANCING ACTIVITIES			
Paid of long-term borrowings		**(3,042,265)**	(2,179,721)
Proceeds from short-term borrowings		**765,782,575**	708,556,589
Paid of short-term borrowings		**(644,421,682)**	(552,772,499)
Finance cost paid		**(40,493,519)**	(37,426,742)
Dividends paid		**-**	(10,500,000)
Net cash generated from financing activities		**77,825,109**	105,677,627
Net change in cash and cash equivalents		**48,931,247**	(15,710,339)
Cash and cash equivalents at beginning of the year	12	**51,501,832**	67,212,171
Cast and cash equivalents at end of the year	12	**100,433,079**	51,501,832
Non- Cash transactions:			
Share capital increase	13-1	**150,000,000**	-

Nasser AL Bassam	Ehsan Doughman	Maher Bawadi
Chairman of Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are presented in Saudi Riyals unless otherwise stated)

1- ORGANIZATION AND ACTIVITY

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 7, 2004G).

The registered address of the Company is Al Sheikh Abbullah Bin Jibreen Road Qairawan district, P.O. Box 10552, Riyadh 11651, Kingdom of Saudi Arabia.

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

CR number	Location	Registration date
1010290349	Riyadh	Rajab 8, 1431H (corresponding to June 19, 2010G)
4031218300	Makkah	Safar 13, 1440H (corresponding to October 21, 2018G)
5900143626	Jizan	Dhu al-Hijjah 29, 1444H (corresponding to July 17, 2023G)

The Company's main activity is network extensions, installation and extension of computer and communications networks, user interface and experience design, robotics technologies, virtual and augmented reality technologies, application development, artificial intelligence technologies, systems analysis, cybersecurity, blockchain technologies, huge data technologies, data science and analysis, establishing the infrastructure for web hosting, data processing services and related activities, document and data verification, rehabilitation and restructuring of administrative, financial and operational processes of establishments, providing senior management consulting services, repairing and maintaining printers and scanners, repairing and maintaining monitors, keyboard, mouse and other similar accessories, repairing and maintaining engines, systems, fixed and portable data storage devices, training centers, software for health and medical devices, designing and programming special software, repairing and maintaining military communications devices, installing and maintaining security devices, wholesale sales of security devices, wholesale sales of security equipment and supplies (for government tenders only), repairing and maintaining personal computers and laptops (of all types), building and operating a geospatial platform/portal, building geospatial databases, applications and web services for geospatial information systems, providing communication services via non-terrestrial networks, providing non-terrestrial network operation services, providing management and monitoring services for communication and information networks, providing SMS services, call center service, registration cloud computing services, revenue cycle management.

2- BASIS OF PREPARATION

The financial statements of the Company for the year ended December 31, 2024, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Details of the Company's material accounting policies are disclosed in note 5.

The financial statements have been prepared on a historical cost basis, The 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.

3- SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Other disclosures relating to the Company's exposure to risk and uncertainties include:

- Financial instruments risk management Note 27

3.1 Judgments

In the process of applying the company's accounting policies, management has made the following judgments that have a material impact on the amounts reported in the financial statements:

Determining whether the Company is a principal or an agent in a contract with a customer

The Company considers itself as an agent in license supply contracts with customers if the compensation it receives represent a commission of the total contract's cost and most of the performance obligations in the contract will be fulfilled by other contractors.

3.2 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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

Uncertain zakat positions

The Company's current zakat and tax payable of SAR 7,717,980 relates to management's assessment of the amount of zakat and tax payable on open zakat and tax positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat and tax items, it is possible that, on finalization of the final assessment at a future date, the final outcome may differ significantly. Note 18 describes the status of zakat and tax assessments.

Long-term assumptions of employee termination benefits

Employee termination benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount rate, salary increase rate, mortality rates and employees' turnover. The Company's management periodically seeks advice from external actuaries on these assumptions. Changes in key assumptions could materially affect the provision for employees' termination benefits.

Property, plants and equipment's useful lives

The Company determines the estimated useful lives of its property, plant and equipment for calculating depreciation after considering the expected usage of the assets or physical wear and tear. Management has not put any residual value as it was considered as insignificant. Management reviews the useful lives annually.

Estimated cost to complete

The Company uses the percentage-of-completion method (POC") in accounting for its long-term services contracts. Use of POC requires the Company to estimate the total cost to complete a contract. If the total estimated costs were 10% higher than management's estimates, the amount of revenue recognized during the year ended December 31, 2024, would have decreased by SAR 50 million. If the total estimated costs were 10% lesser than management's estimates, the amount of revenue recognized during the year ended December 31, 2024 would have increased by SAR 129 million as well.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are presented in Saudi Riyals unless otherwise stated)

3- SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Estimates and assumptions (Continued)

Impairment of trade receivables and contract assets

The Company uses a specified matrix to calculate Expected Credit Losses provision "ECLs" for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Company's historical default rates. The provision's calculation reflects the probability-weighted outcome, the time value of money, and reasonable information that is available at the reporting date about past events and future economic conditions. At each reporting date, default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between the observed historical default rates, future economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in economic circumstances and forecasts. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the trade receivables and contract assets is disclosed in Note 27.

The Company consistently measures the loss provision on amounts due from customers at an amount equal to the lifetime expected credit losses. There has been no change to the estimation methods or significant assumptions made during the current reporting period.

During the year ended December 31, 2024, the company's management reassessed the loss given default (LGD) rate for assets related to contracts, trade receivables, and government receivables, adjusting it to 45% instead of 100%. This reassessment was made in accordance with Basel guidelines, which estimate the LGD rate for financial institutions to range between 45% and 60%. Had management continued to apply the previous LGD rate of 100%, the company would have been required to recognize an additional provision for expected credit losses on assets related to contracts and trade receivables amounting to SAR 29,134,275.

Internally generated intangible assets costs

Recognizing internally generated intangible assets by the company requires classifying the assets into:

A) Research phase

B) Development phase

The Company doesn't recognize any intangible asset arising from internal development unless it can demonstrate the technical feasibility of completing the intangible asset, its intention to complete the asset, its ability to use or sell the asset, and how the intangible asset will generate the desired economic benefits. It must provide sufficient technical, financial and other resources to complete the development process and be able to measure in a reliable way the expenditures attributed to the intangible asset during its development.

4- CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended December 31, 2024, are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2023, except for the adoption of new amendments which became effective on 1 January 2024. The Company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are presented in Saudi Riyals unless otherwise stated)

4-CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (Continued)

The Company has applied, for the first time, certain standards and amendments which their nature and affects were disclosed below:

- Amendments to IAS 1: Classification of financial Liabilities as Current or Non-current.
- Amendments to IAS 1: Non-current Liabilities with Covenants.
- Amendments to IFRS 16: Lease liabilities on sale and leaseback transactions.
- Amendments to IAS 7: Supplier Finance Arrangements

These amendments had no material impact on the financial statements of the Company.

5- MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Company in preparing these financial statements:

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Depreciation rate
Buildings	3-10%
Vehicles	20%
Furniture and fixtures	14-28%
Computers	14-28%
Constructions and fitting	10-25%
Improvements and decoration	25% or the lease term, whichever is less

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Amortization is calculated on a straight-line basis over the estimated useful life of the assets of 3 years.

Intangible assets with finite useful life are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for the intangible assets with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss within the expenses consistent with the function of the intangible assets.

Intangible assets with indefinite useful life are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

5- MATERIAL ACCOUNTING POLICIES (Continued)

Leases

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for a consideration.

Company as a lessee

Short-term leases are contracts with a term of 12 months or less. Low-value assets are items that do not meet the company's capitalization limit of SAR 5,000 and are considered relatively insignificant to the balance sheet. Payments made on short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

Company as a lessor

Leases where the Company does not substantially transfer all risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue once they are earned.

Impairment of non-financial assets

Management 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, management 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. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or combinations of assets. Where 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.

Impairment losses for continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets have reversed, other than goodwill. The reversal of an impairment loss is recognized in profit or loss.

Inventory

Inventories are stated at the lower of cost and net realizable value. Cost incurred in bringing the inventory to its present location and condition are accounted for as the purchase cost on a weighted cost average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated manufacturing completion costs and the estimated costs to sell.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.
On initial recognition, all financial assets are recognized at fair value plus the cost of transaction, except in the case of financial assets are recorded at fair value through profit or loss.

5- MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets

The management recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, management applies a simplified approach in calculating ECLs. Therefore, management has used a provision matrix that is based on its historical credit loss experience, which has been adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, payables, or financial derivatives designated as hedging instruments in an effective hedge to cover the risks.

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

Provisions

General

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

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment losses that have occurred on assets dedicated to that contract.

Employee Termination Benefits

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected credit unit method.

5- MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers

Performance obligation

The company generates revenue mainly from a collection of services and performance obligations according to customers' request as follows:

Products and Services	Nature and Timing of Satisfaction of Performance Obligations
Revenue from maintenance and operation services	Maintenance and operation services are self-distinguishable as they are regularly provided by the Company to its customers on an independent basis and are available to customers from other service providers in the market. Revenues from maintenance and operation services are recognized in the accounting period in which the service is provided over time.
Revenues from providing call center services	It is one of the most important business units that make up Perfect Presentation for Commercial Services Company and it specializes in providing services for establishing and operating call centers, customer service and subscribers' care. The most important services provided by this unit are: • Establishing and equipping call centres, customer service and subscribers' care. • Management and operation of call centres, customer service and subscribers' care. • Providing trained and qualified human resources to work in call centres and customer service. • Providing programs and systems for call centres, customer service and subscribers care, such as: - Open-source call centre systems. "Contact Centre System". - Interactive response systems through sound and image. "IVR". - Call recording systems. "Call Recording Systems". - Customers' relationships management systems. "CRM" - Reporting systems for call centre performance and real-time monitoring screens. - Specialized training in call centres, customer service, and customer care. - Providing advisory services specialized in establishing, managing and operating call centres, customer service, and taking care of subscribers. Revenues from call center services are recognized in the accounting period in which the service is provided over time.
Revenue from licensing and development services	Revenues from providing computer software licensing services are recognized in the accounting period in which the service is provided at a specific point in time
Revenue from providing SMS and subscriptions services.	Revenues from providing SMS and subscriptions services are recognized at a point in time, upon actual use by the customer
Managed Services (Administrative Services)	Revenue from managed services is recognized over time throughout the service period, as the customer simultaneously receives and consumes the benefits provided by the service.
Cybersecurity Services	Revenue from cybersecurity services is recognized over the period of service delivery or upon completion of the service, depending on the nature of the contractual obligation. Revenue is measured based on the consideration specified in the contract, provided that it is probable that the consideration will be collected.

5- MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers (Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company transfers goods or 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

The amount of trade receivables represents an unconditional right to receive consideration.

Contract Liabilities

Contract liabilities are obligations to transfer services to a customer in exchange for consideration received (or receivable) from the customer

Warranty Liabilities

Management naturally provides warranties to rectify any defects found at the time of sale, as required by law. These warranties, which are of a confirmatory nature, are accounted for as provisions.

Bidding and mobilisation costs

Bidding costs incurred in trying to obtain a contract are expensed as incurred. The Company capitalizes incremental costs incurred after being named a preferred bidder or receiving formal notification of the intention to appoint if such costs are expected to be recovered from contract cashflows.

Mobilization costs related to transferring and bringing the resources to a project site are capitalized and amortized in the same method at which the progress in full fulfilment of the construction service is measured.

Zakat and Tax

Zakat

The Company pays zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). The provision is charged to profit or loss.

Uncertain zakat positions

Differences that may arise from assessments are accounted for when the assessments are finalized with ZATCA.

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6- PROPERTY AND EQUIPMENT

	Lands	Buildings	Vehicles	Furniture and fixtures	Computers	Construction and Fitting	Improvements and decorations	Project under Construction	Total
Cost:									
At January 1, 2023	52,073,500	59,083,863	2,663,097	5,832,116	10,641,023	4,388,199	1,873,677	15,912,442	152,467,917
Additions	-	-	3,670,787	1,054,832	2,376,971	208,400	-	14,189,818	21,500,808
Disposals	-	-	-	-	(12,860)	-	-	-	(12,860)
Transfers	-	28,486,638	-	-	-	-	-	(28,486,638)	-
At December 31, 2023	**52,073,500**	**87,570,501**	**6,333,884**	**6,886,948**	**13,005,134**	**4,596,599**	**1,873,677**	**1,615,622**	**173,955,865**
Additions	-	-	**387,045**	**46,009**	**839,146**	**1,676,600**	-	**6,555,934**	**9,504,734**
Disposals	**(7,028,500)**	**(20,497,499)**	-	**(1,836,662)**	**(5,556,221)**	**(2,538,838)**	**(1,873,677)**	-	**(39,331,397)**
Transfers	-	**2,305,221**	-	-	-	-	-	**(2,305,221)**	-
At December 31, 2024	**45,045,000**	**69,378,223**	**6,720,929**	**5,096,295**	**8,288,059**	**3,734,361**	-	**5,866,335**	**144,129,202**
Accumulated depreciation:									
At January 1, 2023	-	8,867,723	592,030	2,544,157	6,485,398	1,080,742	1,773,400	-	21,343,450
Charged during the year	-	1,271,367	665,642	743,768	1,053,849	333,812	-	-	4,068,438
Disposals	-	-	-	-	-	-	-	-	-
At December 31, 2023	-	**10,139,090**	**1,257,672**	**3,287,925**	**7,539,247**	**1,414,554**	**1,773,400**	-	**25,411,888**
Charged during the year	-	**1,887,360**	**1,217,029**	**761,080**	**1,137,207**	**340,182**	-	-	**5,342,858**
Disposals	-	**(7,611,573)**	-	**(1,586,047)**	**(5,112,626)**	**(1,149,960)**	**(1,773,400)**	-	**(17,233,606)**
At December 31, 2024	-	**4,414,877**	**2,474,701**	**2,462,958**	**3,563,828**	**604,776**	-	-	**13,521,140**
Net book value									
At December 31, 2024	**45,045,000**	**64,963,346**	**4,246,228**	**2,633,337**	**4,724,231**	**3,129,585**	-	**5,866,335**	**130,608,062**
At December 31, 2023	52,073,500	77,431,411	5,076,212	3,599,023	5,465,887	3,182,045	100,277	1,615,622	148,543,977

NOTES TO THE FINANCIAL STATEMENTS
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6- PROPERTY AND EQUIPMENT (Continued)

- On January 22, 2023, the Company received a notification of estimation for the two properties included in the expropriation decision in favour of a government entity. During 2024, control and ownership of the aforementioned lands and buildings were transferred to the government entity. Consequently, the Company derecognized these assets and recognized capital gains of SAR 33.8 million.
- Projects under construction as at December 31, 2024 and 2023 represents the costs incurred for works of the construction, preparation and expansion of the company's new head office in Riyadh.
- The gains from the disposal of properties and equipment for the years ended December 31 are as follows:

	2024	2023
Gains from the disposal of properties related to expropriation decisions	**33,889,728**	-
Losses from the disposal of other properties and equipment	**(2,135,060)**	-
	31,754,668	-

Depreciation for the year ended December 31, has been charged as follows:

	2024	2023
Cost of revenue (Note 20)	**4,320,101**	3,493,711
General and administrative expenses (Note 22)	**1,022,757**	574,727
	5,342,858	4,068,438

7- INTANGIBLE ASSETS

	Computer Programs	**Software under development**	**Total**
Cost			
January 1, 2023	1,395,222	-	1,395,222
Additions	1,165,600	24,770,826	25,936,426
December 31, 2023	2,560,822	24,770,826	27,331,648
Additions	**3,539,964**	**6,109,914**	**9,649,878**
Transfer	**10,199,466**	**(10,199,466)**	**-**
December 31, 2024	**16,300,252**	**20,681,274**	**36,981,526**
Accumulated amortization			
January 1, 2023	193,781	-	193,781
Charged during the year - (Note 20)	626,963	-	626,963
December 31, 2023	820,744	-	820,744
Charged during the year - (Note 20)	**1,960,223**	**-**	**1,960,223**
December 31, 2024	**2,780,967**	**-**	**2,780,967**
Net book value			
December 31, 2024	**13,519,285**	**20,681,274**	**34,200,559**
December 31, 2023	1,740,078	24,770,826	26,510,904

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7- INTANGIBLE ASSETS (Continued)

The Software under development as of December 31 include the following:

	Cost December 31, 2024	Expected Costs to Complete the System	Expected Completion Date of the System
Perfect Engage	**9,984,883**	**7,015,117**	December 2026
Business one	**3,740,016**	**3,740,016**	January 2025
Perfect Home	**2,052,931**	**987,442**	December 2025
Suyula	**1,921,113**	**2,078,887**	December 2025
Perfect Signage	**1,568,421**	**3,141,073**	December 2026
Other systems	**1,413,910**	**5,177,650**	December 2026
	20,681,274	**22,140,185**	

8- Inventory

	December 31, 2024	December 31, 2023
Electronic Devices	**3,825,945**	3,240,937
Messages' bundles	**89,758**	518,574
Fingerprint devices	**144,629**	144,629
	4,060,332	3,904,140

9- TRANSACTION AND BALANCES WITH RELATED PARTIES

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

Related party	Relationship
Ideal for Business and Commercial Investment Company.	Main Shareholder
Information Technology Belt Company	Affiliate
Perfect Presentation for Commercial Services Company- Egypt	Affiliate
Cloud Distribution for Communications and Information Technology Company	Affiliate
Sustainable Energy Company	Affiliate
Prime Technical Contracting Establishment	Related to main shareholder

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

9- TRANSACTION AND BALANCES WITH RELATED PARTIES (Continued)

The following is a summary of the significant transactions carried out with related parties and the associated approximate amounts for the year ended December 31:

Related Party	**Nature of transaction**	**2024**	2023
Prime Technical Contracting Establishment	Purchases	**750,157**	2,452,680
	Payments on behalf	**-**	37,776
Cloud Distribution for Communications and Information Technology Company	Sales	**-**	100,108
	Purchases	**14,311,235**	7,983,182
Information Technology Belt Company	Sales	**-**	161,000
	Purchases	**632,500**	12,171,812
	Payments on behalf	**-**	25,210
Ideal for Business and Commercial Investment Company.	Sales	**-**	295,838
	Payments on behalf	**1,500**	-
Sustainable Energy Company	Purchases	**1,300,561**	-
Perfect Presentation for Commercial Services Company- Egypt	Sales	**-**	43,466,775
	Purchases	**489,883**	11,399,155

The balances due from related parties as at December 31, consists of the following:

	December 31, 2024	December 31, 2023
Perfect Presentation for Commercial Services Company - Egypt	**43,956,657**	-
Prime Technical Contracting Establishment	**1,336,852**	-
Information Technology Belt Company	**186,210**	-
Ideal for Business and Commercial Investment Company.	**100,112**	98,613
Sustainable Energy Company	**77,752**	77,752
	45,657,583	176,365

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

The balances due to related parties as at December 31, consists of the following:

	December 31, 2024	December 31, 2023
Cloud Distribution for Communications and Information Technology Company	**2,093,417**	7,514,088
Information Technology Belt Company	**-**	9,405,732
Prime Technical Contracting Establishment	**-**	39,932
	2,093,417	16,959,752

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

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9- TRANSACTION AND BALANCES WITH RELATED PARTIES (Continued)

Key Management Personal Remunerations

	2024	2023
Key Management Personal Remunerations Paid - Short-Term	12,231,190	4,696,364
Key Management Personal Remunerations - Long-Term	346,237	278,000
	12,577,427	4,974,364

Senior executives' Remunerations consists of salaries, benefits, end of service benefits and other provisions.

10- TRADE RECEIVABLES

	December 31, 2024	December 31, 2023
Trade receivables	**614,630,460**	509,058,420
Less: Less: provision for expected credit losses	**(33,657,797)**	(14,088,818)
	580,972,663	494,969,602

As of December 31, 2024, the Company's trade receivables are primarily concentrated with government entities, amounting to SAR 525,981,806, representing 85.6% of total trade receivables (as of December 31, 2023: SAR 429,586,860, representing 84.3% of total trade receivables).

The movement in the expected credit loss (ECL) provision for the years ended December 31 is as follows:

	2024	2023
At January 1	**14,088,818**	5,068,327
Additions	**19,568,979**	9,020,491
At December 31	**33,657,797**	14,088,818

11- PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2024	December 31, 2023
Prepaid expenses	**22,838,071**	2,723,833
Bank guarantees against letters credits and letters of guarantee	**16,743,055**	5,326,318
Advances to suppliers	**4,418,261**	6,711,718
Accrued governmental HR support	**2,355,611**	5,252,398
Employee's receivables	**1,545,673**	929,018
Retentions	**1,505,654**	1,505,654
Others	**5,136,456**	5,275,343
	54,542,781	27,724,282
Provision for expected credit losses	**(2,798,643)**	-
	51,744,138	27,724,282

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12- CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash at banks	**99,945,266**	50,129,204
petty cash	**487,813**	1,372,628
	100,433,079	51,501,832

13- SHARE CAPITAL AND RESERVES

13-1 Share Capital

The Extraordinary General Assembly, in its meeting held on June 25, 2024, approved the recommendation of the Company's Board of Directors to increase the Company's capital by 100% by granting bonus shares through the capitalization of SAR 150 million from retained earnings, by issuing one bonus share for each share owned by shareholders, bringing the capital after the increase to SAR 300 million and the number of shares after the increase to 300 million shares.

The Company's share capital as at December 31, 2024, consists of 300,000,000 shares with a nominal value of SAR 1 per share (December 31, 2023: 150,000,000 shares with a nominal value of SAR 1 per share).

13-2 Statutory Reserve

The new Saudi Companies law which became effective on January 19, 2023, removed the requirement of maintaining a statutory reserve which existed in the previous law.

14- CAPITAL MANAGEMENT

For the purpose of capital management, capital includes capital, statutory reserve and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximise value to the shareholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or modify the capital structure, the Company may adjust the dividend payments to shareholders and adjust the financial leverage ratio.

NOTES TO THE FINANCIAL STATEMENTS
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15- BORROWINGS

15-1 Long-Term Borrowings

Long term borrowings comprise the following:

	2024	2023
Non-current portion shown under non-current liabilities	-	2,581,847
Current portion shown under current liabilities	**2,322,501**	2,782,919
	2,322,501	5,364,766

The Company obtained loans (Murabaha & Tawruq) from various local 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 of these loans are secured by a mortgage on property and equipment (Note 6).

15-2 Short-Term Borrowings

These borrowing represent credit facilities (Murabaha and Tawruq) 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 of these loans are secured by promissory notes, and assignment of trade receivables for projects funded through these facilities.

The movement of loans and borrowings during the year is as follows:

	2024	2023
January 1	**307,800,960**	152,016,870
Additions during the year	**765,782,575**	708,556,589
Payments during the year	**(644,421,682)**	(552,772,499)
December 31	**429,161,853**	307,800,960

NOTES TO THE FINANCIAL STATEMENTS
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16- EMPLOYEE TERMINATION BENEFITS

The movement in employee termination benefits, a defined benefit plan, during the year is as follows:

	2024	2023
1 January	**34,051,944**	26,421,654
Expense charged to profit or loss	**17,279,549**	14,360,133
Actuarial remeasurement charged to other comprehensive income	**347,928**	1,226,802
Paid	**(10,593,589)**	(7,956,645)
December 31,	**41,085,832**	34,051,944

The expense charged to profit or loss comprise of:

	2024	2023
Current service cost	**15,913,679**	13,372,626
Interest cost (note 24)	**1,365,870**	987,507
Cost recognized in profit or loss	**17,279,549**	14,360,133

Significant actuarial assumptions

	December 31,	
	2024	2023
Used discount rate	5.25 %	4.75 %
Salary growth rate	5.25 %	4.00 %
Employee turnover	**High**	High

Sensitivity analysis of key actuarial assumptions are as follows:

	2024		2023	
Discount rate	**%**		%	
Increase	**1% +**	39,028,636	1% +	31,564,988
Decrease	**1% -**	43,377,542	1% -	36,911,503
Expected salary growth rate				
Increase	**1% +**	43,354,768	1% +	36,904,196
Decrease	**1% -**	39,009,930	1% -	31,525,580

17- OTHER PAYABLES AND ACCRUALS

	December 31, 2024	December 31, 2023
Value added tax, net	**66,336,482**	64,998,990
Accrued employees' benefits	**59,351,481**	62,454,326
Accrued finance cost	**12,111,423**	6,182,936
Notes payable	**10,500,758**	25,359,985
Accrued commissions	**11,481,000**	2,211,744
Others	**17,877,490**	953,410
	177,658,634	162,161,391

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

18- Zakat Payable

Components of zakat base

The Company is subject to zakat. Zakat is payable at 2.5% of adjusted profit and 2.8% of the zakat base. The significant components of the zakat base under zakat collection regulation principally comprise equity and its equivalents, certain liabilities capped to assets deducted from the zakat base, the difference between adjusted profit and accounting profit, less a deduction for certain assets. The zakat base is confined between equity and its equivalents as a ceiling and as a floor, the lesser of undeducted assets plus the difference between adjusted profit and accounting profit on one hand, and adjusted profit on the other.

Some of these balances were adjusted to reach zakat base.

The movement of Zakat payable for the year ended December 31 is as follows:

	2024	2023
January 1	**6,895,264**	5,265,401
Charged for the year	**7,706,116**	6,895,264
Excess of prior years' provision	-	(874,922)
Paid during the year	**(6,883,400)**	(4,390,479)
December 31	**7,717,980**	6,895,264

Zakat charged during the year consist of:

	2024	2023
Charged for the year	**7,706,116**	6,895,264
Excess of prior years' provision	-	(874,922)
December 31	**7,706,116**	6,020,342

Zakat status

The Company has filed its zakat returns up to the year ended December 31, 2023, to the Zakat, Tax and Customs Authority ("ZATCA") and has received a final certificate. The Company finalized its zakat status up to year 2016, and the remaining years are still under review by ZATCA.

NOTES TO THE FINANCIAL STATEMENTS
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19- REVENUE FROM CONTRACTS WITH CUSTOMERS

19-1 Disaggregated revenue information

Segments	2024	2023
Type of products or services		
Maintenance and operation services	**344,215,790**	381,403,092
Call Centre services	**298,023,027**	304,459,247
Licensing and development services	**294,296,222**	416,568,532
Managed Services	**105,010,925**	27,242,269
Cybersecurity services	**29,482,105**	-
Total revenue from contracts with customers	**1,071,028,069**	1,129,673,140
Type of customers		
Governmental and semi-governmental customers	**965,449,029**	982,350,231
Private sector	**105,579,040**	147,322,909
Total revenue from contracts with customers	**1,071,028,069**	1,129,673,140
Timing of revenue recognition		
Products transferred at a point in time	**159,226,392**	53,502,020
Services transferred over a period of time	**911,801,677**	1,076,171,120
Total revenue from contracts with customers	**1,071,028,069**	1,129,673,140

19-2 Contracts Balances

	December 31, 2024	December 31, 2023
Trade receivables (Note 10)	**580,972,663**	494,969,602
Contract assets (Note A)	**486,906,749**	425,045,794
Contract liabilities (Note B)	**44,311,592**	65,638,100

(A) Contract assets

	December 31, 2024	December 31, 2023
Total contract assets	**500,315,222**	430,063,888
Less: Provision for Expected Credit Losses on Contract Assets	**(13,408,473)**	(5,018,094)
	486,906,749	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 after the reporting date and are transferred to trade receivables when the contracts become unconditional, when the company issues the invoice to the customer.

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

19-REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

19-2 Contracts Balances (Continued)

(A) Contract assets (Continued)

The movement in the Provision for Expected Credit Losses on Contract Assets is as follows:

	2024	2023
January 1	**5,018,094**	1,487,940
Additions	**8,390,379**	3,530,154
December 31	**13,408,473**	5,018,094

(B) Contract liabilities

Contract liabilities include long-term advances received against contracts with customers, as well as transaction price allocated to unsatisfied performance obligations.

Contract liabilities as of December 31 are as follows:

	2024	2023
Billing in excess of work performed	**23,979,243**	45,684,637
Advances from customers	**20,332,349**	19,953,463
	44,311,592	65,638,100

20-COST OF REVENUE

	2024	2023
Employees benefits	**486,382,000**	450,121,610
Cost of equipment, software, services, and support	**302,657,493**	444,170,102
Governmental fees	**11,516,609**	10,272,844
Subscriptions	**6,039,133**	1,182,068
Travel and transportation	**4,018,930**	4,807,226
Amortization	**1,960,223**	626,963
Maintenance and repair	**1,270,513**	2,707,981
Depreciation	**1,022,757**	574,727
Others	**5,236,745**	4,804,084
	820,104,403	919,267,605

21-SELLING AND MARKETING EXPENSES

	2024	2023
Employees benefits	**5,846,808**	4,874,479
Travel and transportation	**475,531**	1,016,126
Tenders' fees	**403,907**	556,890
Others	**716,187**	481,503
	7,442,433	6,928,998

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22- GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Employees benefits	**27,648,586**	12,951,233
Depreciation	**4,320,101**	3,493,711
Professional fees	**4,128,171**	2,655,047
Water and electricity	**2,040,523**	1,952,183
Governmental fees	**1,444,566**	1,080,486
Others	**3,964,200**	3,772,828
	43,546,147	25,905,488

Auditor's contracted remuneration:

	2024	2023
Audit and review fees of the Company	**420,000**	420,000
Other statutory assurance services	**180,000**	140,000
Zakat and tax attestation services	**30,000**	30,000
	630,000	590,000

23- OTHER OPERATING INCOME

	2024	2023
Accounts payable write-off	**4,338,170**	-
Building fire insurance compensation (*)	**4,000,000**	-
Human resources development fund	**3,582,361**	1,943,283
Rentals income	-	702,825
Bad debts collection	-	4,432,469
Others	**49,158**	1,628,767
	11,969,689	8,707,344

(*) On September 25, 2024, the Company's headquarters in Al-Qairawan district in Riyadh suffered a fire incident. The fire was contained and brought under control without any human injuries or loss of life. The Company took the necessary measures immediately after the incident to address the damage caused by the fire, including verifying the safety of the building and returning it to operational condition. After coordinating with the relevant authorities and fulfilling all safety requirements, the company resumed full operations and removed the properties and equipment damaged by the fire. In addition, the insurance compensation amount was collected during the year.

24- FINANCE COSTS

	2024	2023
Finance cost related to loans	**40,493,519**	37,426,742
Finance cost related to employee's termination benefits (note 16)	**1,365,870**	987,507
	41,859,389	38,414,249

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25- EARNINGS PER SHARE

	2024	2023
Profit for the year	**163,335,937**	129,293,157
Weighted average number of ordinary shares	**300,000,000**	300,000,000
Earnings per share – basic and diluted	**0,54**	0,43

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.

Number of shares for the year ended on December 31, 2023, has been retrospectively adjusted to reflect the increase in shares' number (note 14) since it represents a change in the number of underlying shares without any change in resources.

26- COMMITMENTS AND CONTINGENCIES

Guarantees

The Company has contingent liabilities for bank guarantees issued in the normal course of business amounting to SAR 429,106,339 as at December 31, 2024 (2023: SAR 337,044,179).

27- FAIR VALUE AND FINANCIAL INSTRUMENTS RISK MANAGEMENT

27-1 Fair value measurements of financial instruments

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

27-2 Financial Instruments Risk Management

The Company's activities expose it to a variety of financial risks, such as credit risk, liquidity risk, market price risk, currency risks and interest rate risk.

Credit risks

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 Company is exposed to credit risk on its contract assets, trade receivables and bank balances. The carrying amount of financial assets represents the maximum credit risks exposure. The Company does not hold collaterals against these instruments.

The company manages credit risk related to contract assets and trade receivables by setting credit limits for each customer and continuously monitoring outstanding receivables. Trade receivables are monitored to ensure that the company does not incur any significant bad debts

Bank balances are held with banks with sound credit ratings.

The exposure to credit risk for contract assets and trade receivables by type of counterparty was as follows:

	December 31, 2024	December 31, 2023
Contract Assets		
Governmental and semi-governmental parties *	**451,123,312**	429,586,860
Private Sector	**49,191,910**	79,471,560
	500,315,222	430,063,888
Trade receivables		
Governmental and semi-governmental parties *	**525,981,806**	352,558,123
Private Sector	**88,648,654**	77,505,765
	614,630,460	509,058,420

* Represents companies owned and controlled by the government

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

27- FAIE VALUE AND FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

27-2 Financial Instruments Risk Management (Continued)

Credit risks (Continued)

Assessment of expected credit losses on contract assets and trade receivables:
Management performs an impairment analysis at each reporting date using an allowance matrix to measure Expected Credit Losses ("ECLs"). The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns.

The following table provides information about the exposure to credit risk and ECLs for contract assets:
As of December 31, 2024:

	ECL Rate	Exposure	ECL
Less than 90 days	**0.007%**	**202,497,426**	**14,256**
91 to 180 days	**0.02%**	**77,275,463**	**15,050**
181 to 270 days	**0.04%**	**60,037,723**	**26,076**
271 to 360 days	**0.08%**	**50,988,570**	**40,026**
361 to 450 days	**0.17%**	**54,453,835**	**94,667**
451 to 540 days	**0.70%**	**8,872,060**	**61,807**
541 to 630 days	**2.40%**	**11,817,302**	**289,405**
631 to 720 days	**9.51%**	**7,317,864**	**692,445**
More than 720 days	**45%**	**27,054,979**	**12,174,741**
		500,315,222	**13,408,473**

As of December 31, 2023:

	ECL Rate	Exposure	ECL
Less than 90 days	0.01%	257,050,198	17,437
91 to 180 days	0.02%	40,415,015	6,719
181 to 270 days	0.04%	41,308,971	14,987
271 to 360 days	0.06%	35,420,850	21,397
361 to 450 days	0.13%	37,384,430	47,087
451 to 540 days	0.59%	3,113,199	18,367
541 to 630 days	17.2%	12,543,161	2,169,300
More than 630 days	96.28%	2,828,064	2,722,800
		430,063,888	5,018,094

The following table provides information about the exposure to credit risk and ECLs for trade receivables from Governmental and semi-government sectors-:
As of December 31, 2024:

	ECL Rate	Exposure*	ECL
Not past due	**0.37%**	**309,181,650**	**1,146,246**
Less than 90 days	**1.18%**	**50,700,904**	**600,408**
91 to 180 days	**3.44%**	**11,309,459**	**388,550**
181 to 270 days	**4.90%**	**16,111,857**	**789,408**
271 to 360 days	**8.10%**	**60,389,103**	**4,891,511**
361 to 450 days	**10.70%**	**5,971,187**	**638,907**
451 to 540 days	**15.61%**	**17,550,239**	**2,739,553**
541 to 630 days	**27.20%**	**5,463,775**	**1,483,611**
631 to 720 days	**35.00%**	**5,574,517**	**1,949,808**
More than 721 days	**45%**	**20,464,741**	**9,209,132**
		502,717,432	**23,837,134**

* The total amount of exposure is shown net after deducting the corresponding contract liabilities.

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27- FAIR VALUE AND FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

27-2 Financial Instruments Risk Management (Continued)

Credit risks (Continued)

As of December 31, 2024

	ECL Rate	Exposure*	ECL
Not past due	0.21%	272,107,075	582,134
Less than 90 days	0.57%	36,507,248	207,796
91 to 180 days	1.40%	21,817,490	306,426
181 to 270 days	1.94%	17,946,019	347,632
271 to 360 days	3.41%	13,900,517	474,467
361 to 450 days	4.83%	21,228,449	1,024,612
451 to 540 days	6.62%	1,056,174	69,938
541 to 630 days	13.51%	3,515,889	475,100
631 to 720 days	20.62%	2,574,163	530,779
More than 721 days	91.26%	8,794,414	8,025,455
		399,447,438	12,044,339

*The total amount of exposure is shown net after deducting the corresponding contract liabilities.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from private sector:

As of December 31, 2024:

	ECL Rate	Exposure*	ECL
Not past due	**1.10%**	**38,421,444**	**421,335**
Less than 90 days	**2.02%**	**9,907,918**	**200,707**
91 to 180 days	**19.50%**	**168,228**	**9,085**
181 to 270 days	**11.85%**	**359,922**	**42,739**
271 to 360 days	**23.50%**	**32,697,075**	**7,705,709**
More than 361 days	**28.20%**	**5,104,144**	**1,440,088**
		86,658,731	**9,819,663**

* The total amount of exposure is shown net after deducting the corresponding contract liabilities.

As of December 31, 2023:

	ECL Rate	Exposure*	ECL
Not past due	0.57%	62,975,225	359,678
Less than 90 days	0.85%	3,121,759	26,690
91 to 180 days	2.88%	3,607,770	103,925
181 to 270 days	5.71%	816,129	46,578
271 to 360 days	9.80%	657,119	64,416
More than 361 days	47.13%	3,062,302	1,443,192
		74,240,304	2,044,479

* The total amount of exposure is shown net after deducting the corresponding contract liabilities.

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

27- FAIR VALUE AND FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

27-2 Financial Instruments Risk Management (Continued)

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.

	December 31, 2024			
Financial Liabilities	**Carrying amount**	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**
Trade payable	**185,219,528**	**185,219,528**	-	-
Due to related parties	**2,093,417**	**2,093,417**	-	-
Other payable and accruals	**177,658,634**	**177,658,634**	-	-
Short term loans	**429,161,853**	**429,161,853**	-	-
Long term loans	**2,322,501**	**2,322,501**	-	-
	796,455,933	**796,455,933**	-	-

	December 31, 2023			
Financial Liabilities	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
Trade payable	197,480,900	197,480,900	-	-
Due to related parties	16,959752	16,959752	-	-
Other payable and accruals	162,161,389	162,161,389	-	-
Short term loans	307,800,960	307,800,960	-	-
Long term loans	5,364,766	2,782,919	2,581,847	-
	689,767,767	687,185,920	2,581,847	-

Market risk

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

27- FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

27-2 Risk Management of Financial Instruments (Continued)

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 a currency that is not the Company functional currency. The Company's exposure to foreign exchange risks is primarily limited to transactions in US dollars, and the Company's management believes that its exposure to currency risks linked to the US dollar is limited because the exchange rate of the Saudi riyal is pegged to the US dollar. The fluctuation in exchange rates against foreign currencies is monitored on a continuous basis.

Interest rate risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows.

As of December 31, 2024, floating-rate financial liabilities amounted to SAR 431,4 million (December 31, 2023: SAR 313.2 million).

An increase of 100 basis point in interest rates during 2024 would have resulted in an increase in financing costs of SAR 4,3 million (2023: SAR 3.1 million).

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

28- Operating Segments

The Company operates within one geographical sector in the Kingdom of Saudi Arabia and represented by four operating segments, which are as follows:

Segment 1: Maintenance and operation services.

Segment 2: Call centre services.

Segment 3: Software licenses and development services (including providing subscriptions and SMS services and internet services).

Segment 4: Managed Services (Administrative services)

Segment 5: Cybersecurity services

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

As at December 31, 2024	**Segment 1**	**Segment 2**	**Segment 3**	**Segment 4**	**Segment 5**	**Shared items**	**Total**
Revenue	**344,215,790**	**298,023,027**	**294,296,222**	**105,010,925**	**29,482,105**	**-**	**1,071,028,069**
Profit before zakat	**70,410,164**	**60,668,180**	**95,591,568**	**19,646,217**	**4,625,432**	**(79,899,508)**	**171,042,053**
Contract assets	**182,471,572**	**108,037,560**	**170,637,329**	**34,644,696**	**4,524,065**	**(13,408,473)**	**486,906,749**
Trade receivables	**265,205,693**	**152,352,350**	**183,531,879**	**13,540,538**	**-**	**(33,657,797)**	**580,972,663**
Shared assets	**-**	**-**	**-**	**-**	**-**	**366,703,753**	**366,703,753**
Total assets	**447,677,265**	**260,389,910**	**354,169,208**	**48,185,234**	**4,524,065**	**319,637,483**	**1,434,583,165**
Contract liabilities	**12,021,721**	**708,118**	**22,945,251**	**1,410,956**	**-**	**7,225,546**	**44,311,592**
Shared liabilities	**-**	**-**	**-**	**-**	**-**	**845,259,745**	**845,259,745**
Total liabilities	**12,021,721**	**708,118**	**22,945,251**	**1,410,956**	**-**	**852,485,291**	**889,571,337**

As at December 31, 2023	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Shared items	Total
Revenue	381,403,092	304,459,247	416,568,532	27,242,269	-	-	1,129,673,140
Profit before zakat	58,306,135	60,060,427	65,915,523	4,089,303	-	(53,057,889)	135,313,499
					-		
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	-	-	4,294,447	65,638,100
Shared liabilities	-	-	-	-	-	730,714,977	730,714,977
Total liabilities	25,109,860	4,927,881	31,305,912	-	-	735,009,424	796,353,077

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29-STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards and amendments issued, but not yet effective, up to the date of issuance of these financial statements are disclosed below:

- Amendments to IAS 21: Lack of exchangeability
- IFRS 18: Presentation and Disclosure in Financial Statements
- IFRS 19: Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 7 and 9: Classification and measurement of financial instruments
- Amendments to IFRS 10 and IAS 28: Sales or contribution of assets between an investor and its associate or Joint Venture

IFRS 18 is expected to have a significant impact on the presentation of the statement of profit or loss. Other new standards and amendments are not expected to have a significant impact on the consolidated financial statements. Management intends to adopt these standards and amendments, if applicable, when they become effective.

30-Approval of the Financial Statements

The financial statements were approved by the Company's Board of Directors on Ramadan 24, 1446H (corresponding to March 24, 2025G).